

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Annual Internal Audit Plan for Fiscal Year (FY) 2024

The Texas Internal Auditing Act requires state agency internal auditors to conduct a program of auditing that includes an annual audit plan, is prepared using risk assessment techniques, and identifies the individual audits to be conducted during the year. The following proposed plan meets the requirements of the Texas Internal Auditing Act.

Specific risk factors were considered as they apply to the agency’s significant operational activities. These risk factors included:

- financial significance;
- reputational significance and visibility;
- complexity, inherent risk, and the potential for abuse;
- prior audit and compliance monitoring results as an indicator of control effectiveness;
- audit recency – internal audit, compliance monitoring (as applicable), KPMG, SAO, and/or Federal auditors; and
- changes in mission or key management.

A risk-ranked listing of significant operational activities became the basis for the audits proposed for consideration herein.

Required and Risk-Based Audits	Prior Year Hours	Estimated FY24 Hours	%
1. Follow-Up of Prior Audits: <i>Assess the implementation status of previously reported recommendations by Internal Audit, including the CRAFT application, DMI, GEER, and the status of recommendations made by other external auditors, as necessary.</i>	160	160	5%
2. Carry Forward of Remaining 2023 Projects: <i>Carry forward of remaining work for FY 2023 projects.</i>	160	160	5%

Required and Risk-Based Audits, Continued	Prior Year Hours	Estimated FY24 Hours	%
3. Internal Audit Performance Measures and Quality Assurance: <i>Monitor performance measures for Internal Audit and perform ongoing quality assurance measures.</i>	200	200	6%
4. Self-Assessment of Work Quality, Internal Audit: <i>Perform a self-assessment of Internal Audit work quality, in accordance with the requirements of professional auditing standards.</i>	160	160	5%
5. Investigations: <i>Texas Government Code, Chapter 321.022, Coordination of Investigations, requires the coordination of investigations between the agency and the Texas State Auditor’s Office. If the administrative head of an agency that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the agency or by a client/department of the agency may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the agency, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the agency.</i>	300	300	9%
6. Provide Assistance - External Audit of Agency Financial Statements: <i>Internal Audit provides 80 hours of audit support to reduce external audit fees and to increase the level of knowledge of external auditors’ assessment of the agency’s financial statements and associated risks.</i>	80	80	3%
7. Grant Funds Administration - Review and Advisory Services: <i>Review and advise management on the state of governance, risk, and controls within and around grant funds administration including a review of implementation of new or revised grants.</i>	450	450	14%

Required and Risk-Based Audits, Continued	Prior Year Hours	Estimated FY24 Hours	%
8. Information Security - Review and Advisory Services: <i>Review and advise management on the state of governance, risk, and controls within and around information security for selected initiatives, programs, or applications. Areas of significant change include the Data Modernization Initiative, the student loan system, and implementation of the CAPPS financial module.</i>	650	650	21%
9. Audit of Contract Management Administration: <i>Audit of agency contract administration process for compliance with laws, regulations, policies, and procedures. (Prior Year Hours were from Review of purchasing cards project)</i>	490	500	16%
10. Audit of Grant Research funding: <i>Audit of TRIP program with a focus on review of supporting documentation at two or more institutions. (Prior Year Hours were from Review of Building a Talent Strong Texas project)</i>	460	500	16%
Total Hours - Required and Risk-Based Audits	3110	3160	100%