

Texas Council for Developmental Disabilities

Fiscal Year 2020 Annual Internal Audit Report

August 31, 2020

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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 Website

Texas Government Code, Section 2102.015 requires state agencies and higher education institutions, as defined in the statute, to post their Internal Audit Plan, Internal Audit Annual Report, and other audit information on the Internet.

The Texas Council for Developmental Disabilities (TCDD or the Council) posted this report and its 2020 Internal Audit Plan on its website at www.tcdd.texas.gov by August 31, 2020. TCDD's Council reviewed and approved the Annual Audit Report as part of their regular Council meeting held on August 7, 2020.

TCDD will update its posting with a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan as they are identified or by November 1, 2020. TCDD will also update the posting with the corrective action taken to address the weaknesses, deficiencies, wrongdoing or other concerns identified.

II. Internal Audit Plan for Fiscal Year 2020

The internal audits planned and performed for Fiscal Year 2020 were selected to address the agency's highest risk areas, based on the 2019 Internal Audit Risk Assessment Update conducted in October of 2018, which included input from TCDD management, and has been reviewed in Fiscal Year 2020.

Internal Audit Report	Report Date	Current Status
Internal Audit over Program Development, Compliance, and Compliance Reporting	June 12, 2020	Complete
Internal Audit Follow-up Procedures over Governance	March 11, 2020	Complete
Internal Audit Follow-Up Procedures over External Communications, Advocacy and Public Policy	March 11, 2020	Complete

There were no deviations from the Fiscal Year 2020 plan submitted to the SAO on or before November 1, 2019.

Contract compliance for TCDD is monitored by the TEA, as TCDD's appointed DSA.

III. Consulting Services and Nonaudit Services Completed

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, TCDD completed the following consulting and non-audit services for FY 2020:

Weaver as TCDD's Internal Auditor did not perform any consulting or nonaudit services in fiscal year 2020.

Bankole, Okoye & Associates, P.C. was engaged to perform desk reviews of the Single Audit Reports provided to the Council by their grant recipients.

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The following reports were issued by Bankole, Okoye & Associates, P.C. during Fiscal Year 2020.

Grantee Desk Review	Report Date
The SAFE Alliance	September 23, 2019
Association of Texas Advocates	December 9, 2019
Sabine Valley Regional Mental Health mental Retardation Center	April 7, 2020

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IV. External Quality Assurance Review

In accordance with professional standards, and to meet the requirements of the Texas Internal Auditing Act, Internal Audit is required to undergo an external quality assurance review at least once every three years. Weaver's review was performed in October 2019.



Report on Firm's System of Quality Control

October 16, 2019

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Weaver and Tidwell, L.L.P. has received a peer review rating of pass.



Eide Bailly LLP

V. Internal Audit Plan for Fiscal Year 2021

The Internal Audit Plan was submitted to the Audit Committee of the Council. The Audit Committee approved the plan on July 29, 2020, and the Council subsequently approved the plan on August 7, 2020. Below is the 2021 Internal Audit Plan submitted to the agency’s Council based on the results of the 2019 Internal Audit Risk Assessment Update. The approved internal audit plan will be submitted to the State Auditor’s Office prior to November 1, 2020.

The following table identifies planned new internal audit activities for fiscal year 2021.

Fiscal Year 2021 Internal Audit Plan		
Audit Area	2019 Risk Rating	Estimated Hours
Grant Management and Administration Consulting	High	200

Planned follow-up procedures for fiscal year 2021 to verify and communicate with management the remediation efforts of prior internal audit recommendations.

Fiscal Year 2021 Internal Audit Plan Follow-Up Audit		
Audit Area	2019 Risk Rating	Estimated Hours
Development (Program Development)	Moderate	60-70
Compliance and Compliance Reporting	Moderate	
Governance	Moderate	
External Communications/Advocacy	High	

As part of the risk assessment, TCDD assesses the following risk categories across all significant activities of the agency, which include the significant information technology processes:

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- financial risk
- fraud risk
- economic risk
- demographic risk
- operations and complexity risk
- organization risk
- human capital risk
- information technology risk
- regulatory/compliance risk, and
- reputational risk

Taking into consideration the input from the TCDD management, all significant activities are assigned a risk score for each risk category. The overall risk rating (High, Medium or Low) is assigned to each significant activity based on the activity's average riskscore.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities.

The 2019 Internal Audit Risk Assessment Update resulted in two significant activities rated as "High" risk. Both activities are included in the Fiscal Year 2021 Internal Audit Plan, either as audit consulting or as a follow-up.

VI. External Audit Services Procured in FY 2020

TCDD did not procure external audit services in FY2020. TCDD's financial activities are included in the financial audit of the Texas Education Agency.

VII. Reporting Suspected Fraud and Abuse

In accordance with the requirements of Section 7.09, the General Appropriations Act (86th Legislature, Conference Committee Report) Article IX, and Texas Government Code, Section 321.022, the Council utilizes the Texas State Auditor's Office Hotline for reporting allegations of fraud, waste or abuse. The Council posts a link on TCDD home page at <http://www.tcdd.texas.gov> to connect users directly to the State Auditor's Office webpage for reporting suspected fraud, waste, or abuse.