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**TEXAS PARKS AND WILDLIFE DEPARTMENT  
FISCAL YEAR 2013 INTERNAL AUDIT ANNUAL REPORT**

**November 1, 2013**

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**I. Compliance with House Bill 16: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Web site**

- Within 30 days of approval, Texas Parks and Wildlife Department (TPWD) will post the following information on its Internet Web site:
  - On TPWD's home page under the General Section, a link to a web page which contains the approved fiscal year 2014 audit plan, as provided by Texas Government Code, Section 2102.008 and the fiscal year 2013 internal audit annual report, as required by Texas Government Code, Section 2102.009.
  - Updates to both the audit plan and internal audit annual report will be conducted annually, or as necessary, within 30 days of approval.
  - Summaries outlining weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report, as well as summaries of the action taken by the agency to address concerns applicable to the agency's fiscal year (FY) 2014 audit plan will be included in the fiscal year (FY) 2014 annual report.
- The audit plan is considered to be approved if it is approved by the TPWD Commission. The internal audit annual report is considered to be approved if it is reviewed by the TPWD Commission and Executive Director.

## II. Internal Audit Plan for Fiscal Year (FY) 2013

Report No.	Report Date	Report Title	Status	Budgeted Hours
FY12 Carryover Projects				
12-301		An Audit of Financial and Budgeting Controls in BIS	Fieldwork	1900
12-302	1/29/2013	Audit of Section 6 Federal Grants	Completed	400
12-601	4/19/2013	An Internal Post Procurement Review - <i>Advisory Service</i> <sup>1</sup>	Completed	400
12-702	5/9/2013	Information Technology Governance Assessment – <i>Advisory Service</i> <sup>1</sup>	Completed	550
FY13 Projects				
13-201	11/30/2012	A Compliance Audit of Mustang Island State Park	Completed	90
13-202	12/20/2012	A Compliance Audit of Purtils Creek State Park	Completed	90
13-203	12/20/2012	A Compliance Audit of Martin Dies, Jr. State Park	Completed	90
13-204	12/20/2012	A Compliance Audit of Lake Livingston State Park	Completed	90
13-205	1/9/2013	A Compliance Audit of Possum Kingdom State Park	Completed	90
13-206	1/4/2013	A Compliance Audit of Caddo Lake State Park	Completed	90
13-207	2/28/2013	A Compliance Audit of Dinosaur Valley State Park	Completed	90
13-208	2/28/2013	A Compliance Audit of Lake Brownwood State Park	Completed	90
13-209	1/4/2013	A Compliance Audit of San Angelo State Park	Completed	90
13-210	1/24/2013	A Compliance Audit of Wyler Tramway State Park	Completed	90

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Status</b>	<b>Budgeted Hours</b>
13-211	1/24/2013	A Compliance Audit of Franklin Mountains State Park	Completed	90
13-212	1/9/2013	A Compliance Audit of Cedar Hill Park	Completed	90
13-213	1/4/2013	A Compliance Audit of Cooper Lake (South Sulphur Unit) State Park	Completed	90
13-214	1/9/2013	A Compliance Audit of Tyler State Park	Completed	90
13-215	6/7/2013	A Compliance Audit of Indian Lodge	Completed	90
13-216	2/28/2013	A Compliance Audit of Abilene State Park	Completed	90
13-217	1/24/2013	A Compliance Audit of Lake Corpus Christi State Park	Completed	90
13-218	2/28/2013	A Compliance Audit of Palo Duro Canyon State Park	Completed	90
13-219	2/28/2013	A Compliance Audit of Falcon State Park	Completed	90
13-220	2/28/2013	A Compliance Audit of Lake Casa Blanca State Park	Completed	90
13-221	1/29/2013	A Compliance Audit of Daingerfield State Park	Completed	90
13-301	12/7/2012	A Compliance Audit of Wichita Falls Law Enforcement Office	Completed	90
13-302	11/30/2012	A Compliance Audit of Corpus Christi Law Enforcement Office	Completed	90
13-303	1/11/2013	A Compliance Audit of San Angelo Law Enforcement Office	Completed	90
13-304	2/27/2013	A Compliance Audit of Rockport Law Enforcement Office	Completed	90
13-305	2/27/2013	A Compliance Audit of Midland Law Enforcement Office	Completed	90

Report No.	Report Date	Report Title	Status	Budgeted Hours
13-306	2/27/2013	A Compliance Audit of Amarillo Law Enforcement Office	Completed	90
13-307	2/27/2013	A Compliance Audit of Brownwood Law Enforcement Office	Completed	90
13-308	2/27/2013	A Compliance Audit of Brownsville Law Enforcement Office	Completed	90
13-309	2/27/2013	A Compliance Audit of Mt. Pleasant Law Enforcement Office	Completed	90
13-310	10/8/2013	An Audit of Retirement Payouts	Completed	400
13-311		A Report on Compliance to Fleet Safety and Drug and Alcohol Compliance Testing Policies	Reporting	400
13-312		Fiscal Controls at TPWD's Customer Service Center	Quality Assurance Review	400
13-313		An Audit Report on the TPWD Safety Program	Reporting	600
13-314		Follow-up of Internal and External Audit Recommendations FY2010 – FY2012 <i>Internal Report</i>	Quality Assurance Review	400
13-601	9/27/2013	A Review of the Donation Process <i>Advisory Service<sup>1</sup></i>	Completed	600
13-602		A Review of Selected Procurement Card Transactions <i>Advisory Service</i>	Quality Assurance Review	300
13-603		A Review of the Acceptance of Payment with Goods and Services (Rider 6) <i>Advisory Service</i>	Planning	250
13-604		A Review of Penalty Fees <i>Advisory Service</i>	Not Started- Pending Approval to Cancel	250

1 Internal Report, see Section III for further details on completed projects.

### III. Consulting Services and Non-Audit Services Completed

Report No.	Date	Title	Objective	Results
12-601	4/19/2013	An Internal Post Procurement Review	To review Administrative Resource Division audit techniques and determine compliance of procurement card, purchase order payments, and contracts to the Comptroller's state procurement and contracting manuals as well as TPWD internal procedures.	Updating audit techniques, policies, and procedures would improve operations.
12-702	5/9/2013	Information Technology Governance Assessment	To review IT framework of controls, identify risks, and provide COBIT and other guidance.	Identified gaps/risks and provided information/guidance to management.
13-601	9/27/2013	A Review of the Donation Process	To determine if TPWD processes for donations (\$500+) ensures proper accounting and use of donated funds.	Process gaps were identified and provided to management.

## IV. External Quality Assurance Review

Texas Parks and Wildlife Department Internal Audit Department  
External Quality Assurance Review – August 2009


### OVERALL OPINION

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Parks and Wildlife Department's (TPWD) Internal Audit Department "*fully complies*" with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*, the United States General Accountability Office's *Government Auditing Standards*, and the Texas Internal Auditing Act (*Texas Government Code, Chapter 2102*). This opinion means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

We found that the Internal Audit Department is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff is qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely. The Internal Audit Department is well managed internally and is supported by management.

### ACKNOWLEDGEMENTS

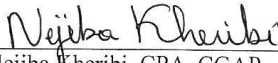
We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, his staff, the Texas Parks and Wildlife Commission Chairman, the Executive Director, and the senior managers who participated in the interview process. We would also like to thank each person who completed surveys for the quality assurance review. The feedback from the surveys and the interviews provided valuable information regarding the operations of the Internal Audit Department and its relationship with management.

  
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Karin Hill, CIA, CGAP  
Director of Internal Audit  
Texas Youth Commission  
SAIAF Peer Review Team Leader

8/19/09  
Date

  
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Eric Ramos, CFE  
Internal Audit Manager  
Texas Commission on  
Environmental Quality  
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8/19/09  
Date

  
\_\_\_\_\_  
Nejiba Kheribi, CPA, CGAP  
Sr. Supervising Audit Project Manager  
Texas Commission on  
Environmental Quality  
SAIAF Peer Review Team Member

8/19/09  
Date



## V. Internal Audit Plan for Fiscal Year 2014

- We anticipate Commission approval of the TPWD FY2014 Internal Audit Plan on November 7, 2013 during the next public meeting. The TPWD FY2014 Internal Audit Plan will be submitted to our oversight agencies on or before November 14, 2013. All risks ranked as “high” were included in the FY2014 Internal Audit Plan.
- A brief description of the risk assessment methodology used to develop the FY2014 Internal Audit Plan is as follows:

In compliance with Texas Government Code Section 2102.013, Internal Audit conducted a formal annual risk assessment consisting of an executive management review of the agency functions, activities, and processes. Using a risk workbook, questionnaire, and a value system, executive and senior management (109 staff surveyed with 32 staff responding) ranked the likely effect or impact of financial, managerial, and compliance risks as well as the probability of occurrence (*Values: high (3), medium (2), low (1)*) in four key areas:

- 1) Within the Respective Division(s)
- 2) Agency-Wide
- 3) External to the Agency
- 4) Information Technology

Consideration of areas subject to fraud, waste, and abuse, prior audits, key performance measures, revenues, budgets, expenditures, and other department information are also used by executive management during the risk assessment process. Internal Audit assimilated the questionnaire results into a hierarchy (*Probability of Occurrence Value \* (Financial Impact value + Managerial Impact Value + Compliance Impact Value)*) of priority concerns and submitted the draft plan to the Deputy Executive Directors and Executive Director for final review. The draft plan was also reviewed by the Commissioners to obtain their input and comments.

The annual internal audit plan is derived by combining the assessment of these risks and concerns across the agency with the projection of available audit resources to determine the most effective schedule of audit activities for the year. Approximately 16% of the total available staff hours are budgeted to accommodate any management requests for internal reviews, advisories, investigations, or non-audit services. The Commission reviews and approves the final internal audit plan for the current year. The annual risk assessment is designed to identify audit projects for the annual internal audit plan, not to identify, prioritize, and manage risks directly for the agency. This plan may be updated at various frequencies, with Commission approval, and submitted to oversight agencies for their records.

## VI. External Audit Services Procured in Fiscal Year 2013

The Department did not contract out for any external audit services to be provided during fiscal year 2013. However, certain audit work was conducted by the following agencies or offices:

Federal Emergency Management Agency  
Experis, US  
Texas Comptroller of Public Accounts  
KPMG, LLP  
Office of the Governor  
U.S. Fish & Wildlife Service  
Gartner, Inc.  
U.S. Department of Health & Human Services

## VII. Reporting Suspected Fraud and Abuse

In order to implement the requirements for fraud reporting included in the General Appropriations Act (83rd Legislature), Article IX, Section 7.09, and Texas Government Code, Section 321.022, the Texas Parks and Wildlife Department made the following information accessible on its web site:

- A link (“Report Fraud”) on the TPWD public web site (<http://www.tpwd.state.tx.us/site/fraud/>) directs the user to a page describing the process for reporting allegations of fraud, waste, or abuse related to the agency to TPWD Internal Affairs *and to the Texas State Auditor’s Office (SAO)*.
- A link to the SAO’s fraud web page (<http://sao.fraud.state.tx.us/>), a link to the SAO fraud reporting form, mailing address for the SAO, and the SAO hotline number.
- A Copy of the June 25, 2009 correspondence from the Texas State Auditor’s Office to the agency related to fraud reporting requirements.
- TPWD Employee Ethics Policy (HR-08-01) links to SAO website. The Office of Internal Affairs web page links to SAO’s fraud web page.
- Coordination of Investigations with the State Auditor’s Office (SAO) involves the Executive Director notifying SAO by letter of suspected losses, misappropriations, misuse, or other fraudulent or unlawful conduct. The letter contains identifying details of the nature, location, suspected loss amount, defendant’s name, case number and status of the case per TPWD’s internal affairs department. SAO may investigate the report or may monitor any investigation conducted by the agency.