November 1, 2021

The Honorable Gregg Abbott, Governor
State Auditor’s Office
Legislative Budget Board

We are pleased to present the Texas Department of Agriculture’s (TDA or Department) Internal Audit Division Annual Report for Fiscal Year (FY) 2021. This report provides information on the Internal Audit activities from the last reporting date of September 2020 thru the fiscal year end of August 2021. This report fulfills the requirements set forth in the Texas Internal Auditing Act (Texas Government Code, Chapter 2102.009 , 2102.016 and 2102.0091). As mandated in the Internal Auditing Act, the State Auditor’s Office prescribes the minimum content. This report has been prepared in accordance with the State Auditor’s requirements and is current through November 1, 2021.

Audit work completed during the last fiscal year focused on compliance with laws and regulations, efficiency and effectiveness, and information security and data integrity. Recommendations, when made, focused on strengthening controls, and enhancing the accountability, efficiency, and effectiveness of the agency’s operations. The Internal Audit Division is committed to providing quality audit services using systematic and disciplined approach. We continue to pursue projects in Fiscal Year 2022 to assist the Department and operations by improving the risk management, control structure, and governance processes of the agency.

For further information about the contents of this report or to request copies of individual audit reports, please contact me at (512) 463-8251.

Sincerely,

Zoi Kondis, CIA, CISA, CRMA
Director of Internal Audit

Attachment
Table of Contents

Contents
I. Compliance with Texas Government Code, Section 2102.015 ........................................ 1
II. Internal Audit Plan for Fiscal Year 2021 ........................................................................ 2
III. Consulting Services and Non-Audit Services Completed ............................................ 3
IV. External Quality Assurance Review (Peer Review) ..................................................... 4
V. Internal Audit Plan for Fiscal Year 2022 ...................................................................... 5
VI. External Audit Services Procured in Fiscal Year 2021 ............................................... 8
VII. Reporting Suspected Fraud and Abuse ....................................................................... 8

Appendix A: Summary of Fiscal Year 2021 Audit Recommendations Implementation Status .......... 10
Appendix B: External Quality Assurance Review Certification ........................................ 20
I. **Compliance with Texas Government Code, Section 2102.015**  
**Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Website**

Section 2102.015 of the Internal Auditing Act (Act) requires state agencies and institutions of higher education to post agency internal audit plans and internal audit annual reports on the agency’s website within 30 days of approval. Agencies are also required to update the web page to include i) a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report and ii) a summary of the actions taken to address concerns, if any, that are raised by the audit plan or annual report.

The Internal Audit Division will ensure compliance with the Act by posting the approved Fiscal Year 2022 Audit Plan and the Fiscal Year 2021 Internal Audit Annual Report to the agency’s website within 30 days of their approval. These reports can be accessed by navigating from TDA’s home page through About Agency, selecting TDA Divisions, and then selecting the Office of Internal Audit ([http://www.texasagriculture.gov/About/TDADivisions.aspx](http://www.texasagriculture.gov/About/TDADivisions.aspx)).

We have provided a summary of actions taken by the agency to address any concerns that are raised by the audit plan or annual report for Fiscal Year 2021 in the attached Appendix A.
II. Internal Audit Plan for Fiscal Year 2021

<table>
<thead>
<tr>
<th>Report/Project #</th>
<th>Audit Title</th>
<th>Initial Objective(s)</th>
<th>Status / Report Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.04</td>
<td>Audit of Completed Management Actions for CDBG Audit</td>
<td>Review completed actions and determine if management has sufficiently addressed the risks identified for the CDBG Audit.</td>
<td>Issued January 2021</td>
</tr>
<tr>
<td>21.04</td>
<td>Procurement and Contracting Process Compliance</td>
<td>Review Contracting process, monitoring and management process and controls, document retention and compliance with laws including compliance to SB20 and SB65.</td>
<td>Issued September 2021</td>
</tr>
<tr>
<td>21.05</td>
<td>CAPPS Implementation review of user related controls</td>
<td>Review of Logical Security</td>
<td>In progress</td>
</tr>
<tr>
<td>21.06</td>
<td>Audit of Contract Management</td>
<td>Review of Division Level contracting process, monitoring and management process and controls, document retention and compliance with laws including compliance to SB20 and SB65.</td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>Audit of Completed Management Actions</td>
<td>Review completed actions and determine if management has sufficiently addressed the risks identified through completed audits. (To be started but will carryover)</td>
<td>Not Started</td>
</tr>
</tbody>
</table>

Deviations from the Fiscal Year 2021 Audit Plan

There were no significant deviations to the audit plan, however only one Audit of Completed Management Actions was performed in FY2021 and the CAPPS Implementation review of user related controls and the Audit of Contract Management were in progress.

Compliance to Texas Government Code, Section 2102.005(b)

To ensure compliance with contract processes and controls for monitoring agency contracts, according to Texas Government Code, Section 2102.005(b) Internal Audit (IA) utilizes the following methodologies:

1. IA considers the risk of non-compliance associated with the contracting process and monitoring, throughout the risk assessment process.
2. For selected audits, IA adds a contract compliance component to the review.
3. In addition to the traditional audit process, IA is available to provide consulting services involving a review of controls, specific areas, or specific contracts to any of the Divisions.
III. Consulting Services and Non-Audit Services Completed

The Internal Audit Division completed one consulting engagement during fiscal year 2021, however we cannot disclose the details due to the sensitive nature of the information.

In addition, Internal audit performed the following administrative activities during fiscal year:

- Conducted the annual risk assessment using a risk-based methodology, which included gathering and analyzing information from questionnaires, internal control documents, and interviews.
- Developed the audit plan and prepared the Internal Audit Annual Report, as required by the Texas Internal Auditing Act.
- Tracked outstanding audit findings and recommendations and reported implementation status internally.
- Completed Annual Quality Assessment Review
- Consult regarding security requirements set out in Title 1 Texas Administrative Code Part 10 Chapter 202
- Administered Internal Fraud Prevention Hotline programs.
- Acted as liaison for external audits and oversight activities.
- Other agency special projects
IV. **External Quality Assurance Review (Peer Review)**

An external quality assurance review was performed in June to August 2020 by Steve Goodson, a Certified Internal Auditor. The review assessed compliance with the Texas Internal Auditing Act (Tex. Gov’t. Code Chapter 2102), the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*, and U.S. General Accounting Office *Government Auditing Standards*. The final report was issued on August 14, 2020 (FY20). We have provided a copy of the report executive summary in Appendix B and our next quality assurance review is planned for FY23. The following opinion was reported to Executive Management:

“The TDA Internal Audit Department receives a rating of “Pass/Generally Conforms” and is in conformance 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, the highest of 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. “
V. **Internal Audit Plan for Fiscal Year 2022**

A risk-based methodology was used to prioritize audit coverage for fiscal year 2022 and ensure timely review of the highest risk areas. In addition, to fulfill the need to assess risks related to information technology (IT), we obtained a copy of the current IT asset inventories and documented key applications used by each of the Divisions and business units to better understand the application inventory, critical applications, and project plans. Agency operations were analyzed based on multiple risk factors including operating budget, significant changes in organizational structure and agency funding, information systems complexity, prior audits and findings, executive/legislative interest, strategic priority, contract risks, potential for fraud and achievement of performance measures. Input from key senior management regarding high-risk areas was also incorporated into the analysis. This information was then used to determine the likelihood and impact of select risk factors, and an overall risk score was developed.

Planned audit projects for fiscal year 2022 will continue to focus on the highest risk areas and selected medium and lower risk areas as identified through TDA’s risk assessment process. Each audit will also consider tests of select general and application controls in accordance with state and agency information security standards.

### Internal Audit Plan for Fiscal Year 2022

<table>
<thead>
<tr>
<th>Audit Title</th>
<th>Area / Initial Objective(s)</th>
<th>Projected Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPPS Role / User Access Review A/</td>
<td>Review of Procurement Logical Security</td>
<td>450</td>
</tr>
<tr>
<td>Review Contract of selected Division contracts C/</td>
<td>Review of Division Level contracting process, monitoring and management process and controls, document retention and compliance with laws including compliance to SB20 and SB65.</td>
<td>800</td>
</tr>
<tr>
<td>Audit of Completed Management Actions</td>
<td>Review completed actions and determine if management has sufficiently addressed the risks identified.</td>
<td>600</td>
</tr>
<tr>
<td>Cash Management B/</td>
<td>Review of TDA Grant Cash Management for compliance to program rules, efficiency, and effectiveness.</td>
<td>200</td>
</tr>
<tr>
<td><strong>Consulting Engagements</strong></td>
<td></td>
<td>700</td>
</tr>
<tr>
<td>Perform consulting activities as requested, in compliance with by the International Professional Practices Framework (IPPF) and Generally Accepted Government Audit Standards (GAGAS) in compliance with the Texas Internal Audit Act.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit Title</td>
<td>Area / Initial Objective(s</td>
<td>Projected Hours</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Quality Assurance and Improvement Program</strong></td>
<td>Perform activities as requested by the International Professional Practices Framework (IPPF) and Generally Accepted Government Audit Standards (GAGAS) in compliance with the Texas Internal Audit Act.</td>
<td>250</td>
</tr>
<tr>
<td><strong>Follow-up on Prior Audits</strong></td>
<td>Assess the implementation status of corrective actions taken in response to prior internal and external audit findings and recommendations.</td>
<td>300</td>
</tr>
<tr>
<td><strong>Fraud Hotline Admin, Consulting Services and Special Projects</strong></td>
<td>Perform activities as requested by management throughout the year, as permitted by internal audit resources and the Texas Internal Audit Act. These activities may address governance, risk management, or control issues.</td>
<td>200</td>
</tr>
<tr>
<td><strong>External Audit Coordinator</strong></td>
<td>Act as a liaison for external audit activities, providing a single point of contact for all audits of TDA by oversight entities. Internal Audit assists management in coordinating TDA and external auditor interactions to ensure both parties receive accurate and timely information and feedback.</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>4,850</td>
</tr>
</tbody>
</table>

A/ the applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 202, Information Security Standards, and  
B/ Benefits proportionality, expenditure transfers, capital budget controls, or any other limitation or restriction in the General Appropriations Act.  
C/ Contract management and other requirements  
* All Projections based on full staffing.

Additional areas that ranked high, which were not included in the Fiscal Year 2022 Audit Plan, are listed below:
1. Financial Services, Payroll / Timekeeping  
2. Financial Services, Accounting / Accounts Payable  
3. Financial Services / Budget and Reporting  
4. Financial Services and Grant Revenue / Cash Receipts  
5. Grants, administration, and program monitoring  
6. Grants, reporting and measurement  
7. Information Technology, Information Security and Data Management  
8. Information Technology, Systems and Applications Support  
9. Information Technology, Data Center  
10. Information Technology, Helpdesk Support
### Risk Assessment Process

<table>
<thead>
<tr>
<th>Data Gathering</th>
<th>Risk Analysis</th>
<th>Audit Plan Proposal</th>
<th>Audit Plan Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Gained understanding of industry trends and current environmental risks through discussions with personnel and by reading publications.</td>
<td>- Interviewed Key Executive members and management to obtain various points of view on risks.</td>
<td>- Developed a proposed Audit Plan based on interviews, risk assessments, resource availability, budget, and division coverage.</td>
<td>- Based on input from Commissioner, Deputy Commissioner and select TDA personnel, finalized audit plan and obtained formal approval.</td>
</tr>
<tr>
<td>- Read technical guidance to identify changes to audit and accounting requirements (if any).</td>
<td>- Surveyed select team members regarding their assessment of risk in the categories of fraud, compliance, materiality, complexity, suspected concerns, and emerging risks.</td>
<td>- Reviewed risk assessment results with Commissioner and Deputy Commissioner; discussed highest priority audits and projects; discussed proposed audit plan.</td>
<td></td>
</tr>
<tr>
<td>- Gained understanding of TDA strategic objectives and key initiatives.</td>
<td>- Reviewed data gathering information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Updated audit universe based on changes in organizational structure, control environment and information from TDA staff.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Page | 7**
VI. **External Audit Services Procured in Fiscal Year 2021**

The Internal Audit Division did not directly procure external audit services in fiscal year 2021. The Texas Department of Agriculture did procure the following audit services during the fiscal year 2021:

- Texas Agricultural Finance Authority Annual Financial Statements

VII. **Reporting Suspected Fraud and Abuse**

TDA has taken the following actions to implement the requirements of:

- **Fraud Reporting**, Texas General Appropriations Act, 86th Legislature, Article IX, Section 7.09, pp. IX-37

The TDA Fraud Prevention Program includes information about reporting to the State Auditor; money that may have been lost, misappropriated, or misused, or other fraudulent or unlawful conduct involving any money received from the state. TDA posted the following information on the Contact Us link on the home page of the agency’s website:

**Fraud Prevention Program**

The purpose of TDA Fraud Prevention Program is to establish and coordinate an agency wide program to prevent, detect and investigate fraud, illegal use, and abuse of state resources by TDA employees, vendors, or contractors.

[Fraud@TexasAgriculture.gov](mailto:Fraud@TexasAgriculture.gov)

(512) 475-3423 or 1-866-5-FRAUD-4 (1-866-537-2834)

**Report suspected fraud involving state funds to:**

[State Auditor's Office Website for Fraud Reporting](https://www.sao.texas.gov/fraud_reporting/)

Telephone hotline: 1-800-TX-AUDIT

TDA’s employee handbook contains a section dedicated to the Fraud Prevention Program along with the TDA Ethics Policy. The Fraud Prevention Program includes the Commissioner’s Letter, the Fraud Prevention Charter (“Charter”), and the Fraud Prevention Program details. Each Fraud Prevention document, including the Charter, states “it is the responsibility of every TDA employee to prevent, detect and report all instances of fraud, abuse of state resources, or illegal activities.” In addition, TDA’s Ethics Policy mandates “all TDA employees must report any possible unethical or illegal act or violation of any ethical or legal regulation or policy to the Ethics Officer and/or the General Counsel.”

- **Reporting Requirements**, TEX. GOV’T. CODE, Section 321.022
TDA Fraud Prevention Program includes the requirements of this section. The Ethics Officer and Internal Audit, when necessary, are responsible for investigating all reported incidents of suspected or actual fraud, and illegal use or abuse of state resources. If an investigation concludes there is reasonable cause to believe inappropriate actions have occurred, a report is issued to the Deputy Commissioner and the SAO is notified, as appropriate.

The Deputy General Counsel/Ethics Officer and Internal Audit coordinate to ensure all State Auditor's Office (SAO) fraud website or hotline referrals are handled appropriately. The Deputy General Counsel/Ethics Officer or Internal Audit provides the results of the investigation to SAO and works to resolve any issues.
## Appendix A: Summary of Fiscal Year 2021 Audit Recommendations Implementation Status

Please note: gaps in number sequencing exist because management actions have been reported as complete by the owner.

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT GOV 16.07</td>
<td><strong>Observation No. II.2 - TDA does not have an implementation plan and monitoring process to address outstanding high-risk security findings.</strong>&lt;br&gt;&lt;br&gt;<em>Report Recommendation:</em> The Information Resources Manager (IRM) and Information Security Officer (ISO) should:&lt;br&gt;1. Establish an implementation plan and monitoring process to remediate all known high-risk security findings.&lt;br&gt;2. Present periodic updates, at least quarterly, to the Deputy Commissioner and Assistant Commissioners regarding progress in remediating these risks.&lt;br&gt;&lt;br&gt;<em>Management Response:</em> Management agrees with the auditor’s observations. TDA has developed a security plan to address the high-risk security findings. Additionally, TDA will begin tracking the progress of the security plan implementation on a quarterly basis based on the input from the IRM and ISO. The TDA security plan implementation update will be scheduled in June 2018 as part of the IT Governance Board agenda.</td>
<td>Substantially Implemented</td>
</tr>
<tr>
<td>Audit of IT Governance - Executive Oversight</td>
<td>Issued March 2018</td>
<td>MAP Follow up issued December 2019</td>
</tr>
<tr>
<td>IT GOV 16.07</td>
<td><strong>Observation No. III.1 - The agency’s Continuity of Operations Plan (COOP) has not been consistently reviewed, updated, and approved since its inception in 2014.</strong>&lt;br&gt;&lt;br&gt;<em>Report Recommendation:</em> Executive Management should:&lt;br&gt;1. Make COOP and Disaster Recovery Planning (DRP) a priority.&lt;br&gt;2. Formally designate a single executive to sponsor the implementation of TDA’s COOP and DRP plans.&lt;br&gt;3. Formally designate a project manager who has adequate authority over all of TDA’s various divisions and service areas, including the IT Department to implement and execute these plans.</td>
<td>In Progress / Ongoing</td>
</tr>
<tr>
<td>Audit of IT Governance - Executive Oversight</td>
<td>Issued March 2018</td>
<td>MAP Follow up issued December 2019</td>
</tr>
<tr>
<td>Project Number</td>
<td>Finding / Recommendation and Management Response</td>
<td>Status *</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------------------------</td>
<td>----------</td>
</tr>
</tbody>
</table>
|                | 4. Institute a scheduled program of annual COOP plan updates.  
5. Complete a full COOP and DRP plan review including: a) revised business impact analysis, b) updated roles and responsibilities, and c) updated recovery objectives and restoration priorities. All of these should be completed within the next year.  
6. Review and update job descriptions for individuals who perform the various COOP tasks such as the Continuity Management Team Leader, the Business Continuity Coordinator, etc. | In Progress / Ongoing |

**Management Response:**
Management agrees with the auditor’s observation. To address concerns relating to the COOP Plan and emergency management, an agency organizational change was undertaken to create a Coordinator for Emergency Management and Business Continuity (CEMBC) position (hired in December 2017). After assuming the CEMBC position, the CEMBC established a schedule to meet COOP and DRP requirements which includes the following interim and long-term actions:  
Interim action:  
The CEMBC will submit an interim revision by March 30, 2018, of the COOP to SORM (State Office of Risk Management) to reflect organizational changes since the last submission.  
Long Term action:  
The CEMBC will work with agency management to complete the updated COOP, appendices, and BIA with executive approval by July 2018.

---

**Observation No. III.2 - TDA has not developed a program of annual COOP plan testing.**

**Report Recommendation:**
The Executive Management should:
1. Make COOP and DRP planning a priority.  
2. Formally designate a single executive to sponsor the implementation of TDA’s COOP and DRP plans.  
3. Formally designate a project manager to execute TDA’s COOP and DRP plans, who has adequate authority over all of TDA’s various divisions and service areas, including the IT Department.  
4. Review and document responsibilities of COOP participants and update job descriptions for
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
</table>
|                | individuals who perform any COOP related tasks.  
|                | Some examples would include COOP plan  
|                | maintenance, testing, training, etc.  
|                | 5. Institute a scheduled program of annual COOP plan  
|                | testing.  
|                | **Management Response:**  
|                | Management agrees with the auditor's observations.  
|                | The Coordinator for Emergency Management and  
|                | Business Continuity (CEMBC) will work with agency  
|                | staff and SORM to adopt a relevant annual COOP plan  
|                | testing program. The CEMBC will finalize the testing  
|                | program by July 2018. | In Progress /  
|                | Ongoing | |
| IT GOV 16.07  
| Audit of IT  
| Governance -  
| Executive  
| Oversight  
| Issued March  
| 2018  
| MAP Follow up  
| issued December 2019 | **Observation No. III.3 - TDA has not developed a program of annual COOP plan training.**  
| | **Report Recommendation:**  
| | The Executive Management should:  
| | 1. Make COOP and DRP planning a priority.  
| | 2. Formally designate a single executive to sponsor the  
| | implementation of TDA’s COOP and DRP plans.  
| | 3. Formally designate a project manager to execute  
| | TDA’s COOP and DRP plans, who has adequate  
| | authority over all of TDA’s various divisions and  
| | service areas, including the IT Department.  
| | 4. Review and document responsibilities of COOP  
| | participants and update job descriptions for  
| | individuals who perform any COOP related tasks.  
| | Some examples would include participants involved in  
| | COOP plan maintenance, testing, training, etc.  
| | 5. Institute a scheduled program of annual COOP plan  
| | training.  
| | **Management Response:**  
| | Management agrees with the auditor's observations.  
| | The Coordinator for Emergency Management and  
| | Business Continuity (CEMBC) will work with agency  
| | staff and SORM to adopt a relevant annual COOP plan  
| | training program. The CEMBC will finalize the training program by July 2018. | |
| IT GOV 16.07  
| Audit of IT  
| Governance -  
| Executive  
| Oversight  
| | **Observation No. III.4 - TDA does not have a current written disaster recovery plan (DRP)  
| | and has not performed annual testing of the plan.**  
| | **Report Recommendation:** | DRP  
<p>| | Substantially Implemented | All other actions |</p>
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
</table>
| Issued March 2018  
MAP Follow up issued December 2019 | The Executive Management should:  
1. Make COOP and DRP planning a priority.  
2. Formally designate a single executive to sponsor the implementation of TDA’s COOP and DRP plans.  
3. Formally designate a project manager to execute TDA’s COOP and DRP plans, who has adequate authority over all of TDA’s various divisions and service areas, including the IT Department.  
4. Oversee the creation of the agency’s written DRP plan.  
5. Review and document responsibilities of DRP participants and update job descriptions for individuals who perform any DRP related tasks. Some examples would include DRP plan creation, maintenance, testing, training, etc.  
6. Institute a scheduled program of annual DRP testing and training.  

*Management Response:*  
Management agrees with the auditor’s observations.  
The TDA IRM and CEMBC will coordinate work with the designated IT staff to develop, document, and adopt a relevant written Disaster Recovery Plan (DRP) which aligns to the COOP plan and complies with the security control standards established by 1 TAC §202.26. The IRM and CEMBC will review and approve the DRP plan, including training and testing in coordination with the COOP plan by July 2018. | In Progress / Ongoing |

| Observation No. II.4 - TDA Change  
Management policies did not include essential processes required by DIR and supporting documentation. | Report Recommendation:  
We recommend TDA management:  
1. Conduct an ePAF post implementation review to:  
   - Identify the ePAF workflow and workload changes and any resource requirements necessary, if any  
     - Implement any resource and staffing changes as a result of the ePAF process evaluation,  
     - Document the new control structure,  
2. Update and implement the related project management policies to include key project management framework processes and documentation to include, but not be limited to:  
   - Risk Management Plan, | In Progress / Ongoing |
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
</table>
|                | • Post Implementation, or Lessons Learned and Close Out Review  
|                | • Other documents for the PM Lite and DIR Project Delivery Framework |          |
|                | *Management Response:  
|                | IRM: See response to II.3 above. IT will review its processes to ensure that it complies with essential DIR processes and that those processes are supported by adequate documentation. |          |
| 19.01 Met Lab Audit of the Metrology Laboratory | **Observation No. I.1: Physical site problems at the Metrology Lab limited its ability to maintain environmental temperature and humidity standards required by NIST.**  
| | *Report Recommendation:*  
| | We recommend that management determine whether current dedicated funding is sufficient to pay for all of the required equipment and any other related costs needed to get the Metrology Lab Echelon II recognition after the lab renovations have been completed. If the dedicated funding is not currently sufficient, develop a plan for acquiring such funding. | Substantially Implemented |
| | *Management Response:*  
| | Lab construction is currently underway and should address all of the issues found in this finding. The funding for this project should be adequate. |          |
| 19.01 Met Lab Audit of the Metrology Laboratory | **Observation No. I.2: The Metrology Lab did not have a security system to protect staff and state property.**  
| | *Report Recommendation:*  
| | Management should evaluate and procure a security system to address the lab’s specific safety and security needs. The implementation of the new system may be completed in conjunction with the Metrology Lab’s currently scheduled renovations. | In Progress / Ongoing |
| | *Management Response:*  
<p>| | Metrology Lab Management Response: Director of CPP has spoken to Operational Support, who is actively working on obtaining security for the lab. However, with the lab construction, we will need to revisit and ensure what was agreed upon will still work, and when we can put the security system in place. The Director will continue to meet with |          |</p>
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.01 Met Lab Audit of the Metrology Laboratory</td>
<td>Operations Support quarterly to ensure this is completed by the end of the lab construction.</td>
<td>In Progress / Ongoing</td>
</tr>
</tbody>
</table>
| **Observation I.4: The staff in the Metrology Lab did not have respirators and protective clothing.** | Report Recommendation:  
- Employ an Industrial Hygienist to perform a safety review of the Metrology Lab, including its requirements for safety equipment and protective clothing.  
- Based on the Industrial Hygienist’s recommendations, the agency should purchase the required safety equipment and protective clothing.  

*Management Response:*  
Metrology Lab Management Response: Once renovations are complete and calibrations are resumed, management will re-evaluate hiring an Industrial Hygienist to perform a safety review, and purchase needed safety equipment. | In Progress / Ongoing |
| **Observation No. III.1.b: Liquidated prover transactions did not comply with requirements of TDA’s “Property Control” policy and procedure document.** | Report Recommendation: In addition, we recommend that the Operational Support Division review and update the current version of TDA’s “Property Control” policy and procedure document which was last updated on 12/19/2012.  

*Management Response:* The Deputy Commissioner directs Operational Support to update the TDA “Property Control” policy and procedure. | In Progress / Ongoing |
| **Observation No. III.2. IT Hardware inventory discrepancies existed at the Metrology Lab.** | Report Recommendation:  
1. To improve property and asset management processes we recommend that:  
   a. Operational Support Division review its policies and procedures to determine whether any changes or updates are needed. | In Progress / Ongoing |
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>b. Operational Support Division should determine whether additional procedures should be developed, which are specifically tailored for the control of IT assets.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. To improve the SPA inventory system record keeping for IT assets and ensure the IT inventory is accurately reflected, we recommend that the Operational Support Division establish a procedure which requires the IT staff to inform the Property Manager whenever an IT asset is recovered from a user.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management Response: The Metrology Lab Management is in agreement with this finding and will work with Operational Support in any manner to assist beginning February 2020.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Deputy Commissioner directs Operational Support and IT to work together to identify and implement the most appropriate solution, if any to improve accuracy of the SPA update and reporting of returned IT inventory transfers.</td>
<td></td>
</tr>
<tr>
<td>19.01 Met Lab Audit of the Metrology Laboratory</td>
<td><strong>Observation No IV.1: – User designed spreadsheets and databases did not comply with security requirements.</strong></td>
<td>In Progress / Ongoing</td>
</tr>
<tr>
<td></td>
<td><strong>Report Recommendation:</strong> To promote compliance with the various requirements and manage agency risks, we recommend that:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. TDA’s IT Governance Board should review and provide prioritization for projects currently addressed by the IT Department.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. IT, TDA’s Information Security Officer (TDA ISO), Metrology Lab and other necessary participants should develop a short and long-term solution to update and possibly replace the user developed tools, Comparator, Control Charts and Metro Billing databases.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. The short-term solution should include training the Subject Matter Expert (SME) Metrologists regarding security and data requirements for program developed tools.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. The long-term solution should identify applications to replace the user designed tools.</td>
<td></td>
</tr>
<tr>
<td>Project Number</td>
<td>Finding / Recommendation and Management Response</td>
<td>Status *</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>3.</td>
<td>IT and the TDA ISO should meet periodically with the Metrology Lab personnel to discuss the Metrology Lab’s data and security needs, risks, expectations and emerging issues.</td>
<td>In Progress / Ongoing</td>
</tr>
</tbody>
</table>

*Management Response:*
The Metrologists will be working on updating or re-designing these spreadsheets during the down time for the lab due to construction in Spring of 2020. Long term plan is to recreate calibration spreadsheets that are accessible, maintainable and understood by all staff members.

The Laboratory has requested many times that Metro (the billing database) be updated as well and would like IT to look into this.

The Deputy Commissioner directs the ISO and IT to meet with the Metrology Lab periodically (at least biannually). The meeting shall address:
1) Emerging and ongoing issues,  
2) Assess possible projects and desired functionality requested by the Metrology Lab Liaisons, and  
3) Identify and document a short term and long-term solutions, based on the discussions and agreement with the Lab Staff. The project proposals will be presented to the IT Governance Board for project prioritization.

<table>
<thead>
<tr>
<th>19.01 Met Lab Audit of the Metrology Laboratory</th>
<th>Observation No IV.3.c: – The TDA and Metrology Lab data classification did not comply with security requirements.</th>
<th></th>
</tr>
</thead>
</table>

*Report Recommendation:*
To effectively manage and mitigate risks associated with unclassified assets, IT should:

1. Meet with the program to review the systems, controls and responsibilities as previously noted, and include on the agenda:  
   a. Updates to the system security plan for the Metrology Lab system profiles, data and risk classifications.  
   b. Updates to program needs.  

*Management Response:*
Management agrees with this finding and will work with and meet with IT to assist in any way to review
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.01 Met Lab Audit of the Metrology Laboratory</td>
<td>the systems, controls and responsibilities deemed necessary. The Deputy Commissioner directs IT and the TDA ISO to work with the Metrology Lab Staff to classify all the data and systems during the next Security Risk Assessment process.</td>
<td></td>
</tr>
<tr>
<td><strong>Observation No. V.2: Certain job descriptions did not include Licensing special projects.</strong></td>
<td><em>Report Recommendation:</em> Metrology management should re-evaluate the job duties in the job description of the present administrative assistant and make necessary adjustments. <em>Management Response:</em> Metrology Lab Management will be re-evaluating these licensing job duties February of 2020, since CPP and Licensing have been merged.</td>
<td>In Progress / Ongoing</td>
</tr>
<tr>
<td><strong>Observation No VI.1: Forms of payment for metrological services were limited to checks and money orders.</strong></td>
<td><em>Report Recommendation:</em> Metrology laboratory should consider accepting credit or debit cards. Also, use of lockbox for payments by checks and money orders should be considered. <em>Management Response:</em> Metrology Lab Management Response: Operational Support has been contacted by management for an additional lockbox. We will meet with OS to find the cost of this and get these changes in place soon. Management will also meet with IT to find out how or if we can accept credit cards and debit cards.</td>
<td>In Progress / Ongoing</td>
</tr>
<tr>
<td><strong>Observation No VII.1: TDA has not established a policy to handle free services rendered to the USDA and non-profit organizations.</strong></td>
<td><em>Report Recommendation:</em> TDA should establish a formal policy to define the eligibility, related cost to the agency and authorization required to grant those free or discounted services.</td>
<td>In Progress / Ongoing</td>
</tr>
</tbody>
</table>

*Status: In Progress / Ongoing*
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Finding / Recommendation and Management Response</th>
<th>Status *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrology Lab Management Response: Management will work with executive to develop a policy to be in line with this IA finding.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The Implementation Statuses above were according to Management as of Sept 1, 2021.

The definitions of the Implementation Statuses are as follows:

- **Fully Implemented**: Successful development and use of a process, system, or policy to implement a prior recommendation
- **Substantially Implemented**: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation
- **In Progress / Ongoing**: Ongoing development of a process, system, or policy to address a prior recommendation
- **Not Implemented**: Lack of a formal process, system, or policy to address a prior recommendation
Dear Ms. Kondis:

Attached for your information is the report of the External Quality Assurance Review of the Internal Audit function of the Texas Department of Agriculture.


Thank you for the courtesy and assistance you, TDA management and the Internal Audit staff extended to me during the review. Please let me know if I can be of additional assistance.

Sincerely,

Steve Goodson, CIA, CISA, CGAP, CCSA, CRMA, CLEA
Quality Assurance Reviewer