

**Texas Facilities Commission Agency 303**  
**Office of Internal Audit**  
**FY19 Annual Report**

**I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Annual Report, and Other Audit Information on Internet Web site**

Texas Facilities Commission (TFC) Office of Internal Audit (OIA) posts the Annual Report, Internal Audit Plan, and other audit information on the internet website located at: <http://www.tfc.state.tx.us/divisions/commissionadmin/prog/oia/> to comply with the provisions of Texas Government Code, Section 2102.015.

**II. Internal Audit Plan - Projects for Fiscal Year 2019**

- A. Review of Property Management and Tenant Services – Completed January 2019; Corrective actions are due December 2019. The agency should:
- Consider re-designing the work order system’s interface to make it more user friendly for tenants and develop a process to better determine when a work order has been assigned. Management concurs with the assessment and is working to redesign the front end and make it more intuitive.
  - Develop a definition of emergency and communicate it through the website and in the next tenant manual update. Management concurs and has compiled a working definition of what constitutes an emergency for dissemination.
  - Review and update the tenant manual and use titles for contacts versus listing individual names. Management concurs and will begin the updating and revision process.
  - Develop goals and performance measures to determine the program’s effectiveness. Management concurs and will meet frequently to create, discuss, and track progress on goals.
- B. Review of Selected Construction Contracts - Completed April 2019; Corrective actions are due January 2020. The agency should:
- Continue to communicate the risk of lack of deferred maintenance funding to the appropriate stakeholders.
  - Implement a monitoring process for Subcontractors’ Certificates of Insurance.
- C. Review of Enterprise-Wide Risk Management – Carryover Project to FY2020.
- D. Recovery Audit of the North Austin Complex Construction Project – Carryover Project to FY2020.

There are no deviations from the amended and approved fiscal year 2019 audit plan.

**III. Consulting and Non-Audit Services – Status 100% complete**

Data Analytics Initiative Consulting Engagement – Completed February 2019. Objective: Utilize data analysis to identify opportunities for continuous process improvement across the agency. No recommendations were made by Internal Audit. Completed February 2019.

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**IV. External Quality Assurance Review**

Report located at: <http://www.tfc.state.tx.us/divisions/commissionadmin/prog/oia/Opinion>

Based on the work outlined above and on the information received and evaluated during this external review, it is my opinion that the Office of Internal Audit at the Texas Facilities Commission **generally conforms** to the *Standards*.



Richard H. Tarr, CIA, CISA

**V. Internal Audit Plan - Projects for Fiscal Year 2020**

Estimated effort for all Projects is 5,000 hours.

- A. Contract Compliance – Determine whether controls over contracts ensure compliance with select state laws, rules, regulations, and contract requirements.
- B. Disaster Recovery and Business Continuity - Determine if disaster recovery and continuity of business operation plans are in place, updated, and tested for critical systems in compliance with select state laws, rules, and regulations.
- C. Expense Process – Determine whether expenses are accurately tracked, managed, and paid timely in compliance with select state laws, rules, and regulations.
- D. Maintenance Process - Determine whether maintenance process controls ensure identification, prioritization, and necessary level of effort in accordance with best practices and applicable requirements and regulations.
- E. Cost Allocation Process – Determine whether the cost allocation methodology and calculation are in compliance with select cost allocation requirements.
- F. Cybersecurity Compliance – Determine whether the agency is in compliance with House Bill 3834 which requires State Certified Cybersecurity Training completion by state agencies.
- G. Complaints, Hot Line Calls, and Investigations – Required as included by reference in the Texas Internal Auditing Act.
- H. Follow-Up on Prior Audit Findings – Required by the Texas Internal Auditing Act.

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- I. Consulting Engagements and Other Non-Audit Services - Administrative Support, Training, and Advisory Services.
- J. Risk Assessment – As required by the Texas Internal Auditing Act., Internal Audit annually compiles the results of the agency risk assessment efforts to determine the priorities of the internal audit activity, consistent with the organization’s goals. Risk assessment tasks performed evidence the following:

- Changes in the organization’s business, risks, and operations, programs, system and controls,
- Quantification of risk and impact, and
- Communication of the resource requirements and limitations, if applicable

**VI. External Audit Services Procured in Fiscal Year 2018**

Not applicable.

**VII. Reporting Suspected Fraud and Abuse**

- A. The public facing web page provides information on:

- How to report suspected fraud, waste, and abuse involving state resources directly to the State Auditor’s Office (SAO),
- References the SAO fraud hotline information, and
- Contains a link to the SAO’s website for fraud reporting located at:  
<http://www.tfc.state.tx.us/divisions/commissionadmin/prog/oia/>

- B. OIA policies and procedures contain information pertaining to reporting suspected fraud and abuse with details regarding how to report suspected fraud involving state funds to the SAO.

- C. Investigations will be coordinated by reporting instances where reasonable belief exists, relating to the cause of money lost, misappropriated, misused or other fraudulent or unlawful conduct that has occurred in relation to the operation of TFC, to the SAO. This includes reporting the reason and basis for the belief to the SAO.

**VIII. Contracting Audits at Selected State Agencies**

Internal audit reports related to agency contracts and contract processes and controls completed in the last five years and follow-up audit work performed by TFC internal audit were provided to the SAO in response to the Senate Bill 65 Information Request dated September 5, 2019.