TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT

Audit Plan

Fiscal Year 2014

The Texas Internal Auditing Act requires state agency Internal Auditors to conduct a program of auditing that includes an annual audit plan, is prepared using risk assessment techniques, and identifies the individual audits to be conducted during the year. The following proposed plan meets the requirements of the Texas Internal Auditing Act.

Specific risk factors were considered as they apply to the agency's significant operational activities. These risk factors included:

- Financial significance
- Reputational significance and visibility
- Complexity; inherent risk; and the potential for abuse
- Prior audit and compliance monitoring results as an indicator of control effectiveness
- Audit recency – internal audit, compliance monitoring (as applicable), KPMG, SAO, and/or Federal auditors
- Changes in mission or key management

A risk-ranked listing of significant operational activities became the basis for the audits proposed for consideration herein.

A. Required Audits

	Estimated Hours Required
1. Information Security	
A. Logical Security *Review certain agency logical information security controls, consistent with Texas Administrative Code (TAC) Chapter 202, Information Security Standards and other requirements.*	360
2. Follow Up Audits *Assess the implementation status of previously reported internal audit findings in the areas of information security, human resources, and telecommuting.*	120
3. Self-Assessment of Work Quality, Internal Audit *Perform a self-assessment of internal audit work quality, in accordance with the requirements of professional auditing standards.*	120

4. Investigations 400

Texas Government Code Chapter 321.022, Coordination of Investigations, requires the coordination of investigations between the agency and the Texas State Auditor's Office. If the administrative head of an agency that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the agency or by a client/department of the agency may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the agency, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the agency.

B. Risk-Based Audits

1. Review of Contract Management 430
   Review agency contract administration processes for compliance with laws, regulations, policies, and procedures.

2. Review of B-on-Time Loan Administration 170
   Review internal administrative activities associated with the B-on-Time Loan Program. B-on-Time appropriations for fiscal years 2014-15 are approximately $112 million.

3. Review of Texas Grant Administration 170
   Review internal administrative processes of the Texas Grant Program. Texas Grant appropriations for fiscal years 2014-15 are approximately $724 million.

4. Review of Texas Research Incentive Program Administration 179
   Review internal administrative processes of the Texas Research Incentive Program (TRIP). TRIP appropriations for fiscal years 2014-15 are approximately $35 million.

TOTAL	**1949**
Recap to Audit Resource Schedule:	
Required Audit Hours-Total	**1000**
Net Available Hours-Audit Resource Schedule (Risk-Based)	**949**