

TEXAS TRANSPORTATION COMMISSION

All Counties

MINUTE ORDER

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All Districts

The Texas Internal Auditing Act, Government Code, Chapter 2102, requires the internal auditor to create an annual Audit Plan that is prepared using risk assessment techniques and that identifies the individual audits to be conducted during the year. The Audit Plan must be approved by the state agency's governing board. In addition, the governing board must periodically review the resources dedicated to the internal audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

The Chief Audit and Compliance Officer has developed an Audit Plan for Fiscal Year (FY) 2020, which is set forth in Exhibit A. This Audit Plan includes a list of internal audits aimed at providing assurance and identification for process/program improvement statewide. This Audit Plan identifies the audits to be conducted and the resources available to the Internal Audit Division for FY 2020.

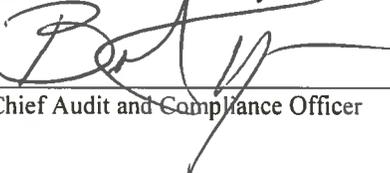
The Chief Audit and Compliance Officer considers the resources for FY 2020 to be adequate to address the risks that warrant audit coverage.

The Audit Plan for FY 2020 is presented to the Texas Transportation Commission (commission) for approval and for a determination that adequate resources exist to ensure that the risks identified are adequately covered.

IT IS THEREFORE ORDERED by the commission that the Audit Plan for FY 2020, as shown in Exhibit A, is hereby approved.

FURTHER, the commission finds that adequate resources have been dedicated to the internal audit program to ensure that the risks identified in the annual risk assessment, including fraud risks, are covered within a reasonable time.

Submitted and reviewed by:

  
\_\_\_\_\_  
Chief Audit and Compliance Officer

Recommended by:

  
\_\_\_\_\_  
Executive Director

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Minute Date  
Number Passed

## Exhibit A

### Internal Audit Plan for Fiscal Year 2020

Texas Department of Transportation  
Internal Audit Division

This is the proposed Internal Audit Plan for fiscal year (FY) 2020. It was developed by the Chief Audit and Compliance Officer and Internal Audit Division staff. The Internal Audit Plan includes proposed internal audits to be performed, including the audit resources for FY 2020. This plan will be distributed department-wide after it is approved by the Texas Transportation Commission (Commission). Continuous evaluation of the Internal Audit Plan, based on risks identified, could result in modifications being made during the year. These modifications will be proposed to the Audit Subcommittee and included in the Internal Audit Plan, if approved.

#### Risk Assessment

The Chief Audit and Compliance Officer, along with Internal Audit Division staff, perform a department-wide risk assessment to develop the Internal Audit Plan. The risk assessment process is also conducted to assign the audit resources and includes review and consideration of:

- Internal Audit Division Risk Assessment
- Input from members of the Commission, Administration, Divisions, Districts, and staff
- Department functions, based on objective criteria and professional judgment
- Compliance Division Input
- Relevant state and federal legislation
- Professional/industry standards
- Investigative trends
- Prior audit results

The Chief Audit and Compliance Officer will provide quarterly status reports on audit activities to the Commission and Administration and will present the results of completed audits at quarterly Audit Subcommittee meetings.

#### Internal Audit Plan

The Internal Audit Plan consists of 47 risk-based audit engagements. The audit engagements are divided into eight areas of focus and coverage, as follows:

- Information Technology – activities designed to identify and safeguard confidential, proprietary, non-public information assets.
- Governance/Program Management – business activities of the organization are optimized toward achievement of objectives, with appropriate oversight.
- Contracting/Third Party – reporting and operational reliability impacting stakeholders.
- Program Optimization – key programs/processes are cost-effective, while maintaining or strengthening the internal control structure.
- Asset Management – processes and practices are designed and operating to maintain fiscal accountability and stewardship.
- Recurring – programs, processes, and/or activities that are evaluated on a routine basis.
- Management Action Plan (MAP) Follow-Up – to determine mitigation of residual risks identified during a previously issued audit engagement.
- Contingency – potential areas of coverage to consider, based on resource efficiencies.

This internal audit plan is aimed toward providing assurance and/or recommendations regarding the top twenty-five percent of risks identified as a part of the annual risk assessment.

## Internal Audit Plan FY 2020

### Information Technology (3)

- Data Management
- Data Classification
- Information Management Division (IMD) Contract Management – FY 2020 Contracts Implementation

### Governance/Program Management (4)

- Performance Measures
- Advertising Effectiveness
- Unified Transportation Program: Portfolio Analysis Tool
- Title VI & Americans with Disabilities Act (ADA) Goal Setting and Reporting Process

### Contracting/Third Party (3)

- Professional Engineering Procurement Services (PEPS) Contractor Performance Monitoring
- Service Organization Controls (SOC) 1 & 2 Compliance
- Construction Project Website Administration

### Program Optimization (4)

- Reporting Integrity: Maintenance Management System (MMS)
- Post-Implementation – Modernize Portfolio and Project Management
- Post-Implementation – Travel and Expense Module
- Facilities and Asset Management System (FAMIS) Efficiency

### Asset Management (2)

- Non-Contracted Bridge Inspections
- Lease Accounting Implementation

### Recurring (4)

#### Annual

- Public Funds Investment Act
- Toll Facilities – Federal Reporting

#### Cyclical

- Physical Security
- Tuition Assistance Program (TAP)

### Management Action Plan Follow-Ups (17)

- Engagements to determine mitigation of risks previously communicated

### Contingency (10)

- Human Resources Operations
- Site Manager – Post Implementation
- Vegetation Management – Contracted Operations
- Network Security: Vulnerability Scanning & Penetration Testing
- TxDOT Business Impact Analysis
- IT Purchasing Process
- Third Party Website Purchases
- Segregation of Duties/ Access Controls – Critical Applications
- Performance Management
- Legislative Budget Board (LBB) Contract Reporting

### Internal Audit Resources for FY 2020

There are 39 employees allocated to Internal Audit Division for FY 2020. The expected budget for the audit function is \$2.9 million. The employees will be allocated as follows:

Internal Audit Staff	33
Internal Audit Administration	6

The Texas Internal Auditing Act requires the governing board of a state agency to periodically review the resources dedicated to the internal audit program. This helps determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately addressed within a reasonable time frame.

The planned resources, i.e., employees and operating budget, are adequate to complete the engagements listed in the Internal Audit Plan. The proposed projects allocate audit resources to the highest priorities and risks of the agency. A continuous risk assessment program and communication with the Audit Subcommittee allows flexibility to address other risk areas that are identified during the year.