

FINANCE COMMISSION
Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2020



FINANCE COMMISSION

Austin, Texas

Internal Audit Plan
For Fiscal Year 2020

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Finance Commission and Audit Committee Members
Finance Commission of Texas
Austin, Texas

Enclosed is the Finance Commission's proposed Internal Audit Plan (Plan) that was prepared for audits and other functions to be performed in fiscal year 2020 for the Texas Department of Banking (DOB), Department of Savings and Mortgage Lending (SML), and the Office of Consumer Credit Commissioner (OCCC). This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2020. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised by the Finance Commission or Audit Committee, as necessary.

This Plan has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.



April 2, 2020

FINANCE COMMISSION

Austin, Texas

Internal Audit Plan
For Fiscal Year 2020

I. Methodology

The Finance Commission's fiscal year 2020 Internal Audit Plan (Plan) was prepared using a risk assessment process, where we reviewed various documents and questionnaires completed by the Audit Committee Chair, executive management, management, and other staff from each of the 3 agencies, as documented below.

These 3 agencies are considered financial regulatory agencies who were granted a self-directed, semi-independent (SDSI) status by the Legislature. With the SDSI status, these agencies are responsible for its costs of operation, prohibited from causing the general revenue fund to incur any cost, and removed from the legislative budgeting process. However, the Finance Commission is responsible for setting their spending authority or limits. Each agency's entire operating funds are generated from fees assessed to the businesses they regulate and are used to fund both, direct and indirect costs.

The following documents from the 3 agencies were reviewed and considered in our risk assessment process:

- Operating Budgets
- Organizational Charts
- Policies and Procedures
- Applicable Laws and Rules
- Audit and/or Monitoring Reports from Third Party Agencies
- Prior Internal Audit Reports

Questionnaires were developed for completion by the Audit Committee Chair, Commissioners, Deputy Commissioners, Audit Contacts, Division Directors, and other staff to update our understanding of each division, and its role within the overall scheme of the respective agency. The questionnaires included topics; such as, issues and/or concerns, recent changes in key personnel, time elapsed since last audit, status of past audit findings, and regulatory compliance requirements (i.e. TAC 202, *Information Security Standards* and contract management). Utilizing information obtained through the completed questionnaires and background information reviewed, audit areas for each of the 3 agencies were identified as potential audit topics. A risk analysis was completed for each individual audit topic and then compiled to develop an overall risk assessment for each of the 3 agencies.

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The following 8 risk factors were considered for each potential audit topic:

- | | |
|---|--|
| 1. Materiality | Measure of the auditable unit's <i>financial</i> materiality based on the dollar amount per year of assets, receipts, or disbursements for which the unit is responsible; or, <i>non-financial</i> materiality based on the number of licensees for which the unit is responsible, or the magnitude of its responsibility related to the agency's primary mission. |
| 2. Time since Last Audit or Review | Measure of the number of years between the date of the previous audit or review and the date of the risk assessment. |
| 3. Results of Last Audit or Review | Measure of the results of the previous audit or review. |
| 4. Adequacy of Staffing Levels | Measure of the adequacy of the staffing level of the auditable unit as it relates to the achievement of its objectives. |
| 5. Policies and Procedures | Measure of the existence of policies and procedures documenting the auditable unit's activities. |
| 6. Compliance with Contracts, Laws, and Regulations | Measure of the magnitude of contracts, laws, and/or regulations for which the auditable unit is responsible for complying. |
| 7. Susceptibility of Theft or Fraud | Measure of the auditable unit's risk and controls in place as it relates to theft or fraud. |
| 8. Issues or Concerns | Measure of issues or concerns expressed by executive management, the Finance Commission, or Audit Committee. |

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II. Audit Scope

In accordance with the **International Standards for the Professional Practice of Internal Auditing**, the audit scope will encompass the examination and evaluation of the adequacy and effectiveness of the respective agency's system of internal control and the quality of performance in carrying out assigned responsibilities. The audit scope, as applicable, considers the following objectives:

- **Reliability and Integrity of Financial and Operational Information** – Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- **Compliance with Policies, Procedures, Laws, Regulations, and Contracts** – Review the systems established to ensure compliance with those policies, procedures, laws, regulations, and contracts which could have a significant impact on operations and reports, and determine whether the organization is in compliance.
- **Safeguarding of Assets** – Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- **Effectiveness and Efficiency of Operations and Programs** – Appraise the effectiveness and efficiency with which resources are employed.
- **Achievement of the Organization's Strategic Objectives** – Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

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III. Texas Department of Banking

Internal Audit Plan

In addition to performing the 2020 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes 2 audits to be performed; a follow-up of the prior year audit recommendations; other tasks that may be assigned by the Finance Commission, Audit Committee, or executive management during the year; and, preparation of the Annual Internal Audit Report for fiscal year 2020.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 16 audit areas were identified as potential audit topics. A risk analysis utilizing the 8 risk factors, mentioned in section I of this report, was completed for each of the 16 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 16 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Management Information Systems	Revenue Accounting Process	Travel
	IT Examinations	Trust Examinations
	Payroll & Human Resources	Corporate Activities
	Prepaid Funeral Guaranty Fund	Imaging & Records Management
	Procurement/Contract Management/HUB	Money Service Businesses
	Bank Examinations	Financial Reporting
	Fixed Asset Management	Perpetual Care Cemeteries
		Prepaid Funeral Contracts

This report includes the “Risk Assessment Summary” as Attachment A-1; and, the “History of Areas Audited” as Attachment B-1, which identifies audits and/or reviews performed from fiscal year 2010 through 2019 for the above 16 potential audit topics. In the prior 3 years, *internal audits* were performed in the following areas:

Fiscal Year 2019¹:

- Information Technology Change Management Program
- Fines, Penalties, and Restitution Processes Fixed Asset Management
- Follow-Up of the Prior Year Internal Audits

Fiscal Year 2018:

- Prepaid Funeral Guaranty Fund
- Trust Examinations
- Follow-Up of the Prior Year Internal Audits

Fiscal Year 2017:

- Fixed Asset Management
- Bank Examinations
- Follow-Up of the Prior Year Internal Audits

¹ Performed by McConnell & Jones LLP.

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Internal Audit Plan

The areas recommended for internal audits and other functions to be performed for fiscal year 2020 are as follows:

1. Completion of the Fiscal Year 2020 Risk Assessment and Preparation of this Internal Audit Plan

2. Revenue Accounting Process

The planned audit procedures include the following:

- a. Review and obtain an understanding of the applicable rules, laws and regulations of the Texas Administrative Code, Texas Finance Code, and Texas Government Code as related to the various fees, fines, and penalties (fees) assessed by DOB.
- b. Obtain and review written policies and procedures, collect available documentation, and conduct interviews to document formal/informal processes and controls related to the assessment, collection, and accounting for such fees.
- c. Test for the completeness of assessments and collection of selected fees during the audit period.
- d. Test for timeliness of payment and deposit of selected fees; and, that the assessment was properly supported and accurately computed in accordance with applicable rules, laws and regulations
- e. Perform analytical procedures to determine that reported revenues for various fees were reasonable and consistent with actual operations.
- f. Other procedures that may be deemed necessary during audit fieldwork.

3. Imaging & Records Management (Area)

The planned audit procedures include the following:

- a. Review and obtain an understanding of state and federal laws and regulations, and other requirements established by the Texas State Library and Archives Commission (TSLAC), as applicable to records management.
- b. Obtain and review DOB's written policies and procedures, and conduct interviews, to obtain an understanding of controls, processes, and current practices in place over the Area, and to evaluate whether such controls adequately ensure compliance with applicable requirements identified in procedure a. above.
- c. Review DOB's organizational structure (i.e. Records Management Officer (RMO), Data Owners and Data Custodians) to assess adequacy of the records management program.
- d. Review DOB's certified records retention schedule (RRS) and Form SLR 104, *Designation of State Agency Records Management Officer (RMO)*, to verify proper and timely submission.
- e. Review DOB's current RRS to ensure compliance with applicable sections of the Texas Government Code and the Texas Administrative Code.

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- f. Assess the oversight and management of user accounts for the systems used in the records management program.
 - g. Randomly select records from a listing of records deleted during the audit period to determine whether they were destroyed in accordance with the RRS and DOB's internal procedures; and, destruction method was appropriate for the classification (public, confidential, etc.).
 - h. Randomly select records from a listing of records imaged/scanned during the audit period to observe the image quality and verify accuracy of the index.
 - i. Review various records to ensure they are retained at the security level appropriate for the record type; and, if applicable, record has been transferred to TSLAC either for archiving or for archival review.
 - j. Other procedures that may be deemed necessary during audit fieldwork.
4. Follow-up of Prior Year Internal Audits and Prepare the 2020 Annual Internal Audit Report
Perform follow-up procedures to determine the status of prior year comments that were not fully implemented as of the fiscal year ended August 31, 2019 and prepare the 2020 Annual Internal Audit Report. The audit procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete or Ongoing; or, (4) Not Implemented.
5. Other Tasks
Other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

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Internal Audit Plan

IV. Department of Savings and Mortgage Lending

Internal Audit Plan

In addition to performing the 2020 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes 1 audit to be performed; a follow-up of the prior year audit recommendations; other tasks that may be assigned by the Finance Commission, Audit Committee, or executive management during the year; and, preparation of the Annual Internal Audit Report for fiscal year 2020.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 12 audit areas were identified as potential audit topics. A risk analysis utilizing the 8 risk factors, mentioned in section I of this report, was completed for each of the 12 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 12 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Management Information Systems Payroll and Human Resources Records Management	Legal and Enforcement Mortgage Examinations (Includes Training) Thrift Examinations Thrift Supervision and Compliance	Procurement/ Contract Management/ HUB & Travel Revenue Accounting Process Mortgage Licensing and Registration Consumer Protection Financial Reporting (includes Fixed Assets)

This report includes the “Risk Assessment Summary” as Attachment A-2; and, the “History of Areas Audited” as Attachment B-2, which identifies audits and/or reviews performed from fiscal year 2010 through 2019 for the above 12 potential audit topics. In the prior 3 years, *internal audits* were performed in the following areas:

Fiscal Year 2019¹:

- Information Technology Change Management
- Follow-Up of the Prior Year Internal Audits

Fiscal Year 2018:

- Thrift Supervision and Compliance
- Follow-Up of the Prior Year Internal Audits

Fiscal Year 2017:

- Thrift Examinations
- Follow-Up of the Prior Year Internal Audits

¹ Performed by McConnell & Jones LLP.

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Internal Audit Plan

The area recommended for internal audit and other functions to be performed for fiscal year 2020 are as follows:

1. Completion of the Fiscal Year 2020 Risk Assessment and Preparation of this Internal Audit Plan
2. Records Management (Area)

The planned audit procedures include the following:

 - a. Review and obtain an understanding of state and federal laws and regulations, and other requirements established by the Texas State Library and Archives Commission (TSLAC), as applicable to records management.
 - b. Obtain and review SML's written policies and procedures, and conduct interviews, to obtain an understanding of controls, processes, and current practices in place over the Area, and to evaluate whether such controls adequately ensure compliance with applicable requirements identified in procedure a. above.
 - c. Review SML's organizational structure (i.e. Records Management Officer (RMO), Data Owners and Data Custodians) to assess adequacy of the records management program.
 - d. Review SML's certified records retention schedule (RRS) and Form SLR 104, *Designation of State Agency Records Management Officer (RMO)*, to verify proper and timely submission.
 - e. Review SML's current RRS to ensure compliance with applicable sections of the Texas Government Code and the Texas Administrative Code.
 - f. Assess the oversight and management of user accounts for the systems used in the records management program.
 - g. Randomly select records from a listing of records deleted during the audit period to determine whether they were destroyed in accordance with the RRS and SML's internal procedures; and, destruction method was appropriate for the classification (public, confidential, etc.).
 - h. Randomly select records from a listing of records imaged/scanned, as applicable, during the audit period to observe the image quality and verify accuracy of the index.
 - i. Review various records to ensure they are retained at the security level appropriate for the record type; and, if applicable, record has been transferred to TSLAC either for archiving or for archival review.
 - j. Other procedures that may be deemed necessary during audit fieldwork.
3. Follow-up of Prior Year Internal Audits and Preparation of the 2020 Annual Report

Perform follow-up procedures to determine the status of prior year comments that were not fully implemented as of the fiscal year ended August 31, 2019 and prepare the 2020 Annual Internal Audit Report. The audit procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete or Ongoing; or, (4) Not Implemented.
4. Other Tasks

Other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

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V. Office of Consumer Credit Commissioner

Internal Audit Plan

In addition to performing the 2020 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes 1 audit to be performed; a follow-up of the prior year audit recommendations; other tasks that may be assigned by the Finance Commission, Audit Committee, or executive management during the year; and, preparation of the Annual Internal Audit Report for fiscal year 2020.

Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 17 audit areas were identified as potential audit topics. A risk analysis utilizing the 8 risk factors, mentioned in section I of this report, was completed for each of the 17 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 17 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
TFEE Fund Investment Portfolio Administration	Billing and Collection of Fees	Property Tax Lender Examinations
Fiscal Division (Includes Purchasing, Travel, Payroll and Fixed Assets)	Legal and Enforcement	Human Resources
Management Information Systems	Complaint Intake and Investigation	Business Licensing
	TFEE Fund Grants Management	Business Registration
	Motor Vehicle Sales Finance Examinations	Professional Licensing (Pawnshop Employees & RMLLO)
	Regulated Lenders Examinations	
	Records Management	
	Credit Access Business Examinations	
	Pawn Examinations	

This report includes the “Risk Assessment Summary” as Attachment A-3; and, the “History of Areas Audited” as Attachment B-3, which identifies audits and/or reviews performed from fiscal year 2010 through 2019 for the above 17 potential audit topics. In the prior 3 years, *internal audits* were performed in the following areas:

Fiscal Year 2019¹:

- Investment Administration Controls
- Information Technology Change Management Program
- Follow-Up of the Prior Year Internal Audits

¹ Performed by McConnell & Jones LLP.

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Fiscal Year 2018:

- Property Tax Lender Examinations
- Follow-Up of the Prior Year Internal Audits

Fiscal Year 2017:

- Registration
- Texas Financial Education Endowment Fund
- Follow-Up of the Prior Year Internal Audits

The area recommended for internal audit and other functions to be performed for fiscal year 2020 are as follows:

1. Completion of the Fiscal Year 2020 Risk Assessment and Preparation of this Internal Audit Plan

2. Records Management (Area)

The planned audit procedures include the following:

- a. Review and obtain an understanding of state and federal laws and regulations, and other requirements established by the Texas State Library and Archives Commission (TSLAC), as applicable to records management.
- b. Obtain and review OCCC's written policies and procedures, and conduct interviews, to obtain an understanding of controls, processes, and current practices in place over the Area, and to evaluate whether such controls adequately ensure compliance with applicable requirements identified in procedure a. above.
- c. Review OCCC's organizational structure (i.e. Records Management Officer (RMO), Data Owners and Data Custodians) to assess adequacy of the records management program.
- d. Review OCCC's certified records retention schedule (RRS) and Form SLR 104, *Designation of State Agency Records Management Officer (RMO)*, to verify proper and timely submission.
- e. Review OCCC's current RRS to ensure compliance with applicable sections of the Texas Government Code and the Texas Administrative Code.
- f. Assess the oversight and management of user accounts for the systems used in the records management program.
- g. Randomly select records from a listing of records deleted during the audit period to determine whether they were destroyed in accordance with the RRS and OCCC's internal procedures; and, destruction method was appropriate for the classification (public, confidential, etc.).
- h. Randomly select records from a listing of records imaged/scanned, as applicable, during the audit period to observe the image quality and verify accuracy of the index.
- i. Review various records to ensure they are retained at the security level appropriate for the record type; and, if applicable, record has been transferred to TSLAC either for archiving or for archival review.
- j. Other procedures that may be deemed necessary during audit fieldwork.

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3. Follow-up of Prior Year Internal Audits and Preparation of the 2020 Annual Report
Perform follow-up procedures to determine the status of prior year comments that were not fully implemented as of the fiscal year ended August 31, 2019 and prepare the 2020 Annual Internal Audit Report. The audit procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete or Ongoing; or, (4) Not Implemented.

4. Other Tasks
Other tasks as may be assigned by the Finance Commission, Audit Committee, or executive management during the year.

ATTACHMENTS

**TEXAS DEPARTMENT OF BANKING
Risk Assessment Summary
For Fiscal Year 2020**

		RISK FACTOR WEIGHT																	
		10.00%	16.50%	16.00%	15.00%	12.50%	12.00%	8.00%	10.00%										
		RISK FACTORS																	
		1	2	3	4	5	6	7	8										
				Time Since Last Audit		Results of Last Audit		Adequacy of Staffing		Policies and Procedures		Compliance with Contracts, Laws & Regulations		Susceptibility of Theft or Fraud		Issues or Concerns		Total	
POTENTIAL AUDIT TOPIC		Materiality	or Review	or Review	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	
High Risk: > 162																			
1	Management Information Systems	2	20.00	1	16.50	2	32.00	2	30.00	2	25.00	3	36.00	2	16.00	1	10.00	185.50	
Moderate Risk: 139 - 162																			
2	Revenue Accounting Process	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	3	30.00	160.00	
3	IT Examinations	3	30.00	1	16.50	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	159.00	
4	Payroll & Human Resources	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.50	
5	Prepaid Funeral Guaranty Fund	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	3	30.00	150.00	
6	Procurement/Contract Management/HUB	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	146.50	
7	Bank Examinations	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00	
8	Fixed Asset Management	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	140.00	
Low Risk: < 139																			
9	Travel	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	134.50	
10	Trust Examinations	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	134.00	
11	Corporate Activities	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	132.00	
12	Imaging & Records Management	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	2	20.00	126.50	
13	Money Service Businesses	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	122.00	
14	Financial Reporting	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	112.00	
15	Perpetual Care Cemeteries	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	112.00	
16	Prepaid Funeral Contracts	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	112.00	

Risk Factor Rating:
 1 - Low Risk
 2 - Moderate Risk
 3 - High Risk

**DEPARTMENT OF SAVINGS AND MORTGAGE LENDING
Risk Assessment Summary
For Fiscal Year 2020**

RISK FACTOR WEIGHT							
10.00%	16.50%	16.00%	15.00%	12.50%	12.00%	8.00%	10.00%

RISK FACTORS							
1	2	3	4	5	6	7	8

POTENTIAL AUDIT TOPIC	Materiality	Time Since Last Audit or Review	Results of Last Audit or Review	Adequacy of Staffing Levels	Policies and Procedures	Compliance with Contracts, Laws & Regulations	Susceptibility of Theft or Fraud	Issues or Concerns	Total
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High Risk: > 149

1	Management Information Systems	2	20.00	1	16.50	2	32.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	158.00
2	Payroll and Human Resources	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.50
3	Records Management	1	10.00	3	49.50	1	16.00	1	15.00	2	25.00	1	12.00	1	8.00	2	20.00	155.50

Moderate Risk: 141 - 149

4	Legal and Enforcement	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00
5	Mortgage Examinations (Includes Training)	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00
6	Thrift Examinations	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00
7	Thrift Supervision and Compliance	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00

Low Risk: < 141

8	Procurement/Contract Management/HUB & Travel	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	140.00
9	Revenue Accounting Process	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	140.00
10	Mortgage Licensing and Registration	2	20.00	1	16.50	1	16.00	1	15.00	2	25.00	2	24.00	1	8.00	1	10.00	134.50
11	Consumer Protection	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	122.00
12	Financial Reporting (Includes Fixed Assets)	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	112.00

Risk Factor Rating:

- 1 - Low Risk
- 2 - Moderate Risk
- 3 - High Risk

OFFICE OF CONSUMER CREDIT COMMISSIONER
Risk Assessment Summary
For Fiscal Year 2020

POTENTIAL AUDIT TOPIC	RISK FACTOR WEIGHT								Total								
	10.00%	16.50%	16.00%	15.00%	12.50%	12.00%	8.00%	10.00%									
	RISK FACTORS																
	1	2	3	4	5	6	7	8									
	Materiality	Time Since Last Audit or Review	Results of Last Audit or Review	Adequacy of Staffing Levels	Policies and Procedures	Compliance with Contracts, Laws & Regulations	Susceptibility of Theft or Fraud	Issues or Concerns									
High Risk: > 156																	
1 TFEF Fund Investment Portfolio Administration	3	30.00	1	16.50	2	32.00	2	30.00	1	12.50	2	24.00	2	16.00	1	10.00	171.00
2 Fiscal Division (Includes Purchasing, Travel, Payroll, & Fixed Assets)	3	30.00	1	16.50	1	16.00	1	15.00	2	25.00	2	24.00	2	16.00	2	20.00	162.50
3 Management Information Systems	2	20.00	1	16.50	2	32.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	158.00
Moderate Risk: 142 - 156																	
4 Billing and Collection of Fees	3	30.00	1	16.50	1	16.00	1	15.00	2	25.00	2	24.00	2	16.00	1	10.00	152.50
5 Legal and Enforcement	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	152.00
6 Complaint Intake and Investigation	2	20.00	1	16.50	1	16.00	2	30.00	1	12.50	3	36.00	1	8.00	1	10.00	149.00
7 TFEF Fund Grant Administration	2	20.00	1	16.50	1	16.00	2	30.00	1	12.50	2	24.00	2	16.00	1	10.00	145.00
8 Motor Vehicle Sales Finance Examinations	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00
9 Regulated Lenders Examinations	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	144.00
10 Records Management	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	2	20.00	143.00
11 Credit Access Business Examinations	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	142.00
12 Pawn Examinations	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	142.00
Low Risk: < 142																	
13 Property Tax Lender Examinations	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	2	16.00	1	10.00	132.00
14 Human Resources	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	124.50
15 Business Licensing	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	122.00
16 Business Registration	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	122.00
17 Professional Licensing (Pawnshop Employees & RMLO)	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	112.00

Risk Factor Rating:

- 1 - Low Risk
- 2 - Moderate Risk
- 3 - High Risk

TEXAS DEPARTMENT OF BANKING
History of Areas Audited
For Fiscal Year 2020

POTENTIAL AUDIT TOPIC		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	Bank Examinations	B		A/B*	B*				A/B*	E	
2	Corporate Activities				A			G*		E	
3	Financial Reporting		A						B	E*/C*	
4	Fixed Asset Management	C*				C*			A	C*	
5	Imaging and Records Management							A			
6	IT Examinations	A						A		E	
7	Management Information Systems	A/D*	D*	D*	D*/W	A, D*	D*	D*/G*	D*/B	E*	A1*/D
8	Money Service Businesses	A				A			B*	E	A1*
9	Payroll and Human Resources	C	A*	V	G*	C		G*		C*/F*	F*/G*
10	Perpetual Care Cemeteries						A		B*	E	A1*
11	Prepaid Funeral Contracts				A				B*	E	A1*
12	Prepaid Funeral Guaranty Fund			A						A/E	A1*
13	Procurement/Contract Management/HUB	C	A			C			B*	C*	
14	Revenue Accounting Process		A				A		B	E	A1*
15	Travel	C	A*			C			B*	C*/E*	
16	Trust Examinations		A							A/E	

Note: Performance Measures is included in the scope of the applicable audit area(s).

Legend (audits/reviews with asterisk are considered limited scope for the audit area)

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office (SAO).
- C** Post-Payment audit performed by the Comptroller of Public Accounts.
- D** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- E** Sunset Review performed by the Sunset Advisory Commission.
- F** Review performed by the Texas Workforce Commission.
- G** Review performed by the Department of Public Safety.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING
History of Areas Audited
For Fiscal Year 2020

POTENTIAL AUDIT TOPIC	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 Consumer Protection					A			B*	D	
2 Financial Reporting (Includes Fixed Assets)	E*				E*			B	D*/E*	
3 Legal and Enforcement		A						B	D	
4 Management Information Systems	C*	C*	C*	C*	C*	C*	A/C*	B*/C*	C/C*/D*	A1*
5 Mortgage Examinations (Includes Training)						A		B*	D	
6 Mortgage Licensing and Registration			A/G*					B*	D	
7 Payroll and Human Resources	E*			F*	E				E*	F*
8 Procurement/Contract Management/HUB & Travel	E*				E			B	D*/E*	
9 Records Management										
10 Revenue Accounting Process		A						B	D*	
11 Thrift Examinations	A*/B							A	D	
12 Thrift Supervision and Compliance				A				B*	A/D	

Note: Performance Measures is included in the scope of the applicable audit area(s).

Legend (audits/reviews with asterisk are considered limited scope for the audit area)

- A Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1 Internal audit performed by McConnell & Jones LLP.
- B Audit performed by the State Auditor's Office (SAO).
- C IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- D Sunset Review performed by the Sunset Advisory Commission.
- E Post Payment Audit performed by the Comptroller of Public Accounts.
- F EEO Policy Review performed by the Texas Workforce Commission.
- G Review performed by the Department of Public Safety.

OFFICE OF CONSUMER CREDIT COMMISSIONER
History of Areas Audited
For Fiscal Year 2020

POTENTIAL AUDIT TOPIC	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 Billing and Collection of Fees								B	D	
2 Business Licensing		A					F*	B*	D/F*	
3 Business Registration								A	D	
4 Complaint Intake and Investigation			A						D	
5 Credit Access Business Examinations				A					D	
6 Fiscal Division (includes Purchasing, Travel, Payroll, & Fixed Assets)	C			C				B	C*/D*	
7 Human Resources	C			C/G*					C*	G*
8 Legal and Enforcement								B*	D	
9 Management Information Systems		A	E*	E*	E	E*	E*	B*/E	D*/E*	A1*/E
10 Motor Vehicle Sales Finance Examinations							A		D	
11 Pawn Examinations	A								D	
12 Professional Licensing (Pawnshop Employees & RMLLO)					A		F*	B*	D/F*	
13 Property Tax Lender Examinations									A/D	
14 Records Management										
15 Regulated Lenders Examinations	A								D	
16 TFEE Fund Grant Administration						A		A*	D	
17 TFEE Fund Investment Portfolio Administration								A	D	A1

Note Performance Measures is included in the scope of the applicable audit area(s).

Legend (audits/reviews with asterisk are considered limited scope for the audit area)

- A** Internal audit performed by Garza/Gonzalez & Associates, CPAs.
- A1** Internal audit performed by McConnell & Jones LLP.
- B** Audit performed by the State Auditor's Office.
- C** Post-Payment audit performed by the Comptroller of Public Accounts.
- D** Sunset Review performed by the Sunset Advisory Commission.
- E** IT assessment performed by the Department of Information Resources (DIR) or a third-party vendor procured through the DIR.
- F** Review performed by the Department of Public Safety.
- G** Review performed by the Texas Workforce Commission.