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TEXAS PARKS AND WILDLIFE DEPARTMENT

FISCAL YEAR (FY) 2025 INTERNAL AUDIT ANNUAL REPORT

October 20, 2025

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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 2026 Audit Plan on the Agency's public website. TPWD will also post the FY 2025 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 2025

Internal Audits Completed During the Fiscal Year

Audit No.	Report Date	Report Title
24-201 24-202 24-203 24-204 24-205	September 2024 January 2025 January 2025 March 2025 March 2025	A Compliance Audit of Government Canyon State Natural Area A Compliance Audit of Meridian State Park A Compliance Audit of Lake Casa Blanca International State Park A Compliance Audit of San Angelo State Park A Compliance Audit of Martin Creek Lake State Park
22-312 24-303 24-311 25-301 25-302 25-304 25-305	January 2025 November 2024 December 2024 May 2025 August 2025 August 2025 May 2025	Audit of CO-OP Recreation Grants A Fiscal Control Audit of Brownsville Law Enforcement Office Audit of Public Safety Programs/Controls Audit of Local Park Grants Audit of State Park Fiscal Control Specialist Program CPA Post Payment P-Card Follow-Up and Controls Review Audit of Inland Fisheries and Coastal Fisheries Key Performance Measures
25-401 25-402 25-403	December 2024 August 2025 August 2025	Fort Worth Law Enforcement Office Advisory IT Cybersecurity Questionnaire Assessment Law Enforcement Physical Security Advisory
24-701 25-701	February 2025 April 2025	Cloud Computing Cybersecurity Audit Audit of the IT Help Desk

FY 2025 Projects Carried Forward to FY 2026

Project No.	Project/Report Title	Status as of 8/31/2025
25-303	Audit of TPWD Friends Groups	Fieldwork
25-306	Audit of Selected Fuel Card Transactions, Processes and Controls	Fieldwork

There were two deviations from the FY 2025 internal audit plan. In March of 2025, the Chief Auditor sought, and received, from the Commission Chairman and the Audit Subcommittee Chairman approval to remove two projects from the plan, the IT Governance Audit and the Active Directory Audit.

Ensuring Compliance with Contract Processes and Controls for Monitoring Agency Contracts

All TPWD processes concerning contract and grant administration are included in the Chief Auditor's Office (CAO) 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 Chief Auditor 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 solicitation and grant pre-award, award, monitoring, and/or close-out processes comply with agency, state, and federal requirements. Over the past five fiscal years, the CAO has performed seven internal audit engagements, covering 36 contracts and 37 grants. The CAO also followed up on all recommendations made in these internal audit projects (if due).

Report numbers, titles, number of contracts and grants reviewed per project, and report dates are provided below.

Contract and Grant Engagements <i>(Completed September 1, 2020, to August 31, 2025)</i>				
Report #	Title	Number Reviewed		Date of Report
		Contracts	Grants	
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
22-312	Audit of CO-OP Recreation Grants		4	January 2025
25-301	Audit of Local Park Grants			May 2025
	Total	36	37	

Note: SAO report #25-022 rated TPWD as "No Additional Monitoring Warranted." for all contracting periods

Independence and Objectivity

The Institute of Internal Auditor's *Global Internal Audit Standards, Domain III, Principle 7.1* 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 2025:

"The Chief Auditor's Office is independently positioned and performed our work objectively. We have achieved organizational independence through direct, unrestricted, and confidential access, communications, and reporting to the Audit Subcommittee and Commission."

Respectfully,

Brandy Meeks, Chief Auditor, TPWD

III. Consulting Services and Other Activities

During FY 2025, the CAO completed advisory projects 25-401 - Fort Worth LEO Advisory, 25-402 - IT Cybersecurity Assessment Questionnaires Review, and 25-403 - Law Enforcement Physical Security Advisory. These were consulting or non-audit services as defined in the Institute of Internal Auditors' *Global Internal Audit Standards*, and the *Government Auditing Standards*, 2018 Revision, Sections 3.64-3.106.

The CAO also performed two semiannual follow-up projects:

- 24-501(b) - Semiannual Follow-up of Audit Items due Q3 thru Q4 of FY24
- 25-501(a) - Semiannual Follow-up of Audit Items due Q1 thru Q2 of FY25

IV. External Audit Services Procured in FY 2025

No external audit services were procured during FY 2025. However, certain audit work was conducted by the following external agencies or offices during FY 2025:

- Comptroller of Public Accounts – Post Payment Audit – Completed
- Department of State Health Services – Audit of the Coronavirus Response and Relief Supplemental Appropriations Act Funding – Completed
- FEMA – Grant Monitoring Desk Review – Completed
- FEMA – Grant Programs Directorate (GPD) desk review of the Port Security Grant Program (PSGP) – Completed
- National Fish and Wildlife Foundation (NFWF) – 2025 Expenditure Verification Program (EVP) for the non-federal Gulf Environmental Benefit Fund (GEBF) Dagger Island project – 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:
A handwritten signature of Catherine Melvin.

Catherine Melvin, CPA, CIA
Chief Auditor
Texas Department of Public Safety
SAIAF Review Team Leader

DocuSigned by:
A handwritten signature of Ian Boles.

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 CAO 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 CAO 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 2026

The FY 2026 risk-based Internal Audit Plan was approved by the Commission on August 21, 2025:

**Texas Parks and Wildlife Department
Fiscal Year 2026 Internal Audit Plan**

Projects	Budgeted Hours
FY 2025 Carryover Projects	
Audit of TPWD Friends Group Oversight Processes	165
Audit of Fuel Charges	<u>185</u>
	350
FY 2026 New Projects	
Assurance	
Audit of 3 Selected State Parks	450
Audit of Law Enforcement (LE) and Communications Key Performance Measures	300
Audit of TPWD's Surplus Process	500
Audit of Selected Pass-Through Grants	675
Data Governance and Records Retention Review	450
Audit of the Centennial Fund Process and Controls	500
Audit of the Minor Repair and Job Order Contracting (JOC) Programs	700
Advisories	
IT Asset Management/Shadow IT Advisory	500
Ethics Disclosures and Non-Governmental Organizations (NGO) Fee Schedule Advisory	500
Boat Registration and Titling System (BRT) Rewrite	50
Administrative and Special Projects	
FY25 Annual Report	80
Code of Criminal Procedure Ch.59 – LE Seizures and Forfeitures	80
Semiannual Follow-up of Internal and External Audit Recommendations due during Q3 and Q4 of FY25	150
Semiannual Follow-up of Internal and External Audit Recommendations due during Q1 and Q2 of FY26	150
Quality Assurance Review (QAR) Preparation	450
Annual Risk Assessment and Annual Audit Plan	350
Special Projects, Investigations, Liaison Activities	<u>500</u>
	6385
	6735

List of Alternative Projects

- 1) Travel Voucher Process Audit
- 2) Hiring Process Efficiency Audit
- 3) Employee and Vendor Review

Risk Assessment Methodology

TPWD FY 2026 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 2026 internal audit plan. High risks that weren’t included on the plan were communicated to executive management (the Executive Director and Chief Operating Officer) and the Audit Subcommittee, currently made up of three Commissioners.

In conducting its annual risk assessment, the CAO received input from TPWD Commissioners, executive management, division directors, and selected middle management. The CAO 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 CAO 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, the CAO 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, the CAO brainstormed with management to identify risks that might prevent, deter, or undermine those activities from working as designed or planned. The CAO also considered its audit knowledge and past audit reports. The CAO not only discussed risks within each manager’s respective division, but any other threats or concerns outside of their division as well. The CAO 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, the CAO discussed and scored the probability of occurrence and the financial, compliance, managerial, reputation, and IT system impact to the agency. The CAO 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, the CAO was able to rank and identify what it perceived as the top risks/threats to the agency.

From this risk ranking, CAO then identified specific audit projects to address the high-risk areas (if auditable). The CAO 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 2026. The CAO then presented the proposed audit plan to the Audit Subcommittee for feedback. The Commission approved the proposed FY 2026 Internal Audit Plan on August 21, 2025.

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 the CAO believes could benefit from the use of audit resources but did not rise to the top of the list of potential audit areas. The CAO has received approval to use them as alternative projects in circumstances where additional or substitute projects are required. The CAO 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 CAO 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 (89th Legislature), Article IX, Section 7.09, and Texas Government Code, Section 321.022, TPWD made the following information accessible on its website:

- 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.
- CAO’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, the 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

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