**TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**

Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2021

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Internal Audit Plan

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Board of Trustees and Audit Committee Members

Texas School for the Blind and Visually Impaired

Austin, Texas

Enclosed is the Texas School for the Blind and Visually Impaired’s (TSBVI) proposed Internal Audit Plan (Plan) that was prepared for audits and other functions to be performed in fiscal year 2021. 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 as necessary by the Board 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.



October 20, 2020

# **Methodology**

TSBVI’s Internal Audit Plan (Plan) for fiscal year 2021 was prepared utilizing a risk assessment process where we reviewed various documents and questionnaires, as documented below.

The following documents were reviewed and/or considered in our risk assessment process:

1. Organizational Charts
2. Budgets
3. Financial and Non-Financial Reports
4. Policies and Procedures
5. Applicable Laws and Regulations
6. Audits and/or Monitoring Reports from Third-Party Agencies
7. Prior Internal Audit Reports

Questionnaires were developed for completion by TSBVI’s Board President; Audit Committee Members; Superintendent; Division Directors; and, other staff, to obtain an understanding of each department, and its role within the overall scheme of TSBVI. The questionnaires included topics; such as, issues and/or concerns expressed by Board members and management, 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*; contract management; and, benefits proportionality). Utilizing the information obtained through the completed questionnaires, discussions, and documents reviewed, 15 audit areas were identified as the potential audit topics. A risk analysis was completed for each of the 15 potential audit topics and then compiled to develop TSBVI’s overall risk assessment.

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

| **Risk Factor** | **Description** |
| --- | --- |
| 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 auditable unit is responsible; or, *non-financial* materiality based on the degree 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 Prior Audit or Review | Measure of the results of the previous audit or review. |
| 4. Adequacy of Staffing Levels | Measure of the adequacy of the auditable unit’s staffing level 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 existence of contracts, laws, and/or regulations for which the auditable unit is responsible for ensuring compliance. |
| 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 management, the Board, or Audit Committee. |

Risk Assessment

Following are the results of the risk assessment performed for the 15 potential audit topics identified:

|  |  |  |
| --- | --- | --- |
| **HIGH RISK** | **MODERATE RISK** | **LOW RISK** |
| Human Resources & Payroll  Accounting & Financial Reporting1  Information Resources (to include Disaster Recovery Plan)  Purchasing/ P-Card/ Contract Management/ HUB | Residential Services  Safety & Security  Transportation/ Weekends Home | Assets & Facilities Management  Admission & Records1  Student Trust & Activity Funds  Health Center  Grants Administration1  Outreach1  Food Services  Supplies Warehouse |

1 Includes applicable Performance Measures.

This report includes the “Risk Assessment Summary” as Attachment A; and, the “History of Areas Audited” as Attachment B, which lists audits and/or reviews performed from fiscal year 2011 through 2020 for the above 15 potential audit topics.

In the prior 3 years, the following internal audits and other functions were performed by former internal auditors:

Fiscal Year 2020:

* Public Funds Investment Act Compliance
* Policy and Procedure for Reporting and Investigating Allegations of Student Abuse, Neglect, Exploitation, or Improper Care

Fiscal Year 2019:

None.

Fiscal Year 2018:

* Public Funds Investment Act Compliance
* Ethics Evaluation

# **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 TSBVI’s system of internal control and the quality of performance in carrying out assigned responsibilities. The audit scope includes:

* **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, and 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 Organizations 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.

# **Internal Audit Plan**

In addition to performing the 2021 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan includes one audit to be performed; a follow-up of prior year audit recommendations; other tasks that may be assigned by the Board or Audit Committee during the year; and, preparation of the Annual Internal Audit Report for fiscal year 2021.

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. Human Resources and Payroll

The planned audit procedures include the following:

1. Obtain an understanding of the applicable federal and state requirements over human resources and payroll, as established by the State Auditor’s Office and the Comptroller of Public Accounts.
2. Review applicable internal policies and procedures related to human resources and payroll; collect relevant documentation; and, conduct interviews to document and evaluate formal/informal processes and controls.
3. Select a sample of current and former employees and review documentation, as included in the respective personnel file, to test for various attributes; such as, proper hiring approval, classification, prior service, compensation; and, proper separation process, to evaluate whether internal controls are operating effectively.
4. Test a sample of reports and review supporting documentation to assess accuracy of the reported data.
5. Other procedures that may be deemed necessary during audit fieldwork.
6. 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 fiscal year ended August 31, 2020; and, prepare the fiscal year 2021 Annual Report. The audit procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.

1. Other Tasks

Other tasks as may be assigned by the Board, Audit Committee, or management during the fiscal year.

**ATTACHMENTS**