



Texas Department  
*of* Motor Vehicles

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## Fiscal Year 2024 Internal Audit Plan

Internal Audit Division

August 2023

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## Executive Summary

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The Internal Audit Division's (IAD) Internal Audit Plan (Plan) for fiscal year (FY) 2024 covers the period of September 2023 through August 2024. This Plan includes risk-based audits, advisory services, required activities, value-added services, and division initiatives as illustrated in Figure 1 below.

Figure 1. Summary of the FY 2024 Internal Audit Plan:



## Detailed Information

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### Engagements

Tables 1 provides information on the planned risk-based audits, advisory services, and required activities for FY 2024 while Table 2 provides information on alternative engagements in place of those presented in Table 1.

Table 1. Planned Engagements

Topic	Potential Objective
Regional Service Center Audit (carryover from FY 2023)	The objective is to assess the culture at selected RSCs, determine opportunities for RSCs to better serve its customers, and determine whether RSCs process transactions uniformly.
Investigation Processes Audit	This audit could evaluate the intake process for complaints, the method for how investigations are prioritized, and the actions taken on investigation results.
Inventory/Asset Management Audit	This audit could evaluate Department processes on accounting for, safeguarding, and reporting inventory and assets throughout the State.
Information Security Audit	This audit could evaluate how the Department assesses and tracks vulnerabilities, the defenses in place to prevent malware, and the methods used to establish and maintain a security awareness program.
Public Information Request Audit	This audit could evaluate the internal controls on the Department's processes used to receive, track, and fulfill public information requests.
Fleet Management Audit	This audit could determine the effectiveness of the vehicle maintenance practices, compliance with the State Fleet Plan, and fleet monitoring.
Motor Carrier Licensing Processes Advisory	This advisory could look at the licensing/renewal process for credentialing.
Contract Monitoring Advisory	This advisory could determine how contracts are being managed.
FY 2023 Internal Audit Annual Report	A report produced in FY 2024 that summarizes IAD's activities conducted in FY 2023. This report will be submitted to the State Auditor's Office.

Topic	Potential Objective
Quality Assurance and Improvement Program - Internal Assessment	A report produced in FY 2024. This is an internal assessment to determine IAD's compliance with audit standards and performance.
Audit Recommendation Implementation Status	An engagement to verify if outstanding audit recommendations have been fully implemented.
FY 2025 Risk Assessment and Internal Audit Plan	An enterprise-wide risk assessment to identify risk areas for the upcoming year. The Internal Audit Plan will be submitted to the State Auditor's Office.

Table 2: Alternative Engagements

Topic	Potential Objective
Key Performance Metrics Audit	This audit could determine the accuracy of the reported performance metrics and the adequacy of related controls over the collection and reporting of selected performance metrics.
Closed Data Portal Audit	This audit could evaluate the controls in place prior to granting access to the Closed Data Portal and for ensuring appropriate use.
Network Infrastructure and Monitoring Audit	This audit could evaluate how the Department establishes, implements, and actively manages network devices as well as the processes in monitoring the network
Leave and Overtime Advisory	This advisory could provide analysis on leave balances (e.g., vacation/comp time) in various divisions and approval processes.
Information Technology Governance Advisory	This advisory could assess the effectiveness of the governance structure in providing oversight over key information technology projects.

## Value-Added Services and Division Initiatives

### Value-Added Services

- Investigations on Fraud, Waste, and Abuse:** Detecting, tracking, and reviewing any internal fraud, waste, and abuse allegations, complaints from external parties, and those from the State Auditor’s Office. IAD investigates internal fraud, waste, and abuse allegations.
- External Audit/Review Coordination:** Coordinating external audits or reviews by providing audit status updates and facilitating management responses to recommendations.

- **Workgroup Participation / Ad-hoc Advisory:** Participating in TxDMV workgroups, such as the Executive Steering Committee and the Governance Team, to help identify unforeseen risks in enterprise projects or activities. IAD also sets aside hours to address any short-term assessment or information requests by TxDMV staff.
- **Department Training:** Providing training to help TxDMV staff understand the role of IAD and staff's responsibilities in recommendation implementation and prevention of fraud, waste, and abuse.

#### Division Initiatives

- **TeamMate+ Process Optimization:** Enhancing the software's functionality by continuing to update the risks stored within the software, creating and automating reports, and staying current on best practices for optimized software functionality.
- **Staff Development & Hiring:** Taking the minimum required hours of training each year (40 hours) in accordance with auditing standards. This includes creating development plans to obtain required knowledge, skills, and abilities for audit and advisory services. Hiring internal audit staff to fill IAD vacancies and providing training to integrate new hires into the office.

## Scope and Methodology

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### Scope

The Internal Audit Plan covers engagements and activities for the period of September 1, 2023 to August 31, 2024 (fiscal year 2024).

### Risk Assessment

#### Risk Methodology

The audit plan was developed using a risk-based methodology, which incorporated input from TxDMV Board members, Executive management, Division management, and risks identified by audit staff through previous engagements and observations. IAD also analyzed TxDMV information, reviewed internal audit and industry publications, and considered audit topics by the State Auditor’s Office and other State agencies to identify and rank audit topics. In addition, IAD collected information on the potential controls that were in place to mitigate the identified risks.

Each risk was reviewed using approved Department risk guidance that included the following factors:

- Operational effectiveness and efficiency impact;
- Reputational impact;
- Financial impact;
- Legal or regulatory impact;
- Degree of change in the program, function, or process;
- Degree of complexity; and
- Control design strength.

The risk scores ranged from zero, which is the lowest risk score, to five, which is the highest risk score. Table 3 provides information on the risk scores and definitions for each category.

Table 3. Risk Scores

Risk Category	Score	Definition
High	> 3.99	The risk may substantially hinder the Department, division, and/or function in achieving its objectives or goals.
Medium-High	3.00 – 3.99	The risk may significantly hinder the Department, division, and/or function in achieving its objectives or goals.

Risk Category	Score	Definition
Medium	2.00 – 2.99	The risk should be monitored on a regular basis to ensure it does not become an issue; however, it is not currently hindering the Department, division, or function from achieving its objectives or goals.
Low	< 2.00	The risk is mostly mitigated and may not hinder the Department, division, or function from achieving its objectives or goals.