STATE AGENCY
INTERNAL AUDIT
FORUM

February 10, 2017
Agenda

• Introductions
• Approval of Minutes – January 13, 2017
• Training – Sunset Commission Overview
• Committee Updates
• Open Comments
• Adjourn
Approval of Minutes
Training:
Sunset Commission Overview
Overview of the Sunset Process in Texas

2016–2017 Review Cycle
What is Sunset?

- Created in 1977 by the Texas Legislature

- A key tool for the Legislature to oversee state agencies and improve how Texas government works

- Agencies under Sunset are abolished unless continued by the Legislature
  - Forces critical thinking about the need for and performance of an agency
  - Not just about abolishment - creates strong incentive to pass reforms
Which agencies go through Sunset?

- About 130 agencies subject to Sunset
  - Most executive branch agencies
  - Universities and courts are exempt
  - Some special purpose reviews (ex. river authorities)

- Legislature sets Sunset schedule in law, usually every 12 years for each agency

- 20–30 agencies under review each biennium
Current Review Schedule
2016–2017 Review Cycle (85th Legislative Session)

**THEME: Occupational Regulation**
- State Bar of Texas
- Texas Board of Law Examiners
- Texas Medical Board
- Texas Board of Nursing
- State Board of Dental Examiners
- Texas State Board of Pharmacy
- Texas State Board of Chiropractic Examiners
- Texas Board of Occupational Therapy Examiners
- Texas Board of Physical Therapy Examiners
- Executive Council of Physical Therapy and Occupational Therapy Examiners
- Texas Optometry Board
- Texas State Board of Podiatric Medical Examiners
- Texas State Board of Examiners of Professional Counselors
- Texas State Board of Examiners of Marriage and Family Therapists
- Texas State Board of Examiners of Psychologists
- Texas State Board of Social Worker Examiners
- State Board of Veterinary Medical Examiners

**Other Major Agencies:**
- Railroad Commission of Texas
- Texas Department of Transportation
- Employees Retirement System of Texas

**River Authorities:**
- Central Colorado
- Palo Duro
- Suplhum River Basin
- Upper Colorado
Who Is Sunset?

12-Member Commission

5 Senators & 1 Public Member

Appointed by the Lieutenant Governor

4-year terms & 2-year terms

5 Representatives & 1 Public Member

Appointed by the Speaker of the House

Chair and Vice Chair rotate between the Senate and House each biennium. Staff of 30 supports the Sunset Commission members.
Current Sunset Members

SENATE

- Sen. Van Taylor, Vice-Chair
- Sen. Juan “Chuy” Hinojosa
- Sen. Robert Nichols
- Sen. Charles Schwertner
- Sen. Kirk Watson
- LTC Allen B. West (US Army Ret.), Public Member

HOUSE

- Rep. Larry Gonzales, Chair
- Rep. Cindy Burkett
- Rep. Dan Flynn
- Rep. Senfronia Thompson
- Rep. Richard Peña Raymond
- William Meadows, Public Member
Sunset Process – Three Phases

Public involvement throughout!

- **Phase 1**: Sunset staff evaluation
- **Phase 2**: Sunset Commission deliberation
- **Phase 3**: Legislative Action
What Standards Guide a Sunset Review?

- Criteria in the Texas Sunset Act (Texas Government Code, Chapter 325)
- Model Standards for Licensing/Regulation and Contracting
- Industry-specific best practices
Impact of Sunset Since 1977

❖ Streamlining state government
  ▪ 37 agencies/programs abolished outright
  ▪ 46 agencies/programs consolidated

❖ Saving taxpayers money
  ▪ $980 million in savings and increased revenues
  ▪ Returned $23 for every $1 spent on Sunset

❖ Providing effective oversight
  ▪ Conducted 500 reviews of state agencies and programs
  ▪ About 80% of the Sunset Commission’s recommendations typically become law
  ▪ Major reforms in every area of government
Examples of Internal Audit Role in the Sunset Process

- Identify areas of risk
- Identify statutory barriers
- Provide input on Sunset recommendations
- Coordinate internal audits with Sunset recommendations
Suggestions for Effective Collaboration with Sunset

- Don’t be afraid to give your opinion and overall impressions
- Share ideas on broader risk areas, not just current audit plan
  - Do previous audits point to larger problems?
www.sunset.texas.gov

- Information and flow charts on how Sunset works
- Dedicated page for each agency currently under review
- Public input forms to submit comments on an agency under review
- Sunset Commission meeting schedule
- Database of all previous Sunset reviews, reports, and results

Sign up for our e-mail lists, and follow @TX_Sunset on Twitter, LinkedIn, and Facebook for announcements
Questions?
Committee Updates
Legislative Issues
Legislative Issues Committee

Co-Chairs

- Cheryl Scott
- Zoi Kondis
- Darrell Carter (as available)

Objective / Deliverable

- To monitor proposed legislation that may directly or indirectly impact the Internal Audit function.
- Provide SAIAF members a monthly summary of pending legislation impacting the Internal Audit function.

Deliverable Update / Requests

- Bills Update submitted to SAIAF website
- Will continue to update bi-weekly
- Bill Analysis for next meeting
<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Bill pre-filing begins:</td>
<td>Nov 14, 2016</td>
</tr>
<tr>
<td>1st day of session</td>
<td>Jan 10, 2017</td>
</tr>
<tr>
<td>60-day bill filing deadline</td>
<td>Mar 10, 2017</td>
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<tr>
<td>Adjournment sine die</td>
<td>May 29, 2017</td>
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<tr>
<td>Post-session 20-day deadline for governor to sign or veto</td>
<td>June 18, 2017</td>
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<tr>
<td>Effective date (91st day after adjournment):</td>
<td>Aug 28, 2017</td>
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Peer Review
Peer Review Committee

Chair

• Luis Solis, Texas Workforce Commission

Objective

• To provide SAIAF members with a peer review program to prepare for, conduct and report the results of a quality assessment review in accordance with Standards and guidance.

Deliverables

• Provide training to qualified, independent assessors to conduct peer reviews at member institutions.
• Update and maintain the peer review program.
• Maintain point balances and communicate them.
• Coordinate peer reviews actively.
### Peer Review

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Current Status/ Accomplishments</th>
<th>Next Step(s)</th>
<th>Completion Date</th>
<th>Assistance Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide Training</td>
<td>Slides Under Review</td>
<td></td>
<td>April (Will offer several training sessions to start)</td>
<td></td>
</tr>
<tr>
<td>Update and Maintain the Peer Review Program</td>
<td>Updated with current Standard changes</td>
<td>Member comments/ Approval</td>
<td>March (End of Comments)/April for Approval</td>
<td></td>
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<tr>
<td>Maintain Point Balances and Communicate Them</td>
<td>Ongoing/Current</td>
<td></td>
<td></td>
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<tr>
<td>Coordinate Peer Reviews Actively</td>
<td>Ongoing</td>
<td></td>
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Internal Audit
Leadership
Development
Program
Internal Audit Leadership Development

Chair

• Catherine Melvin, Department of Public Safety

Objective

• To promote and develop the future leaders of the Texas state government internal auditing community. The IALDP is specifically designed to develop and prepare future Texas state government Chief Audit Executives (CAEs).

Deliverables

• Curriculum-based program with help from SAIAF leaders/volunteers
• Role-play/simulation-based exercises
• Continuing Professional Education
Internal Audit Leadership Development

• Recently completed Session 3.

• Thank you to IA Directors who have volunteered to serve on mock Audit Committees. I will be in touch once date/details are finalized.

• IALDP Cohort VIII still on track to present their group project at May SAIAF meeting.
Technology
Information Technology Committee

Chair

- Sandra Menjivar-Suddeath, Department of Motor Vehicles

Objective

- To help state internal audit functions create, identify, and retain quality IT auditors and help mitigate risks by increasing awareness of IT risks by:
  - Improving the IT audit function
  - Increasing visibility and understanding of emerging and high IT risks areas
  - Identifying IT technologies that can help audit functions gain efficiencies

Planned Deliverables

- IT Training
- IT Annual Audit Plan Risk Methodology
- IT Auditor Development
<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>IT Training</td>
<td>Exploring options and partners</td>
<td>Survey</td>
<td>2019 - 2020</td>
<td></td>
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<tr>
<td>IT Annual Audit Plan Risk</td>
<td>Collecting tools to evaluate</td>
<td>Evaluate Tools</td>
<td>2018</td>
<td></td>
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<tr>
<td>Methodology/IT Tools</td>
<td></td>
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<tr>
<td>IT Auditor Development</td>
<td>On-hold</td>
<td>Survey</td>
<td>2019 - 2020</td>
<td></td>
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Information Technology – Survey

• A survey will be sent to SAIAF members

• Survey will collect information on the following:
  ▪ IT Auditor Experience, Certification, and credentials
  ▪ Type of IT Audits conducted
  ▪ How many IT Audits conducted each fiscal year
Teammate
# Teammate Committee

## Chair

- Nicole Kludt, Health and Human Services Commission

## Objectives

- To provide a source of information and expertise related to the operation and maintenance of TeamMate by:
  - Staying current on new releases of TeamMate as well as any known issues
  - Reviewing TeamMate Connect for discussions from other users that may be relevant to SAIAF users
  - Serving as a resource for SAIAF members

## Deliverable

- Training/Presentations
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</tr>
</thead>
<tbody>
<tr>
<td>Training/ Presentations</td>
<td>Completed Data Analytics Training</td>
<td>Discussion on TeamCloud (Hosting)</td>
<td>2/10/17</td>
<td>Sandra Menjivar-Suddeath</td>
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Open Comments
Motion to Adjourn

Next Meeting Date: March 10, 2017
Physical Location: Texas Department of Transportation
125 E 11th Street