



**Life's better outside®**

**TEXAS PARKS AND WILDLIFE DEPARTMENT  
FISCAL YEAR 2014 INTERNAL AUDIT ANNUAL REPORT**

**November 3, 2014**

# Table of Contents

- I. Compliance with House Bill 16: Posting the Internal Audit Plan, Internal audit Annual Report, and Other Audit information on internet Web site
- II. Planned Work Related to the Proportionality of Higher Education Benefits
- III. Internal Audit Plan for Fiscal Year 2014
- IV. Consulting Services and Non-Audit Service Completed
- V. External Quality Assurance Review (Peer Review)
- VI. Internal Audit Plan for Fiscal Year 2015
- VII. External Audit Services Procured in Fiscal Year 2014
- VIII. Reporting Suspected Fraud and Abuse

**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 2015 audit plan, as provided by Texas Government Code, Section 2102.008 and the fiscal year 2014 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 are 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. Planned Work Related to the Proportionality of Higher Education Benefits**

Governor Perry requested internal auditors for higher education institutions to conduct work related to the proportionality of benefits and related risk. This section is to include an explanation of the procedures implemented to comply with the Governor's request. The Texas Parks and Wildlife Department is not a higher education institution. This section is not applicable to our entity.

### III. Internal Audit Plan for Fiscal Year (FY) 2014

Report No.	Report Date	Report Title	Audit Status
14-201	2/25/2014	A Compliance Audit of Lake Arrowhead State Park	Completed
14-202	2/24/2014	A Compliance Audit of Fort Richardson State Park	Completed
14-203	2/21/2014	A Compliance Audit of Meridian State Park	Completed
14-204	3/28/2014	A Compliance Audit of Government Canyon State Park	Completed
14-205	4/4/2014	A Compliance Audit of Guadalupe River State Park	Completed
14-206	4/4/2014	A Compliance Audit of Kickapoo Caverns State Park	Completed
14-207	3/27/2014	A Compliance Audit of Lake Somerville – Nails Unit State Park	Completed
14-208	3/27/2014	A Compliance Audit of Lake Bob Sandlin State Park	Completed
14-209	3/27/2014	A Compliance Audit of Cooper Lake – Doctors Creek Unit State Park	Completed
14-210	3/28/2014	A Compliance Audit of Buescher State Park	Completed
14-211	3/28/2014	A Compliance Audit of Bastrop State Park	Completed
12-301		An Audit of Financial and Budgeting Controls in BIS	Reporting
14-301	10/21/2014	Fiscal Control Processes Over Public Hunting Revenue at Selected Field Sites	Completed

Report No.	Report Date	Report Title	Audit Status
14-302		Compliance Audit of Selected Federal Grants	Reporting
14-303		Compliance Audit of Procurement Card Transactions	Reporting
14-304	9/23/2014	Follow-up of Internal and External Audit Recommendations <i>Internal Report</i>	Completed
14-305		Audit of Selected Infrastructure Projects	Fieldwork
14-306		Data Integrity Audit of Selected Information Technology Systems	Planning

Summary of recommendations and action taken for completed audit reports:

- Report # 14-201 through 14-211 (State Park Compliance Audits) resulted in no findings/no recommendations.
- Report # 14-301 (Fiscal Control Processes Over Public Hunting Revenue at Selected Field Sites) resulted in recommendations for management to develop and implement standardized policies and procedures in order to provide guidance to field staff for all fiscal processes related to public hunts. Management is taking short term and long term action to address recommendations and includes consideration of automating processes. Implementation status of recommendation – In-Progress.
- Report #14-304 (Follow-up of Internal and External Audit Recommendations) resulted in 34 recommendations having been implemented, 45 remain in-progress, and two were withdrawn.

There were no deviations from the FY14 internal audit plan.

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

Report No.	Date	Title	Objective	Results
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.
13-602	12/30/2013	Advisory Report on Compliance of Selected Procurement Card Transactions	To review selected procurement card transactions for compliance with selected attributes from Administrative Resources' credit card audit procedures/checklist.	Of 619 selected transactions, 5 were found non-compliant. Of 58 selected cardholders, 3 did not provide adequate documentation of supervisory reconciliation. Policy/procedures are needed for PayPal Accounts.
13-603	6/10/2014	Advisory Report on Contracts Specific to Rider 6 of the General Appropriations Act	To determine if goods (specific to capitalized and controlled property thresholds) regarding contracts specific to Rider 6 of the 82nd Legislature GAA are reported to the Administrative Resources (AR) property section, properly tagged, and recorded in the agency's property accounting system.	Three of 19 assets were not properly recorded into agency property records. Identified assets were promptly recorded. Process gaps were identified and provided to management.

## V. External Quality Assurance Review

External Peer Review is currently being performed with the Report to be issued, tentatively, in December 2014.

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

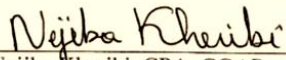
We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, his staff, the Texas Parks and Wildlife Commission Chairman, the Executive Director, and the senior managers who participated in the interview process. We would also like to thank each person who completed surveys 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.

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

8/19/09  
Date

  
Eric Ramos, CFE  
Internal Audit Manager  
Texas Commission on  
Environmental Quality  
SAIAF Peer Review Team Member

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



## VI. Internal Audit Plan for Fiscal Year 2015

- We anticipate Commission approval of the TPWD FY2015 Internal Audit Plan on November 6, 2014 during the next public meeting. The TPWD FY2015 Internal Audit Plan will be submitted to our oversight agencies on or before November 14, 2014. All risks ranked as “high” were included in the FY2015 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 (101 staff surveyed with 21 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 11% 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.

## VII. External Audit Services Procured in Fiscal Year 2014

The Department did not contract out for any external audit services to be provided during fiscal year 2014. However, certain audit work was conducted by the following agencies or offices:

- State Auditor's Office
- Experis, US contracted by Texas Comptroller of Public Accounts
- Ernst & Young contracted by Texas Department of Public Safety, Homeland Security, Division of Emergency Management
- Office of the Governor, Criminal Justice Division
- U.S. Fish and Wildlife Department, Region 2, Federal Land Division
- Texas Commission on Environmental Quality, Water Quality Planning Division
- U.S. Department of Health & Human Services
- National Oceanic and Atmospheric Administration (NOAA)
- U.S. Department of Interior, Fish and Wildlife Department, Civil Rights Division

## VIII. 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.