



**TEXAS COUNCIL FOR
DEVELOPMENTAL DISABILITIES**

ANNUAL INTERNAL AUDIT REPORT

Fiscal Year 2014

Presented to
The TCDD Audit Committee
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The Texas Internal Auditing Act requires agencies to file an annual report on their internal audit activities and the internal audit reports prepared for your governing board. The purpose of the Annual Internal Audit Report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts. According to Texas Government Code, Sections 2102.009 and 2102.0091, the annual internal audit report for fiscal year 2014 is due November 1, 2014.

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

TCDD complies with the provisions of House Bill 16 by posting their Annual Internal Audit Report and their Annual Internal Audit Plan on their website, within 30 days after approval by the Council. The risk footprint in the annual plan includes a summary of the high risk areas identified in the risk assessment process. The risk management tables in our risk workbooks provide a summary of actions taken to address concerns. Actions resulting from audits are included in the individual audit reports and are followed up in the audit recommendation tracking schedule. These summaries and tables are updated annually.

II. Planned Work Related to the Proportionality of Higher Education Benefits

Not applicable.

III. Internal Audit Plan for Fiscal Year 2014

The Texas Council for Developmental Disabilities (TCDD) had one advisory report delivered from the fiscal year 2014 audit plan. There were no deviations from the plan that was submitted in the FY-2013 Annual Internal Audit Report. Completed reports for FY-2014 included:

1. An advisory project to identify potential ways to streamline processes for the development of requests for proposals.
2. Follow up on prior year audit recommendations.

IV. Consulting Engagements and Non-Audit Services Completed

The Internal Auditor performed one advisory projects which is considered a consulting engagement, as defined in *The International Standards for the Professional Practice of Internal Auditing*, and non-audit services, as defined in *Government Auditing Standards, 2011 Revision*, Sections 3.33 – 3.58, during fiscal year 2014.

Report #2014-1, dated 6/25/14, RFP Advisory Project: Objectives were to assess current RFP processes and make recommendations for improving processes to advance the goals and objectives of the agency. A recommendation to continue exploring options to initiate projects and to expand funding opportunities.

V. External Quality Assurance Review (Peer Review)

An external quality assurance review was performed in June of 2012 by David J. MacCabe, CIA, CGAP, MPA, covering TCDD internal audit activities performed by the internal audit contractor (Rupert & Associates) during the period June 2009 through May 2012. The contracted internal audit function at TCDD was found to ‘fully conform’ with the Institute of Internal Auditors (IIA) *International Professional Practices Framework* including the *International Standards for the Professional Practice of Internal Auditing*, the *Definition of Internal Auditing*, and the *Code of Ethics*, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act (*Texas Government Code*, Chapter 2102).

No significant weaknesses were identified during the review. One opportunity for improvement was identified – to plan future projects to evaluate organization governance. In FY-2013 the internal audit function performed a Governance Audit at TCDD.

VI. Internal Audit Plan for Fiscal Year 2015

The fiscal year 2015 Audit Plan will be presented at a later date. The contracted internal audit function at TCDD’s is being rebid this year and the risk assessment and internal audit plan will be developed by the new auditors. The report will be submitted to oversight agencies and posted on the TCDD website within 30 days after approval by the Audit Committee and Council.

VI. External Audit Services

External audit services procured in fiscal year 2014 consisted of:

- the internal audit function, and
- independent CPA services for performing desk reviews on grantee audit reports.

VII. Reporting Suspected Fraud and Abuse

In accordance with the requirements of Section 7.09, and the General Appropriations Act (83rd Legislature, Conference Committee Report) Article IX, and Texas Government Code, Section 321.022, TCDD has placement of a link on the website <http://www.txddc.state.tx.us/> to connect users directly to the State Auditor’s page for reporting suspected fraud, waste, or abuse.

TCDD Policies also provide guidance for anyone wanting to report suspected fraud or abuse. Grantees are provided guidance on reporting fraud in the TCDD Grants Manual.

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