

State Preservation Board



Annual Report of Internal Audit Activities Fiscal Year 2019

The Honorable Greg Abbott
The Honorable Dan Patrick
The Honorable Dennis Bonnen
The Honorable Bryan Hughes
Alethea Swann Bugg, Citizen Board Member
Rod Welsh, Executive Director

October 18, 2019



STATE PRESERVATION BOARD

The Honorable Greg Abbott, Governor, Chairman
The Honorable Dan Patrick, Lieutenant Governor, Co-Vice Chairman
The Honorable Dennis Bonnen, Speaker of the House, Co-Vice Chairman
The Honorable Bryan Hughes, Texas Senate
Alethea Swann Bugg, Citizen Board Member
Rod Welsh, Executive Director

October 18, 2019

John Colyandro, Governor's Office - Budget and Policy Division
Christopher Mattsson, Legislative Budget Board
Internal Audit Coordinator, State Auditor's Office

Ladies and Gentlemen:

I am pleased to submit the Annual Report of Internal Audit Activities for the State Preservation Board for Fiscal Year 2019 in compliance with the requirements of the Texas Internal Auditing Act, Texas Government Code, Chapter 2102, and in accordance with the requirements established by the State Auditor.

I appreciate the opportunity to provide you with this information. If you have any questions or need further information, please contact me at (512) 475-4975.

Sincerely,

Dale Hernandez, CIA, CGAP
Internal Auditor

cc: The Honorable Greg Abbott, Governor, Chairman
The Honorable Dan Patrick, Lieutenant Governor, Co-Vice Chairman
The Honorable Dennis Bonnen, Speaker of the House, Co-Vice Chairman
The Honorable Bryan Hughes, Texas Senate
Alethea Swann Bugg, Citizen Board Member
Rod Welsh, Executive Director

Purpose

The purpose of this annual report is to provide information on the benefits and effectiveness of the internal audit function at the State Preservation Board (SPB), and to provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the annual report assists oversight agencies in their work planning and coordinating efforts.

The Texas Internal Auditing Act, Texas Government Code, Chapter 2102, Sec. 2102.009 requires that an annual report on internal audit activity be filed by November 1 of each year. The format used for this report was prescribed by the Texas State Auditor's Office.

Report Distribution:

- The Governor's Office
- The State Auditor's Office
- The Legislative Budget Board
- SPB Board Members
- SPB Executive Director

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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

In order to comply with the provisions of Texas Government Code, Section 2102.015, the State Preservation Board Internal Auditor will, within 30 days of approval, post the following information on the Agency's Internet Web site:

- An approved Fiscal Year 2020 Audit Plan, as provided by Texas Government Code, Section 2102.008. The Executive Director approved the Fiscal Year 2020 Audit Plan and the Board will discuss the Audit Plan at the next Board meeting. The date for this meeting has not been determined. The finalized Fiscal Year 2020 Audit Plan will be posted on the Agency's Internet Web site within 30 days of Board approval.
- A Fiscal Year 2019 Internal Audit Annual Report, as required by Texas Government Code, Section 2102.009.
- The SPB Internal Auditor retains the right to refrain from posting information contained in the internal audit plan or the annual report that is exempt from public disclosure under Chapter 552 of the Texas Government Code.
- A "detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit" and a "summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report" are included in Section II, Internal Audit Plan for Fiscal Year 2019.

II. Internal Audit Plan for Fiscal Year 2019

This section of the report contains the FY 2019 Internal Audit Plan.

The Fiscal Year 2019 Audit Plan included a review of Agency processes, policies, and procedures; a review of the Story of Texas Café, and follow-ups of the procurement card review, Capitol Complex parking meters, and cash handling at the TSHM. During Fiscal Year 2019, Internal Audit completed two projects on the Audit Plan and began work on two projects.

Review projects consisted of cash counts at the gift shops, physical counts of concession items at the TSHM IMAX concession area and observation of the end of the year physical count at various SPB Retail locations. In addition, Internal Audit reviewed Retail price adjustments and returns, and TSHM concessions returns.

The Internal Auditor was also appointed to a two year term as the SPB representative on the State Agency Council - Governor's Commission for Women. Hours for this endeavor were included on the FY 2019 Audit Plan. The Internal Auditor was also elected to the Recorder position of the State Agency Internal Audit Forum (SAIAF) and was the team

lead on the peer review of the General Land Office. Hours were included on the 2019 Audit Plan for these activities.

STATE PRESERVATION BOARD
FISCAL YEAR 2019 INTERNAL AUDIT PLAN
 For the Period September 2018 – August 2019

	Initial Allocated Hours
<u>Internal Audit Assurance and Consulting/Advisory Activities</u>	
1. Follow-Up of Procurement Card Review.....	120
2. Follow-Up of Capitol Complex Parking Meters.....	120
3. Follow-Up of Cash Handling at the TSHM.....	160
4. Story of Texas Cafe.....	240
5. Review of Agency Processes, Policies and Procedures.....	240
6. Review Project: Cash Counts.....	20
7. Review Project: Retail Functions Including Price Adjustments and Returns.....	100
8. Review Project: TSHM Concessions.....	60
9. Reserved for Special Requests.....	198
<i>SUBTOTAL</i>	<i>1,258</i>
<u>Auditing Standards and Statutorily Required Internal Audit Activities</u>	
10. Continuing Professional Education.....	40
11. Internal Audit Annual Report.....	80
12. Peer Review Coordination/SAIAF Activities.....	80
13. Annual Risk Assessment Process for 2020.....	160
<i>SUBTOTAL</i>	<i>360</i>
<u>Administrative Internal Audit Activities</u>	
14. Administration of the Internal Audit Function.....	90
15. State Agency Council - Governor's Commission for Women.....	30
<i>SUBTOTAL</i>	<i>120</i>
Fiscal Year 2019 TOTAL BUDGETED HOURS	1,738

**AUDIT STAFF/
RESOURCES
AVAILABLE**

For FY 2019, there were 1,738 available hours calculated for audits, follow up reviews, external audit coordination, and special projects, including consulting and advisory services. Additional consideration was given for indirect hours such as holidays, vacation, sick leave, and general administration.

**RISK ASSESSMENT
PROCESS FOR
FY 2019**

The FY 2019 Internal Audit Plan was developed from the results of a risk assessment performed on the auditable units of the SPB. Auditable units are key activities and processes performed by the agency and were determined by reviewing the agency's Strategic Plan, financial information, organization charts, applicable governing statutes and rules, and by interviewing key personnel.

Internal Audit developed and evaluated the results of the risk assessment matrix, calculated internal audit resource hours available for FY 2019, and developed the FY 2019 Internal Audit Plan, which included input from the Executive Director. Internal Audit also determined that on-going review and special projects would provide efficient use of resources for risk coverage in conjunction with traditional audits.

**DEVIATIONS FROM
THE FISCAL YEAR
2019 AUDIT PLAN**

There were no deviations from the Fiscal Year 2019 Audit Plan. The Review of Agency Processes, Policies and Procedures was carried over to Fiscal Year 2020. The Follow-Up of Capitol Complex Parking Meters was included on the Fiscal Year 2020 Audit Plan as part of a larger scope parking audit due to significant changes in parking meters since the original audit. The Follow-Up of Cash Handling at the TSHM was begun in Fiscal Year 2019 and will be carried over to Fiscal Year 2020.

**COMPLIANCE WITH
CONTRACT
PROCESS AND
CONTROLS FOR
MONITORING
AGENCY
CONTRACTS**

During Fiscal Year 2019, the Internal Auditor included a review of The Story of Texas Café contract.

SPECIAL PROJECTS

Review and Update of Internal Audit Policies and Procedures

Review and Update of Internal Audit Quality Assurance and Improvement Program

SPB representative on the State Agency Council - Governor's Commission for Women

State Agency Internal Audit Forum Recorder

MANAGEMENT REQUESTS

Management and staff requested assistance or advice from the Internal Auditor on various agency issues such as internal controls and procedures. The Internal Auditor provided agency employees with guidance and resources.

CONTINUING EDUCATION AND PROFESSIONAL DEVELOPMENT

The Internal Auditor attended training throughout the year to comply with the requirements set forth in the *Government Auditing Standards*, 2011 Revision, Sections 3.76 - 3.78, or *Government Auditing Standards*, 2018 Revision, Sections 4.16 - 4.24, as applicable.

State Agency Internal Audit Forum (SAIAF): Internal Audit attended SAIAF meetings. This provided an opportunity to share ideas, experiences, and approaches with other internal auditors and promote the effective and efficient use of state agency internal audit resources.

The Internal Auditor attended meetings of the Austin Area Chapter of the Association of Certified Fraud Examiners and the Institute of Internal Auditors Austin Chapter. This provided an opportunity to remain current on topics in the fraud, government accounting, and audit professions and network with other professionals.

List of Audits Completed & Summary of Issues and Actions Taken

Report No.	Report Date	Report Title	Findings	Recommendations	Status of Recommendations <ul style="list-style-type: none"> • Fully Implemented • Substantially Implemented • Incomplete/Ongoing • Not Implemented
19-102	N/A	Story of Texas Café	Completed. Reviewed the contract and contractor's performance. No report was issued due to the termination of the contract.	Not Applicable. The contract was terminated. Agency staff entered a hold against the contractor in the Comptroller of Public Accounts system.	N/A
19-201	N/A	Cash Counts	Reviewed safe counts and deposit information throughout the year and was part of any discrepancy discussions. This was a review project with no findings. No report was issued.	No issues noted.	N/A
19-202	N/A	Inventory and Ornament Counts	Completed. Reviewed the end of year physical count at all four retail locations. This was a review project. No report was issued.	No issues noted.	N/A
19-203	N/A	Various Management Requests	Completed. Management brought several issues to the Internal Auditor during Fiscal Year 2019, and these issues were resolved or further research was performed. A report was not issued.	Not Applicable	N/A
19-204	N/A	Review of the Retail Function Including Voids and Returns	Completed. The Internal Auditor provided information to the Director of Retail quarterly and at the end of the fiscal year. This was a review project with no findings. No report was issued.	No issues noted.	N/A
19-205	N/A	Review of TSHM Concessions	Completed. No report was issued. Reviewed multiple concessions inventory cycle counts and reviewed the end of year physical count. This was a review project with no findings.	No issues noted.	N/A
19-206	1/28/19	Procurement Card Review Follow-Up	Controls provide reasonable assurance that procurement card transactions comply with policies and procedures. Additional tools will strengthen controls over the issuance	<ol style="list-style-type: none"> 1. Implement the Procurement Card Request Form for all future card issuances. 2. Update the Employee Termination Checklist for Supervisors to reflect the change in employee responsible for receiving the 	Verified during the follow-up. <ol style="list-style-type: none"> 1. Fully implemented. 2. Fully implemented.

Report No.	Report Date	Report Title	Findings	Recommendations	Status of Recommendations • Fully Implemented • Substantially Implemented • Incomplete/Ongoing • Not Implemented
			of procurement cards.	procurement cards of terminated employees. 3. Follow through on all sales tax credits to ensure sales tax is not paid.	3. Fully implemented.
19-405	Pending Approval by the Board. Approved by Executive Director.	Fiscal Year 2020 Internal Audit Plan	Completed. Annual Risk Assessment and Internal Audit Plan development for Fiscal Year 2020. The Executive Director approved the Fiscal Year 2020 Audit Plan and the Board will discuss the FY 2020 Audit Plan at an upcoming Board meeting. The date for this meeting has not been determined.	Not Applicable	N/A

List of Audits in Progress or Incomplete

Project No.	Project Title	High-level Audit Objective(s)	Project Status	Project Budget (Hours)
19-101	Review of Agency Processes, Policies and Procedures	Verify that internal controls are in place and are operating as intended.	Incomplete. The project was carried forward to FY 2020.	240
19-207	Capitol Complex Parking Meters Follow-Up	Verify that recommendations were implemented and processes are operating as intended.	The project was included on the Fiscal Year 2020 Audit Plan as part of a larger scope parking audit due to significant changes in parking meters since the original audit.	120
19-208	TSHM Cash Handling Follow-Up	Verify that recommendations were implemented and processes are operating as intended.	The project is in the Fieldwork phase and will be completed during FY 2020.	160

III. Consulting Services and Non-audit Services Completed

During Fiscal Year 2019, Internal Audit did not participate in any consulting engagements, as defined in *The International Standards for the Professional Practice of Internal Auditing* or provide 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.

IV. External Quality Assurance Review (Peer Review)

REVIEW RESULTS

The State Preservation Board's Internal Audit function's External Quality Assurance Review was completed in August 2018. The opinion reported is as follows:

"Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas State Preservation Board (TSPB) Internal Audit Department receives a rating of **"Pass/Generally Conforms"** and is in compliance with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

We found that the Internal Audit Department is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. As the only staff member, the Internal Auditor is qualified, proficient, and knowledgeable in the areas under audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Internal Auditor properly manages the operations, has effective relationships with the agency's Executive Director and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers Internal Audit an integral function of the overall agency operations and finds that the audit process and report recommendations add value and help improve the agency's operations."

According to the *International Standards for the Professional Practice of Internal Auditing (Standards)* promulgated by the Institute of Internal

Auditors (IIA), an external assessment should be conducted a least once every five years by a qualified, independent reviewer or review team from outside the organization (Standards 1312).

According to generally accepted government auditing standards (GAGAS) promulgated by the U.S. Government Accountability Office (GAO), audit organizations should have an external quality control review completed within three years from the date the first audit begins in accordance with these standards (GAGAS 3.96 - 3.97). After the issuance of the review, a subsequent external quality control review should occur once every three years.

The next review is due August 2021.



Internal Audit Department of the
Texas State Preservation Board
receives a rating of

“Pass/Generally Conforms”

In compliance with the Institute of Internal Auditors’ International Professional Practices Framework, Government Auditing Standards, and the Texas Internal Auditing Act.

This opinion is based on a quality assessment review conducted by members of the Texas State Agency Internal Audit Forum (SAIAF) during the period August 2018

The review was based on the methodology developed by the Texas State Agency Internal Audit Forum.



A handwritten signature in black ink, appearing to read "Larry Douglas".

Larry Douglas, CISA, CGAP
Deputy Director of Internal Audit
Texas Department of Criminal Justice

V. Internal Audit Plan for Fiscal Year 2020

INTRODUCTION

The purpose of the Internal Audit Plan is to identify audits and other activities that will be conducted during fiscal year 2020. The Internal Audit Plan is developed using risk assessment techniques and methodology. The audit plan satisfies responsibilities established by Government Code, Chapter 2102, and applicable auditing standards.

The Audit Plan is flexible to consider risks and changes in conditions on an ongoing and as needed basis.

The Executive Director approved the Fiscal Year 2020 Audit Plan and the Board will discuss the Audit Plan at the next Board meeting. The date for this meeting has not been determined.

MISSION

The Internal Audit division is committed to supporting management and the Board in achieving their goals and objectives through competent and efficient auditing and consulting/advisory services. Internal Audit will accomplish this mission by providing independent analysis, appraisals, and recommendations to strengthen agency operations and controls.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In addition to providing auditing services, Internal Audit coordinates with external auditors and provides consulting and advisory services as appropriate.

Internal Audit conducts its activities in compliance with the SPB Internal Audit Charter, the Texas Internal Auditing Act, and applicable Internal Audit Standards as outlined in the Internal Audit Charter.

INTERNAL AUDIT CHARTER

The Internal Audit Charter provides authorization to the Internal Auditor for full, free, unrestricted access to all SPB activities, records, property, and personnel relevant to the subject under review. The Internal Auditor exercises due diligence in the safeguarding and use of these resources.

**AUDIT STAFF/
RESOURCES
AVAILABLE**

SPB staffs the Internal Audit function with one full-time equivalent. The Internal Auditor is the Chief Audit Executive and reports directly to the Board and administratively to the Executive Director.

For FY 2020, there were 1,738 available hours calculated for audits, follow up reviews, external audit coordination, and special projects, including consulting and advisory services. Additional consideration was given for indirect hours such as holidays, vacation, sick leave, and general administration.

**PROJECTS
RELATED TO
EXPENDITURE
TRANSFERS,
CAPITAL
BUDGET
CONTROLS, OR
OTHER
LIMITATIONS**

The State Preservation Board Fiscal Year 2020 Audit Plan does not include any projects related to expenditure transfers, capital budget controls, or any other limitation or restriction in the General Appropriations Act. These types of projects will be considered during the risk assessment process and when developing future audit plans.

**PROJECTS
RELATED TO
CONTRACT
MANAGEMENT
AND OTHER
REQUIREMENTS
OF SENATE BILL
20 (84TH
LEGISLATURE)**

The State Preservation Board Fiscal Year 2020 Audit Plan includes a review of the contract monitoring process. Additional contract management projects will be considered during the risk assessment process and when developing future audit plans.

**ADDITIONAL
"HIGH" RISKS
NOT INCLUDED
IN THE FY 2020
INTERNAL
AUDIT PLAN**

Several key processes ranked as high risk during the risk assessment due to their impact to the agency's mission, and the high level of cash transactions and inventory and the corresponding opportunities for fraud. These twelve areas scored over 275 out of a possible 400 during the risk assessment process. An explanation of audit coverage or exclusion of these areas is discussed below.

Operate Gift Shops: Coverage of this high risk area is incorporated into the FY 2020 Audit Plan as cash, inventory and ornament counts and review of various Retail functions. A major project is not planned during FY 2020, but regular oversight functions will be performed throughout the year.

Operate the Texas State History Museum: A review of the Story of Texas

Café and a follow-up of Cash Handling at the TSHM were included in the FY 2019 Audit Plan. The Cash Handling follow-up was begun in FY 2019 and will be completed in FY 2020. The Internal Auditor performed three audits at the Museum during FY 2012. In addition, the State Auditor performed an audit at the Museum during FY 2012. A follow-up of Internal Audit's Museum Concessions audit was performed in FY 2013. A follow-up of the TSHM Parking Garage was performed during FY 2014. An audit of TSHM Cash Handling was performed during FY 2015. A follow-up of Special Events and Facility Rental was performed during FY 2017. In addition, oversight and review will be performed through periodic cycle counts of concession inventory and review of concession transactions in the Point of Sale system.

Manage Point of Sale System: Coverage of this high risk area is incorporated into the FY 2020 Audit Plan as part of the review of various Retail functions. In addition, the Internal Auditor participated in the evaluation of internal controls over the new Point of Sale system during the project planning and implementation phases.

Cash Handling: A follow-up of Cash Handling at the TSHM was included in the FY 2019 Audit Plan. This project will be completed in FY 2020.

Manage mail and internet order fulfillment: Coverage of this high risk area is incorporated into the FY 2020 Audit Plan as part of the review of various Retail functions.

Manage Story of Texas Café: A review of the Story of Texas Café was performed during FY 2019.

Operate Capitol Visitors Parking Garage: A Capitol Complex Parking audit is included on the FY 2020 Audit Plan.

Procurement Management: This process will be re-evaluated during the risk assessment and preparation of the FY 2021 Audit Plan.

Maintain Capitol Complex parking meters: A Capitol Complex Parking audit is included on the FY 2020 Audit Plan.

Approve all changes involving construction, restoration and repairs in the Capitol and grounds: These areas will be considered during future risk assessments and Audit Plan development.

Operate Museum parking garage: An audit of this area is not included in the FY 2020 Audit Plan. An audit was performed in FY 2012 and a follow-up of the TSHM Parking Garage was performed during FY 2014.

Operate Museum concessions at IMAX® Theatre: An audit was performed in FY 2012 and a follow-up of Internal Audit's Museum Concessions audit was performed in FY 2013. Oversight and review will be performed through periodic cycle counts of concession inventory and review of concession transactions in the Point of Sale system.

**RISK
ASSESSMENT
PROCESS FOR
FY2020**

The Texas Internal Auditing Act requires state agencies to conduct a program of internal auditing that includes an annual audit plan prepared using risk assessment techniques and that identifies the individual audits to be conducted during the year. Additionally, the program should include periodic audits of the agency's major systems and controls, including:

- (1) accounting systems and controls;
- (2) administrative systems and controls; and
- (3) electronic data processing systems and controls.

Per the Texas Internal Auditing Act, an audit can be a financial audit, a compliance audit, an economy and efficiency audit, an effectiveness audit, or an investigation.

The FY 2020 Internal Audit Plan was developed from the results of a risk assessment performed on the auditable units of the SPB. Auditable units are key activities and processes performed by the agency and were determined by reviewing the agency's Strategic Plan, financial information, organization charts, applicable governing statutes and rules, previous internal audit risk assessments and plans, and by interviewing key personnel.

Internal Audit performed the risk assessment using five risk factors: (1) Impact to the Agency's Mission; (2) Control Environment; (3) Opportunity for Fraud; (4) External and Internal Interest; and (5) Impact on Net Revenue. Risks associated with contract management and any applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 202, Information Security Standards were considered when evaluating the risk factors Control Environment and Opportunity for Fraud.

Internal Audit applied the five risk factors to each auditable unit. These risk factors were weighted and Internal Audit evaluated the results of the risk assessment matrix, calculated Internal Audit resource hours available for FY 2020, and developed the FY 2020 Internal Audit Plan, which included input from Division Directors and the Executive Director.

Internal Audit also determined that some risk coverage would be provided through on-going monitoring, follow-up reviews, and special projects, allowing for efficient use of resources.

Hours budgeted for projects are best estimates. Many unforeseeable factors can increase or decrease total hours allotted to a project.

Due to limited resource hours, Internal Audit cannot address, review, or monitor every risk. It is important that the Executive Director and the Board understand the limitations of the audit coverage and the attendant risk for areas not audited.

**STATE PRESERVATION BOARD
FISCAL YEAR 2020 INTERNAL AUDIT PLAN**
For the Period September 2019 – August 2020

	<u>Initial Allocated Hours</u>
<u>Internal Audit Assurance and Consulting/Advisory Activities</u>	
1. Closeout of Fiscal Year 2019 Projects.....	260
2. Capitol Complex Parking.....	320
3. Contract Monitoring Process.....	300
4. Review Project: Cash Counts.....	20
5. Review Project: Retail Functions Including Price Adjustments and Returns.....	100
6. Review Project: TSHM Concessions.....	60
7. Reserved for Special Requests.....	198
<i>SUBTOTAL</i>	<i>1,258</i>
<u>Auditing Standards and Statutorily Required Internal Audit Activities</u>	
8. Continuing Professional Education.....	40
9. Internal Audit Annual Report.....	80
10. Peer Review Coordination/SAIAF Activities.....	80
11. Annual Risk Assessment Process for 2021.....	160
<i>SUBTOTAL</i>	<i>360</i>
<u>Administrative Internal Audit Activities</u>	
12. Administration of the Internal Audit Function.....	90
13. State Agency Council - Governor's Commission for Women.....	30
<i>SUBTOTAL</i>	<i>120</i>
Fiscal Year 2020 TOTAL BUDGETED HOURS	1,738

VI. External Audit Services Procured in Fiscal Year 2019

No external audit services were procured or were ongoing during Fiscal Year 2019.

VII. Reporting Suspected Fraud and Abuse

The State Preservation Board has developed several mechanisms for reporting fraud to the State Auditor's Office. These mechanisms satisfy the requirements of Section 7.09, page IX-37, the General Appropriations Act (86th Legislature), and the Texas Government Code, Section 321.022.

Fraud reporting per Section 7.09, page IX-37, the General Appropriations Act (86th Legislature).

The State Preservation Board has a link for reporting fraud, waste, and abuse to the State Auditor's Office on the Agency's website at <http://www.tspb.texas.gov>. In addition, the SPB Human Resources Policy Manual includes information regarding internal controls, fraud investigations, employee responsibilities, complaint procedures, and reporting fraud involving state funds to the State Auditor's Office. The SPB provides fraud and ethics training to all new employees and provides refresher training every two years. This training was completed during FY 2019.

Compliance with Texas Government Code, Section 321.022

The SPB has established a fraud policy that includes a fraud reporting requirement and specific management and employee roles and responsibilities.

During Fiscal Year 2019, the SPB did not have any suspected fraud, waste or abuse to report to the SAO, as required by Texas Government Code, Section 321.022.