

Texas Workforce Commission  
*Office of Internal Audit*

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*Fiscal Year 2020 Audit Plan*



*Approved by Commission November 5, 2019*



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## Overview

The annual audit plan is a guide for the utilization of the department's resources during the fiscal year in order to address the risks of the Texas Workforce Commission (TWC). Audits and other projects selected for review and included on the annual audit plan are those areas that represent risk to the agency based on the various criteria described in this document.

The audit plan is a dynamic document that may change during the fiscal year as circumstances dictate. Continuous reassessment of risk, requests from the Commission, changes in audit resources, and changes in the agency's organization or operations may result in changes to the plan. Any significant changes required of the plan will be presented to the Commission for approval.

Project objectives are described in the plan only in general terms. The specific objective of each audit project will be determined at the time the project is initiated based on a more detailed assessment of relative risks.

## The Role of Internal Audit

The mission of The Office of Internal Audit (OIA) is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight to the Commission and agency management. Internal Audit helps the agency accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In implementing its mission, Internal Audit is guided by the United States Government Accountability Office's (GAO) Government Auditing Standards; the Institute of Internal Auditors' (IIA) International Professional Practices Framework; Definition of Internal Auditing, and Code of Ethics; and the Information Systems Audit and Controls Association's (ISACA) IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals. The Internal Audit Charter, approved by the Commission, also sets forth the purpose, authority, and responsibility of the Office of Internal Audit.

## Professional and Statutory Requirements

This document provides the Fiscal Year 2020 audit plan as required by the OIA Charter, GAO and IIA professional auditing standards, and the Texas Internal Auditing Act, Texas Government Code 2102.005. The Act requires state agencies to conduct a program of internal auditing that includes an annual audit plan prepared using risk assessment techniques and identifies the individual audit projects to be conducted during the year.

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## Types of Reviews

The Office of Internal Audit conducts performance audits and non-audit services, as well as follow-up reviews.

**Performance Audits** – engagements that provide assurance or conclusions based on an evaluation of sufficient appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audits provide reasonable assurance that the auditors have obtained sufficient, appropriate evidence to support the conclusions reached. Thus, the sufficiency and appropriateness of evidence needed and tests of evidence will vary based on the audit objectives and conclusions.

**Optional Performance Audits** – performance audits that may be performed during this fiscal year depending on the availability of audit resources. If not performed, they are not automatically assigned as carry-forward audits in the next fiscal year but are re-evaluated in the annual risk-assessment process.

**Follow-up reviews** – a process by which the auditors determine the adequacy, effectiveness, and timeliness of actions taken by management on reported audit findings and recommendations. This work determines if those actions are achieving the desired results or if management has assumed the risk of not taking corrective action on reported findings. Follow-up reviews are conducted on all previous OIA reported findings, as well as some findings identified by the State Auditor's Office and other external entities' reported audit findings. The status of corrective actions are reviewed on a quarterly basis. The reviews are scheduled within a reasonable time frame to allow management sufficient opportunity to implement corrective actions.

**Non-audit services** - advisory and related client service activities which are intended to add value and improve the agency's governance, risk management, and control processes. Examples include counsel, advice, facilitation, and training. This type of project can only be conducted if providing the non-audit services does not create impairments to independence, either in fact or appearance, with respect to future audit projects.

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## Development of the Audit Plan

The Office of Internal Audit allocates its resources in a manner that is consistent with the mission and goals of TWC. To support TWC's mission, audit coverage is considered across the agency. The audit plan is designed to provide coverage of key business processes, over a reasonable period of time, given the existing staff.

The following key factors were considered to assess risk and develop the audit plan:

- Commission and Management Interest
- Program and Information Technology Changes or Concerns
- Critical Nature of the Business Function to the Mission of the Agency
- Strength of Internal Controls
- Changes in management and succession planning
- Staff Turnover and Retirement
- Prior Audit Coverage
- Potential for Fraud

In addition to the projects selected based on risk assessment results, audit hours are also dedicated to follow-up reviews and carry-forward projects.

Internal Audit is also required by laws and auditing standards to conduct certain activities on an annual and/or periodic basis, such as an internal quality control assessment, an annual audit report, and a peer review. Those required activities are also included in the audit plan.

To ensure the auditors maintain a steady workload throughout the year, some audit projects are scheduled to start near the end of one fiscal year and require time in the following year to complete. There are several carry-forward projects identified on the Fiscal Year 2020 audit plan.

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## Fiscal Year 2020 Audit Plan

### Performance Audits

Auditable Units		
Agency-wide	<b>Contracting Compliance Review</b> - to determine if a sample of contracts comply with contracting and monitoring controls and processes.	750
Regulatory Integrity Division	<b>Collection Activities</b> - to determine if collection activities are efficient and effective and if collection processes maximize collection potential.	1,000
Business Operations Regulatory Integrity	<b>Controls Over Vocational Rehabilitation Contracts</b> - to determine whether controls exist for the creation, management, and monitoring of VR Contracts.	1,000
Workforce Development	<b>Career Schools Compliance Review</b> - to determine if current processes ensure compliance with State Laws and Rules.	750
Unemployment Insurance	<b>Call Center Responsiveness Review</b> - to evaluate responsiveness to customers at U.I. Tele-Centers.	750
Agency-wide	<b>Business Continuity Audit</b> - to determine if the agency business continuity plans comply with laws and guidance.	800
Vocational Rehabilitation	<b>Compliance Review of VR Field Guidance</b> - to determine if guidance provided to VR field offices clearly communicate expectations and if procedure documentation in VR field offices align with State Office guidance.	1,000
Human Resources	<b>Job Classifications Compliance Review</b> - to determine if positions are reviewed annually for proper classification as defined by Texas Government Code 654.0155.	600

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**Performance Audits - Continued**

Auditable Units	Objectives	Budget Hours
General Counsel	<b>Open Records Compliance Review</b> - to determine whether controls over agency open records policies and procedures provide reasonable assurance that the Agency is in compliance with State laws.	850
Agency-wide	<b>Review of Agency Monitoring Responsibilities</b> - to determine if agency management has identified, defined, and assigned required monitoring responsibilities.	1,200
Agency-wide	<b>Quarterly Follow-Up Reviews</b> – to determine the adequacy and effectiveness of corrective actions implemented by management to address previously reported audit findings and recommendations.	3,000
Agency-wide	<b>Commission Requests</b> - additional projects requested by the Commission.	750

**Optional Performance Audits**

Auditable Units		
Finance	<b>Revenue and Trust Management</b> - to determine whether controls within the Revenue and Trust Management unit provide reasonable assurance that the unit achieves its goals and objectives.	n/a
UI & Regulation	<b>Tax Status</b> - to determine if current Tax Status processes ensure compliance with Federal and State Laws and Rules.	n/a
Information Technology Agency-wide	<b>Share Point</b> - to determine if controls exist to ensure proper use and security over the use of SharePoint in the agency.	n/a

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**Carry Forward Projects**

Auditable Units	Objectives	Budget Hours
Agency-wide	<b>Compliance with IT Standards and Guidelines</b> - to determine whether IT activities occurring outside of the IT division comply with standards and guidelines established by the IT division.	550
Operational Insights	<b>Data Integrity Audit</b> – to determine if controls exist to ensure the integrity of data used by Division of Operational Insights.	260
Employer Initiatives	<b>Skills Development Review</b> – to review the efficiency and effectiveness of skills development processes and operations.	200
Human Resources	<b>Minimum Qualifications Review Process</b> - to determine whether controls over minimum qualification reviews provide reasonable assurance that qualified candidates are selected.	190
Workforce Development	<b>Apprenticeship Compliance Review</b> - to determine whether controls over the Apprenticeship program provide reasonable assurance that the program is in compliance with Federal and State laws.	225
Workforce Development	<b>Compliance Review of WF Guidance to the Boards</b> - to determine whether guidance provided to Workforce Boards comply with Federal and State laws.	200
Workforce Development UI & Regulation Information Technology	<b>Controls Over Change Requests</b> - to determine whether controls over change requests provide reasonable assurance that change management is effective.	400
Agency-wide	<b>Travel Compliance Review</b> - to determine whether controls over agency travel expenditures provide reasonable assurance that travel expenditures are in compliance with the State Travel Management Program.	425

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**Carry Forward Projects - *Continued***

Auditable Units	Objectives	Budget Hours
Business Operations	<b>Internal Control Review of Human Resources and HR Systems</b> – to determine whether controls over Human Resources systems and processes ensure accuracy, reliability, and integrity in personnel records.	1,325
Business Operations	<b>Administrative Procurement Processes</b> – to evaluate the efficiency and effectiveness of administrative procurement processes.	1,225

In addition to planned audit services, OIA has ongoing responsibilities, which include:

- Annual Internal Audit Report issuance
- Annual Risk Assessment and Audit Plan development
- Commission and Management briefings on reports
- TeamMate, SharePoint, and Intranet maintenance
- Annual Quality Self-Assessment
- External Quality Assurance Review
- Quarterly Status of Open Recommendations
- Professional development
- Data analysis