

FINANCE COMMISSION
Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2021



FINANCE COMMISSION

Austin, Texas

Internal Audit Plan
For Fiscal Year 2021

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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 2021 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 2021. 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.

A handwritten signature in black ink that reads "Garza/Gonzalez & Associates". The signature is written in a cursive, flowing style.

November 18, 2020

FINANCE COMMISSION

Austin, Texas

Internal Audit Plan
For Fiscal Year 2021

I. Methodology

The Finance Commission's fiscal year 2021 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 in completed questionnaires. |

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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 (DOB)

Internal Audit Plan

In addition to performing the 2021 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 2021.

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
Procurement/Contract Management/HUB	Travel	Corporate Activities
Management Information Systems [(MIS) Includes Disaster Recovery Plan]	Revenue Accounting Process	Financial Reporting
Fixed Asset Management	Consumer Assistance	Trust Examinations
Payroll & Human Resources	Bank Examinations	Money Service Businesses
	IT Examinations	Prepaid Funeral Guaranty Fund
		Imaging & Records 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 2011 through 2020 for the above 17 potential audit topics. In the prior 3 years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Revenue Accounting Process Audit
- Imaging & Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

Fiscal Year 2019¹:

- Risk Assessment & Preparation of the Internal Audit Plan
- Information Technology Change Management Program Audit
- Fines, Penalties, and Restitution Processes Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

¹ Performed by McConnell & Jones LLP.

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Fiscal Year 2018:

- Risk Assessment & Preparation of the Internal Audit Plan
- Prepaid Funeral Guaranty Fund Audit
- Trust Examinations Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

The areas recommended for internal audits and other functions to be performed for fiscal year 2021 are as follows:

1. Completion of the Fiscal Year 2021 Risk Assessment and Preparation of this Internal Audit Plan

2. Management Information Systems [(MIS) Includes Disaster Recovery Plan]

The planned audit procedures include the following:

- a. Obtain an understanding of the audit findings and recommendations, as reported by other auditors, in the “Information Technology Change Management Program” internal audit report dated June 27, 2019.
- b. For the audit findings identified in 2.a. above, obtain documentation, conduct interviews, and design audit testing procedures to validate the implementation status, as reported by management to the Audit Committee, in Audit Activity Reports.
- c. Review DOB’s Disaster Recovery Plan (DRP), and its Continuity of Operations Planning (COOP) Plan as related to MIS, for inclusion of vital information necessary to facilitate the performance of essential functions during a situation that may disrupt normal operations, and that it adheres to any state/federal requirements and guidance.
 - As part of this review, we will assess the training, testing, and exercise activities in place for reviewing, assessing, evaluating, and updating the contents of the DRP and applicable sections of the COOP Plan to ensure they remain cohesive and useful.
- d. Other procedures that may be deemed necessary during audit fieldwork.

3. Consumer Assistance

The planned audit procedures include the following:

- a. Review and obtain an understanding of the laws and regulations provided in the applicable chapters of the Texas Finance Code (TFC) and sections of the Texas Administrative Code (TAC).
- b. Review the new rules drafted by DOB pertaining to procedures for handling complaints to ensure they address the recommendation made by the Sunset Advisory Commission and the Finance Commission Directive(s).
- c. Review policies and procedures as established by the Division of Strategic Support and the Non-Depository Supervision Division, collect various documents, and conduct interviews to obtain an understanding of the processes and current practices in place for processing consumer complaints.

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- d. Tailor audit procedures for testing of compliance with various TFC/TAC requirements, established policies, procedures, and internal controls. As part of this review, we will review and assess the processes in place for the receipt, review, response, resolution, and closing of consumer complaints.
 - e. Obtain an understanding of the systems/databases used to track consumer complaints and review the accuracy of reports generated from those systems.
 - f. Test performance measures applicable to the Area.
 - g. Other procedures that may be deemed necessary during audit fieldwork.
4. Follow-up of Prior Year Internal Audits and Prepare the 2021 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, 2020 and prepare the 2021 Annual Internal Audit Report. The follow-up 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 (SML)

Internal Audit Plan

In addition to performing the 2021 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 2021.

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 [(MIS) Includes Disaster Recovery Plan]	Payroll and Human Resources Procurement/ Contract Management/ HUB Revenue Accounting Process Thrift Examinations Thrift Supervision and Compliance Legal and Enforcement Mortgage Licensing and Registration	Financial Reporting (includes Fixed Assets & Travel) Mortgage Examinations Consumer Protection Records Management

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 2011 through 2020 for the above 12 potential audit topics. In the prior 3 years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

Fiscal Year 2019¹:

- Risk Assessment & Preparation of the Internal Audit Plan
- Information Technology Change Management Program Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

¹ Performed by McConnell & Jones LLP.

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Fiscal Year 2018:

- Risk Assessment & Preparation of the Internal Audit Plan
- Thrift Supervision and Compliance Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

The area recommended for internal audit and other functions to be performed for fiscal year 2021 are as follows:

1. Completion of the Fiscal Year 2021 Risk Assessment and Preparation of this Internal Audit Plan
2. Procurement/Contract Management/HUB
The planned audit procedures include the following:
 - a. Review and obtain an understanding of state laws and regulations, and other requirements governing the various types of purchases made by state agencies.
 - b. Review SML's written policies and procedures, and conduct interviews, to obtain an understanding of controls, processes, and current practices in place over the various functions performed for this Area.
 - c. Review policies and/or procedures in place to ensure they address the recommendation made by the Sunset Advisory Commission and the Finance Commission Directive(s), as applicable to this Area.
 - d. Determine if all personnel involved in performing purchasing and contract negotiation functions have been trained and certified as required by the Comptroller of Public Accounts.
 - e. Select various purchases made during the audit period and design audit procedures to test for the following:
 - 1) Ensure that the most qualified contractors/vendors are fairly and objectively selected in compliance with state procurement guidelines.
 - 2) Ensure contracts include all required and necessary contract provisions, contractors/vendors are held accountable for delivery of quality services, and that SML pays a fair and reasonable price for the goods and services specified in the contracts.
 - f. Review procedures in place and test selected documentation for compliance with applicable statewide HUB compliance requirements.
 - g. Review submission records for purchasing and contracting reports submitted to external entities to ensure they are accurate, submitted by the report deadlines, and supported by appropriate documentation.
 - h. Review the processes and internal controls in place for issuance and use of the purchasing card and test selected documentation to test the effectiveness of those processes and controls.
 - i. 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 2021 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, 2020 and prepare the 2021 Annual Internal Audit Report. The follow-up 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 (OCCC)

Internal Audit Plan

In addition to performing the 2021 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 2021.

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
Fiscal Division (Includes Fixed Assets & Travel)	Revenue Accounting Process	Motor Vehicle Sales Finance Examinations
Procurement/Contract Management/HUB	Complaint Intake and Investigation	Credit Access Business Examinations
Management Information Systems [(MIS) Includes Disaster Recovery Plan]	Legal and Enforcement	Pawn Examinations
Payroll and Human Resources	Regulated Lenders Examinations	Property Tax Lender Examinations
		TFEE Fund Grant Administration
		Business Licensing
		Business Registration
		Records Management
		Professional Licensing (Pawnshop Employees & RMLO)

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 2011 through 2020 for the above 17 potential audit topics. In the prior 3 years, the internal auditor performed the following *internal audit functions*:

Fiscal Year 2020:

- Risk Assessment & Preparation of the Internal Audit Plan
- Records Management Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

Fiscal Year 2019¹:

- Risk Assessment & Preparation of the Internal Audit Plan
- Investment Administration Controls Audit (*Required Periodic Audit*)
- Information Technology Change Management Program Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

¹ Performed by McConnell & Jones LLP.

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Fiscal Year 2018:

- Risk Assessment & Preparation of the Internal Audit Plan
- Property Tax Lender Examinations Audit
- Follow-Up of the Prior Year Internal Audits
- Preparation of the Annual Internal Audit Report

The areas recommended for internal audit and other functions to be performed for fiscal year 2021 are as follows:

1. Completion of the Fiscal Year 2021 Risk Assessment and Preparation of this Internal Audit Plan

2. TFEE Fund Investment Portfolio Administration Audit (Required Periodic Audit)

The planned audit procedures include the following:

- a. Update our understanding of state laws and regulations and OCCC's policies and procedures, as applicable to the administration of the TFEE Fund's investment portfolio.
- b. Test selected quarterly investment reports submitted to the Finance Commission during the audit period and ensure balances agree to 3rd party financial institution documentation; and, that investment reports are signed by appropriate personnel as OCCC's investment officers.
- c. Ensure OCCC's Investment Policy is reviewed and approved by the Finance Commission on an annual basis.
- d. Review documentation to support investment training obtained by investment officers.
- e. Ensure the TFEE Fund invests only in authorized investments and that the Fund's balance is correct as of a selected closing date.
- f. Review and assess the accuracy, efficiency, and effectiveness of the TFEE Fund cash equivalent account reconciliation process.
- g. Validate that fees deposited into the TFEE Fund account were complete and accurate.
- h. Test selected TFEE Fund reimbursement requests made during the audit period, to ensure they were for allowable costs, properly supported, and complied with established internal controls.
- i. Other procedures that may be deemed necessary during audit fieldwork.

3. Fiscal Division (Includes Fixed Assets & Travel)

The planned audit procedures include the following:

Fixed Assets:

- a. Obtain an understanding of state requirements, State Property Accounting (SPA) system reporting requirements, and OCCC's policies, procedures, and practices in place related to Fixed Asset Management.
- b. Ensure compliance with various state requirements; such as, proper designation of an employee as the Property Manager, performance of a physical inventory, submittal of required reports to external parties, etc.

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- c. Assess the adequacy of access rights assigned to users of the SPA system.
- d. Select a sample of additions and review supporting documentation to ensure the asset met the capitalized and/or controlled asset threshold/criteria; and, was properly reported in the SPA system.
- e. Select deletions and review supporting documentation to ensure the assets were disposed in accordance with state requirements and other guidance.
- f. Ensure assets reported in the SPA system reconcile to the annual inventory conducted, and to the capital assets note, as disclosed in the Annual Financial Report.
- g. Other procedures that may be deemed necessary during audit fieldwork.

Travel:

- a. Obtain an understanding of state requirements, and OCCC's written policies and procedures; and, conduct interviews, to obtain an understanding of controls, processes, and current practices in place over the various functions performed for the administration of travel.
 - b. Review policies and/or procedures in place to ensure they address the recommendation made by the Sunset Advisory Commission and the Finance Commission Directive(s), as applicable to Travel.
 - c. Review the processes and internal controls in place for issuance and use of credit cards and/or the procurement card used for travel-related purposes, and select documentation to test the effectiveness of those processes and controls.
 - d. Select a sample of travel transactions to test for compliance with various state requirements and guidance provided by the State Comptroller in "Texttravel"; adherence to established policies and procedures; and, the effectiveness of internal controls.
 - e. Other procedures that may be deemed necessary during audit fieldwork.
4. Follow-up of Prior Year Internal Audits and Preparation of the 2021 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, 2020 and prepare the 2021 Annual Internal Audit Report. The follow-up 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.

ATTACHMENTS

**TEXAS DEPARTMENT OF BANKING
Risk Assessment Summary
For Fiscal Year 2021**

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

High Risk: > 163

1 Procurement/Contract Management/HUB	2	20.00	2	33.00	1	16.00	2	30.00	2	25.00	2	24.00	2	16.00	2	20.00	184.00
2 Management Information Systems [(MIS) Includes Disaster Recovery Plan]	2	20.00	1	16.50	2	32.00	1	15.00	2	25.00	3	36.00	2	16.00	2	20.00	180.50
3 Fixed Asset Management	2	20.00	2	33.00	1	16.00	2	30.00	2	25.00	2	24.00	2	16.00	1	10.00	174.00
4 Payroll and Human Resources	3	30.00	2	33.00	1	16.00	1	15.00	2	25.00	2	24.00	2	16.00	1	10.00	169.00

Moderate Risk: 143 - 163

5 Travel	2	20.00	2	33.00	1	16.00	1	15.00	2	25.00	1	12.00	2	16.00	2	20.00	157.00
6 Revenue Accounting Process	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
7 Consumer Assistance	2	20.00	1	16.50	1	16.00	2	30.00	1	12.50	2	24.00	1	8.00	2	20.00	147.00
8 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
9 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

Low Risk: < 143

10 Corporate Activities	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	2	20.00	142.00
11 Financial Reporting	1	10.00	2	33.00	1	16.00	1	15.00	2	25.00	2	24.00	1	8.00	1	10.00	141.00
12 Trust Examinations	1	10.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	1	10.00	124.00
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 Prepaid Funeral Guaranty Fund	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	1	12.00	2	16.00	1	10.00	118.00
15 Imaging & Records Management	1	10.00	1	16.50	2	32.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	116.00
16 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
17 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 2021

POTENTIAL AUDIT TOPIC	RISK FACTOR WEIGHT								RISK FACTORS								Total
	10.00%	16.50%	16.00%	15.00%	12.50%	12.00%	8.00%	10.00%	1	2	3	4	5	6	7	8	
	Materiality	Time Since Last Audit or Review	Results of Prior 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: > 161																	
1 Management Information Systems [(MIS) Includes Disaster Recovery Plan]	2	20.00	1	16.50	2	32.00	2	30.00	1	12.50	3	36.00	2	16.00	1	10.00	173.00
Moderate Risk: 149 - 161																	
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 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	2	20.00	156.50
4 Revenue Accounting Process	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 Thrift Examinations	3	30.00	1	16.50	1	16.00	1	15.00	2	25.00	3	36.00	1	8.00	1	10.00	156.50
6 Thrift Supervision and Compliance	3	30.00	1	16.50	1	16.00	1	15.00	2	25.00	3	36.00	1	8.00	1	10.00	156.50
7 Legal & Enforcement	3	30.00	1	16.50	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	2	20.00	154.00
8 Mortgage Licensing and Registration	2	20.00	1	16.50	1	16.00	2	30.00	2	25.00	2	24.00	1	8.00	1	10.00	149.50
Low Risk: < 149																	
9 Financial Reporting (Includes Fixed Assets & Travel)	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	2	20.00	148.50
10 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
11 Consumer Protection	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	1	8.00	2	20.00	132.00
12 Records Management	1	10.00	1	16.50	2	32.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	116.00

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

OFFICE OF CONSUMER CREDIT COMMISSIONER
Risk Assessment Summary
For Fiscal Year 2021

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	1	2	3	4	5	6	7	8		
	Materiality	Time Since Last Audit or Review	Results of Prior Audit or Review	Adequacy of Staffing Levels	Policies and Procedures	Compliance with Contracts, Laws & Regulation	Susceptibility of Theft or Fraud	Issues or Concerns										
High Risk: > 170																		
1	Fiscal Division (Includes Fixed Assets & Travel)	3	30.00	2	33.00	1	16.00	2	30.00	2	25.00	2	24.00	2	16.00	2	20.00	194.00
2	Procurement/Contract Management/HUB	3	30.00	2	33.00	1	16.00	2	30.00	2	25.00	2	24.00	2	16.00	1	10.00	184.00
3	Management Information Systems [(MIS) Includes Disaster Recovery Plan]	2	20.00	1	16.50	2	32.00	2	30.00	1	12.50	3	36.00	2	16.00	1	10.00	173.00
4	Payroll and Human Resources	3	30.00	2	33.00	1	16.00	2	30.00	1	12.50	2	24.00	2	16.00	1	10.00	171.50
Moderate Risk: 147 - 170																		
5	Revenue Accounting Process	3	30.00	1	16.50	1	16.00	2	30.00	2	25.00	2	24.00	2	16.00	1	10.00	167.50
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	2	20.00	159.00
7	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
8	Regulated Lenders Examinations	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
Low Risk: < 147																		
9	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
10	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
11	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
12	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
13	TFEE Fund Grant Administration	2	20.00	1	16.50	1	16.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	130.00
14	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
15	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
16	Records Management	1	10.00	1	16.50	2	32.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	116.00
17	Professional Licensing (Pawnshop Employees & RML0)	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 2021

POTENTIAL AUDIT TOPIC	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 Bank Examinations		A/B*	B*				A/B*	E		
2 Consumer Assistance								E		
3 Corporate Activities			A			G*		E		
4 Financial Reporting	A						B	E*/C*		
5 Fixed Asset Management				C*			A	C*		
6 Imaging and Records Management						A				A
7 IT Examinations						A		E		
8 Management Information Systems [(MIS) Includes Disaster Recovery Plan]	D*	D*	D*/W	A, D*	D*	D*/G*	D*/B	E*	A1*/D	D*
9 Money Service Businesses				A			B*	E	A1*	A*
10 Payroll and Human Resources	A*	V	G*	C*		G*		C*/F*	F*	G*
11 Perpetual Care Cemeteries					A		B*	E	A1*	A*
12 Prepaid Funeral Contracts			A				B*	E	A1*	A*
13 Prepaid Funeral Guaranty Fund		A						A/E	A1*	A*
14 Procurement/Contract Management/HUB	A			C*			B*	C*		
15 Revenue Accounting Process	A				A		B	E	A1*	A
16 Travel	A*			C*			B*	C*/E*		
17 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 2021

POTENTIAL AUDIT TOPIC	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 Consumer Protection				A			B*	D		
2 Financial Reporting (Includes Fixed Assets & Travel)				E*			B	D*/E*		
3 Legal and Enforcement	A						B	D		
4 Management Information Systems [(MIS) Includes Disaster Recovery Plan]	C*	C*	C*	C*	C*	A/C*	B*/C*	C/C*/D*	A1*	
5 Mortgage Examinations					A		B*	D		
6 Mortgage Licensing and Registration		A/G*					B*	D		
7 Payroll and Human Resources			F*	E*				E*	F*	
8 Procurement/Contract Management/HUB				E*			B	D*/E*		
9 Records Management										A
10 Revenue Accounting Process	A						B	D*		
11 Thrift Examinations							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** 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 2021

POTENTIAL AUDIT TOPIC		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	Business Licensing	A					F*	B*	D/F*		
2	Business Registration							A	D		
3	Complaint Intake and Investigation		A						D		
4	Credit Access Business Examinations			A					D		
5	Fiscal Division (Includes Fixed Assets & Travel)			C*				B	C*/D*		C1*
6	Legal and Enforcement							B*	D		
7	Management Information Systems [(MIS) Includes Disaster Recovery Plan]	A	E*	E*	E	E*	E*	B*/E	D*/E*	A1*/E	
8	Motor Vehicle Sales Finance Examinations						A		D		
9	Pawn Examinations								D		
10	Payroll and Human Resources			C*/G*					C*	G*	
11	Procurement/Contract Management/HUB			C*				B	C*/D*		
12	Professional Licensing (Pawnshop Employees & RML0)				A		F*	B*	D/F*		
13	Property Tax Lender Examinations								A/D		
14	Records Management										A
15	Regulated Lenders Examinations								D		
16	Revenue Accounting Process							B	D		
17	TFEE Fund Grant Administration					A		A*	D		
<i>Required Periodic Audit</i>											
18	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 (CPA).
- C1** Overpayment Recovery audit performed by the CPA.
- 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.