



# Texas Facilities Commission (TFC) Office of Internal Audit (OIA)

## Audit Plan for Fiscal Year 2019

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# Executive Summary

The purpose of the Audit Plan is to outline audits and other activities the Office of Internal Audit (OIA) will conduct during fiscal year 2019. The Plan is developed to satisfy responsibilities established by the Texas Facilities Commission's (TFC) Internal Audit Charter, Texas Internal Auditing Act (Chapter 2102, Title 10, Texas Government Code), Government Auditing Standards, and the Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA).

The Office of Internal Audit (OIA) is independent of management and provides objective assurance and consulting services designed to add value and improve TFC operations.

## **Audit Plan Development and Scope**

Our Audit Plan is designed to provide coverage of key risks, given the existing and approved budget.





# Risk Assessment & Audit Planning Approach

*Interviews and risk assessment surveys of Commissioners and executives were used to identify areas of risk and potential internal audit projects. This information was combined into an overall audit plan designed to address critical risks to achieving TFC objectives. The Audit Plan also includes hours for ad hoc projects and special requests. The following approach was taken in creating the Audit Plan:*

## Information Gathering

- A. Gained understanding of TFC's strategic goals and objectives from the strategic plan.
- B. Gained understanding of changes in the makeup of TFC projects (i.e. deferred maintenance, new construction, etc.)
- C. Updated audit universe based upon changes in organizational structure and input from staff.

## Risk Analysis

- A. Interviewed commissioners, members of the TFC executive team, and staff to obtain various points of view on risks.
- B. Reviewed surveys of executives on their assessment of risk (including the likelihood and impact of each).

## Development of Proposed Audit Plan

- A. Developed a proposed audit plan based on interviews, risk assessments, and resource availability.
- B. Discussed the proposed audit plan with the Interim Executive Director.

## Next Steps

- A. Review and discuss the proposed Audit Plan with the Audit Work Group.
- B. Obtain Audit Work Group recommendation and Commission approval of the Audit Plan.





# Types of Projects to Cover Risk Areas

***An important part of the Audit Plan is that the identified processes, systems, and initiatives should receive differing types and levels of review based on their importance, perceived risk, and most efficient approach. The different levels of review activities are as follows:***

## Audit

- Audit Focus: Assess evidence available in order to provide assurance on an audit objective
- Deliverable: Audit report for public distribution unless protected by statute
- Estimated level of effort per project: 400 – 500 hours

## Agreed-Upon Procedures

- Agreed-Upon Procedures Focus: Determine specific steps to test with management's agreement and report on results; used for data analytics and quarterly testing of specific data and transactions.
- Deliverable: Agreed-upon procedures report for public distribution (use is limited to those with understanding of procedures performed).
- Estimated level of effort per project: 100 – 300 hours

## Formal Consulting

- Consulting Focus: Respond to requests for formal study or assessment with recommendations; no assurance provided
- Deliverable: Consulting report or memo for limited distribution; significant material weaknesses identified would be reported to executive management and the Audit Work Group

## Informal Consulting

- Advisory Focus: Participate in activities in a non-voting capacity e.g. provide training and input on policies and procedures.
- Deliverable: Verbal discussion or a brief memo to management
- Estimated level of effort per year: 10-100 hours





# Proposed Audits

***The following table provides the name of each audit and preliminary scope of work to be performed. Scope of work will be finalized as part of each project's formal planning phase.***

Audit Title	Preliminary Scope
A. Review of Enterprise-Wide Risk Management (ERM)	Determine the extent to which the agency's processes to identify, evaluate and manage risks are sufficient to ensure all key risks are addressed. Further, determine the extent to which resource allocation is aligned with the agency's risk profile.
B. Review of Selected Construction Contracts	Determine the extent to which agency contract development, performance monitoring, and oversight processes sufficiently ensure contractors perform in accordance with the contract and that expenditures are adequately supported. Further, determine the extent to which the agency's construction project expenditures monitoring ensures contractor billings are in compliance with the contract.
C. Review of Property Management and Tenant Services	Determine the extent to which agency processes ensure property management and tenant services goals are accomplished efficiently and effectively, in compliance with relevant regulations, interagency agreement and procedures.





# Agreed-Upon Procedures

*The following table provides the name of each agreed-upon procedures and preliminary scope of work to be performed. Scope of work will be finalized with collaboration from executive management.*

Project Title	Preliminary Scope
A. Recovery audit of the North Austin Complex Construction Project	Perform a recovery audit to ensure that contractor billings are adequately supported and that any overcharges are identified and recovered. (This project will be ongoing for the life of the construction project).
B. Data Analytics Initiative	Utilize data analysis to identify opportunities for continuous process improvement across the agency.





# Key Internal Audit Activities

Title	Project Description
A. Follow-up on Implementation of Prior Audits	Follow-up and report on status of outstanding audit recommendations.
B. Quality Assurance and Improvement Program	OIA maintains an ongoing Quality Assurance and Improvement Program (QA&IP) and performs ongoing monitoring of the quality of internal audit activities as well as periodic reviews performed through self-assessment.
C. Annual Internal Audit Report	Prepare annual report of audit activities in accordance with SAO guidelines.
D. Commission and Audit Work Group Meetings	Prepare communication and attend Commission and Audit Work Group meetings
E. Coordination with External Audit Groups	Coordinate with external auditors.
F. Contingencies	To ensure OIA has the flexibility to meet changing needs of TFC and address high priority issues as they arise, time has been allocated for unplanned special projects and investigations, as needed.

