

Annual Internal Audit Report

Internal Audit Services

Fiscal Year 2021

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III. Consulting Services and Non-audit Services Completed

Consulting services are advisory in nature and performed at the specific request of management. The nature and scope of consulting engagements are subject to agreement with the engagement client, without internal auditors assuming management responsibility.

During fiscal year 2021, Internal Audit Services completed one formal consulting engagement as listed in section II. Additional management assistance projects were completed with no formal deliverables provided. These projects included the following topics: data management, Foundation School Program (FSP) allotments, Supplemental Special Education Services (SSES), and complaints management.

IV. External Quality Assurance Review

In accordance with the Texas Internal Auditing Act, Internal Audit Services completes an external peer review at least once every three years. The purpose of the review is to evaluate conformance with professional standards and identify opportunities to improve the efficiency and effectiveness of audit activities. The most recent review was completed in October 2020. See the executive summary in **Appendix B**.

V. Internal Audit Plan for Fiscal Year 2022

Internal Audit Services developed a risk-based audit plan for fiscal year 2022. Auditors performed a comprehensive risk assessment to identify the agency's strategic priorities, operational objectives, and risks that could impact the agency's ability to achieve those objectives. Detailed risk information was obtained primarily through interviews with agency leadership, surveys completed by agency management, and analysis of relevant financial and non-financial data. Auditors evaluated the probability and impact of risks identified with consideration of existing control processes and prior internal and external audit coverage. Auditors classified individual risks to facilitate identification of agencywide trends and critical areas including information technology, contracting processes, and fraud. The audit plan outlined below was approved by the Commissioner of Education on October 19, 2021.

Engagement Type	Description	Budgeted Hours
Assurance	Charter School Property and Asset Management Audit (carryforward from FY21)	120
Assurance	School Improvement Monitoring	350
Assurance	Teacher Incentive Allotment (TIA) Program	350
Assurance	Agencywide Investigation Processes	350
Assurance	TEA Oversight of Educator Preparation Programs	350
Consulting	Reserve for Management Assistance and Consulting Services	150

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VII. Reporting Suspected Fraud and Abuse

In accordance with the fraud reporting requirements in Section 7.09, page IX-37, the General Appropriations Act (86th Legislature), and Section 7.09, page IX-38, the General Appropriation Act (87th Legislature), TEA provides instructions to the public for reporting fraud, waste, or abuse to the State Auditor ((t)0.-6 (l)--2.8 ()0.7 (pu454 0 T2 (n)1.4

Appendix A

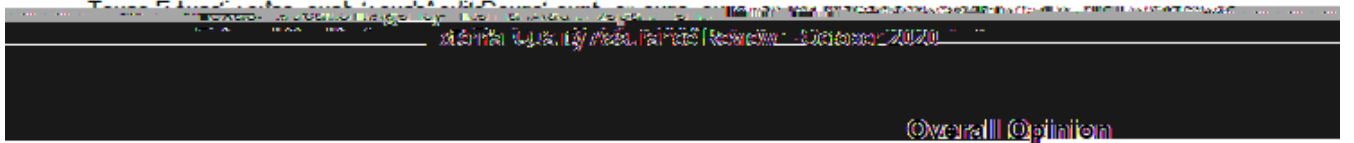
Summary of Observations and Management Actions for Fiscal Year 2021 Audit Plan Engagements

Report Date	Observation	Management Action
May 2021	Permanent School Fund Consulting	

Report Date	Observation	Management Action
October 2021	<p>Auditors made the following observations related to execution of IT resource management activities:</p> <ol style="list-style-type: none"> <li data-bbox="302 245 1140 488">1. For 10 of 24 IT purchases tested, there was no documentation of approval from the Office of IT. This included five contract renewals and three emergency procurements for which IT approval was not requested and two purchases for which approval was obtained after the purchase was made. TEA personnel believed that renewals and emergency procurements were exempt from the IT approval process. <li data-bbox="302 496 1129 630">2. For 3 of 10 contractors tested, IT management did not retain documentation that contractor progress of assigned tasks and deliverables was monitored. TEA human resources policies do not require or provide guidance for evaluating contractor 	

Appendix B

External Peer Review Executive Summary



Overall Opinion

/ assurance review,

Based on the information received and evaluated during this external quality

