

Texas State Library and Archives Commission

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 Web site

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 State Library and Archives Commission (TSLAC or the commission) will post this report and its Fiscal Year 2021 Internal Audit Plan on its website at www.tsl.texas.gov. TSLAC's Commission reviewed and approved the Annual Internal Audit Report as part of their regular meeting held on November 9, 2020. In accordance with Texas Government Code, Section 2102.015, TSLAC will post the Annual Internal Audit Report and Fiscal Year 2021 Internal Audit Plan on its website within 30 days of the Commission's approval.

TSLAC 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. TSLAC will also update the posting with the corrective action taken to address any issues 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 open internal audit findings and significant processes that have not been previously audited. The audits conducted during fiscal year 2020 are listed below.

Internal Audit	Report #	Report Date	Current Status
Internal Audit Report over Contract Administration	IA #2020-01	March 27, 2020	<p>This audit is complete.</p> <p>Follow-up procedures to verify that corrective action has been performed on the remaining open findings are included in the proposed 2021 Internal Audit Plan.</p>
Internal Audit Follow-Up Procedures Report over Prior Years' Open Internal Audit Findings	IA #2020-02	April 7, 2020	<p>This audit is complete and addressed open internal audit findings in the following areas:</p> <ul style="list-style-type: none"> • Archives and Information Services • State and Local Records Management • Talking Book Program <p>Follow-up procedures to verify that corrective action has been performed on the remaining open findings are included in the 2021 Internal Audit Plan.</p>

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Internal Audit	Report #	Report Date	Current Status
Internal Audit Follow-Up Procedures Report over Grant Administration Prior Year's Open Internal Audit Findings	IA #2020-03	March 27, 2020	This audit is complete. Follow-up procedures to verify that corrective action has been performed on the remaining open findings are included in the proposed 2021 Internal Audit Plan.
Internal Audit Report over Public Information Act Requests	IA #2020-04	July 17, 2020	This audit is complete. Follow-up procedures to verify that corrective action has been performed on the remaining open findings are included in the proposed 2021 Internal Audit Plan.

III. Consulting Services and Nonaudit Services Completed

Weaver, as TSLAC's Internal Auditor, did not perform any consulting services, as defined in the Institute of Internal Audit Auditors' International Standards for the Professional Practice of Internal Auditing or any non-audit services, as defined in the Government Auditing Standards, 2011 Revision, Sections 3.33 – 3.58, or Government Auditing Standards, 2018 Revision, Sections 3.64-3.106, as applicable.

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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

The Internal Audit Plan was submitted to the TSLAC Commission. The Commission approved the plan on August 3, 2020. Below is the Fiscal Year 2021 Internal Audit Plan submitted to the agency's Commission based on the results of the 2020 Internal Audit Risk Assessment. The approved internal audit plan was submitted to the State Auditor's Office on November 1, 2020.

Fiscal Year 2021 Internal Audit Plan		
Audit Area	2020 Risk Rating	Estimated Hours
Archival Holdings and Research Materials	High	250
Preservation	Moderate	150

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 Follow-up Procedures		
Audit Area	2020 Risk Rating	Estimated Hours
Contract Administration	High	110-120
Information Technology Services	High	
Purchasing and HUB Compliance	High	
Public Information Requests	Moderate	
Grant Management	Moderate	
Talking Book Program	Moderate	

As part of the risk assessment, TSLAC assesses the probability and impact of the following risk categories across all significant activities of the agency, which include the information technology risks and considerations related to Title 1, Texas Administrative Code, Chapter 202:

- financial stability, economic and fraud risk
- compliance risk
- operations risk
- human capital risk

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- information technology risk
- reputational and customer service risk

Taking into consideration the input from the TSLAC management, all significant activities are assigned a risk rating for probability and impact related to each risk category. The overall risk rating (High, Moderate or Low) is assigned to each significant activity based on the activity's average risk rating.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities. The risk assessment is updated on an annual basis.

The 2020 Internal Audit Risk Assessment resulted in 10 Significant Activities rated as "High" risk. Six of the 10 Significant Activities are not included in the Fiscal Year 2021 Internal Audit Plan. Those activities are as follows:

1. Information Security
2. Accounts Payable and Disbursements
3. Disaster Recovery/Business Continuity
4. Governance
5. Payroll
6. Technology Solution Implementation and Development

VI. External Audit Services Procured in FY 2020

Other than the contract with Weaver to provide outsourced internal audit services, TSLAC did not procure any external audit services during the fiscal year 2020.

VII. Reporting Suspected Fraud, Waste and Abuse

TSLAC has provided instructions on reporting suspected fraud, waste, and abuse to the State Auditor's Office (SAO) on the agency's website. The instructions include the SAO Hotline phone number and a link to the SAO Fraud Reporting page. Additionally, TSLAC has developed a Fraud Prevention Policy which includes information for reporting suspected fraud, waste, and abuse to the SAO.