

**FINANCE COMMISSION**

Austin, Texas

**INTERNAL AUDIT PLAN**

For Fiscal Year 2018



# FINANCE COMMISSION

Austin, Texas

Internal Audit Plan  
For Fiscal Year 2018

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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 2018 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 2018. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised as necessary by the Finance Commission or Audit Committee.

This Plan has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards and International Standards for the Professional Practice of Internal Auditing, as determined by the Institute of Internal Auditors.



November 27, 2017

# FINANCE COMMISSION

Austin, Texas

Internal Audit Plan  
For Fiscal Year 2018

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## I. Methodology

The Finance Commission's fiscal year 2018 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, which are considered financial regulatory agencies, were granted self-directed, semi-independent (SDSI) status in the 81<sup>st</sup> Legislature Session, effective September 1, 2009. With the SDSI status, these agencies are not required to have their budget approved by the Legislature; 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. General revenue funds are not used to support their operations.

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, 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 or review, status of past audit findings, and regulatory compliance requirements (i.e. TAC 202, Information Security Standards). 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.

## FINANCE COMMISSION

### Internal Audit Plan

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

1. Materiality Measure of the auditable unit's *financial* materiality based on the dollar amount per year of assets, receipts, or disbursements for which the unit is responsible; or, *non-financial* 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 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 2018 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 2018.

#### 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
Bank Examinations	Corporate Activities	Money Service Businesses
Payroll & Human Resources	Prepaid Funeral Contracts	Financial Reporting
Prepaid Funeral Guaranty Fund	Management Information Systems	Perpetual Care Cemeteries
Purchasing	IT Examinations	Risk Management
Travel	Revenue Accounting Process	Imaging & Records Management
Fixed Asset Management		
Trust Examinations		

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 2008 through 2017 for the above 17 potential audit topics. In the prior 3 years, internal audits were performed in the following areas:

#### Fiscal Year 2017:

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

#### Fiscal Year 2016:

- IT Examinations
- Imaging & Records Management

#### Fiscal Year 2015:

- Revenue Accounting Process
- Perpetual Care Cemeteries
- Follow-Up of the Prior Year Internal Audits

# FINANCE COMMISSION

## Internal Audit Plan

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The areas recommended for internal audits and other functions to be performed for fiscal year 2018 are as follows:

1. Completion of the Fiscal Year 2018 Risk Assessment and Preparation of this Internal Audit Plan

2. Trust Examinations

The planned audit procedures include the following:

- a. Review and obtain an understanding of the laws and regulations provided in the Texas Finance Code (TFC) and the Texas Administrative Code (TAC) applicable to the Trust Examinations Area (Trust Area).
- b. Review the Trust Area's written policies and procedures, supervisory memorandums, administrative memorandums, and examiner's bulletins; collect available documentation; and, conduct interviews to document formal/informal processes and controls.
- c. Review examination procedures included in the work programs used in the examination process to ensure inclusion of significant TFC and TAC compliance requirements.
- d. Test a sample of trust examinations performed during the year to assess certain attributes; such as, proper frequency, rating, and approval; timeliness; and, completeness.
- e. Obtain the training policy to gain an understanding of the training process and requirements for trust examiners; and, select a sample of commissioned examiners for testing compliance with requirements.
- f. Review controls in place over performance measures reporting relevant to the Trust Area and perform procedures to determine whether the controls are operating effectively.
- g. Other procedures that may be deemed necessary during audit fieldwork.

3. Prepaid Funeral Guaranty Fund

The planned audit procedures include the following:

- a. Review and update our understanding of the laws and regulations provided in the Texas Finance Code (TFC) and the Texas Administrative Code (TAC) applicable to the Prepaid Funeral Guaranty Fund (the Fund).
- b. Review established policies and procedures, collect available documents, and conduct interviews to obtain an understanding of the processes and current practices in place over the administration of the Fund.
- c. Select a sample of receipts and disbursements made from the Fund to test for compliance with policies, procedures, rules and regulations; and current practices in place.
- d. Review documentation and perform procedures to determine whether the funds associated with the Fund are adequately managed and safeguarded.
- e. Review and test reports submitted to the Finance Commission to assess accuracy and completeness.
- f. Other procedures that may be deemed necessary during audit fieldwork.



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### Internal Audit Plan

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4. Follow-up of Prior Year Internal Audits and Prepare the 2018 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, 2017 and prepare the 2018 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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### IV. Department of Savings and Mortgage Lending

#### Internal Audit Plan

In addition to performing the 2018 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes one 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 2018.

#### Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 14 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 14 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 14 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Thrift Supervision and Compliance	Management Information Systems	Purchasing and Travel
Thrift Examinations	Records Management	Revenue Accounting Process
Payroll and Human Resources	Legal and Enforcement	Consumer Protection
	Mortgage Examinations	Mortgage Licensing and Registration
		Fixed Assets
		Risk Management
		Financial Reporting

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 2008 through 2017 for the above 14 potential audit topics. In the prior 3 years, internal audits were performed in the following areas:

#### Fiscal Year 2017:

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

#### Fiscal Year 2016:

- Management Information Systems
- Follow-Up of the Prior Year Internal Audits

#### Fiscal Year 2015:

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

## **FINANCE COMMISSION**

### Internal Audit Plan

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The area recommended for internal audit and other functions to be performed for fiscal year 2018 are as follows:

1. Completion of the Fiscal Year 2018 Risk Assessment and Preparation of this Internal Audit Plan
2. Thrift Supervision and Compliance  
The planned audit procedures include the following:
  - a. Review and obtain an understanding of the laws and regulations provided in the Texas Finance Code (TFC) and the Texas Administrative Code (TAC) applicable to the Thrift Supervision and Compliance Area (Thrift Area).
  - b. Review the Thrift Area's written policies and procedures; collect available documentation; and, conduct interviews to document the formal/informal processes and controls.
  - c. Obtain a listing of the state savings bank applications received during the current fiscal year and select a sample to determine whether (1) rules, regulations, policies and procedures for processing the applications were consistently applied; (2) application fees assessed were accurate and collected; and, (3) applications were processed within the required timeframe, as stipulated by rules and regulations.
  - d. Obtain a listing of quarterly offsite reviews and activities related to the Compliance Observation Program that were conducted by the Thrift Area (for a period to be determined at a later date), and select a sample to determine whether internal policies and procedures were followed.
  - e. Other procedures that may be deemed necessary during audit fieldwork.
3. Follow-up of Prior Year Internal Audits and Prepare the 2018 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, 2017 and prepare the 2018 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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### Internal Audit Plan

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#### V. Office of Consumer Credit Commissioner

##### Internal Audit Plan

In addition to performing the 2018 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes one 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 2018.

##### Risk Assessment

Utilizing information obtained through the completed questionnaires received and background information reviewed, 19 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 19 potential audit topics and then compiled to develop an overall risk assessment.

Following are the results of the risk assessment performed for the 19 potential audit topics identified:

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

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 2008 through 2017 for the above 19 potential audit topics. In the prior 3 years, internal audits were performed in the following areas:

##### Fiscal Year 2017:

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

##### Fiscal Year 2016:

- Motor Vehicle Sales Finance Examinations
- Follow-Up of the Prior Year Internal Audits

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#### Fiscal Year 2015:

- Texas Financial Education Endowment (TFEE) Fund
- Follow-Up of the Prior Year Internal Audits

The area recommended for internal audit and other functions to be performed for fiscal year 2018 are as follows:

1. Completion of the Fiscal Year 2018 Risk Assessment and Preparation of this Internal Audit Plan

2. Property Tax Lender Examinations

The planned audit procedures include the following:

- a. Review and obtain an understanding of the laws and regulations provided in the Texas Finance Code (TFC), the Texas Tax Code (TX); and, the Texas Administrative Code (TAC) applicable to the Property Tax Lender Examinations Area (Lender Area).
- b. Review the Lender Area's written policies and procedures; collect available documentation; and, conduct interviews to document the formal/informal processes and controls.
- c. Review examination procedures included in the work papers used in the examination process to ensure inclusion of significant TFC, TX, and TAC compliance requirements.
- d. Obtain a listing of property tax lender examinations performed during the current fiscal year, and select a sample to determine whether internal policies and procedures were followed.
- e. Select a sample of property tax lender licensees to ensure the annual data report was properly submitted.
- f. Obtain the training policy to gain an understanding of the training process and requirements for field examiners; and, select a sample of field examiners for testing compliance with requirements.
- g. Review controls in place over performance measures reporting relevant to the Lender Area and perform procedures to determine whether the controls are operating effectively.
- h. Other procedures that may be deemed necessary during audit fieldwork.

3. Follow-up of Prior Year Internal Audits and Prepare the 2018 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, 2017 and prepare the 2018 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**  
**Fiscal Year 2018**

RISK FACTOR WEIGHT																		
RISK FACTORS																		
Compliance with Contracts, Laws & Regulations, Susceptibility of Theft or Fraud, Issues or Concerns																		
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 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																		
POTENTIAL AUDIT TOPIC	Materiality	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total	
<b>High Risk &gt;150</b>																		
1 Bank Examinations	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	160.00	
2 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	
3 Prepaid Funeral Guaranty Fund	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	
4 Purchasing	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 Travel	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	
6 Fixed Asset Management	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.00	
7 Trust Examinations	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	150.50	
<b>Moderate Risk 140 - 150</b>																		
8 Corporate Activities	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	148.50	
9 Prepaid Funeral Contracts	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	148.50	
10 Management Information Systems	2	20.00	1	16.50	2	32.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	146.00	
11 IT 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	
12 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	
<b>Low Risk &lt;140</b>																		
13 Money Service Businesses	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	138.50	
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 Risk Management	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	100.00	
17 Imaging & Records Management	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	100.00	

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

**DEPARTMENT OF SAVINGS AND MORTGAGE LENDING**  
**Risk Assessment Summary**  
**For Fiscal Year 2018**

		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										
										Compliance with Contracts, Laws & Regulations		Susceptibility of Theft or Fraud		Issues or Concerns					
POTENTIAL AUDIT TOPIC		Materiality	Time Since Last Audit or Review	Results of Last Audit or Review	Adequacy of Staffing Levels	Policies and Procedures											Total		
<b>High Risk: &gt; 150</b>																			
1	Thrift Supervision and Compliance	3	30.00	2	33.00	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	160.50	
2	Thrift Examinations	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	160.00	
3	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	
<b>Moderate Risk: 141 - 150</b>																			
4	Management Information Systems	2	20.00	1	16.50	2	32.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	146.00	
5	Records Management	1	10.00	3	49.50	1	16.00	1	15.00	2	25.00	1	12.00	1	8.00	1	10.00	145.50	
6	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	
7	Mortgage 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	
<b>Low Risk: &lt; 141</b>																			
8	Purchasing and 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	Consumer Protection	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	138.50	
11	Mortgage Licensing and Registration	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	138.50	
12	Fixed Assets	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	136.50	
13	Risk Management	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	116.50	
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	

**Risk Factor Rating:**

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



**OFFICE OF CONSUMER CREDIT COMMISSIONER**  
**Risk Assessment Summary**  
**For Fiscal Year 2018**

		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										
		Compliance with Contracts, Laws & Regulations																	
		Susceptibility of Theft or Fraud																	
		Issues or Concerns																	
		Total																	
		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																	
POTENTIAL AUDIT TOPIC		Materiality	or Review	or Review	Levels	Procedures	Regulations	Fraud	Concerns	Total								Total	
<b>High Risk: &gt; 173</b>																			
1	Regulated Lenders Examinations	3	30.00	3	49.50	1	16.00	1	15.00	2	25.00	3	36.00	1	8.00	1	10.00	189.50	
2	Pawn Examinations	2	20.00	3	49.50	1	16.00	1	15.00	2	25.00	3	36.00	2	16.00	1	10.00	187.50	
3	Legal and Enforcement	3	30.00	2	33.00	1	16.00	1	15.00	2	25.00	3	36.00	2	16.00	1	10.00	181.00	
4	Property Tax Lender Examinations	1	10.00	3	49.50	1	16.00	1	15.00	2	25.00	3	36.00	2	16.00	1	10.00	177.50	
<b>Moderate Risk: 156 - 173</b>																			
5	Motor Vehicle Sales Finance Examinations	3	30.00	1	16.50	2	32.00	1	15.00	2	25.00	3	36.00	1	8.00	1	10.00	172.50	
6	Credit Access Business Examinations	2	20.00	2	33.00	1	16.00	1	15.00	2	25.00	3	36.00	2	16.00	1	10.00	171.00	
7	TFEE Fund Grant 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	
8	Complaint Intake and Investigation	2	20.00	2	33.00	1	16.00	1	15.00	2	25.00	3	36.00	1	8.00	1	10.00	163.00	
9	Management Information Systems	2	20.00	1	16.50	2	32.00	2	30.00	1	12.50	2	24.00	2	16.00	1	10.00	161.00	
10	TFEE Fund Investment Portfolio Administration	3	30.00	1	16.50	2	32.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	156.00	
<b>Low Risk: &lt; 156</b>																			
11	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	
12	Fixed Assets	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	
13	Records Management	1	10.00	3	49.50	1	16.00	1	15.00	2	25.00	1	12.00	1	8.00	1	10.00	145.50	
14	Fiscal Division (Includes Purchasing, Travel, & Payroll)	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	
15	Business Licensing	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	138.50	
16	Professional Licensing (Pawnshop Employees & MLO)	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	138.50	
17	Registration	2	20.00	1	16.50	2	32.00	1	15.00	1	12.50	2	24.00	1	8.00	1	10.00	138.00	
18	Human Resources	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	136.50	
19	Risk Management	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	116.50	

**Risk Factor Rating:**

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

**TEXAS DEPARTMENT OF BANKING**  
**History of Areas Audited**  
**For Fiscal Year 2018**

POTENTIAL AUDIT TOPIC	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1 Bank Examinations		B	B*		A/B1*	B1*				A/B*
2 Corporate Activities	A					A			H*	
3 Financial Reporting (Effective FY 2011)				A						B
4 Fixed Asset Management		A	C*				C*			A
5 Imaging and Records Management	A								A	
6 IT Examinations			A						A	
7 Management Information Systems	D*	D*	A/D*	D*	D*	D*/E	A/D*	D*	D*/H*	B/D*
8 Money Service Businesses			A				A			B*
9 Payroll and Human Resources			C	A*	G	H*	C		H*	
10 Perpetual Care Cemeteries		A						A		B*
11 Prepaid Funeral Contracts	A					A				B*
12 Prepaid Funeral Guaranty Fund (Effective FY 2012)					A					
13 Purchasing			C	A*			C			B*
14 Revenue Accounting Process (Effective FY 2011)				A				A		B
15 Risk Management	F	F	F				F	F		F
16 Travel			C	A*			C			B*
17 Trust Examinations				A						

**Note:** Performance Measures was audited as a separate auditable area in fiscal year 2009. Effective fiscal year 2015, Performance Measures was removed as a separate auditable area and is now included in the scope of the applicable audit area(s).

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

- A Audit performed by Garza/Gonzalez & Associates
- B Audit performed by the State Auditor's Office
- B1 Off-site review of outstanding audit findings performed by the State Auditor's Office
- C Post-payment audit performed by the Comptroller of Public Accounts
- D Controlled penetration test performed by the Department of Information Resources
- E Information security assessment review performed by Gartner
- F Risk Management Program Review (RMPR) or On-Site Consultation performed by the State Office of Risk Management
- G Review of personnel policies & procedures system performed by the Texas Workforce Commission Civil Rights Division
- H Criminal history record audit performed by the Department of Public Safety

**DEPARTMENT OF SAVINGS AND MORTGAGE LENDING**  
**History of Areas Audited**  
**For Fiscal Year 2018**

<b>POTENTIAL AUDIT TOPIC</b>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1 Consumer Protection							A			
2 Financial Reporting		E								B
3 Fixed Assets		A/E*					E*			
4 Legal and Enforcement				A						B
5 Management Information Systems	C*	B*/C*		C*		C*		C*	A	B*
6 Mortgage Examinations	A							A		B*
7 Mortgage Licensing and Registration					A					
8 Payroll and Human Resources		A/E				F*	E			
9 Purchasing and Travel		E					E			B
10 Records Management		A								
11 Revenue Accounting Process				A						B
12 Risk Management	D2*	D1*	D1*			D1*	D1*		D1*	D1*
13 Thrift Examinations		B*	A*/B							A
14 Thrift Supervision and Compliance						A				

**Note:** Performance Measures was audited as a separate auditable area in fiscal year 2008. Effective fiscal year 2015, Performance Measures was removed as a separate auditable area and is now 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
- B** Audit performed by the State Auditor's Office (SAO)
- C** Controlled penetration test performed by the Department of Information Resources
- D1** Risk Management Program Review (RMPR) or On-Site Consultation (OSC) performed by the State Office of Risk Management (SORM)
- D2** Audit of building safety, emergency evacuation procedures, and overall work conditions performed by SORM
- E** Post-payment audit performed by the Comptroller of Public Accounts
- F** Personnel policies & procedures review performed by the Texas Workforce Commission

**OFFICE OF CONSUMER CREDIT COMMISSIONER**  
**History of Areas Audited**  
**For Fiscal Year 2018**

POTENTIAL AUDIT TOPIC		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	Billing and Collection of Fees		A								B
2	Business Licensing	B			A					F*	B*
3	Complaint Intake and Investigation	B				A					
4	Credit Access Business Examinations (Effective FY 2012)						A				
5	Fiscal Division (includes Purchasing, Travel & Payroll)			C			C				B
6	Fixed Assets	A		C*			C*				
7	Human Resources		A	C			C/G*				
8	Legal and Enforcement (Effective FY 2018)										B*
9	Management Information Systems	E*	E*		A		E*	E*	E*		B*/E1
10	Motor Vehicle Sales Finance Examinations	B								A	
11	Pawn Examinations			A							
12	Professional Licensing (Pawnshop Employees & MLO) (Effective FY 2012)							A		F*	B*
13	Property Tax Lender Examinations (Effective FY 2012)										
14	Records Management	A									
15	Registration (Effective FY 2012)										A
16	Regulated Lenders Examinations			A							
17	Risk Management		D			D				D	
18	TFEE Fund Grant Administration (Effective FY 2013)								A		A*
19	TFEE Fund Investment Portfolio Administration (Effective FY 2017)										A

**Note:** Performance Measures was audited as a separate auditable area in fiscal year 2009. Effective fiscal year 2015, Performance Measures was removed as a separate auditable area and is now included in the scope of the applicable audit areas(s).

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

- A** Internal audit performed by Garza/Gonzalez & Associates
- B** Audit performed by the State Auditor's Office (SAO)
- C** Post-payment audit performed by the Comptroller of Public Accounts
- D** Risk Management Program Review (RMPR) or On-Site Consultation (OSC) performed by the State Office of Risk Management (SORM)
- E** Controlled penetration test performed by the Department of Information Resources
- E1** Cyber security and risk assessment performed by NTT Data
- F** Criminal history record audit performed by the Department of Public Safety
- G** EEO policy review performed by the Texas Workforce Commission