

**TEXAS MILITARY DEPARTMENT
FORMERLY
ADJUTANT GENERAL'S DEPARTMENT
ANNUAL INTERNAL AUDIT REPORT**

FISCAL YEAR 2013



**WEAVER AND TIDWELL, LLP
WEAVER
ALYSSA MARTIN, CPA
INTERNAL AUDIT DIRECTOR**

OCTOBER 31, 2013

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Executive Summary

Purpose of Report

This report meets the *Texas Internal Auditing Act* requirement for state agency internal auditors to prepare and distribute an annual report (Government Code, Chapter 2102).

The report contains information on the fiscal years 2013 and 2014 audit plans and projects completed during fiscal year 2013. The report is based on work completed during the period September 1, 2012 through August 31, 2013.

I. Compliance with House Bill 16: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

Within 30 days of the approval of this report and the fiscal year 2014 audit plan, the Department will post a copy of each document to its Internet Web site. The 2013 annual report and the fiscal year 2014 Internal Audit Plan will be available on the www.txmf.us site.

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II. Internal Audit Plan for Fiscal Year 2013 - Weaver

Conducting the annual risk assessment; developing the annual audit plan; and planning, conducting, reporting, and follow-up of internal audits are the responsibilities of Weaver.

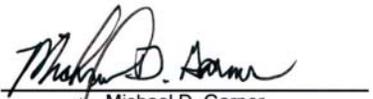
Proposed FY 2013 Internal Audit Plan Based on Updated 2012 Risk Assessment					
Internal Audit Area		Risk Rating (from September 2012 Risk Assessment)	Estimated Timing of Fieldwork	Estimated Hours	
				Low	High
1	Human Resource Administration (including recruiting, New hire, Employee appraisal process)	High	November 2012	150	180
2	Vendor Management	High	January 2013	160	180
3	Public Funds Investment Act		February 2013	100	120
4	Appendix 24, ANG Fire Protection Activities- Ellington	High	March 2013	120	150
5	Youth Appendix 1, ChalleNGe	High	June 2013	160	190
	Update Risk Assessment		August 2013	40	60
	Annual Report		August/September 2013	30	40
	Audit Communications, Meetings and Project Management		On-going	80	100
Internal Audit Subtotal (hours)				840	1,020
Internal Audit Subtotal (dollars)				\$113,400	\$137,700
Note: After updating the Internal Audit Risk Assessment, Vendor Management was added to the SFY 2013 Internal Audit Plan, and State Payroll Process was removed to be considered for internal audit in future years.					

Follow up Procedures - Follow-up and communication with Management to verify the remediation efforts of prior Internal Audit recommendations.					
Internal Audit Area		Risk Rating	Estimated Timing of Fieldwork	Estimated Hours	
				Low	High
6	IA#06-11 Appendix 1, ARNG Real Property, Operations and Maintenance Activities	High	December 2012	12	15
7	IA#04-11 Revenue - Federal Reimbursement, State Funds	High	March 2013	25	40
8	IA#04-12 RSMS Rebuild Program	High	March 2013	20	35
9	IA#02-12 Pride Web Work Order/Project Management Systems Process	Moderate	April 2013	30	40
10	IA #03-11 Cash Management (Including Reconciliations of Cash Receipts and Disbursements)	High	April 2013	40	60
11	IA#01-12 Contract Management	High	May 2013	40	60
12	IA#03-12 Military Construction Cooperative Agreement	High	May 2013	40	60
13	IA# 05-12 Procurement Process: Purchasing/Contracting	High	May 2013	40	60
14	IA#06-12 Accounts Payable Process- Including vendor, travel, and reporting				
Follow Up Procedures Subtotal (hours)				247	370
Follow Up Procedures Subtotal (dollars)				\$33,345	\$49,950
SFY 2013 Total Estimated Hours				1,087	1,390
SFY 2013 Total Estimated Fees @ \$135 per hour				\$146,745	\$187,650

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Prepared and Recommended by: 
Alyssa Martin
Engagement Partner
Weaver and Tidwell LLP

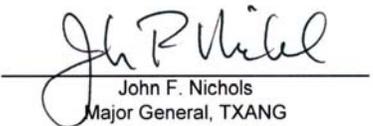
10/10/2012
Date

Recommended by: 
Michael D. Garner
Compliance Office Director

10-11-2012
Date

Recommended by: 
A. Duane Waddill
Executive Director

10/11/2012
Date

Approved by: 
John F. Nichols
Major General, TXANG
Adjutant General

10/13/12
Date

The internal audit plan was revised as of March 21, 2013. Revisions in the plan were made to reflect increase the hours estimates to complete IA#01-13 and IA #04-13 in order to ensure the desired scope of procedures could be completed. Based on the increase in hours for those two audits, the decision was made to defer the Youth Appendix 1, ChalleNGe audit. Revisions to the timing and budget estimates of the follow-up procedures were also made to reflect the current environment.

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Internal Audit Activity for Fiscal Year 2013

Internal auditing for the Texas Military Department (formerly the Adjutant General's Department) is focused in scope to those activities that are operated by the Department. A Federal internal review function, attached to the United States Property and Fiscal Office (USPFO), is responsible for reviews of the Federal Government activities. Both the Department's internal audit function and the Federal internal review function are responsible for reviews of the partner operations of the Department and those of the National Guard Bureau occurring in Texas. Generally these partner programs are defined through the cooperative agreements. Below is a list of internal audit activities performed in 2013.

SFY 2013 Activities Completed in SFY 2013

Report No.	Report Date	Name of Report and Audit Objective	Current Status
IA#01-13 Internal Audit Report	December 3, 2012	Internal Audit Report Over Human Resources Administration The objective of this internal audit was to verify that human resources policies and procedures are in compliance with State statutes and regulations, to verify that controls were designed to effectively manage human resources, and to ensure those controls are operating effectively.	The report was issued April 6, 2013. Follow-up procedures to verify that corrective action has been performed have not yet been scheduled.
IA#02-13 Internal Audit Memorandum	January 21, 2013	Internal Audit Memorandum Over the Vendor Management Process The objective of this internal audit was to verify the critical risks associated with vendor monitoring and file maintenance activities are sufficiently covered by internal controls.	The memorandum was issued March 13, 2013. No additional procedures are considered necessary.
IA#03-13 Scoping and Risk Assessment Memo	February 27, 2013	Public Funds Investment Act Scoping and Risk Assessment Internal Memorandum The objective of the scoping and risk assessment procedures was to verify that AGD investments, policy, and personnel are prepared for the Public Funds Investment Act (PFIA) compliance audit.	The internal memorandum was issued May 10, 2013. At the time of the procedures, submission of the PFIA compliance audit is required by the State Auditor's Office by the 1st of January, 2014.
IA#04-13 Internal Audit Report	April 5, 2013	Internal Audit Report Over ANG Appendix 24 - Air National Guard Fire Protection Activities The objective of this internal audit was to verify that procedures and internal controls are in place over the staffing, training, operational and reporting requirements of ANG Appendix 24.	The report was issued August 19, 2013. Follow-up procedures to verify that corrective action has occurred were not recommended for follow-up by Internal Audit. Management was recommended to verify internally that corrective action has been taken.
IA#05-13 Internal Audit Report	Canceled for SFY 2013	Youth Appendix 1, Challenge	IA #05-13 was cancelled for SFY 2013 due to budgetary constraints.

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Report No.	Report Date	Name of Report and Audit Objective	Current Status
IAIAIA#01-12 Follow-up Memorandum	July 12, 2013	<p>Internal Audit Follow-up Procedures Report Over Contract Management</p> <p>The purpose of the follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. Those issues included:</p> <ul style="list-style-type: none"> - Lack of segregation of duties - Insufficient tracking of all outstanding contracts - Insufficient documentation of contract monitoring responsibilities - Insufficient documentation of completion of construction contract phases - Inconsistent monitoring and coordination of lease payments and receipts for timeliness - Lack of a consistent process to update the list and status of contracts - Lack of contract closeout documentation - Insufficient monitoring of property leases and associated documentation 	<p>The report was issued August 29, 2013.</p> <p>All prior identified findings were closed.</p> <p>No additional procedures are considered necessary.</p>
IA#04-11 Follow-up Memorandum	June 28, 2013	<p>Internal Audit Follow-up Procedures Report Over the Federal Reimbursement</p> <p>The purpose of the follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. Those issues included:</p> <ul style="list-style-type: none"> - Untimely reimbursement requests - Lack of a reimbursement reconciliation - Failure to properly report program income 	<p>The report was issued August 21, 2013.</p> <p>All prior identified findings were closed.</p> <p>No additional procedures are considered necessary.</p>
IA#04-12 Follow-up Memorandum	June 13, 2013	<p>Internal Audit Follow-up Procedures Report Over the Readiness Sustainment Maintenance Site (RSMS) Program</p> <p>The purpose of the follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. Those issues included:</p> <ul style="list-style-type: none"> - Inappropriate system access - Failure to adjust purchase orders in a timely manner - Inconsistent inventory cycle counts - Inaccurate production reports - Inaccurate formulas in production reports 	<p>The report was issued September 19, 2013.</p> <p>One prior finding remained open related to production reporting, while all other prior findings were closed.</p> <p>Follow-up procedures to verify that corrective action has occurred were not recommended for follow-up by Internal Audit due to the fact that the National Guard Bureau Program Manager for the Regional Sustainment Maintenance Program (RSMS) does not support the finding as an Internal Control issue at their level. Management was recommended to verify internally that an agreeable corrective action has been taken.</p>
IA#02-12 Follow-up Memorandum	May 20, 2013	<p>Internal Audit Follow-up Procedures Report Over PRIDE Web Work Order System</p> <p>The purpose of the follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. Those issues included:</p> <ul style="list-style-type: none"> - Lack of policies and procedures for granting system access - Limited communication between teams - Lack of a formal review and closeout of work orders - Inconsistent formal review of work order priority 	<p>Report in Progress</p>

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Report No.	Report Date	Name of Report and Audit Objective	Current Status
IA#03-11 Follow-up Memorandum	No report issued in SFY 2013	<p>Internal Audit Follow-up Procedures Report Over Cash Management Process</p> <p>The objectives of the planned follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. Those issues included:</p> <ul style="list-style-type: none"> - Improper segregation of duties - Lack of a process to monitor organization-wide cash flow requirements - Lack of a formal investment policy - Insufficient process to coordinate and report the status of program income - Lack of an application control to approve purchase orders. 	<p>The follow-up procedures for this audit were not performed in SFY 2013.</p> <p>The process owners responsible for implementing changes to remediate the prior issues have not yet asserted that they addressed all open findings.</p> <p>Consequently, no follow-up procedures have been performed. Internal audit will schedule follow-up work as part of the 2014 plan to verify the closure of open findings.</p>
IA#05-12 Follow-up Memorandum	No report issued in SFY 2013	<p>Internal Audit Follow-up Procedures Report Over Procurement and Accounts Payable Processes</p> <p>The objectives of the planned follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. From IA#05-12, those issues included:</p> <ul style="list-style-type: none"> - Insufficient training - Lack of documented budget tracking procedures - Insufficient process for tracking contracts - Inappropriate segregation of duties. <p>And, from IA#06-12, those issues included:</p> <ul style="list-style-type: none"> - Lack of a documented policy for the submission of invoices - Incomplete tracking of the payment process by the accounting systems - Untimely release of payments - Improper segregation of duties 	<p>The follow-up procedures for this audit were not performed in SFY 2013.</p> <p>The process owners responsible for implementing changes to remediate the prior issues have not yet asserted that they addressed all open findings.</p> <p>Consequently, no follow-up procedures have been performed. Internal audit will schedule follow-up work as part of the 2014 plan to verify the closure of open findings.</p>
IA#06-12 Follow-up Memorandum			
IA#06-11 Follow-up Memorandum	July 9, 2013	<p>Internal Audit Follow-up Procedures Report Over Appendix 1 – ARNG Facilities and Maintenance Process</p> <p>The purpose of the follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issue and to determine if the changes are adequate to prevent the issue from reoccurring. The issue included inconsistent invoice routing.</p>	<p>The report was issued September 19, 2013.</p> <p>The one prior finding remained open relating to invoice routing.</p> <p>Follow-up procedures to verify that corrective action has occurred were not recommended for follow-up by Internal Audit. Management has assigned a project team to engineer the process. Management was recommended to verify internally that corrective action has been taken.</p>

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Report No.	Report Date	Name of Report and Audit Objective	Current Status
IA#03-12 Follow-up Memorandum	No report issued in SFY 2013	<p>Internal Audit Follow-up Procedures Report Over Military Construction Cooperative Agreement</p> <p>The objectives of the planned follow-up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, appropriate to resolve the previously identified issues and to determine if the changes are adequate to prevent the issues from reoccurring. Those issues included:</p> <ul style="list-style-type: none"> - Inconsistent review of project design - Insufficient documentation of economic analysis and project closeout - Lack of processes to allocate project workloads to Project Managers - Inconsistent use of commissioning agents - Inconsistent documentation of project files - Failure to create ongoing maintenance and inspection plans 	<p>The follow-up procedures for this audit were not performed in SFY 2013.</p> <p>The process owners responsible for implementing changes to remediate the prior issues have not yet asserted that they addressed all open findings.</p> <p>Consequently, no follow-up procedures have been performed. Internal audit will schedule follow-up work as part of the 2014 plan to verify the closure of open findings.</p>

The Department's Annual Internal Audit Report for fiscal year 2012 presented several internal audit reports with a status of "Report in Progress". The list below presents internal audit activities performed in SFY 2013 to finalize reports as a continuation of the SFY 2012 internal audit plan.

SFY 2012 Reports Completed in SFY 2013

Report No.	Report Date	Name of Report and Audit Objectives	Current Status
IA#01-12 Internal Audit Report	February 13, 2012	<p>Internal Audit Report Over the Contract Management Process</p> <p>The objective of this internal audit was to determine if the department has systems, processes and associated controls in place to ensure effective monitoring of contracts, change orders, and the close out of major contracts.</p>	<p>The report was issued December 19, 2012.</p> <p>Eight findings were included in the report.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>
IA#02-12 Internal Audit Report	March 5, 2012	<p>Internal Audit Report Over the PRIDE Web Work Order System</p> <p>The objective of this internal audit was to determine if the Pride Web Work Order System is systematically providing the needed information to facilities management to identify and prioritize work orders to ensure that the assignment and utilization of department personnel, products and contract services are effective and efficient.</p>	<p>The report was issued December 19, 2012.</p> <p>Four findings were included in the report.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>

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Report No.	Report Date	Name of Report and Audit Objectives	Current Status
IA#03-12 Internal Audit Report	April 17, 2012	<p>Internal Audit Report Over Military Construction Cooperative Agreement</p> <p>The objective of this internal audit was to ensure compliance with established policies and procedures over Military Construction Cooperative Agreement according to the Army National Guard Military Construction Program Execution pamphlet (NG Pam 415-5).</p>	<p>The report was issued May 3, 2013.</p> <p>Six findings were included in the report.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>
IA#04-12 & IA#05-12 Internal Audit Report	May 12, 2012	<p>Internal Audit Report Over the Procurement and Accounts Payable Processes</p> <p>The objective of this internal audit was to evaluate the process design and internal controls within the procurement and purchasing processes. The objectives included:</p> <ul style="list-style-type: none"> - Evaluating the design of the procurement and purchasing process to verify the existence of controls within the process. - Evaluating the accounts payable process design to verify that the appropriate controls are in place to ensure that payments are initiated, processed, and disbursed for valid and approved expenses and vendors. - Verifying that the procurement and accounts payable processes are functioning as designed, and controls were in place to ensure that when goods and services are procured the associated financial obligations were initiated, processed, and disbursed appropriately. 	<p>The report was issued February 21, 2013.</p> <p>Eight findings were included in the report.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>
IA#02-11 Follow-up Memorandum	August 31, 2012	<p>Internal Audit Follow-up Procedures Report Over Appendix 3 – Security Guard Activities</p> <p>The purpose of the follow up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, and to validate the resolution and remediation of prior audit findings including:</p> <ul style="list-style-type: none"> - Expense coding - Late payment of invoices - Unreimbursed expenses - Funding shortfalls - Weapons qualification - Communication and incident escalation - Emergency 911 calls 	<p>The memorandum was issued February 6, 2013.</p> <p>Two of the seven prior findings remained open, while the other five findings closed.</p> <p>Follow-up procedures to verify that corrective action has occurred were not recommended for follow-up by Internal Audit. Management was recommended to verify internally that corrective action has been taken.</p>
IA#03-11 Follow-up Memorandum	August 28, 2012	<p>Internal Audit Follow-up Procedures Report Over the Cash Management Process</p> <p>The purpose of the follow up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, and to validate the resolution and remediation of prior audit findings including:</p> <ul style="list-style-type: none"> - Segregation of duties - Monitoring expense and budget - Investment policy - Program income - Contingency fund - System approval of purchase orders - Review of daily cash fund requirements report 	<p>The memorandum was issued December 19, 2012.</p> <p>Five of the seven prior findings remained open, while two findings closed.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>

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Report No.	Report Date	Name of Report and Audit Objectives	Current Status
IA#04-11 Follow-up Memorandum	July 24, 2012	<p>Internal Audit Follow-up Procedures Report Over the Federal Reimbursement Process</p> <p>The purpose of the follow up procedures was to determine whether or not the remediation efforts communicated by members of management were completed, and to validate the resolution and remediation of prior audit findings including:</p> <ul style="list-style-type: none"> - Timeliness of reimbursement request preparation and submission - Reimbursement reconciliation - Coding errors - Program income 	<p>The memorandum was issued October 22, 2012.</p> <p>Three of the four prior findings remained open, while one finding closed.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>
IA#06-11 Follow-up Memorandum	August 28, 2012	<p>Internal Audit Follow-up Procedures Report Over Appendix 1 – ARNG facilities Operations and Maintenance Process</p> <p>The purpose of the follow up procedures was to determine whether or not the remediation efforts communicated by management of the Construction Facilities Management Office were completed, and to validate the resolution and remediation of prior audit findings including:</p> <ul style="list-style-type: none"> - Lack of segregation of duties - Inconsistent invoice routing - Lack of evaluation - Lack of communication - Invoice standardization 	<p>The memorandum was issued April 16, 2013.</p> <p>One of the six prior findings remained open, while five findings closed.</p> <p>Follow-up procedures to verify that corrective action has occurred were included in the SFY 2013 internal audit plan.</p>
IA#07-11 Follow-up Memorandum	August 31, 2012	<p>Internal Audit Follow-up Procedures Report Over Appendix 21 – ANG Facilities Operations and Maintenance Activities – 149th Fighter Wing</p> <p>The purpose of the follow up procedures was to determine whether or not the remediation efforts communicated by management of the 149th Fighter Wing FOMA were completed, and to validate the resolution and remediation of prior audit findings including:</p> <ul style="list-style-type: none"> - Lack of segregation of duties - Lack of communication - Lack of timely processing - Lack of timely close-out 	<p>The memorandum was issued November 6, 2012.</p> <p>All prior identified findings were closed.</p> <p>No additional procedures were considered necessary.</p>

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III. Consulting Services and Nonaudit Services

Internal audit did not conduct any consulting or nonaudit services for Fiscal Year 2013. All other audit activities that are not specifically and solely related to internal audits were the responsibility of the Department's Compliance Office, until the closure of the Compliance Office in June 2013.

During SFY 2013, the Compliance Office completed three reports that were distributed as Directed Reviews:

- DR #01-13 – SFY 12 Performance Measures
- DR #02-13 – SFY 13 Performance Measures
- DR #03-13 – General Officer Management Office (GOMO)

In addition the following activities were conducted in SFY 2013 by the Department's Compliance Office.

- A. State Special Fund Accounts** - Provided full audit coverage of the Department's State Special Fund Accounts maintained by the units in accordance with Government Code § 431.014, Company Fund.
- B. Project Manager** – The Compliance Office performed as Project Manager for the Department's internal audit contract with Weaver
- C. Special Projects** - During SFY 2013 the Compliance Office conducted 13 separate Special Projects.

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IV. External Quality Assurance Review (Peer Review)



Bellevue
Boise
Cranstview
Moses Lake
Omak
Oshelle
Quincy
Spokane
Tri-Cities
Valla-Walla
Wenatchee
Yakima

SYSTEM PEER REVIEW

To the Partners of
Weaver and Tidwell, L.L.P.
and the National Peer Review Committee of the
American Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the Firm) applicable to non-SEC issuers in effect for the year ended May 31, 2010. 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. 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. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to non-SEC issuers in effect for the year ended May 31, 2010, 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 and Tidwell, L.L.P. has received a peer review rating of *pass*.

Spokane, Washington
September 30, 2010

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V. Internal Audit Plan for Fiscal Year 2014

The Department selected McConnell Jones Lanier & Murphy LLP to conduct the risk assessment for SFY 2014. McConnell Jones Lanier & Murphy LLP was also selected to create and execute an internal audit plan for SFY 2014.

Below is the internal audit plan submitted to the Department for SFY 2014 as the continuation of the 2012 risk assessment, and as presented at the June 13, 2013 Internal Audit Steering Committee Meeting. This internal audit activity will be performed by Weaver.

In addition, a separate internal audit plan will be prepared and completed by McConnell Jones Lanier & Murphy LLP, from the 2014 risk assessment.

FY 2014 Proposed Continuation of Weaver's SFY 2013 Internal Audit Plan				
Internal Audit Area		Risk Rating	Estimated Timing	Estimated Hours
	SFY 2013 Annual Report		October 2013	40
	Audit Communications, Meetings and Project Management			40
	Coordination of SFY 2014 Activity reporting with McConnell Jones, LP for SFY 2014 Annual Report			40
Internal Audit Subtotal (hours)				120

Follow up Procedures - Follow-up and communication with Management to verify the remediation efforts of prior Internal Audit recommendations.				
Internal Audit Area		Risk Rating	Estimated Timing	Estimated Hours
1	IA#01-13 Human Resources Administration	High	TBD	50
2	IA #03-11 Cash Management (Including Reconciliations of Cash Receipts and Disbursements)	High	TBD	60
3	IA# 05-12 Procurement Process: Purchasing/Contracting	High	November 2013	80
	IA#06-12 Accounts Payable Process- Including vendor, travel, and reporting			
4	IA#03-12 Military Construction Cooperative Agreement	High	TBD	80
Follow Up Procedures Subtotal (hours)				270
SFY 2014 Total Estimated Hours				390

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VI. External Audit Services

The State Auditor's Office (SAO) conducted the SFY 2013 Single Audit on the Department's CFDA #12.400 programs. The report was issued with an unqualified opinion.

VII. Reporting Suspected Fraud and Abuse

The Texas Military Forces and Texas National Guard websites both have distinct icons on their webpages informing viewers of the method in which to anonymously report fraud and abuse within the organization.

Prior to its closure in June 2013, the Department's Compliance Office completed four hotline complaint investigations. The status of the hotline complaint investigations were provided to the State Auditor's Office. Subsequent to the closure of the Department's Compliance Office, the responsibility of the SAO hotline complaints was moved to the Department's Deputy Executive Director.