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**TEXAS PARKS AND WILDLIFE DEPARTMENT**  
**FISCAL YEAR (FY) 2024 INTERNAL AUDIT ANNUAL REPORT**

**October 21, 2024**

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**I. Compliance with Texas Government Code, Section 2102.015:**

*Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Web site.*

Texas Government Code, Section 2102.015 requires state agencies and higher education institutions, as defined in the statute, to post certain information on their internet websites. Within 30 days of approval, an entity should post the following information on its internet website:

- The agency's internal audit plan approved in accordance with Texas Government Code, Section 2102.008; and
- The agency's annual report required by Texas Government Code, Section 2102.009.

Texas Government Code, Section 2102.015 also requires entities to update the posting to include the following information on the website:

- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report; and
- A summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report.

TPWD has complied with Texas Government Code, Section 2102.015 by posting the approved FY 2025 Audit Plan on the Agency's public website. TPWD will also post the FY 2024 Annual Audit Report as required. These can be found on TPWD's home page under Publications, Doing Business, Internal Audit Plans and Annual Reports. At this time, no weaknesses or concerns have been raised by the audit plan or annual report.

## II. Internal Audit Plan for FY 2024

### Internal Audit Projects Completed During the Fiscal Year

Report No.	Report Date	Report Title	Audit Status
23-201 23-203 23-205	January 2024 October 2023 October 2023	Audit of Guadalupe River State Park Audit of Lake Brownwood State Park Audit of Palo Duro Canyon State Park	Completed
23-301 23-303 23-308 23-310	October 2023 October 2023 October 2023 October 2023	Audit of Brownwood Law Enforcement Office Audit of Garland Law Enforcement Office Audit of Mount Pleasant Law Enforcement Office Audit of Wichita Falls Law Enforcement Office	Completed
23-401 22-402  22-405	March 2024 October 2023  May 2024	Sea Center Point of Sale (POS) Inventory Advisory Land Conservation Program (LCP) Easement Receivable Advisory Infrastructure – Change Order Process Advisory	Completed
23-701 23-702	March 2024 October 2024	1 TAC 202 Compliance Review Audit of TPWD's Patch Management Processes	Completed
24-301 24-302 24-304 24-305 24-306 24-307 24-308 24-309	January 2024 December 2023 February 2024 May 2024 December 2023 May 2024 January 2024 March 2024	Audit of North Houston Law Enforcement Office Audit of Amarillo Law Enforcement Office Audit of Corpus Christi Law Enforcement Office Audit of Midland Law Enforcement Office Audit of San Angelo Law Enforcement Office Audit of South Houston Law Enforcement Office Audit of Tyler Law Enforcement Office Audit of Kerrville Law Enforcement Office	Completed

*During FY 2024, the Texas Parks and Wildlife Commission (Commission) also received follow-up report: 24-501(a) – Q3 FY 2023 through Q3 FY 2024.*

### FY 2023 and FY 2024 Projects Carried Forward to FY 2025

Report No.	Report Date	Report Title	Audit Status As of 8/31/2024
22-312		Audit of Co-op Recreation Grants	Fieldwork
24-201		Audit of Government Canyon State Natural Area	Reporting
24-202 24-203		Audit of Lake Casa Blanca State Park Audit of Meridian State Park	Fieldwork
24-204 24-205		Fiscal Control Audits of State Parks (Locations TBD)	Not Started
24-303		Fiscal Control Audit of a Law Enforcement Office (Location TBD)	Not Started
24-311		Audit of Public Safety Programs/Controls	Fieldwork
24-701		Cloud Computing Cybersecurity Audit	Planning

There were no deviations from the FY 2024 internal audit plan.

## Ensuring Compliance with Contract Processes and Controls for Monitoring Agency Contracts

All TPWD processes concerning contract and grant administration are included in the Office of Internal Audit's (OIA's) annual assessment of the agency's auditable risks. Identified risks are ranked and scored annually during the development of the agency's Annual Audit Plan. Risks related to contract and grant administration and monitoring have been identified as an ongoing risk to TPWD, and as a result, the Internal Audit Director allocates audit hours each fiscal year to contract and/or grant engagements. The objectives of these engagements are to ensure that processes have been established and are operating effectively to ensure that contract and grant solicitation and award, monitoring, and/or close-out processes comply with agency, state, and federal requirements. In the past five fiscal years, the OIA has performed eight internal audit engagements, covering 56 contracts and seven grants. The OIA also followed up on all recommendations made in these internal audit projects (if due), as well as one engagement performed by the State Auditor's Office (SAO). Report numbers, titles, number of contracts and grants reviewed per project, and report issue dates are provided below.

<b>Contract and Grant Engagements</b> <i>(Completed September 1, 2019, to August 31, 2024)</i>				
Report #	Title	Number Reviewed		Date of Report
		Contracts	Grants	
19-316	Audit of Selected TPWD Contracts	20		February 2020
20-302	Audit of Selected Federal Grants – Off-Highway Vehicle (OHV) Program		4	July 2020
20-303	Audit of Selected TPWD Contracts – Contract Close-out	10		December 2020
21-302	Audit of Selected Federal Grants		3	August 2021
21-303	Audit of Selected Information Technology (IT) Contracts	8		November 2021
22-311	Audit of Selected Infrastructure (INF) Contracts	8		June 2022
22-404	IT Contract Clauses Advisory	10		May 2023
<b>Total</b>		<b>56</b>	<b>7</b>	

Note: SAO report #24-013 rated TPWD as "No Additional Monitoring Warranted." for all contracting periods

## **Independence and Objectivity**

The Institute of Internal Auditor's *International Professional Practices Framework* Standard 1110 requires the Chief Audit Executive (CAE) to confirm to the governing board or Commission, at least annually, the organizational independence of the internal audit activity.

I hereby attest to the following for audit work performed during FY 2024:

*"The internal audit activity has performed our work independently and objectively. We have achieved organizational independence through direct, unrestricted, and confidential access, communications, and reporting to the Audit Subcommittee and Commission."*

*Respectfully,*

*Brandy Meeks, Internal Audit Director, TPWD*

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

During FY 2024, the OIA completed advisory projects 22-402 – Land Conservation Program (LCP) Easement Receivable Advisory, 22-405 – Infrastructure – Change Order Process Advisory, and 23-401 – Sea Center Point of Sale (POS) Inventory Advisory. These were consulting or non-audit services as defined in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, and the *Government Auditing Standards*, 2018 Revision, Sections 3.64-3.106.

## **IV. External Audit Services Procured in FY 2024**

TPWD contracted with Business Management Company (BMC) to perform the Deepwater Horizon - Texas Trustees audit of the Statement of Receipts and Expenditures for calendar years 2020-2022. No other external audit services were procured during FY 2024. However, certain audit work was conducted by the following external agencies or offices during FY 2024:

- Office of the Governor - Coronavirus State and Local Fiscal Recovery Fund - Complete
- Texas Workforce Commission - 6-year Personnel Policy and Procedure System (PPPS) Review - Complete
- Comptroller of Public Accounts – Post Payment Audit – ongoing at year-end
- Department of State Health Services – Audit of the Coronavirus Response and Relief Supplemental Appropriations Act Funding – ongoing at year-end



## V. External Quality Assurance Review

An external peer review report was issued in January of 2024 (FY 2024) with a “PASS” rating as shown below:



### State Agency Internal Audit Forum (SAIAF)

January 5, 2024

Brandy Meeks, CPA, CIA, CISA  
Director of Internal Audit, Texas Parks & Wildlife Department  
4200 Smith School Rd.  
Austin, TX 78744

Dear Ms. Meeks,

We have completed a peer review of the Texas Parks and Wildlife Department (TPWD) Office of Internal Audit for the period September 1, 2020, through August 31, 2023. In conducting our review, we followed the standards and guidelines contained in the Peer Review Manual published by the State Agency Internal Audit Forum (SAIAF).

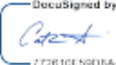
The Institute of Internal Auditors (IIA) *International Standards for the Professional Practices of Internal Auditing and Code of Ethics*, U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102) require that internal audit functions obtain external quality assurance reviews (peer reviews) to assess compliance with standards and the Act and to appraise the quality of their operations.


We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the IIA *Standards*, the GAO *Standards*, and the Texas Internal Auditing Act. Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case but does imply adherence in most situations.

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the TPWD Office of Internal Audit receives a rating of “Pass/Generally Conforms” and is in compliance with the IIA *Standards*, the GAO *Standards*, and the Texas Internal Auditing Act. This opinion, which is the *highest of the three possible ratings*, 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.

The TPWD Office of Internal Audit has reviewed the results of the work performed by the peer review team and accepted them to be an accurate representation of their operations. To the extent lawful, the TPWD Office of Internal Audit agrees to hold SAIAF and its officers and representatives harmless of any liability arising from the actions of the peer review team or issues resulting from the peer review.

Sincerely,

DocuSigned by:  
  
772610E58D05A1AF  
Catherine Melvin, CPA, CIA  
Chief Auditor  
Texas Department of Public Safety  
SAIAF Review Team Leader

DocuSigned by:  
  
D81F34E58E0761B  
Ian Boles, CIA, CGAP  
Internal Audit Manager  
Texas Commission on Environmental Quality  
SAIAF Peer Review Team Member

## **Quality Assurance and Improvement Program**

*Government Auditing Standard 5.44* requires that the OIA analyze and summarize the results of its monitoring process at least annually. In addition to performing an external quality assurance review (peer review) every three years as denoted in the previous section, TPWD's OIA also includes the following activities as part of its quality assurance and improvement program:

- Review and sign-off on all project workpapers;
- Use of the State Agency Internal Audit Forum's Standard Compliance Review Program to ensure each project was conducted in compliance with the standards;
- CAE level review of all findings and supporting evidence prior to report issuance;
- Multiple levels of Report Review (prior to issuance), including the audit team, the CAE, the auditee, executive management, Legal, and the Commission Audit Subcommittee; and
- Ensuring that all TPWD internal auditors are compliant with the continual professional education requirements of the standards and of their individual certifications and licenses.

## VI. Internal Audit Plan for FY 2025

The FY 2025 risk-based Internal Audit Plan was approved by the Commission on August 22, 2024:

### Texas Parks and Wildlife Department Fiscal Year 2025 Approved Internal Audit Plan

Projects	Budgeted Hours
<b>FY 2024 Carryover Projects</b>	
Law Enforcement Offices Fiscal Control Audits (1)	140
State Park Fiscal Control Audits (2)	375
Audit of Coop Recreation Grants	65
Cloud Computing Cybersecurity Audit	20
	<b>600</b>
<b>FY 2025 New Projects</b>	
<b>Assurance</b>	
Audit of State Park Fiscal Control Specialist Program	550
Audit of TPWD Friends Group Oversight Processes	550
Audit of Local Park Recreation Grants	550
Audit of Procurement Card Processes and Controls	750
Audit of Selected Key Performance Measures	450
Audit of Fuel Charges	400
<b>IT/Cybersecurity</b>	
Audit of the IT Help Desk	500
IT Governance Audit	400
<b>Advisory</b>	
Law Enforcement Physical Security Advisory	400
BRITS Rewrite (ongoing)	150
Active Directory Co-Source Engagement	150
<b>Administrative</b>	
State Park Continuous Monitoring Dashboard (ongoing)	450
Semiannual Follow-up of Internal and External Audit Recommendations	300
Internal Audit Peer Review Participation	50
Annual Risk Assessment and Annual Audit Plan	350
Special Projects, Investigations, Liaison Activities	500
	<b>6500</b>
<b>Total Hours</b>	<b>7100</b>

#### List of Alternative Projects

- 1) Audit of TPWD's Minor Repair/Facilities Maintenance Processes (INF)
- 2) LE Advisory – Evidence Handling/Storage – Compliance
- 3) Advisory on the Surplus Property Process

## **Risk Assessment Methodology**

TPWD OIA's FY 2025 audit plan is based on an agency-wide risk assessment. Risk assessment, as defined by the Institute of Internal Auditors, is a "systematic process for assessing and integrating professional judgments about probable adverse conditions and/or events." The annual risk assessment identifies a variety of agency risks including operating, contract and grant management and administration, and information technology risks. Most auditable risks and concerns that were identified and ranked as "high" on the annual risk assessment have been included in the FY 2025 internal audit plan. High risks that weren't included on the plan were communicated to the Audit Subcommittee made up of four Commissioners.

In conducting its annual risk assessment, the OIA received input from TPWD Commissioners, executive management, division directors, and selected middle management. The OIA identified the audit universe of auditable activities primarily as those activities conducted to meet the agency's mission and strategic objectives. Since TPWD divisions exist to carry out the mission and meet the strategic objectives of the agency, the OIA first considered division-level risk factors to obtain a division-level risk score. Risk factors used were budget, contract dollars, outstanding/unremediated audit items, time since last audit, number of employees, and recent turnover.

Next, OIA interviewed all division directors and selected management to learn the major activities performed by the agency to meet TPWD's strategic objectives. For each major activity, OIA brainstormed with management to identify risks that might prevent, deter, or undermine those activities from working as designed or planned. The OIA also considered its audit knowledge and past audit reports. The OIA not only discussed risks within each manager's respective division, but any other threats or concerns outside of their division as well. The OIA also asked questions of each division to identify the IT systems and applications used and any issues or concerns they might be experiencing with these systems and applications.

For all the risks identified during this process, OIA discussed and scored the probability of occurrence and the financial, compliance, managerial, reputation, and IT system impact to the agency. The OIA input this information into a risk matrix to ensure consistent evaluation among all identified risks. Lastly, using the division-level risk scores and the impact scores of all identified risks, OIA was able to rank and identify what it perceived as the top risks/threats to the agency.

From this risk ranking, OIA then identified specific audit projects to address the high-risk areas (if auditable). The OIA then met with executive management to discuss the risk assessment results and potential audit projects, and to determine which of those projects should be included in the proposed audit plan for FY 2025. The OIA then presented the proposed audit plan to the Audit Subcommittee for feedback. The Commission approved the proposed FY 2025 Internal Audit Plan on August 22, 2024.

The risk assessment process included review of the project areas by the Internal Audit Director to ensure adequate coverage and to avoid duplication of coverage.

Alternative projects are additional areas that OIA believes could benefit from the use of audit resources but did not rise to the top of the list of potential audit areas. The OIA has received approval to use them as alternative projects in circumstances where additional or substitute projects are required. The OIA will consult with the Commission and executive management as needed based on priorities, management requests, workloads, changes in operations, and availability of audit resources to determine if the approved audit plan should be adjusted.

The OIA will continue to evaluate risks as additional information is obtained throughout the coming fiscal year. Its continuous evaluation will ensure the most efficient use of audit resources.

## **VII. Reporting Suspected Fraud and Abuse**

To implement the requirements for fraud reporting included in the General Appropriations Act (88th Legislature), Article IX, Section 7.09, and Texas Government Code, Section 321.022, TPWD made the following information accessible on its web site:

- A link ("Report Fraud") on the TPWD public website (<http://tpwd.texas.gov/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 SAO. In addition, the SAO's fraud web page, (<https://sao.fraud.texas.gov>), includes the SAO mailing address, SAO hotline number, and a Report Fraud link which directs the user to a SAO fraud reporting form.
- OIA's intranet page links to the SAO's Fraud, Waste, or Abuse Hotline and provides the 1-800-TX-AUDIT telephone number.
- Coordination of investigations with SAO involves the Executive Director notifying SAO of suspected losses, misappropriations, misuse, or other fraudulent or unlawful conduct. At times, SAO notifies TPWD Internal Affairs Office of reported complaints. SAO may investigate the report or may monitor any investigation conducted by the agency.

## **Report Distribution**

### **Internal Distribution**

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The Honorable Jeffery D. Hildebrand, III, Chairman  
The Honorable Oliver J. Bell, Vice-Chairman  
Honorable James E. Abell, Commissioner  
The Honorable William “Leslie” Doggett, Commissioner  
The Honorable Paul L. Foster, Commissioner  
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The Honorable Robert L. “Bobby” Patton, Jr., Commissioner  
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