

Texas Council for Developmental Disabilities

Fiscal Year 2024 Annual Internal Audit Report

August 31, 2024

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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 Council for Developmental Disabilities (TCDD or the Council) will post this report and its Fiscal Year 2025 Internal Audit Plan on its website at www.tcdd.texas.gov. TCDD's Council reviewed and approved the Annual Internal Audit Report as part of their regular meeting held on August 9, 2024. In accordance with Texas Government Code, Section 2102.015, TCDD will post the Annual Internal Audit Report and Fiscal Year 2025 Internal Audit Plan on its website within 30 days of the Council's approval.

The table in Section II provides a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan and the actions taken to address any of the issues identified.

II. Internal Audit Plan for Fiscal Year 2024

The internal audits planned and performed for fiscal year 2024 were selected to address the council's highest risk areas, based on the 2020 Internal Audit Risk Assessment Update which included input from TCDD management and has been reviewed in Fiscal Year 2023.

| Internal Audit | Report Date | Current Status |
|---|----------------|----------------|
| External Communications, Advocacy and Public Policy | April 19, 2024 | Complete |
| Website Maintenance Consulting Follow-Up | June 21, 2024 | Complete |

III. Consulting Services and Nonaudit Services Completed

Weaver, as TCDD'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 September 2022.



Report on Firm's System of Quality Control

September 19, 2022

To the Partners of Weaver & 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 & Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. 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 and compliance with the firm's system of quality control 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, 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 & Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, 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 & 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 Audit Committee of the Council. The Council approved the plan on August 9, 2024. Below is the Fiscal Year 2025 Internal Audit Plan submitted to the Council’s Audit Committee. The approved internal audit plan will be submitted to the State Auditor’s Office prior to August 12, 2024.

| Fiscal Year 2024 Internal Audit Plan | | |
|---|-------------|-----------------|
| Audit Area | Risk Rating | Estimated Hours |
| Program Development, Compliance, and Compliance Reporting | Moderate | 210 |

Planned follow-up procedures for fiscal year 2025 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

| Fiscal Year 2024 Follow-up Procedures | | |
|--|-------------|-----------------|
| Audit Area | Risk Rating | Estimated Hours |
| External Communications/Advocacy and Public Policy | High | 35 |

As part of the risk assessment, TCDD 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 and fraud risk
- operations and compliance risk
- information technology risk
- organization and human capital risk, and
- reputational risk

Taking into consideration the input from the TCDD 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.

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The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing “High” risk activities.

The 2023 Internal Audit Risk Assessment Update resulted in 2 Significant Activities rated as “High” risk. One of those activities, Grant Management and Administration Consulting for which we performed follow-up procedures in FY 2023. The other “High” risk area was External Communications/Advocacy and Public Policy for which we will perform follow-up procedures in FY 2025.

VI. External Audit Services Procured in FY 2024

Other than the contract with Weaver to provide outsourced internal audit services, TCDD did not procure any external audit services during the fiscal year 2024.

VII. Reporting Suspected Fraud, Waste and Abuse

In accordance with the requirements of Section 7.09, the General Appropriations Act (86th Legislature, Conference Committee Report) Article IX, and Texas Government Code, Section 321.022, the Board utilizes the Texas State Auditor’s Office Hotline for reporting allegations of fraud, waste or abuse. The Board posts a link on the TCDD’s home page at <https://www.tcdd.texas.gov> to connect users directly to the State Auditor’s Office webpage for reporting suspected fraud, waste, or abuse.

If the Executive Director of TCDD believes that any money received from the state is lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the Agency, the Executive Director, or their designee will report the reason and basis for that belief to the State Auditor’s Office. If any investigation is deemed necessary, the Executive Director and Agency staff will coordinate the investigation with the State Auditor’s Office.