

# State of Texas Department of Public Safety

Chief Auditor's Office



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**Proposal for FY 2015 CAO Audit Strategy**

**Report #14-18**

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June 2014

**Approved June 12, 2014**

## **DPS CHIEF AUDITOR'S OFFICE**

### **MISSION STATEMENT**

Our mission is to assist the Department in achieving its operational goals by:

- Using innovative and disciplined methods to objectively evaluate the effectiveness, efficiency, and integrity of Department operations and governance processes.
- Making recommendations to improve operational performance and governance processes.

### **PROJECT TEAM**

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## **Table of Contents**

Proposal for FY2015 CAO Audit Strategy .....	1
Introduction .....	1
Methodology.....	1
Available Resources .....	2
Proposed FY15 CAO Audit Strategy .....	3
Acceptable Level of Risk.....	6
Special Requests .....	6
Follow-Up.....	6
External Auditor Liaison.....	6
Risk and Control Self-Assessment.....	7
Management Controls .....	7
Changes Subsequent to Approval.....	7
Closing.....	8
Appendices.....	9
Appendix 1: Texas Internal Auditing Act (Texas Government Code 2102).....	11
Appendix 2: Office of Audit & Review (Texas Government Code 411).....	16
Appendix 3: TxDPS Assurance Continuum Model .....	18

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# Proposal for FY2015 CAO Audit Strategy

## Introduction

This document presents the Chief Auditor's Office (CAO) proposed FY 2015 Audit Strategy and summarizes the risk assessment methodology used to prepare it, as required by the Texas Internal Auditing Act and professional auditing standards<sup>1</sup>.

The CAO has a statutorily and professionally required duty to independently and objectively audit all divisions of the department, and has unlimited access to all department operations, records, physical properties, activities, and employees pertinent to the performance of its duties.

Texas Government Code Chapter 2102, also known as the Texas Internal Auditing Act (See **Appendix 1**), establishes requirements for internal auditing in state agencies. Texas Government Code Chapter 411 (See **Appendix 2**) formally establishes the office of audit and review in DPS, which is the CAO as defined in the CAO Charter last reviewed and approved by the Public Safety Commission in April 2013.

These laws establish the purpose of the internal audit function as assisting agency administrators and governing boards by furnishing independent analyses, appraisals, and recommendations about the adequacy and effectiveness of a state agency's systems of internal control, policies and procedures, governance processes and the quality of performance in carrying out assigned responsibilities.

For FY2015, the CAO was asked to focus its attention on five critical areas – Federal Grant Funding, Driver License Compliance, Contract Compliance, Physical Security and Cyber Security. In addition, the CAO was asked to build an *audit strategy* that would include a continuous audit protocol. Accordingly, our plan allocates our resources to these directed priorities. This proposal is the blueprint by which the CAO will provide assurance and advisory services that help the Commissioners and Department management meet agency goals and objectives.

## Methodology

This proposal is the result of a conscientiously applied risk assessment process that systematically evaluated risks related to agency activities designed to achieve the Department's Strategic Plan Goals and Strategies.

The CAO risk assessment process included the following steps:

- Examined applicable statutes, laws, and regulations.
- Solicited input from the Public Safety Commissioners, the Director, Deputy Directors, Assistant Directors, Deputy Assistant Directors, and Regional Commanders.
- Assessed prior audit history.

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<sup>1</sup> Government Auditing Standards issued by the Government Accountability Office (GAO) and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

- Gathered input from CAO management and staff.
- Analyzed DPS organizational units using risk factors, such as:
  - Budget
  - Federal grant funding
  - Turnover
- Identified the projects to be included in the final proposed plan.

These steps resulted in the proposed CAO Audit Strategy for FY 2015, presented in the tables that follow.

The activities on this list generally indicate that the services being provided or the functions for which they are responsible are by nature higher risk activities because of factors such as having a large amount of expenditures and revenues, a high level of liquid assets such as cash, or a high degree of public interest. Presence on this list does not mean that the activity is being managed ineffectively or that it is not functioning properly. Presence on the list more accurately presumes opportunities to address activities which are mission critical, provide substantial support for other Department operations, reflect high public need, or consume significant financial resources. The overall results identify the activities that would benefit from audit services.

### **Available Resources**

The Texas Internal Auditing Act requires the governing board of a state agency to periodically review the resources dedicated to the audit program and determine whether existing resources can ensure the coverage of identified risks within a reasonable time frame.

The proposed CAO Audit Strategy for FY 2015 is based on the full staffing level (i.e., 17 FTE auditors, 2 FTE audit managers, 2 FTE administrative staff, and 1 FTE Chief Auditor) and a proposed budget of \$1,608,429. To achieve the proposed strategy, the Chief Auditor respectfully requests approval of the proposed budget.

The Chief Auditor asserts that funding and staffing at this level are adequate to accomplish the proposed audit strategy. Additional audit coverage would require additional resources. Conversely, funding and staffing at less than the proposed level would require projects to be removed from this proposed plan.

## Proposed FY15 CAO Audit Strategy

<b>FY15 Proposed Assurance &amp; Advisory Efforts</b> (Note: Multiple projects are planned under some areas)	
<b>Continuous Audit Protocols</b>	<p><i>Develop, and conduct continuous audit protocols in the following areas:</i></p> <ul style="list-style-type: none"> <li>• <i>Driver License Transactions</i></li> <li>• <i>Grants Management</i></li> </ul>
<b>Field Administration Audits</b>	<p><i>Ensure Audit presence in field administration through a concentrated program of the following:</i></p> <p><i>Conduct reviews of Driver License field offices:</i></p> <ul style="list-style-type: none"> <li>• <i>Driver License Transactions</i></li> <li>• <i>Driver License Office Security</i></li> <li>• <i>Building/Physical Security</i></li> </ul> <p><i>Review the following at each Regional Office:</i></p> <ul style="list-style-type: none"> <li>• <i>Crash Report Sales</i></li> <li>• <i>Fixed Assets</i></li> <li>• <i>Imprest Funds</i></li> <li>• <i>Cyber Security</i></li> </ul>
<b>Cyber Security</b>	<i>Coordinate with the Chief Information Security Officer to ensure audit efforts are directed in areas of greatest risk and greatest need for review.</i>
<b>Federal Grants Management</b>	<i>Continue efforts to ensure agency compliance with federal grant management requirements.</i>
<b>Contracts</b>	<i>Select agency contracts based on risk assessment. Review contracts for compliance, performance, and adequate oversight/monitoring.</i>
<b>Follow-Up Audit</b>	<i>Select previous CAO audit - perform follow-up audit to determine if reported conditions have been corrected.</i>
<b>2015 TDEM Conference</b>	<i>Review conference revenue and expenditures.</i>
<b>Performance Measures</b>	<p><i>Evaluate selected agency key performance measures to assure:</i></p> <ul style="list-style-type: none"> <li>• <i>Internal controls are in place and operating effectively for the collection, calculation, and retention of key performance measures data.</i></li> <li>• <i>Data was accurately reported into the ABEST database.</i></li> </ul>
<b>E-Procurement System</b>	<i>Evaluate the new E-Procurement system to determine whether the functionality and controls are adequate.</i>
<b>CAO Semi-Annual Follow-Up</b>	<i>The implementation status of all corrective action plans is assessed and presented in mid-year and annual follow-up reports to the Public Safety Commission.</i>

**FY15 Proposed Assurance & Advisory Efforts**  
**(Note: Multiple projects are planned under some areas)**

<p><b>Prompt Payment</b></p>	<p><i>Evaluate Finance processes and operational controls related to the Prompt Payment Act to ensure:</i></p> <ul style="list-style-type: none"> <li>• <i>Compliance with the Prompt Payment Act</i></li> <li>• <i>Any interest paid is calculated and paid accurately and timely</i></li> <li>• <i>Vendors are paid timely to reduce extent of late payment interest assessed</i></li> </ul>
<p><b>Hiring Process</b></p>	<p><i>Evaluate operational controls to ensure the DPS hiring process is:</i></p> <ul style="list-style-type: none"> <li>• <i>Compliant with relevant laws and regulations</i></li> <li>• <i>Fair, objective and supportable</i></li> <li>• <i>Efficient and effective</i></li> </ul>
<p><b>Xerox Contract</b></p>	<p><i>Management has requested CAO review of two Xerox contracts which provide DPS Headquarters and Regions with Xerox services. CAO will review both contracts for accuracy of billing and services provided.</i></p>
<p><b>Special Requests (up to 3 projects)</b></p>	<p><i>Hours are reserved for requests for formal CAO assistance that might arise during the year. Any projects proposed under these hours would be brought before the PSC for approval. A discussion of Public Safety Commission special request audits is a standing agenda item for Public Safety Commission meetings. We have specifically set aside resources for three such requests. Depending on the availability of resources, additional special requests may be substituted for the projects included in this proposal or may require additional resources as approved by the Public Safety Commission.</i></p>
<p><b>FY14 Carry-Over Projects</b></p>	<p><i>Hours have been set aside to complete those projects initiated in FY14 that will carry over to FY15.</i></p>
<p><b>External Auditor Liaison</b></p>	<p><i>The Chief Auditor serves as the liaison with the Texas State Auditor's Office (SAO) and other state and federal external entities having oversight audit and review responsibility for Department activities.</i></p>
<p><b>Risk and Control Self-Assessment</b></p>	<p><i>These efforts assist management in proactively evaluating operational risks (including fraud) and the presence of controls to manage them.</i></p>
<p><b>Department Training Classes</b></p>	<p><i>CAO offers Department-wide training on such topics as Federal Grants Management, Internal Controls, Information Technology Controls, Preparing for an Audit, and Emerging Topics</i></p>
<p><b>General Assurance and Advisory Services</b></p>	<p><i>Additional hours are also reserved for informal general assurance and advisory services on emerging or ongoing issues throughout the year. Such efforts by the CAO typically require 80 hours or less each and do not result in an audit report.</i></p>

<b>Ongoing and Administrative CAO Activities</b>
<b>Quality Assurance Review (QAR) of the CAO</b>
<b>Annual Internal Audit Reporting</b>
<b>Annual Audit Strategy Development</b>
<b>CAO Quality Assurance &amp; Improvement Functions</b>
<b>CAO Procedures Updates</b>
<b>Participation in Professional Organizations</b>
<b>Required Continuing Professional Education and Professional Development of CAO Staff</b>
<b>Quality Assurance Review (QAR) of Two (2) Other State Agencies</b>

### **Adjustment to the FY 2014 Approved Audit Plan**

Management has requested a financial audit of the 2014 Texas Emergency Management Conference. The Chief Auditor’s Office seeks approval through this proposal to initiate that audit in FY 2014 in place of the planned audit of Operation Drawbridge.

## **Acceptable Level of Risk**

This proposal for FY2015 results from our consideration of a wide variety of risks within the parameters of the direction given. The proposal does not, nor does it intend to, address or provide coverage for all agency responsibilities. We believe that it does optimize our available resources to provide *reasonable* coverage.

For FY2015, the CAO was asked to focus its attention on five critical areas – Federal Grant Funding, Driver License Compliance, Contract Compliance, Physical Security and Cyber Security. In addition, the CAO was asked to build an *audit strategy* that would include a continuous audit protocol. Accordingly, our plan allocates our resources to these directed priorities.

Based on our risk assessment efforts, the Chief Auditor asserts that the proposed FY2015 Audit Strategy addresses critical risks and priorities of the Department at this time.

## **Special Requests**

A discussion of Public Safety Commission special request audits is a standing agenda item for Public Safety Commission meetings. Resources have been set aside for three such requests. Additional special requests may be substituted for the projects included in this proposal with the approval of the Public Safety Commission.

## **Follow-Up**

Follow-up on open audit issues is required by professional standards. The implementation status of all corrective action plans is assessed and presented in mid-year and annual follow-up reports to the Public Safety Commission. Follow-up reporting continues until all recommended actions and corrective action plans are either implemented or the specific risk reported is otherwise mitigated or accepted.

## **External Auditor Liaison**

The Chief Auditor serves as the liaison with the Texas State Auditor's Office (SAO) and other state and federal external entities having oversight responsibility for Department activities. CAO staff will assist these external entities with their projects as appropriate and to the extent that professional and organizational responsibilities allow. CAO will conduct examinations in a manner that allows for minimum coverage overlap and maximum audit coordination and efficiency.

## **Risk and Control Self-Assessment**

CAO offers Risk and Control Self-Assessment Facilitation Services to management upon request. These efforts assist management in proactively evaluating operational risks (including fraud) and the presence of controls to manage them. Specifically, the facilitated sessions assist management and staff to systematically:

- Identify their most important operational objectives.
- Identify and assess the risk related to those objectives.
- Develop risk mitigation strategies to assure the accomplishment of the objectives.

## **Management Controls**

Management is responsible for establishing a system of management/internal controls that reasonably assure established objectives are accomplished. Management/internal controls are most effective when they are built into the organization's infrastructure and are an integral part of management's philosophy.

The CAO promotes an assurance continuum model to provide agency managers with a framework for internal control processes and procedures. The framework includes four levels of assurance:

- Supervisory oversight,
- Line quality control / inspections,
- Assistant director quality control, and
- CAO review

Each of these assurance levels is dependent on the one before it. Absence of a level erodes the foundation for providing assurance.

Use of this model supports quality and empowerment initiatives, increases accountability, avoids unnecessary costs, and enables a quick response to changing conditions. The TxDPS Assurance Continuum Model is illustrated in **Appendix 3**.

## **Changes Subsequent to Approval**

Changes in operations, priorities, workloads, and timing of Department initiatives, management requests, and staff availability may affect the risk assessment and suggest changes to the approved audit strategy. The CAO will assess emerging risks and monitor the audit strategy throughout the year and consult with the Public Safety Commission and executive management to adjust the strategy as needed.

Material recommendations for change to the audit strategy will be submitted to the Public Safety Commission for approval at the next regularly scheduled meeting.

## Closing

The Chief Auditor's Office thanks its management partners and the Public Safety Commission for their contributions to this proposal. We look forward to helping the Department managers throughout the year as we accomplish the approved Audit Strategy.

For further information on the Chief Auditor's Office or the FY 2015 CAO Audit Strategy, please contact Chief Auditor Steve Goodson at (512) 424-2158 or by email at [steve.goodson@dps.texas.gov](mailto:steve.goodson@dps.texas.gov).



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Steve Goodson, CIA, CISA, CGAP, CCSA, CLEA, CRMA  
Chief Auditor

## **Appendices**

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**Texas Internal Auditing Act**

GOVERNMENT CODE  
TITLE 10. GENERAL GOVERNMENT  
SUBTITLE C. STATE ACCOUNTING, FISCAL MANAGEMENT, AND PRODUCTIVITY  
CHAPTER 2102. INTERNAL AUDITING

**Sec. 2102.001. SHORT TITLE.** This chapter may be cited as the Texas Internal Auditing Act.  
Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

**Sec. 2102.002. PURPOSE.** The purpose of this chapter is to establish guidelines for a program of internal auditing to assist agency administrators and governing boards by furnishing independent analyses, appraisals, and recommendations about the adequacy and effectiveness of a state agency's systems of internal control policies and procedures and the quality of performance in carrying out assigned responsibilities. Internal auditing is defined as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2003, 78th Leg., ch. 380, Sec. 1, eff. Sept. 1, 2003.

**Sec. 2102.003. DEFINITIONS.** In this chapter:

- (1) "Administrator" means the executive head of a state agency.
- (2) "Assurance services" means an examination of evidence for the purpose of providing an independent assessment of risk management, control, or governance processes for an organization. Assurance services include audits as defined in this section.
- (3) "Audit" means:
  - (A) a financial audit described by Section 321.0131;
  - (B) a compliance audit described by Section 321.0132;
  - (C) an economy and efficiency audit described by Section 321.0133;
  - (D) an effectiveness audit described by Section 321.0134; or
  - (E) an investigation described by Section 321.0136.
- (4) "Consulting services" means advisory and related client service activities, the nature and scope of which are agreed upon with the client and are intended to add value and improve an organization's operations. Consulting services include counsel, advice, facilitation, and training.
- (5) "State agency" means a department, board, bureau, institution, commission, or other agency in the executive branch of state government.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 1122, Sec. 11, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 380, Sec. 2, eff. Sept. 1, 2003.

**Sec. 2102.004. APPLICABILITY.**

- (a) Sections 2102.005-2102.012 apply only to a state agency that:
  - (1) has an annual operating budget that exceeds \$10 million;

- (2) has more than 100 full-time equivalent employees as authorized by the General Appropriations Act; or
- (3) receives and processes more than \$10 million in cash in a fiscal year.

(b) Sections 2102.013 and 2102.014 apply to each state agency that receives an appropriation and that is not described by Subsection (a).

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 804, Sec. 1, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 291, Sec. 1, eff. June 18, 2003.

**Sec. 2102.005. INTERNAL AUDITING REQUIRED.** A state agency shall conduct a program of internal auditing that includes:

- (1) an annual audit plan that is prepared using risk assessment techniques and that identifies the individual audits to be conducted during the year; and
- (2) periodic audits of the agency's major systems and controls, including:
  - (A) accounting systems and controls;
  - (B) administrative systems and controls; and
  - (C) electronic data processing systems and controls.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 1122, Sec. 12, eff. Sept. 1, 1997.

**Sec. 2102.006. INTERNAL AUDITOR; STAFF.**

- (a) The governing board of a state agency or the administrator of a state agency that does not have a governing board shall appoint an internal auditor.
- (b) An internal auditor must:
  - (1) be a certified public accountant or a certified internal auditor; and
  - (2) have at least three years of auditing experience.
- (c) The state agency shall employ additional professional and support staff the administrator determines necessary to implement an effective program of internal auditing.
- (d) The governing board of a state agency, or the administrator of a state agency if the state agency does not have a governing board, shall periodically review the resources dedicated to the internal audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 804, Sec. 2, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 380, Sec. 3, eff. Sept. 1, 2003.

**Sec. 2102.007. DUTIES OF INTERNAL AUDITOR.**

- (a) The internal auditor shall:
  - (1) report directly to the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board;
  - (2) develop an annual audit plan;
  - (3) conduct audits as specified in the audit plan and document deviations;
  - (4) prepare audit reports;

- (5) conduct quality assurance reviews in accordance with professional standards as provided by Section 2102.011 and periodically take part in a comprehensive external peer review; and
- (6) conduct economy and efficiency audits and program results audits as directed by the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board.

(b) The program of internal auditing conducted by a state agency must provide for the auditor to:

- (1) have access to the administrator; and
- (2) be free of all operational and management responsibilities that would impair the auditor's ability to review independently all aspects of the state agency's operation.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 804, Sec. 3, eff. Sept. 1, 2001.

**Sec. 2102.008. APPROVAL OF AUDIT PLAN AND AUDIT REPORT.** The annual audit plan developed by the internal auditor must be approved by the state agency's governing board or by the administrator of a state agency if the state agency does not have a governing board. Audit reports must be reviewed by the state agency's governing board and the administrator.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 804, Sec. 4, eff. Sept. 1, 2001.

**Sec. 2102.009. ANNUAL REPORT.** The internal auditor shall prepare an annual report and submit the report before November 1 of each year to the governor, the Legislative Budget Board, the Sunset Advisory Commission, the state auditor, the state agency's governing board, and the administrator. The state auditor shall prescribe the form and content of the report, subject to the approval of the legislative audit committee.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 1122, Sec. 13, eff. Sept. 1, 1997.

**Sec. 2102.0091. REPORTS OF PERIODIC AUDITS.**

- (a) A state agency shall file with the Sunset Advisory Commission, the Governor's Office of Budget, Planning, and Policy, the state auditor, and the Legislative Budget Board a copy of each report submitted to the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board by the agency's internal auditor.
- (b) Each report shall be filed not later than the 30th day after the date the report is submitted to the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board.
- (c) In addition to the requirements of Subsection (a), a state agency shall file with the Governor's Office of Budget, Planning, and Policy, the state auditor, and the Legislative Budget Board any action plan or other response issued by the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board in response to the report of the state agency's internal auditor.
- (d) If the state agency does not file the report as required by this section, the Legislative Budget Board or the Governor's Office of Budget, Planning, and Policy may take appropriate action to compel the filing of the report.

Added by Acts 1999, 76th Leg., ch. 281, Sec. 7, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 804, Sec. 4, eff. Sept. 1, 2001. Amended by: Acts 2013, 83rd Leg., R.S., Ch. 1312 (S.B. 59), Sec. 50, eff. September 1, 2013.

**Sec. 2102.010. CONSULTATIONS.** An internal auditor may consult the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board, the governor's office, the state auditor, and legislative agencies or committees about matters affecting duties or responsibilities under this chapter.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 804, Sec. 4, eff. Sept. 1, 2001.

**Sec. 2102.011. INTERNAL AUDIT STANDARDS.** The internal audit program shall conform to the Standards for the Professional Practice of Internal Auditing, the Code of Ethics contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors, and generally accepted government auditing standards.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2003, 78th Leg., ch. 380, Sec. 4, eff. Sept. 1, 2003.

**Sec. 2102.012. PROFESSIONAL DEVELOPMENT.**

- (a) Subject to approval by the legislative audit committee, the state auditor may make available and coordinate a program of training and technical assistance to ensure that state agency internal auditors have access to current information about internal audit techniques, policies, and procedures and to provide general technical and audit assistance to agency internal auditors on request.
- (b) The state auditor is entitled to reimbursement for costs associated with providing the services under the terms of interagency cooperation contracts negotiated between the state auditor and each agency. The costs may not exceed those allowed by the General Appropriations Act. Work performed under this section by the state auditor is subject to approval by the legislative audit committee for inclusion in the audit plan under Section 321.013(c).

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 33, eff. Sept. 1, 2003.

**Sec. 2102.013. ANNUAL RISK ASSESSMENT; REPORT.**

- (a) A state agency described by Section 2102.004(b) shall conduct each year a formal risk assessment consisting of an executive management review of agency functions, activities, and processes.
- (b) The risk assessment must:
  - (1) evaluate the probability of occurrence and the likely effect of financial, managerial, and compliance risks and of risks related to the use of information technology; and
  - (2) rank risks according to the probability of occurrence and likely effect of the risks evaluated.
- (c) The state agency shall submit the written risk assessment to the state auditor in the form and at the time prescribed by the state auditor.

Added by Acts 2003, 78th Leg., ch. 291, Sec. 2, eff. June 18, 2003.

**Sec. 2102.014. EVALUATION OF RISK ASSESSMENT REPORTS; AUDITS.**

- (a) Based on risk assessment and subject to the legislative audit committee's approval of including the work described by this subsection in the audit plan under Section 321.013(c), the state auditor shall:
  - (1) evaluate each report submitted under Section 2102.013;
  - (2) identify agencies with significant financial, managerial, or compliance risk or significant risk related to the use of information technology; and
  - (3) recommend to the governor that the identified agencies obtain an audit to address the significant risks identified by the state auditor.
- (b) The governor may order an agency identified under this section to:
  - (1) obtain an audit under governmental auditing standards;
  - (2) submit reports and corrective action plans as prescribed by Section 2102.0091; and
  - (3) report to the state auditor the status of the agency's implementation of audit recommendations in the form and addressing issues as prescribed by the state auditor.
- (c) The governor may provide funds to agencies as necessary to pay the costs of audits ordered under this section from any funds appropriated to the governor for this purpose.

Added by Acts 2003, 78th Leg., ch. 291, Sec. 2, eff. June 18, 2003.

**Sec. 2102.015. PUBLICATION OF AUDIT PLAN AND ANNUAL REPORT ON INTERNET.**

- (a) Notwithstanding Section 2102.003, in this section, "state agency" means a board, commission, department, institute, office, or other agency in the executive branch of state government that is created by the constitution or a statute of this state, including an institution of higher education as defined by Section 61.003, Education Code.
- (b) Subject to Subsection (c), at the time and in the manner provided by the state auditor, a state agency shall post on the agency's Internet website:
  - (1) the agency's internal audit plan approved as provided by Section 2102.008; and
  - (2) the agency's annual report required under Section 2102.009.
- (c) A state agency is not required to post information contained in the agency's internal audit plan or annual report if the information is excepted from public disclosure under Chapter 552.
- (d) A state agency shall update the posting required under this section at the time and in the manner provided by the state auditor to include a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report.
- (e) A state agency shall update the posting required under this section to include a summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report.

Added by Acts 2013, 83rd Leg., R.S., Ch. 840 (H.B. 16), Sec. 1, eff. June 14, 2013.

**Texas Department of Public Safety**

GOVERNMENT CODE  
TITLE 4. EXECUTIVE BRANCH  
SUBTITLE B. LAW ENFORCEMENT AND PUBLIC PROTECTION  
CHAPTER 411. DEPARTMENT OF PUBLIC SAFETY OF THE STATE OF TEXAS  
SUBCHAPTER I. INTERNAL OVERSIGHT

**Sec. 411.241. OFFICE OF AUDIT AND REVIEW.** The commission shall establish the office of audit and review. The office shall coordinate activities designed to promote effectiveness in departmental operations and to keep the commission and the legislature fully informed about deficiencies within the department. The office shall:

- (1) inspect and audit departmental programs and operations for efficiency, uniformity, and compliance with established procedures and develop recommendations for improvement;
- (2) coordinate and be responsible for promoting accountability, integrity, and efficiency in the department; and
- (3) provide the commission with information relevant to its oversight of the department.

Added by Acts 1999, 76th Leg., ch. 1189, Sec. 16, eff. Sept. 1, 1999.

**Sec. 411.242. DIRECTOR OF AUDIT AND REVIEW.**

- (a) The commission shall appoint the director of the office of audit and review. The director of audit and review serves until removed by the commission.
- (b) The director of audit and review must satisfy the requirements to be the agency's internal auditor under Section 2102.006(b) and is considered to be the agency's internal auditor for purposes of Chapter 2102.
- (c) The department shall provide the director of audit and review with access to any records, data, or other information necessary to fulfill the purposes of this section and Section 411.243.
- (d) The director of audit and review shall, with the advice and consent of the commission, determine which audits and inspections to perform and may publish the findings and recommendations of the office of audit and review.
- (e) The director of audit and review shall:
  - (1) report to the commission regarding audits and inspections planned and the status and findings of those audits and inspections; and
  - (2) report to the director for administrative purposes and keep the director informed of the office's findings.

Added by Acts 1999, 76th Leg., ch. 1189, Sec. 16, eff. Sept. 1, 1999.

**Sec. 411.243. POWERS AND DUTIES.**

- (a) The office of audit and review shall:
  - (1) independently and objectively inspect all divisions of the department to:
    - (A) ensure that operations are conducted efficiently, uniformly, and in compliance with established procedures; and
    - (B) make recommendations for improvements in operational performance;
  - (2) independently and objectively audit all divisions of the department to:
    - (A) promote economy, effectiveness, and efficiency within the department;

- (B) prevent and detect fraud, waste, and abuse in department programs and operations;  
and
- (C) make recommendations about the adequacy and effectiveness of the department's system of internal control policies and procedures;
- (3) advise in the development and evaluation of the department's performance measures;
- (4) review actions taken by the department to improve program performance and make recommendations for improvement;
- (5) review and make recommendations to the commission and the legislature regarding rules, laws, and guidelines relating to department programs and operations;
- (6) keep the commission, director, and legislature fully informed of problems in department programs and operations; and
- (7) ensure effective coordination and cooperation among the state auditor's office, legislative oversight committees, and other governmental bodies while attempting to avoid duplication.

(b) Chapter 2102 applies to the office of audit and review.

Added by Acts 1999, 76th Leg., ch. 1189, Sec. 16, eff. Sept. 1, 1999.

### Appendix 3

### TxDPS Assurance Continuum Model

Texas Department of Public Safety Assurance Continuum							
	Assurance Level	Lead	Support	Time	Involvement in Process by Lead	Coverage	Reports go to:
<b>Operating</b>	Supervisory Oversight	Field – Sgt. Level / Team Lead / Managers	Field Chain of Command / Division	Continually	Total	Every Transaction	Field Chain of Command
<b>Monitoring</b>	Line Quality Check / Inspection	Regional Commander Designee	Division / CAO	Quarterly	Some	Sample of Transactions	Regional Commander / Division AD / CAO
<b>Oversight</b>	Assistant Director Quality Check / Inspection	Assistant Director Designee	CAO / Field	Periodically	Little	Subsample of Transactions	Deputy Director / CAO
<b>Internal Audit</b>	Chief Auditor's Office (CAO) Review	CAO	Division / Field	Annually	None	Isolated Items – Risk Based Objectives	Director / CAO / PSC