

# **Texas State Library and Archives Commission**

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 State Library and Archives Commission (TSLAC or the commission) will post this report and its Fiscal Year 2024 Internal Audit Plan on its website at [www.tsl.texas.gov](http://www.tsl.texas.gov). TSLAC's Commission reviewed and approved the Annual Internal Audit Report as part of their regular meeting held on October 25, 2024. In accordance with Texas Government Code, Section 2102.015, TSLAC will post the Annual Internal Audit Report and Fiscal Year 2025 Internal Audit Plan on its website within 30 days of the Commission's approval.

TSLAC will update its posting with a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan as they are identified. TSLAC will also update the posting with the corrective action taken to address any 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 agency's open internal audit findings and significant processes that have not been previously audited. The audits conducted during fiscal year 2024 are listed below.

Internal Audit	Report #	Report Date	Current Status
Risk Management	IA #2024-01	October 7, 2024	This audit is complete.  Follow-up procedures to verify that corrective action has been performed on the open finding is included in the proposed 2025 Internal Audit Plan.
Payroll	IA #2024-03	October 7, 2024	This audit is complete.
Internal Audit Follow-up Procedures over Records Center Services	IA #2024-04	July 24, 2024	This audit is complete.  Follow-up Procedures to address the remaining outstanding finding should be included in the FY 2025 Internal Audit Plan.
Internal Audit Follow-up Procedures over Preservation	IA #2024-05	July 24, 2024	This audit is complete and addressed all open internal audit findings.
Internal Audit Follow-up Procedures over IT General Controls	IA #2024-06	October 11, 2024	This audit is complete.  Follow-up Procedures to address the remaining outstanding finding should be included in the FY 2025 Internal Audit Plan.

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### **III. Consulting Services and Nonaudit Services Completed**

As defined in the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the Government Auditing Standards, 2011 Revision, Sections 3.33 – 3.58, or Government Auditing Standards, 2018 Revision, Sections 3.64 – 3.106, TSLAC completed the following consulting and non-audit services for FY 2024:

Weaver consulted with TSLAC to review the facilities and maintenance processes for the funding the agency has received for the repairs and maintenance of the Sam Houston Library and Research Center property in report number 2024-02.

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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](http://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 TSLAC Commission. The Commission approved the plan on October 25, 2024. Below is the Fiscal Year 2025 Internal Audit Plan submitted to the agency's Commission based on the results of the 2024 Internal Audit Risk Assessment. The approved internal audit plan will be submitted to the State Auditor's Office on November 1, 2024.

Fiscal Year 2025 Internal Audit Plan		
Audit Area	2024 Risk Rating	Estimated Hours
Information Security	High	200-220
Resource Sharing	High	180-200
Broadband Grants	High	180-200

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

Fiscal Year 2025 Follow-up Procedures		
Audit Area	2024 Risk Rating	Estimated Hours
Information Technology Services	High	200-240
Records Center Services	High	
Risk Management	High	

As part of the risk assessment, TSLAC 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, economic and fraud risk
- compliance risk
- operations risk
- human capital risk
- information technology risk
- reputational and customer service risk

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Taking into consideration the input from the TSLAC 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.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities. The risk assessment is updated on an annual basis.

The 2024 Internal Audit Risk Assessment resulted in 20 Significant Activities rated as "High" risk. 14 of the 20 Significant Activities are not included in the Fiscal Year 2023 Internal Audit Plan. Those activities are as follows:

1. Procurement
2. Payroll
3. Governance
4. Contract Administration
5. Public Information Requests
6. Revenue
7. Compliance and Compliance Reporting
8. Archival Holdings and Research Materials
9. Preservation
10. Facilities and Maintenance
11. Accounts Payable and Disbursements
12. Disaster Recovery/Business Continuity
13. Records Management Assistance
14. Technology Solution Implementation and Development

### **VI. External Audit Services Procured in FY 2024**

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

### **VII. Reporting Suspected Fraud, Waste and Abuse**

TSLAC has provided instructions on reporting suspected fraud, waste, and abuse to the State Auditor's Office (SAO) on the agency's website. The instructions include the SAO Hotline phone number and a link to the SAO Fraud Reporting page. Additionally, TSLAC has developed a Fraud Prevention Policy which includes information for reporting suspected fraud, waste, and abuse to the SAO.

If the Executive Director of TSLAC 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.