



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

OFFICE OF INTERNAL AUDIT  
FISCAL YEAR 2022 AND 2023  
ANNUAL INTERNAL AUDIT PLANS  
&  
INTERNAL AUDIT CHARTER

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## RISK ASSESSMENT

The Office of Internal Audit has completed the Fiscal Year (FY) 2022 Annual Risk Assessment and forecasted audit plan for FY2023 for the agency. The risk data was obtained from management interviews regarding activities conducted and administered within their divisions and across the agency<sup>1</sup>. Internal Audit considered management's interest based on input from the Commissioner and the Chief Clerk. This assessment also incorporates data from the agency's strategic plan, appropriated budgets, and prior audit issues.

Auditable units and identified risk from the interviews, were categorized according to nineteen risk factors and ranked based on inherent impact and inherent likelihood, and the calculated inherent risk. The strength of existing controls was further calculated to identify a final residual risk score, which was considered in the identification of planned audits and the development of the compiled and forecasted internal audit plans. Identified risk were categorized according to the following risk factors:

1. Governance and Oversight
2. Contract Management and Monitoring
3. Financial
4. Regulatory Compliance
5. Information Security
6. Data Integrity
7. Change Management
8. Complexity of Operations
9. Public Exposure & Sensitivity
10. Extent of Outsourcing and Contracting
11. Potential for Fraud
12. Management Controls
13. Documentation of Policies and Procedures
14. Appropriate Access
15. Supervision and Training
16. Business Continuity
17. Third Party Risks
18. Operational Controls
19. Data Reliability

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<sup>1</sup> A separate risk assessment was conducted during FY2021 of the Community Development and Revitalization (CDR) Division activities associated with Disaster Recovery - Community Development Block Grants (CDBG-DR). The results of the risk assessment were considered and incorporated into the proposed FY2022 audit plan and forecasted audit plans for FY2023-2024.

During the risk assessment, the inherent impact, inherent risk, and the strength of existing controls were evaluated and further calculated to identify the residual risk of each risk category of each program area and their associated functions. Residual risk is the amount of risk that is not eliminated by controls and the exposure that remains after all the known risks have been considered or addressed.

Figure A below, identifies the ranking of each risk category, considered during the risk assessment, by the total risk identified, percent (%) of total risk identified during the risk assessment and the calculated average residual risk remaining after assessing existing controls for the associated risk of each program area.

**Figure A: Risk Category Ranking per Residual Risk**

No.	Risk Categories	Total Risks Identified	% of Total Risks Identified	Average Residual Risk Score
1	*Contract Management and Monitoring	13	6.3%	3.2
2	*Financial	4	2.0%	2.9
3	Documentation of Policies and Procedures	6	2.9%	2.3
4	Data Reliability	11	5.4%	1.8
5	*Information Security	16	7.8%	2.8
6	*Business Continuity	7	3.4%	2.1
7	*Operational Controls	4	2.0%	2.0
8	*Governance & Oversight	12	5.9%	3.2
9	*Management Controls	3	1.5%	2.5
10	*Third Party Risks	7	3.4%	2.0
11	*Regulatory Compliance	9	4.4%	2.8
12	Extent of Outsourcing and Contracting	4	2.0%	2.5
13	Public Exposure/ Sensitivity	5	2.4%	2.5
14	Supervision and Training	4	2.0%	2.3
15	*Complexity of Operations	20	9.8%	2.6
16	*Data Integrity	29	14.1%	2.6
17	*Change Management	23	11.2%	2.6
18	Appropriate Access	9	4.4%	2.3
19	Potential for Fraud	19	9.3%	2.5
<b>TOTALS</b>		<b>205</b>	<b>100.0%</b>	<b>2.7</b>

*\*Included in FY2022-2024 Audit Plan*

Of the 19 risk categories evaluated, 12 were identified for consideration for audits included in the proposed audit plans based on the risk to the agency, current controls and remaining residual risk.

Figure B identifies the 12 risk categories and the number of associated audits developed and included in the proposed audit plans. In addition, the percent (%) of agency coverage per risk category under the audit plans is provided, as well the program areas to be reviewed per risk category.

**Figure B: Audit Coverage per Risk Category and Program Area**

No.	Audit Plan Risk Category	Total Audits	Audit Plan Coverage	Program Areas Covered
1	Business Continuity	1	3.6%	ETS
2	Regulatory Compliance	9	32.1%	CDR Financial Management Archives and Records Investment Management Coastal Resources
3	Complexity of Operations	1	3.6%	Coastal Resources
4	Information Security	2	7.1%	Information Security
5	Contract Management and Monitoring	3	10.7%	Energy Resources CDR Alamo
6	Third Party Risks	3	10.7%	CDR
7	Data Integrity	2	7.1%	Financial Management CDR
8	Financial	2	7.1%	CDR
9	Management Controls	2	7.1%	CDR Coastal Resources
10	Change Management	1	3.6%	Human Resources
11	Governance & Oversight	1	3.6%	Asset Management
12	Operational Controls	1	3.6%	Asset Management
<b>TOTALS</b>		<b>28</b>	<b>100.0%</b>	

## AUDIT PLAN

The proposed audit plans are designed to maximize the coverage of overall agency risks with available internal and external (contracted) resources. Each project provides the Audit Title, Division, Program Area and Risk Category. The provided FY2022 plan also lists follow-up projects, other special projects and annual reports that are part of our internal audit activities.

**Following is the proposed FY2022 Audit Plan, including follow-up and special projects:**

FY2022 AUDIT PLAN				
No.	Audit Title	Risk Category	Division(s)	Program Area(s)
1	Audit of Grant Compliance for the CDBG-DR 2015 and 2016 Flood Programs	Regulatory Compliance	Community Development & Revitalization	Various
2	Audit of Business Continuity Preparedness	Business Continuity Planning	Enterprise Technology Services (ETS) Human Resources	ETS Safety Officer
3	Audit of Sabine to Galveston Project Management	Complexity of Operations	Coastal	Coastal Resources
4	Audit of Grant Compliance for the CDBG-DR Economic Revitalization Program (ERP)	Regulatory Compliance	Community Development & Revitalization	Various
5	Audit of Cares Act Funding Compliance	Regulatory Compliance	Financial Management	Federal Finance
6	Audit of The Receiver's Office Processes	Governance and Oversight	Financial Management	Cash Management
7	Audit of SEMP Vendor Management	Contract Management and Monitoring	Asset Enhancement	Energy Resources

<b>FY2022 PLANNED FOLLOW-UP REVIEWS</b>		
<b>Audit Follow-Up Title</b>	<b>Division(s)</b>	<b>Program Area(s)</b>
Audit of Fixed Assets (2011)	Financial Management	Cash Management
Audit of Compliance with Texas Administrative Code (TAC) 202 (2016)	Office of Information Security Enterprise Technology Services (ETS)	Information Security Integrated Services
Audit of Compliance with Texas Administrative Code (TAC) 202 (2019)	Office of Information Security Enterprise Technology Services (ETS)	Information Security Integrated Services
Audit of Program Vendor Management (2020)	Community Development & Revitalization Contract Management	Direct Assistance for Limited Home Repair Temporary Housing Programs
Audit of Agency Contract Management and Monitoring (2020)	Contract Management	Contract Management
Audit of Vendor Procurement (2021)	Financial Management	Procurement Federal Finance
Audit of Vendor Management (2021)	Veterans' Land Board	Land and Housing
<b>External Projects</b>		
SAO – Audit on Hurricane Harvey Disaster Recovery Funds Administered by the GLO (2019)	Community Development & Revitalization	Various
SAO – Audit of GLO Use of Alamo Complex Appropriations (2021)	Financial Management	The Alamo Complex
SAO – Audit of VLB Texas State Veterans Homes Contract Functions (2021)	Veterans Land Board Financial Management Contract Management Division Office of Information Security	Veterans Homes Procurement Contract Management Information Security

<b>FY2022 MANAGEMENT ASSISTANCE / SPECIAL PROJECTS</b>	
<b>Project Title</b>	<b>Division/Program Area</b>
Internal Audit Quality Assurance Review	Internal Audit
Annual Risk Assessment and Internal Audit Plan	Internal Audit
Annual Report on Internal Audit (SAO)	Internal Audit
Annual Report on the Internal Audit Quality Assurance and Improvement Program	Internal Audit
Special Projects/Investigations	Internal Audit
Liaison for external audits and oversight entities (Federal and State)	Internal Audit
Management Assistance & Other Activities	Internal Audit

**Proposed Forecasted FY2023 Audit Plan** *(the following audits are provisional and may change due to arising risk, agency activities and resources):*

<b>FORCASTED FY2023 AUDIT PLAN</b>				
<b>No.</b>	<b>Audit Title</b>	<b>Risk Category</b>	<b>Division(s)</b>	<b>Program Area(s)</b>
1	Audit of CDBG-DR Third Party Compliance	Regulatory Compliance	CDR	Various
2	Audit of the Administration of the Gulf of Mexico Energy Security Act (GOMESA)	Regulatory Compliance	Coastal	Coastal Resources
3	Audit of the Administration of the CDBG-DR Mitigation Program	Regulatory Compliance	CDR	Various
4	Audit of Compliance with Texas Administration Code (TAC) 202	Regulatory Compliance	ETS/OIS	ETS/OIS
5	Audit of Reporting Compliance for the Federal Funding Accountability and Transparency Act (FFATA) Reporting	Regulatory Compliance	Financial Management	Federal Finance
6	Audit of CDBG-DR Homeowner Assistance Program (HAP) Closeout	Regulatory Compliance	CDR	Various
7	Audit of Compliance with Governmental Accounting Standards Board (GASB) 87	Regulatory Compliance	Financial Management	Financial Reporting

