

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Internal Audit Plan

Fiscal Year 2021

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
- Changes in mission or key management

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

A. Required Audits

	<u>Estimated Hours Required</u>
1. Follow Up of Prior Audits <i>Assess the implementation status of previously reported internal audit findings in the areas of Scholarship Programs, Selected Security Awareness Practices, GME Expansion, Human Resources, and Contract Management.</i>	460
2. 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>	130
3. 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</i>	330

or may monitor any investigation conducted by the agency.

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| 4. Provide Assistance-External Audit of Agency Financial Statements | 50 |
| <i>Internal Audit provides 50 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> | |
| 5. Ongoing Status Assessment of Corrective Action Plan Implementation to Address AT&T Cybersecurity Assessment Report | 470 |
| <i>Perform an ongoing status assessment to assess the implementation status of the corrective action plan prepared to address recommendations from the 2019 AT&T Cybersecurity Assessment Report.</i> | |

B. Risk-Based Audits

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| 6. Audit of Borrower Services | 650 |
| <i>Audit the internal administrative activities of Borrower Services to ensure loan processes are managed and controlled for compliance, effectiveness and efficiency. Borrower Services manages a loan portfolio with a current loan balance of \$1.8 billion.</i> | |
| 7. Audit of Formula Funding (Health Related Institutions) | 520 |
| <i>Audit of internal administrative activities associated with formula funding for the health related institutions. The appropriation for FY 2019 was \$471 million.</i> | |
| 8. Review of Selected Grant Programs Administered by College Readiness and Success | 538 |
| <i>Review the internal administrative activities of College Readiness and Success for selected grant programs for compliance, effectiveness and efficiency. College Readiness and Success grant program appropriations for FY 2019 were approximately \$9.4 million.</i> | |
| 9. Audit of Contract Management Administration | 460 |
| <i>Audit of agency contract administration processes for compliance with laws, regulations, policies, and procedures.</i> | |