

## TEXAS HIGHER EDUCATION COORDINATING BOARD

### INTERNAL AUDIT & COMPLIANCE MONITORING

#### Annual Internal Audit Plan for Fiscal Year 2023

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

	<u>Estimated Hours Required</u>	<u>%</u>
1. Follow-Up of Prior Audits <i>Assess the implementation status of previously reported recommendations by Internal Audit, including the CRAFT application, formula funding, GEER, and Data Modernization Initiative. Review the status of recommendations made by other external auditors, as necessary.</i>	160	5%
2. Carry Forward of Remaining 2022 Projects <i>Carry forward remaining work for FY 2022 projects.</i>	160	5%
3. Internal Audit Performance Measures and Quality Assurance <i>Monitor performance measures for Internal Audit and perform ongoing quality assurance measures.</i>	200	6%
4. Self-Assessment of Work Quality, Internal Audit <i>Perform a self-assessment of Internal Audit work quality, in accordance</i>	160	5%

*with the requirements of professional auditing standards.*

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	10%
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	3%
7.	Federal Funds Administration - Review and Advisory Services <i>Review and advise management on the state of governance, risk, and controls within and around federal funds administration.</i>	450	14%
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 preparations to implement the CAPPs financial module.</i>	650	21%
8.	Review of Purchasing/Procurement Cards <i>Review the internal administrative activities of the agency purchasing/procurement cards for compliance, effectiveness, and efficiency.</i>	490	16%
9.	Review of State’s <i>Building a Talent Strong Texas</i> Strategic Plan 460 <i>Review data integrity associated with the state’s higher education strategic plan. The plan, Building a Talent Strong Texas, expands on the successes and progress of the previous plan, 60x30TX, by widening the lens for higher education. Under the plan, 60% of Texans ages 25-64 will receive a degree, certificate, or other postsecondary credential of value by 2030.</i>	460	15%
<b>Total Hours-Required and Risk-Based Audits</b>		<b>3110</b>	<b>100%</b>