

# STATE AGENCY INTERNAL AUDIT FORUM

## MEETING MINUTES

**Friday, March 10, 2017**  
**8:30 a.m. – 10:15 a.m.**  
Texas Department of Transportation  
125 E. 11<sup>th</sup> Street

### **8:30 am – MEETING CALLED TO ORDER**

#### Welcome & Introductions:

- Jaye Stepp, SAIAF Recorder, welcomed attendees
- Attendee introductions

#### Minutes from February 10, 2017 meeting for approval:

- No changes offered by attendees
- Move to approve – Karin Hill
- Second – Bill Wilson
- Vote by Acclamation = unanimous AYE, zero NAY, zero ABSTAIN
- RESULT = ACCEPTED

#### Fraud Risk Assessment Training – Kristin Alexander and Parsons Townsend, TxDOT

- COSO Framework and Fraud Risk Management Principles
  - Key Characteristics
  - Management Involvement
  - Internal and External Factors
  - Types of Fraud
  - Likelihood, Significance and Elements of Fraud
  - Fraud Control Activities and Residual Risks
  - Fraud Risk Responses
  - Documenting the Fraud Risk Assessment

#### **SAIAF Committee Updates**

- Peer Review Committee: Luis Solis, TWC
  - Discussion of proposed changes to Committee responsibilities: two options
    1. SAIAF Endorsed Program – requires strong governance over program, with responsibility on SAIAF Peer Review Committee to provide requirements, monitoring and oversight
    2. SAIAF Recommended Program – requires delivery of guidance and best practices; provides support and updates, as deemed needed.

- Member discussions brought up concerns over weakening the overall value of the process and requested more time to explore options prior to voting on any changes. Item tabled.
  - Members to submit comments to Luis by next Friday, March 17, 2017.
  - The committee will review comments and develop recommendations to address concerns expressed about quality control issues noted by some members.
  - Comments on the latest update to the Peer Review manual are due by next Friday (3/17/17) so that training materials can be finalized.
  - Training is still targeted for April 2017. Locations for training are being explored.
- Internal Audit Leadership Development Program: Catherine Melvin, DPS
    - IALDP has completed Session 5.
    - Seeking CAEs to offer review comments on student papers
    - Any CAE is welcome to attend a session; next session is March 24
  - TeamMate Committee: Sandra Menjivar, DMV
    - Clarified the process used for TeamMate Cloud contract, regarding the right to audit clause
      - Contract includes provision of annual SSAE-16 reports on Rackspace and TeamMate to DMV for review of controls
      - Signed off by agency Information Security Officer, Chief Information Officer, and General Counsel
  - Legislative Updates Committee: Cheryl Scott, CPA
    - Today is last day for filing bills, Committee is still adding bills to the database
    - Report will be provided next week for SAI AF members
      - It will be posted to SAI AF site, under meeting materials for this date
    - Nothing yet specific to Internal Audit
    - Contracting and Ethics are popular this session
    - HB 1885 proposes eliminating Sunset from annual Internal Audit report distribution

#### Survey Results:

- Next meeting will be on 4/13/17 at the Brown-Heatly building, room 3501
- Future Topics, ranked by member survey:
  1. Fraud Risk Assessment (today's training)
  2. Records Retention
  3. Business Process Improvement
  4. Sanctions
  5. Consulting

**10:15 AM – MEETING ADJOURNED**