



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Fiscal Year 2026 Internal Audit Plan

Internal Audit Division

September 2025

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Executive Summary

The Internal Audit Division's (IAD) Internal Audit Plan (Plan) for fiscal year (FY) 2026 covers the period of September 2025 through August 2026. 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 2026 Internal Audit Plan:

	Audits	<ul style="list-style-type: none">• Cybersecurity• Motor Vehicle Crime Prevention Authority Grant Approval• Travel and Training Reimbursement• Offboarding Access Management
	Advisory Services	<ul style="list-style-type: none">• License Plate Inventory Management• Accounts Receivable Funds Adjustment Process
	Required Activities	<ul style="list-style-type: none">• FY 2025 Internal Audit Annual Report• Quality Assurance and Improvement Program – Internal Assessment• Audit Recommendation Implementation Status• FY 2027 Risk Assessment and Internal Audit Plan• Internal Audit Division Peer Review
	Value-Added Services	<ul style="list-style-type: none">• Investigations on Fraud, Waste, and Abuse• External Audit/Review Coordination• Workgroup Participation / Ad-hoc Advisory• Department Training
	Division Initiatives	<ul style="list-style-type: none">• TeamMate+ Process Optimization• Staff Development and Hiring

Detailed Information

Engagements

Table 1 provides information on the planned risk-based audits, advisory services, and required activities for FY 2026, while Table 2 provides information on alternative engagements in place of those presented in Table 1.

Table 1. Planned Engagements

Topic	Potential Objective
Cybersecurity Audit	This audit could evaluate the effectiveness of cybersecurity training and identify whether cybersecurity metrics are defined and effective.
Motor Vehicle Crime Prevention Authority Grant Approval Audit	This audit could evaluate the financial grant review/approval processes used to provide grant funding and the established criteria for scoring grant applications ensuring appropriate and consistent steps are taken throughout scoring process.
Travel and Training Reimbursement Audit	This audit could provide insight into the current approval and review processes involving travel payments or reimbursement and their compliance with current Department policy.
Offboarding and Access Management Audit	This audit could evaluate how the Department maintains effective access management relative to the offboarding of staff.
License Plate Inventory Management Advisory	This advisory could review the design of newly implemented license plate inventory distribution and management processes.
Accounts Receivable Funds Adjustment Advisory	This advisory could review the funds adjustment process; specifically, the RTS and Tx.GOV reconciliation process, and the Tax Assessor Collector ticketing process.
FY 2025 Internal Audit Annual Report	A report produced in FY 2026 that summarizes IAD's activities conducted in FY 2025. This report will be submitted to the State Auditor's Office.
Quality Assurance and Improvement Program - Internal Assessment	A report produced in FY 2026. 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.

Topic	Potential Objective
FY 2027 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.
Internal Audit Division Peer Review	Peer Reviews evaluate compliance with Standards and the Texas Internal Auditing Act and provide an opportunity to identify best practices and opportunities for improvement for the Internal Audit function.

Table 2: Alternative Engagements

Topic	Potential Objective
Regional Service Center Roles and Responsibilities Audit	This audit could evaluate the RSC transaction oversight and quality assurance processes to ensure that transactions are accurate.
ITSD Business Return on Investment Audit	This audit could evaluate the effectiveness of return on investment and whether selected projects are evaluated to ensure they meet stakeholder needs.
Special Plates Audit	This audit could evaluate the process and controls in processing special plates, such as personalized and military service license plates.
Contract Monitoring Audit	This audit could evaluate the Department's monitoring processes to determine whether contracts are being managed efficiently and effectively.
Motor Vehicle Division Dealer Licensing Advisory	This advisory could review the Department's current processes on validating dealer applicant identity and determine whether the process is operating efficiently.
Mobile RSC Special Project	This project consists of developing a strategy document for management to initiate discussion on a mobile RSC platform.

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

Scope

The Internal Audit Plan covers engagements and activities for the period of September 1, 2025 to August 31, 2026 (fiscal year 2026).

Risk Assessment

Risk Methodology

The audit plan was developed using a risk-based methodology which included input from discussions with TxDMV management and risks identified by audit staff through previous engagements and observations. IAD also analyzed TxDMV information, reviewed internal audit and industry publications, and analyzed audit topics by the State Auditor's Office and other State agencies. Finally, risks reviewed took into consideration additional factors such as:

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

Acceptable Risk Level

IAD aim to cover all Department functions or risks in its FY 2026 Internal Audit Plan. IAD's objective is to focus on key processes and areas of risk identified during the risk assessment to improve Department processes. Recognizing that IAD cannot address every key process and risk, it is important for the Board and executive management to understand the limits of the internal audit plan's coverage and the areas not audited. IAD believes the FY 2026 Internal Audit Plan adequately addresses key risks within IAD's capabilities and resources.