

**TEXAS DEPARTMENT OF AGRICULTURE**

# **Fiscal Year 2020**

# **Internal Audit Annual Report**

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**Internal Audit Division**



Texas Department of Agriculture | Commissioner Sid Miller  
November 2020



TEXAS DEPARTMENT OF AGRICULTURE  
COMMISSIONER SID MILLER

November 1, 2020

Governor's Office of Budget, Planning and Policy  
State Auditor's Office  
Legislative Budget Board

Attached is the Texas Department of Agriculture's (TDA) Internal Audit Division annual report. This report provides information on the Internal Audit activities from the last reporting date of September 2019 thru the fiscal year end of August 2020. It is also submitted to meet the annual reporting requirement of the Texas Internal Auditing Act (Government Code, Chapter 2102.009 and Texas Government Code, Sections 2102.016 and 2102.0091).

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 continues to focus on providing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes within the agency.

Please contact me at (512) 463-8251 if you need additional information.

Sincerely,

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

Attachment

**Texas Department of Agriculture  
Fiscal Year 2020 Internal Audit Annual Report**

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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 Website**

Section 2102.015 of the Internal Auditing 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: a) a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report and b) 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 to the code by posting the approved fiscal year 2021 audit plan and the fiscal year 2020 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 to About Agency, selecting TDA Divisions, and then selecting the Office of Internal Audit (<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 2020 in the attached Appendix A.

## II. Internal Audit Plan for Fiscal Year 2020

| Report/<br>Project<br># | Audit Title                                     | Initial Objective(s)  | Status / Report<br>Date           |
|-------------------------|---|---|-----------------------------------|
| 17.04.1                 | Audit of Human Resources Management             | Review human resources management processes to identify non-compliance to strategic operational policies and procedures   | October 2019                      |
| 17.04.2                 | Audit of Human Resources Information Technology | Assess the effectiveness of system access controls, and controls for changes to the employee master file for Human Resources applications.  | October 2019                      |
| 19.01                   | Audit of the Metrology Laboratory               | Review of Metrology Lab high risk area processes and controls for compliance with agency, state and federal rules and regulations and best practices.   | March 2020                        |
| 19.05                   | Audit of Completed Management Actions           | Review completed actions and determine if management has sufficiently addressed the risks identified for the IT Governance Audit.   | December 2019                     |
| 20.04                   | Audit of Completed Management Actions for CDBG  | Review completed actions and determine if management has sufficiently addressed the risks identified for the IT Governance Audit.   | Report to be released in November |
| 19.06                   | Receipt Payment Processing, Regions and Grants  | Evaluate TDA payment processing to include: 1) identification of payment flows including accounts and programs, lockboxes, credit card processing, 2) evaluation of suspense account clearing, 3) receipts payment reconciliations to program transactions. | Planning                          |

### Deviations from the Fiscal Year 2020 Audit Plan

There were no significant deviations to the audit plan, however the Receipt Payment Processing audit which was planned for partial completion by FY2020 was reported as progress to the Planning phase.

### 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 did not conduct any agreed upon consulting services during fiscal year 2020.

Internal audit did perform 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 External Quality Assurance Review
- Consult regarding security requirements set out in 1 TAC 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**

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 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 2021**

A risk-based methodology was used to prioritize audit coverage for fiscal year 2021 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 (hardware and software) 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, 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 2021 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 2021**

| Audit Title   | Area / Initial Objective(s)  | Projected Hours |
|---|--|-----------------|
| Audit of Completed Management Actions for CDBG Audit  | Review completed actions and determine if management has sufficiently addressed the risks identified for the CDBG Audit.   | 200             |
| Procurement and Contracting Process Compliance C/   | Review Contracting process, monitoring and management process and controls, document retention and compliance with laws including compliance to SB20 and SB65.                   | 800             |
| CAPPS Implementation review of user related controls A/   | Review of CAPPS Logical Security and selected configurations.  | 800             |
| Review Contract of selected Division contracts C/   | Review of Division Level contracting process, monitoring and management process and controls, document retention and compliance with laws including compliance to SB20 and SB65. | 800             |
| Audit of Completed Management Actions for HR and HR-IT Audits   | Review completed actions and determine if management has sufficiently addressed the risks identified for the HR and HR-IT Audits. (To be started but will carryover)             | 350             |
| <b><i>External Quality Assurance Review (Peer Review) Self-Assessment and preparation</i></b>   |  |                 |
| 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. |  | 250             |



| <b>Audit Title</b>  | <b>Area / Initial Objective(s)</b> | <b>Projected Hours</b> |
|---|------------------------------------|------------------------|
| <b><i>Follow-up on Prior Audits</i></b>   |                                    |                        |
| Assess the implementation status of corrective actions taken in response to prior internal and external audit findings and recommendations.   |                                    | 300                    |
| <b><i>Risk Assessment, Audit Plan and Annual Report</i></b>   |                                    |                        |
| Prepare Risk Assessment, Internal Audit Plan, and Internal Audit Annual Report.   |                                    | 800                    |
| <b><i>Fraud Hotline Admin, Consulting Services and Special Projects</i></b>   |                                    |                        |
| 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.  |                                    | 150                    |
| <b><i>External Audit Coordinator</i></b>  |                                    |                        |
| 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. |                                    | 400                    |
| <b><i>Total</i></b>   |                                    | <b>4850</b>            |

*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 2021 audit plan are listed below:

1. Grants administration and program monitoring
2. Financial Services, Accounting / Accounts Payable
3. Financial Services / Budget and Reporting
4. Financial Services and Grant Revenue / Cash Receipts
5. Information Technology, Systems and Applications Support
6. Information Technology, Data Center
7. Information Technology, Helpdesk Support

## Risk Assessment Process



### Data Gathering

- Gained understanding of industry trends and current environmental risks through discussions with personnel and by reading publications.
- Read technical guidance to identify changes to audit and accounting requirements (if any).
- Gained understanding of TDA strategic objectives and key initiatives.
- Updated audit universe based on changes in organizational structure, control environment and information from TDA staff.



### Risk Analysis

- Interviewed Key Executive members and management to obtain various points of view on risks.
- Surveyed select team members regarding their assessment of risk in the categories of fraud, compliance, materiality, complexity, suspected concerns, and emerging risks.
- Reviewed data gathering information.



### Audit Plan Proposal

- Developed a proposed Audit Plan based on interviews, risk assessments, resource availability, budget, and division coverage.
- Reviewed risk assessment results with Commissioner and Deputy Commissioner: discussed highest priority audits and projects; discussed proposed audit plan



### Audit Plan Approval

- Based on input from Commissioner, Deputy Commissioner and select TDA personnel, finalized audit plan and obtained formal approval.

## **VI. External Audit Services Procured in Fiscal Year 2020**

The Internal Audit Division did not directly procure external audit services in fiscal year 2020. The Texas Department of Agriculture did procure the following audit services during the fiscal year 2020:

- 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, 86<sup>th</sup> Legislature, Article IX, Section 7.09

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 the 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](#)

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, 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. Texas Government Code, Section 321.022

The 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 Chief Ethics Officer and Internal Audit coordinate to ensure all State Auditor's Office (SAO) fraud website or hotline referrals are handled appropriately. The Chief 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 2020 Audit Recommendations Implementation Status**

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

| <b>Project Number</b>   | <b>Finding / Recommendation and Management Response</b>  | <b>Status *</b>                  |
|---|--|----------------------------------|
| <p>IT GOV 16.07<br/>Audit of IT Governance - Executive Oversight<br/>Issued March 2018<br/>MAP Follow up issued December 2019</p> | <p><b><u>Observation No. II.1 - TDA does not have a formal governance body to identify risks and other information technology (IT) issues facing the agency.</u></b></p> <p><i>Report Recommendation:</i><br/>TDA should establish a formal IT governance oversight body to:</p> <ol style="list-style-type: none"> <li>1. Improve collaboration and negotiation between Program Managers,</li> <li>2. Promote understanding about how the agency’s limited IT resources are prioritized and allocated,</li> <li>3. Promote an understanding about IT related risks and mitigation strategies,</li> <li>4. Increase awareness about potential opportunities available to departments, and to</li> <li>5. Improve transparency and accountability.</li> </ol> <p><i>Management Response:</i><br/>Management agrees with the auditor’s observations. TDA understands the importance of a formal governance body to oversee IT issues and the strategic initiatives of the agency and will implement an IT Governance Board by June 2018.</p> | <p>Substantially Implemented</p> |
| <p>IT GOV 16.07<br/>Audit of IT Governance - Executive Oversight<br/>Issued March 2018<br/>MAP Follow up issued December 2019</p> | <p><b><u>Observation No. II.2 - TDA does not have an implementation plan and monitoring process to address outstanding high-risk security findings.</u></b></p> <p><i>Report Recommendation:</i><br/>The Information Resources Manager (IRM) and Information Security Officer (ISO) should:</p> <ol style="list-style-type: none"> <li>1. Establish an implementation plan and monitoring process to remediate all known high-risk security findings.</li> <li>2. Present periodic updates, at least quarterly, to the Deputy Commissioner and Assistant Commissioners regarding progress in remediating these risks.</li> </ol> <p><i>Management Response:</i><br/>Management agrees with the auditor’s observations. TDA has developed a security plan to address the high-risk security findings. Additionally, TDA will</p>  | <p>Incomplete / Ongoing</p>      |

| Project Number  | Finding / Recommendation and Management Response   | Status *                    |
|---|--|-----------------------------|
|   | <p>begin tracking the progress of the security plan implementation on a quarterly basis based on the input from the IRM and ISO.</p> <p>The TDA security plan implementation update will be scheduled in June 2018 as part of the IT Governance Board agenda.</p>  |                             |
| <p>IT GOV 16.07<br/>Audit of IT Governance - Executive Oversight<br/>Issued March 2018<br/>MAP Follow up issued December 2019</p> | <p><b><u>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.</u></b></p> <p><i>Report Recommendation:</i><br/>Executive Management should:</p> <ol style="list-style-type: none"> <li>1. Make COOP and Disaster Recovery Planning (DRP) a priority.</li> <li>2. Formally designate a single executive to sponsor the implementation of TDA's COOP and DRP plans.</li> <li>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.</li> <li>4. Institute a scheduled program of annual COOP plan updates.</li> <li>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.</li> <li>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.</li> </ol> <p><i>Management Response:</i><br/>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:<br/>Interim action:<br/>The CEMBC will submit an interim revision by March 30, 2018, of the COOP to SORM (State Office of Risk</p> | <p>Incomplete / Ongoing</p> |

| Project Number   | Finding / Recommendation and Management Response   | Status *                    |
|--|--|-----------------------------|
|  | <p>Management) to reflect organizational changes since the last submission.<br/>           Long Term action:<br/>           The CEMBC will work with agency management to complete the updated COOP, appendices, and BIA with executive approval by July 2018.</p>   |                             |
| <p>IT GOV 16.07<br/>           Audit of IT Governance - Executive Oversight<br/>           Issued March 2018<br/>           MAP Follow up issued December 2019</p> | <p><b><u>Observation No. III.2 - TDA has not developed a program of annual COOP plan testing.</u></b></p> <p><i>Report Recommendation:</i><br/>           The Executive Management should:<br/>           1. Make COOP and DRP planning a priority.<br/>           2. Formally designate a single executive to sponsor the implementation of TDA's COOP and DRP plans.<br/>           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.<br/>           4. Review and document responsibilities of COOP participants and update job descriptions for individuals who perform any COOP related tasks. Some examples would include COOP plan maintenance, testing, training, etc.<br/>           5. Institute a scheduled program of annual COOP plan testing.</p> <p><i>Management Response:</i><br/>           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.</p> | <p>Incomplete / Ongoing</p> |
| <p>IT GOV 16.07<br/>           Audit of IT Governance - Executive Oversight<br/>           Issued March 2018<br/>           MAP Follow up issued December 2019</p> | <p><b><u>Observation No. III.3 - TDA has not developed a program of annual COOP plan training.</u></b></p> <p><i>Report Recommendation:</i><br/>           The Executive Management should:<br/>           1. Make COOP and DRP planning a priority.<br/>           2. Formally designate a single executive to sponsor the implementation of TDA's COOP and DRP plans.<br/>           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.<br/>           4. Review and document responsibilities of COOP participants and update job descriptions for</p>   | <p>Incomplete / Ongoing</p> |

| Project Number  | Finding / Recommendation and Management Response   | Status *   |
|---|--|--|
|   | <p>individuals who perform any COOP related tasks. Some examples would include participants involved in COOP plan maintenance, testing, training, etc.<br/>5. Institute a scheduled program of annual COOP plan training.</p> <p><i>Management Response:</i><br/>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.</p>  |  |
| <p>IT GOV 16.07<br/>Audit of IT Governance - Executive Oversight<br/>Issued March 2018<br/>MAP Follow up issued December 2019</p> | <p><b><u>Observation No. III.4 - TDA does not have a current written disaster recovery plan (DRP) and has not performed annual testing of the plan.</u></b></p> <p><i>Report Recommendation:</i><br/>The Executive Management should:<br/>1. Make COOP and DRP planning a priority.<br/>2. Formally designate a single executive to sponsor the implementation of TDA's COOP and DRP plans.<br/>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.<br/>4. Oversee the creation of the agency's written DRP plan.<br/>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.<br/>6. Institute a scheduled program of annual DRP testing and training.</p> <p><i>Management Response:</i><br/>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.</p> | <p>DRP Substantially Implemented</p> <p>All other actions Incomplete / Ongoing</p> |



| Project Number  | Finding / Recommendation and Management Response  | Status *                 |
|---|---|--------------------------|
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. I.1- There was incomplete documentation to evidence completion of all procedures in the hiring process packets.</u></b></p> <p><i>Report Recommendation:</i><br/>HRD should update the Selection Criteria Justification form to include documentation of Step-by-step compliance with the HRD hiring procedures and hiring packet process especially where HRD approvals are required.</p> <p><i>Management Response:</i><br/>HRD disagrees with this Internal Audit (IA) finding as the items deemed missing by IA are not items required to be maintained in the final HRD hiring packet by agency policy, HR procedures or HR practice. Furthermore, the items were maintained elsewhere in HR records, such as in an official personnel file or emails reflecting HR approvals for interview panel composition, interview questions, and skills exercises (when applicable). IA reviewed only two steps within the entire hiring process (job postings and hiring packets) to test for compliance. This finding is contradicted by an objective outside review. 2</p> <p>HRD agrees with the IA recommendation to update the selection criteria justification form to better align with the hiring supervisor's process checklist that will denote HR approval on applicable steps.</p> <p>Responsible Official:<br/>Expected Completion Date:</p> <p>Human Resources Department December 2019</p> <p><b>Auditor's Comment #1.1</b></p> <p>The attributes that IA tested were pulled from the six sets of procedures that hiring managers are supposed to follow. It is not correct that IA reviewed only two steps within the entire hiring process (job postings and hiring packets) to test for compliance. Additionally, IA reviewed electronic documents related to those job postings and noted incomplete documentation which were shared with HRD.</p> | <p>Fully Implemented</p> |

| <b>Project Number</b>                                 | <b>Finding / Recommendation and Management Response</b>  | <b>Status *</b>          |
|---|--|--------------------------|
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. 1.2 - One division had job postings which contained subjective languages that could be interpreted differently.</u></b></p> <p><i>Report Recommendation:</i><br/>The hiring managers should work with the HRD in developing objective job criteria consistent with the Texas Position Classification Plan and the Job Description Guide.</p> <p><i>Management Response:</i><br/>HRD disagrees with the efficacy of this finding given it was limited to one program area and is not representative of overall TDA job postings. This finding is contradicted by an objective outside review.<sup>3</sup> Furthermore, whether a program area's preferred language is or is not subjective may properly be within the realm of the program area's expertise. HRD disagrees with IA's implication that TDA job criteria was ever inconsistent with classifications and job descriptions for Texas state government.</p> <p>TDA's Hiring Policy and associated practices, including job postings, were reviewed as part of TWC-CRD's recent 6-year review, including the timeframe falling within the scope of this audit, no findings were issued, and TDA was determined to be in compliance.</p> <p>HRD works with agency managers to develop objective job criteria and provides job posting information and guidance, including agency standardized language, essential duties, and professional competencies for job classifications to achieve uniformity to the greatest extent possible. Agency program areas, however, may further tailor these job postings to fit the program business needs.</p> <p>HRD also works with hiring supervisors to develop job postings for newly created or restructured positions. HRD also reviews all proposed job postings, identifies discrepancies in language, and proposes revisions to maintain standard job postings. HRD proposes changes to agency job postings to conform with legislative changes to the Position Classification Act.</p> <p>HRD will continue to discuss developing objective job criteria consistent with agency job postings (benchmarked) with hiring supervisors in its standard</p> | <p>Fully Implemented</p> |

| <b>Project Number</b>                                 | <b>Finding / Recommendation and Management Response</b>   | <b>Status *</b>          |
|---|---|--------------------------|
|   | <p>meetings with divisions and create meetings with other hiring supervisors, as needed.</p> <p><b>Auditor's Comment #1.2</b></p> <p>Even though this finding was for one division, the postings represented about 31% of our sample. Samples of the language included:<br/> "The applicants must specifically state how each of the following qualifications are met: Accountant II - Ability to perform least complex work with least severe consequences without supervision, and moderately complex work with least severe consequences with supervision;<br/> Accountant III - Ability to perform moderately complex work with least severe consequences without supervision, and moderately complex work with moderately severe consequences with supervision;<br/> Accountant IV - Ability to perform complex work with moderately severe consequences without supervision, and moderately complex work with moderately severe consequences with supervision;"</p> |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. 1.3 - There were instances of non-compliance with HRD employment procedures which were not properly documented.</u></b></p> <p><i>Report Recommendation:</i></p> <p>a) TDA executive management should re-emphasize the importance of compliance with established HRD policies, procedures and guidelines and Texas statutes, and provide necessary support of the HRD in validating compliance.</p> <p>b) HRD should meet with the hiring managers to ensure key screening language is understood and documented during the applicant screening process.</p> <p>c) HRD should ensure that the approval by the Deputy Commissioner and or his designees is formally obtained and documented for all non-compliances with its policies and procedures.</p> <p><i>Management Response:</i><br/> HRD disagrees with this IA observation as a finding within an audit of HR since it arises from management</p>                                      | <p>Fully Implemented</p> |

| <b>Project Number</b> | <b>Finding / Recommendation and Management Response</b>  | <b>Status *</b> |
|-----------------------|--|-----------------|
|                       | <p>decisions, which were outside HRD's authority and/or made over HRD's recommendation. For example, in one instance reviewed, HRD and a hiring manager disagreed about whether experience reflected on an application met a minimum qualification; when the hiring manager determined the experience was present, the applicant was interviewed. This finding is not representative of TDA's standard hiring process and contradicted by an objective outside review.</p> <p>a) HRD already undertakes the IA recommendation. HRD works closely with executive management/hiring supervisors throughout the agency hiring process to ensure integrity and fairness in agency processes. Both the Deputy Commissioner and his designee, the General Counsel, acknowledge the importance of complying with agency policies and standard practices and have established an executive workgroup on HR policies to review existing agency policies to achieve a greater understanding of the requirements and to gain direct support from Assistant Commissioners. HRD will continue to discuss the agency Hiring Policy and standard practices, as well as provide guidance and serve as a resource to all agency management.</p> <p>HRD reviews and updates its departmental procedures and guidelines to ensure they accurately reflect best practices for human resources and comply with applicable law. In addition, HRD will continue to conduct periodic reviews of personnel files to ensure completeness.</p> <p>b) HRD already undertakes the recommendation that key screening language should be understood and documented during the applicant screening process. HRD uses the minimum qualifications reflected on a job posting as key screening language. HRD works with agency hiring supervisors before posting job vacancies to seek clarification and ensure minimum qualifications are stated as clearly as possible to avoid any confusion or ambiguity either externally or internally when HRD applies the minimum qualifications approved by agency management during its screening.</p> <p>Only applicants who meet the stated minimum qualifications reflected in a job posting should be</p> |                 |

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|   | <p>permitted to proceed to the next phase of the hiring process, but in some instances applying higher selection criteria is appropriate and in the agency's best interest, so long as HRD is consulted to ensure no disparate impact results unintentionally. Program areas have authority to permit certain applicants to participate in the next phase of the hiring process, or in some infrequent instances, to direct the hire after obtaining an exception based on good cause from the Deputy Commissioner.</p> <p>c) HRD disagrees with this IA recommendation. Existing recordkeeping processes formally document final executive approval.</p> <p><b>Auditor ' s Comment # 1.3</b></p> <p>This observation focuses on undocumented instances where the manager chooses to depart from HR guidance, policies and legal requirements.</p> <p>While approval for salary actions by management including the Deputy Commissioner is documented through the ePAF application, the ePAF application does not document instances when the manager chooses to depart from HR guidance, policies and legal requirements. As a result, it is possible that the Deputy Commissioner may not be aware of such departures when approving the salary action through the ePAF application.</p> |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b>Observation No. 11.1 - Employee evaluations are not performed timely by management.</b></p> <p><i>Report Recommendation:</i></p> <p>1) TDA should modify the tracking and reporting process for monitoring agency compliance with the PPAS to report monthly summary statistics by division reflecting the delinquency aging of performance reviews.</p> <p>2) Reports generated by such a process should be reviewed by executive management on a periodic basis to promote transparency and compliance with HRD policy.</p> <p><i>Management Response:</i><br/>During the timeframe of this audit (FY 2016-2017), HRD had an existing process to assist agency</p>   | <p>Fully Implemented</p> |

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|                       | <p>managers in complying with this policy by informing them of the status of performance appraisals for employees under their supervision periodically, consistent with agency policy. (HRD also provided such information more frequently when an agency manager requested it.) Between September 1, 2017 and March 2019, agency policy also required HRD to send such status reports to the Deputy Commissioner and Division heads. Since March 2019, HRD sends out monthly performance appraisal overdue/due reports to notify supervisors and respective division heads and Assistant Commissioners.</p> <p>b) HRD agrees with this IA recommendation. HRD will compile, at a minimum, quarterly reports to send to the Deputy Commissioner for overdue/ due performance appraisals to be utilized as an agenda item for executive officers and senior staff meetings. HRD will work with the Deputy Commissioner to identify other information to include in the report, such as percentage of overall delinquency and age of delinquent appraisals. HRD will also continue to discuss the agency Performance Appraisal System Policy and agency practices, as well as provide guidance and serve as a resource, in its standard meetings with agency divisions.</p> <p>Responsible Official: Deputy Commissioner, Assistant Commissioners, all hiring managers and supervisors, and Human Resources</p> <p>Expected Completion Date:<br/>December 2019 and ongoing</p> <p><b>Auditor's Comment #II.1</b></p> <p>Texas Agriculture Code states that "The commissioner or the commissioner's designee shall develop a system of annual performance evaluations that are based on documented employee performance."</p> <p>During the scope of our audit (FY2016 and FY2017) untimely performance evaluations occurred throughout the agency: Agency Administration, Field Operations, Financial Services - IT, Food and Nutrition, Legal, and Trade and Business Division.</p> |                 |

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|   | <p>We noted numerous cases where annual performance reviews were not completed months or even years after the one-year anniversary date of the employee's prior performance review.</p>   |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. II.2 – HRD’s exception reporting process does not motivate managers to complete performance reviews on a timely basis.</u></b></p> <p><i>Report Recommendation:</i></p> <ol style="list-style-type: none"> <li>1) TDA should modify the tracking and reporting process for monitoring agency compliance with the PPAS to report monthly summary statistics by division reflecting the delinquency aging of performance reviews.</li> <li>2) Reports generated by such a process should be reviewed by executive management on a periodic basis to promote transparency and compliance with HRD policy.</li> </ol> <p><i>Management Response:</i></p> <p>HRD disagrees that IA 's observations and finding should be reflected in this audit. HRD has performed its duties to compile and distribute information related to performance appraisals to agency supervisors. HRD has a process for recording, tracking and monitoring employee performance appraisals. Whether a manager is motivated to complete performance appraisals timely is not a process that HRD can control or influence.</p> <p>HRD provides agency management with information about when evaluations are due, and in some instances, when evaluations should be delayed due to a pending investigation. HRD has no authority over how managers prioritize performance management among other work duties or when managers conduct evaluations. In some limited instances when employees may be out on extended leave or otherwise unavailable for the evaluation to be presented timely, both HRD and agency managers have minimal control over the circumstances.</p> <ol style="list-style-type: none"> <li>1. HRD already has an existing process to provide such information. During the timeframe of this audit (FY 2016-2017), HRD had an existing process to assist</li> </ol> | <p>Fully Implemented</p> |

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|  | <p>agency managers in complying with this policy by informing them of the status of performance appraisals for employees under their supervision periodically, consistent with agency policy. (HRD also provided such information more frequently when an agency manager requested it.)</p> <p>Between September 1, 2017 and March 2019, agency policy required HRD to send such status reports to the Deputy Commissioner and Division heads. Since March 2019, HRD sends out monthly performance appraisal overdue/due reports to notify supervisors and respective division heads and Assistant Commissioners.</p> <p>HRD will also compile quarterly reports to send to the Deputy Commissioner for overdue/due performance appraisals (by division) to be utilized as an agenda item for executive officers and senior staff meetings. HRD will continue to discuss the agency Performance Appraisal System Policy and agency practices, as well as provide guidance and serve as a resource, in its standard meetings with agency divisions.</p> <p>2. HRD agrees with this IA recommendation. HRD will compile quarterly reports to send to the Deputy Commissioner for overdue/due performance appraisals.</p> <p>Responsible Official: Deputy Commissioner, Assistant Commissioners, all hiring managers and supervisors, and Human Resources</p> <p>Expected Completion Date:</p> <p>Continuous</p> |                   |
| 17.04.1 HR Audit of Human Resources Management | <p><b><u>Observation No. II.3 – A merit increase was awarded to an employee who did not have a current performance appraisal as of the effective date of his salary action.</u></b></p> <p><i>Report Recommendation:</i></p> <p>1) HRD policies should be consistently applied for all employees. Merit awards should only be awarded to employees who have a current performance review.</p>   | Fully Implemented |



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|                       | <p>2) If HRD policies must be overridden, HRD should document and retain evidence of approval by executive management.</p> <p>3) To improve compliance with timely performance review requirements across the agency, HRD should develop an effective exception reporting process for executive leadership to encourage compliance with established state laws and agency policies.</p> <p><i>Management Response:</i><br/> HRD agrees in part with this IA observation and finding as one out of eleven employees tested was awarded a merit increase without having a current performance appraisal on file. HRD always provides information to agency management about the preferred practice for there to be a current performance appraisal. HRD disagrees with this observation and finding as misleading and not representative of TDA's standard merit practices. This finding is contradicted by an objective outside review.</p> <p>HRD disagrees with IA's observation that TDA did not comply with applicable state law. The applicable statute requires TDA award merit increases when an employee's job performance and productivity are consistently above what is normally expected or required; the statute does not expressly require a performance evaluation as documentation, but agency policy does so.</p> <p>1. HRD agrees with this IA recommendation and reviews each proposed merit to ensure compliance with agency policy and applicable laws. HRD will continue its current practice of performing such reviews. All agency managers and supervisors are responsible for ensuring agency policies are followed in their work units.</p> <p>The single instance cited is not reflective of the agency standard practice in awarding merits. HRD offers guidance based on applicable law and agency policies and practices to agency managers to ensure the merit policy is applied consistently, subject to budget availability, and that employees awarded a merit increase have a current performance appraisal on file.</p> |                 |

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|                       | <p>2. HRD disagrees with this IA recommendation. Existing recordkeeping processes adequately document final executive approval.</p> <p>3. HRD agrees in part with this IA recommendation to the extent it is authorized to assist agency managers and supervisors in complying with conducting performance appraisals in a timely manner. HRD will continue its existing practice of compiling and distributing reports related to the current status of employee performance appraisals to encourage compliance by agency managers. HRD will also compile, at a minimum, quarterly reports to send to the Deputy Commissioner for overdue/due performance appraisals.</p> <p>TDA's Merit Salary Increase and One-time Merit Payment Policy and associated agency practices were reviewed as part of TWC-CRD's recent 6-year review, including the timeframe falling within the scope of this audit, and no findings were issued. TDA was determined to be in compliance.</p> <p>HRD disagrees in part with this IA recommendation to the extent it suggests HRD establish a standard process for exceptions to TDA's Merit Salary Increase and One-time Merit Payment Policy and associated HRD practices/procedures. TDA current policy complies with applicable law.</p> <p>Responsible Official: Deputy Commissioner, Assistant Commissioners, all hiring managers and supervisors, and Human Resources</p> <p>Expected Completion Date: Continuous</p> <p><b>Auditor's Comment #II. 3</b></p> <p>Texas Agriculture Code states that "The commissioner or the commissioner's designee shall develop a system of annual performance evaluations that are based on documented employee performance. All merit pay for department employees must be based on the system established under this subsection."</p> <p>The senior staff employee who received the merit increase in April2017 had never received a</p> |                 |

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|  | performance appraisal, although he was hired in July 2015. This employee's first performance appraisal was completed in 2018.   |                   |
| 17.04.1 HR Audit of Human Resources Management | <p><b><u>Observation No. II.4 – Some managers did not follow HRD guidelines for merit increases thresholds.</u></b></p> <p><i>Report Recommendation:</i><br/>To identify and process merit increases, which do not comply with TDA HRD guidelines, we recommend that:</p> <ol style="list-style-type: none"> <li>1) Formalize a policy to periodically review the merit guidelines with executive management.</li> <li>2) An ePAF notification or edit check is established to alert ePAF approvers when merit increase amounts fall outside the accepted guideline or policy.</li> <li>3) HRD establishes exception procedures for merit increases, which fall outside the accepted guidelines or policy, which includes clear evidence of an override approval by executive management</li> </ol> <p><i>Management Response:</i><br/>HRD agrees in part with the IA observation and finding that some managers did not follow HRD guidelines for merit increase thresholds, but it is not representative of agency practices overall concerning merit increases. This finding is contradicted by an objective outside review.</p> <p>HRD disagrees that IA's observations and finding should be reflected in this audit. HRD does not make the decisions for merit salary amounts; rather, HRD only provided agency management with information about the agency's standard range of merits and advises on merit salary amounts based on its review of a program area's proposed awards and the methodology (if provided by the program area). Nevertheless, the program area has the authority to determine these amounts.</p> <p>Budget constraints often affect the amount awarded. In such instances, program areas must decide whether</p> | Fully Implemented |

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|  | <p>to award a merit in an amount outside the standard range or not award a merit at all. In all instances, HRD maintained compliance with the Comptroller's USPS salary rules for merit increases.</p> <p>1. HRD disagrees with the IA recommendation to formalize a policy regarding salary guidelines. HRD currently confers with the Deputy Commissioner periodically and will continue to do so on the review of agency salary guidelines. HRD will maintain compliance with the Comptroller's USPS salary rules for merit increases.</p> <p>2. HRD agrees in part and disagrees in part with this IA recommendation. When a program area proposes a merit award that does not comply with standard agency guidelines for merits, HRD informs the agency supervisor of that fact prior to entry of the salary action in the ePAF system. If the program area proceeds with the proposed merit, then HRD agrees to place a notation in the ePAF comments area to note the merit increase/one-time merit amount is not in line with agency salary guidelines. The comments can be viewed by all ePAF approvers. Final approval of the ePAF by the Deputy Commissioner or his designee will document a finding of good cause to support the merit award outside standard guidelines.</p> <p>3. HRD disagrees that the IA recommendation would be the best practice. Existing recordkeeping processes formally document final executive approval.</p> |                   |
| 17.04.1 HR Audit of Human Resources Management | <p><b><u>Observation No. II.5 – TDA’s merit increases were not applied throughout the range of classified salary groups.</u></b></p> <p><i>Recommendation:</i><br/>TDA should develop a formal periodic process in order to track and “ensure that merit increases, and one-time merit payments are applied throughout the range of classified salary groups” in compliance with applicable laws.</p> <p><i>Management Response:</i><br/>HRD disagrees that IA's observations and this finding should be reflected in this audit as HRD has no authority to make recommendations for merit increases except within its own program area. HRD does not determine which employees will be awarded</p>   | Fully Implemented |

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|                       | <p>merit increases in any salary groups; rather, the program area does.</p> <p>HRD disagrees with IA's observation that TDA did not comply with applicable state law. The applicable statute authorizes, but does not require, TDA to award merit increases to all eligible employees who meet statutory requirements, and to the extent budget was available, TDA management exercised its discretion appropriately.</p> <p>HRD provides agency management with information about an employee's eligibility to receive a merit increase under the criteria outlined in state law. If the employee is eligible, then HRD will provide information on the agency's standard range of merits and advises on merit salary amounts based on its review of a program area's proposed awards and the methodology (if provided by the program area). Nevertheless, the program area has the authority to determine these amounts.</p> <p>Budget constraints often affect the amount awarded, if any, and the agency policy reflects this factor. In such instances, program areas must decide whether to award a merit in an amount outside the standard range or not award a merit at all.</p> <p>TDA's merit policies apply equally to all of its salary groups, and in accordance with TDA's Workforce Diversity and EEOC Policy, the merit policy could not be used in a manner that resulted in a disparate impact to any protected class of employees. This is corroborated by an objective outside review. 7 IA's finding is based on incomplete observations coupled with two general assumptions of facts not reflected in the report. IA's observations consist of a chart of raw data reflecting the number of agency employees in a salary group and the number of employees in the same salary group who received a merit along with a percentage. By including no facts about the number of employees eligible in each salary group, this finding assumes all employees in each salary group met the criteria in state law to be eligible to receive a merit. There are factors that may have excluded employees in those classified salary groups from receiving a merit increase such as: program area budget constraints; an employee may not have a current</p> |                 |

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|                       | <p>7 TWC-CRD conducted its 6-year review of TDA's Personnel Policies and Procedures System, including the agency's Merit Increase and One-Time Merit Award Policy along with associated practices and implementation of the policy; TWC-CRD issued no findings and determined TDA was in compliance. The scope of the TWC-CRD review spanned a broader timeframe than this audit and encompassed the timeframe stated as the scope of this audit, FY 2016-2017.</p> <p>performance appraisal; an employee may have had a salary action within the preceding six months; an employee may have had recent disciplinary action taken against them; or the employee may not have a current performance appraisal score that would warrant a merit increase recommendation (score of 3.5 or above).</p> <p>In addition, there is no analysis about whether each program area had available budget funds to award merits to all (or a portion of) eligible employees. At the time of this audit, TDA was restricted by the cost-recovery budgetary model and did not have authority to transfer funding between program areas. In other words, each program area only had available funds for merits to the extent it generated sufficient funding and was permitted to retain such excess funds to be used for merits.</p> <p>This finding improperly implies that unless the distribution of merit increases is equal in terms of percentages, then increases cannot be awarded to any employees. Such salary increases are granted by the legislature as an across-the-board salary increase. Moreover, IA uses the same raw data for both merit increases and one-time merit awards without acknowledging in either table if any employees received the other type of merit award. IA does not address any management preferences for one type of award (increase vs. one-time merit) as opposed to the other. Lastly, IA does not aggregate the merit increase and one-time merit award data to reflect how the total number of merit awards were distributed to the total number of eligible employees by salary groups. HRD agrees in part and disagrees in part with this IA</p> |                 |

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|                | <p>recommendation. HRD agrees all agency compensation policies should be reviewed and monitored to ensure TDA's Workforce Diversity and EEOC Policy requirements are met-that no agency policy is applied in a manner that results in a disparate impact-and to address salary inequities (external and internal) to retain employees through higher pay. Despite submission of a budget request, the agency is limited in its expenditures by the legislative appropriations granted for salary purposes.</p> <p>HRD does review employee compensation as part of establishing salary ranges in job postings and when evaluating proposed salary actions. HRD compiles information for the Deputy Commissioner periodically and utilizes the State Auditor's Office e-class system, as well as USPS and Pentaho reports.</p> <p><b>Auditor's Comment #II.5</b></p> <p>Texas Government Code states, "Agencies should ensure that merit increases, and one-time merit payments are applied throughout the range of classified salary groups."</p> <p>While there is not an expectation that the merit increases will be applied evenly across all salary groups, HRD needs to be able to demonstrate how the agency complies with the TGC.</p> <p>During FY2016, 15 out of 28 salary groups (53.57%) did not receive a single merit increase. Salary groups not receiving a merit increase included the following: A10, Au, A14, A15, Bu, B12, B13, B14, B16, B25, B26, B28, B29, B31, B33, and B34.</p> <p>During FY2017, 10 out of 28 salary groups (35.71%) did not receive a single merit increase. Salary groups not receiving a merit increase included the following: Ao5, A1o, Au, A14, A17, B13, B15, B17, B31, B33, and B34.</p> <p>TDA does not have a formal periodic process to demonstrate compliance with TGC.</p> |          |

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| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. II.6 – TDA’s one-time merit payments were not applied throughout the range of classified salary groups.</u></b></p> <p><i>Report Recommendation:</i><br/>TDA should develop a formal periodic process in order to track and “ensure that merit increases, and one-time merit payments are applied throughout the range of classified salary groups” in compliance with applicable state laws.</p> <p><i>Management Response:</i><br/>Please see the management response discussion directly above in Section II.6 for HRD's response to this item. The same statute governing merit increases also applies to one-time merit awards.</p> <p>HRD disagrees with IA's observation that TDA did not comply with applicable state law. The applicable statute authorizes, but does not require, TDA to award one-time merits to all eligible employees who meet statutory requirements, and to the extent budget was available, TDA management exercised its discretion appropriately.</p> <p>Responsible Official: Deputy Commissioner, Assistant Commissioners, all hiring managers and supervisors, and Human Resources</p> <p>Expected Completion Date: Continuous</p> <p><b>Auditor's Comment #II.6</b></p> <p>Texas Government Code states, “Agencies should ensure that merit increases, and one-time merit payments are applied throughout the range of classified salary groups.”</p> <p>While there is not an expectation that the one-time merit payments will be applied evenly across all salary groups, HRD needs to be able to demonstrate how the agency complies with the TGC.</p> <p>During 2016, 22 out of 28 salary groups (78.57%) did not receive a single one-time merit payment. Salary groups not receiving a one-time merit payment included the following: A10, An, A14, A15, A17, Bn,</p> | <p>Fully Implemented</p> |



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|   | <p>B12, B13, B14, B15, B16, B17, B18, B22, B23, B24, B26, B27, B28, B29, B31, B33, and B34.</p> <p>Salary groups not receiving a one-time merit payment included the following: A0s, A10, A0n, A14, A15, A17, Bn, B13, B14, B15, B16, B17, B18, B22, B23, B26, B27, B28, B29, B31, B33, and B34.</p> <p>TDA does not have a formal periodic process to demonstrate compliance with TGC.</p>  |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. II.7 - HRD uses the signature date instead of the end of period date to calculate whether a review is current.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend that HR consider using the review's end-of-period date, instead of using the signature date to calculate whether a review is current for salary actions.</p> <p><i>Management Response:</i><br/>HRD disagrees with IA's observation that TDA did not comply with applicable state law. There is no applicable law that defines "current performance evaluation." HRD agrees with the IA recommendation. Human Resources has already implemented this audit recommendation.</p> <p>Expected Completion Date:<br/>Completed.</p> <p><b>Auditor's Comment II.7:</b></p> <p>Texas Agriculture Code states that "The commissioner or the commissioner's designee shall develop a system of annual performance evaluations that are based on documented employee performance."</p> <p>Please refer to Observation No. II.1- Employee evaluations are not performed timely by management.</p> | <p>Fully Implemented</p> |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. III.1 - TDA has not developed a formal intra-agency career ladder program that addresses opportunities for mobility and advancement for employees within the department.</u></b></p> <p><i>Report Recommendation:</i></p>   | <p>Fully Implemented</p> |

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|  | <p>The commissioner or his designee should establish a career ladder program as required by the applicable state laws.</p> <p><i>Management Response:</i><br/>HRD agrees in part and disagrees in part with the IA finding and recommendation. Section 12.013 of the Texas Agriculture Code requires TDA to develop an agency career ladder program to create opportunities for advancement and mobility. This program is also required to have TDA issue intra-agency postings of all positions concurrently with any public job posting. While TDA has met the concurrent posting requirement, TDA's size, agency structure, management-to-staff ratio, and availability of budget have posed a continuing challenge to TDA successfully establishing a formal career ladder program.</p> <p>But TDA has created an informal career ladder program for employees to the extent possible Through its Hiring Policy, which provides for both promotion of current employees and workforce planning promotions, both of which require the Deputy Commissioner's approval. TDA also currently requires agency managers to post vacancies internally prior to posting to the public.</p> <p>Employees can and do move within the agency to advance professionally. During the scope of this audit, TDA regional operations had guidelines of how and when inspection staff could progress through the various classification levels.</p> |                   |
| 17.04.1 HR Audit of Human Resources Management | <p><b><u>Observation No. III.2 - Agency does not have a succession plan for the future of the agency and its employees.</u></b></p> <p><i>Report Recommendation:</i><br/>The Agency should develop a succession plan which should include the impact of the departure of key employees due to retirement or resignation. Also, the succession plan should determine what development opportunities are in place for the employees.</p> <p><i>Management Response:</i><br/>HRD disagrees with the IA finding and recommendation insofar as it suggests TDA does not have a comprehensive workforce plan that addresses agency operations and its employees. HRD meets with</p>   | Fully Implemented |

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|   | <p>division heads/executive management and provides them with an update on employees that may potentially be considered retirement eligible to prompt succession planning for their respective staff and division.</p> <p>HRD prepares the required workforce plan to guide recruiting and guide business continuity. In addition, the standard performance appraisal form allows for agency managers and employees to specify a training and development plan. The agency has adopted policies to allow for employee training and professional development. Availability of budget impacts agency decisions concerning training and professional development.</p> <p>Auditor's Comment III.2:</p> <p>Achieving an effective succession plan is different from a workforce plan. The workforce plan focuses on budgeted FTEs and dollars. A succession plan focuses on ensuring the "right" individuals are developed by having access to the right training, experience and level of authority needed to prepare them for their future positions.</p> |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. III.3 - TDA has not developed procedures for use in achieving a management-to-staff ratio of one manager for each 11 staff members.</u></b></p> <p><i>Report Recommendation:</i><br/>TDA should develop procedures for use in achieving a management-to-staff ratio of one manager for 11 staff members or obtain the necessary approval if it believes that the minimum management-to-staff ratios are inappropriate for the agency.</p> <p><i>Management Response:</i><br/>HRD disagrees with this IA finding and recommendation, both of which arise from an observation of noncompliance by referencing a single management-to-staff ratio (MSR) for the entire 2-year audit period (FY 2016-2017). HRD monitors the agency's MSR quarterly and reports for the audit period contradict IA 's observation by reflecting the agency was in compliance during FY 2016. In addition, the MSR for the first 3 quarters was closer to compliance than what is reflected in this report. To the</p>                             | <p>Fully Implemented</p> |

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|  | <p>extent IA 's observation and finding applies to FY2016, HRD disagrees that TDA did not comply with applicable state law.</p> <p>HRD keeps the Deputy Commissioner apprised of the management-to-staff (MSR) ratio quarterly, as well as when changes to the agency organizational structure may potentially affect the current MSR. HRD's procedure to ensure compliance with the mandated MSR of 1:11 is to review the quarterly MSR report and provide on-going updates to the Deputy Commissioner regarding critical thresholds and potential non-compliance with the MSR. HRD has provided guidance to agency managers individually as they propose to add supervisory duties to previously non-supervisory positions or during reorganization of program areas or divisions, about the effects on the agency's MSR.</p> <p>HRD is available to assist TDA executive with recommendations about how to achieve compliance. Any decision to seek approval for a waiver of the MSR requirement would be made at the executive level of the agency. In addition, the MSR statute (Tex. Gov't Code, Sec. 651.004) establishes exceptions for 2 agencies (TPWD and THC) with respect to staff in field-based operations and may provide an additional option for agency management to pursue.</p> |                   |
| 17.04.1 HR Audit of Human Resources Management | <p><b><u>Observation No. IV.1 - Almost all employees did not complete the required two-year Ethics, Fraud Prevention and EEO training sessions, subsequent to being hired.</u></b></p> <p><i>Report Recommendation:</i><br/>Management should:</p> <ul style="list-style-type: none"> <li>a) Require ALL employees to complete the required trainings within 90 days to comply with the applicable training laws and policies.</li> <li>b) Ensure that HRD has necessary information technology and systems to track and monitor completion of required trainings by employees.</li> <li>c) Periodically include training as an agenda item for executive and senior staff meetings to act as a reminder of importance of training employees.</li> </ul>  | Fully Implemented |

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|                       | <p>d) Make completion of required trainings part of employees' annual performance evaluations.</p> <p>e) Include Ethics, Fraud and EEO trainings as a subject in the managers' training.</p> <p><i>Management Response:</i><br/> HRD disagrees with the IA finding as based on inaccurate observations. During a portion of FY 2016, HRD experienced conversion issues as it transitioned to a new system.</p> <p>For the EEO trainings, 29 out of 40 employees had not completed the mandatory two-year EEO training (all took the training in 2015 and were due in 2017). However, all employees completed the EEO training in 2018.</p> <p>For the Fraud trainings, 33 out of 40 employees completed the mandatory trainings. Of the 7 that were marked as not having any documentation of not completing Fraud, HRD reviewed the employee files of current TDA employees (4 total). Of the 4, only 1 did not have evidence of ever completing the Fraud training. All other employees had previously completed the Fraud training. All employees, including the 4 listed in IA's findings as not having ever completed the training, completed the Fraud training in 2018.</p> <p>HRD disagrees with IA's observation that TDA did not comply with applicable state law. There is no applicable state law that establishes the frequency of fraud training.</p> <p>The scope of the IA was for fiscal years 2016 and 2017. For the Ethics trainings, 34 of 40 employees, according to the IA Training spreadsheet, had completed the mandatory Ethics training in FY2016 and FY2017. In the IA observation, it is stated that none of the employees completed the subsequent training 2 years after the initial training and this statement is incorrect. All employees completed the mandatory Ethics training in 2018. Of the 6 of 40 employees listed as not ever having record of completing the Ethics training, HRD reviewed the files of 4 of the employees. Of the 4, only 1 did not have evidence of having taken the training.</p> |                 |

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|                       | <p>HRD disagrees with IA's observation that TDA did not comply with applicable state law. Applicable state law requires TDA adopt an ethics policy and distribute a copy of the policy and certain ethics statutes no later than the 3'd business day after the first day of employment. TDA complied with that statutory requirement.</p> <p>1. HRD agrees in part and disagrees in part with this IA recommendation. There was a transition period from using an LMS system to a new software system; therefore, HRD failed to capture outstanding training for some employees.</p> <p>However, HRD does require all employees to complete the required training upon being hired. Agency practice requires for these trainings to be completed within three business days of hire. HR also sends out annual training notifications to ensure employees remain current on agency training requirements. The Employee Handbook Policy expressly places responsibility on all managers and supervisors to ensure agency policies are followed in their work units.</p> <p>2. HRD disagrees with this IA recommendation. HRD has created an in-house training tracking database (Excel spreadsheet) and all employees are currently up to date on trainings. HRD would not recommend the Deputy Commissioner invest in an upgrade of SoftChalk or in procuring another system.</p> <p>See also TDA IT response, attached and incorporated as an addendum to this management response pertinent to IT issues.</p> <p>3. HRD agrees with the IA recommendation. HRD sends Broadcast emails to inform employees when training is required, and the Administrator for Human Resources makes announcements in the Senior Staff Meetings. HRD will also compile quarterly reports to send to the Deputy Commissioner for overdue/due mandatory trainings to be utilized as an agenda item for executive officers and senior staff meetings.</p> <p>4. HRD disagrees with the IA recommendation. Mandatory trainings are required every two years, and</p> |                 |

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|   | <p>it would be inappropriate to add this item to employee job descriptions as an essential/non- essential job duty as mandatory trainings are completed less than 5% of the total work time.</p> <p>5. HRD agrees with the IA recommendation. HRD will continue to emphasize to management the importance of ensuring employees complete the mandatory trainings.</p> <p><b>Auditor Comment IV.1</b></p> <p>During our audit fieldwork, IA presented the training test results to HRD and they immediately requested all agency employees who were delinquent to bring their training into compliance with the agency requirement and applicable statute.</p>  |                             |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. IV.2 - The TDA training software (SoftChalk) lacks training status collection and recording capabilities to report progress and non-compliance to mandatory agency and statewide training requirements.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend TDA management in conjunction with IT management:</p> <ul style="list-style-type: none"> <li>• Revisit the purchase of the SoftChalk training software to determine if additional reporting functionality meets the related cost justification or what steps need to be taken to resolve the software functionality gap.</li> </ul> <p><i>Management Response:</i><br/>There doesn't appear to be an agreed upon action.</p> <p><i>Full Response:</i><br/>HRD agrees with this IA finding, but this issue has since been resolved. HRD disagrees with this IA recommendation. HRD has created a training tracking database (Excel spreadsheet). Human Resources has worked with IT and the cost to upgrade SoftChalk is expensive and not within available budget. HR would not recommend the Deputy Commissioner invest in an upgrade of SoftChalk or in procuring another system.</p> | <p>Incomplete / Ongoing</p> |

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|   | <p>HRD identified this issue prior to this audit, self-disclosed this issue as part of this audit, and took steps to correct this issue.9</p> <p>See also TDA IT response, attached and incorporated as an addendum to this management response pertinent to IT issues.</p> <p>Responsible Official:</p> <p>Deputy Commissioner, Assistant Commissioners, all hiring managers and supervisors, and Human Resources</p> <p>Expected Completion Date: Continuous.</p> <p><b>Auditor's Comment IV.2</b></p> <p>The reporting issue still requires manual intervention and processing by both HR and every employee at TDA. The solution identified, did not consider other departments using SoftChalk and the agency wide impact of individual requirements to print and deliver the completion certificates to HRD.</p>   |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. V.1 - Some personnel files contain incomplete documentation.</u></b></p> <p><i>Report Recommendation:</i></p> <p>a) The HRD should conduct frequent and periodic self-audit of personnel files to ensure they contain required documents and are updated when deemed necessary.</p> <p>b) The department should properly review Forms I-9 for completeness and accuracy.</p> <p><i>Management Response:</i></p> <p>1. HRD agrees in part with this IA finding and recommendation. HRD conducts periodic self-audits of personnel files and will continue that practice. Certain documentation may or may not be part of an employee personnel file due to some documentation being not required and/or grandfathered (was not mandated at the time of the employee's hire date or required thereafter). In one instance, IA observed a female employee did not have a selective service form, but this documentation is not required for females.</p> | <p>Fully Implemented</p> |



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|   | <p>HRD agrees to review its checklist of New Hire Forms to determine if any updates are necessary.</p> <p>2. HRD agrees in part with this IA recommendation. HRD ensures legal documentation has been completed within the three (3) business days of hire date and is complete and accurate. In addition, HRD uses the federal e-Verify system to confirm valid work authorization status of all new hires and to monitor agency employees who are not U.S. citizens, but work legally in the U.S. under work authorization documents with an expiration date. Due to the few instances cited, HRD will do a periodic review of I-9 forms.</p> <p>Responsible Official: Human Resources</p> <p>Expected Completion Date: Continuous.</p> <p><b>Auditor Comment V.1</b></p> <p>It is correct that IA misclassified a female employee as requiring a selective service form which is not required for females.</p> |                          |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. VI.1- Standard operating procedures are not formalized for some human resources functions.</u></b></p> <p><i>Report Recommendation:</i><br/>HRD should formalize the drafted SOPs.</p> <p><i>Management Response:</i><br/>HRD agrees with the IA finding and recommendation. HRD will formalize and update the drafted standard operating procedures.</p> <p>Responsible Official: Expected Completion Date:<br/>Human Resources March 2020</p>  | <p>Fully Implemented</p> |
| <p>17.04.1 HR Audit of Human Resources Management</p> | <p><b><u>Observation No. VI.2 - The HRD was not able to provide departmental operating statistics.</u></b></p> <p><i>Report Recommendation:</i><br/>The HRD should develop and communicate a set of performance measures to track operational results and compare against agency goals and benchmarks. The</p>  | <p>Fully Implemented</p> |

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|  | <p>results should be communicated periodically at least semiannually to executive management.</p> <p><i>Management Response:</i><br/>HRD disagrees with this IA finding. During the course of this audit, HRD was able to provide IA with requested operating statistics even for requests made with short deadlines of the same business day.</p> <p>HRD agrees in part and disagrees in part with the IA recommendation. HRD provided IA with departmental operating statistics, which are reflected in this audit report in the introduction to Section I (Hiring Process) on pg. 5; HRD also provides such information to the Deputy Commissioner and agency executives upon request. HRD currently provides monthly operating statistics (HR metrics) for the Executive Report to the Commissioner by running USPS ad hoc reports and PENTAHO reports and manually compiles data.</p> <p>1. See also TDA IT response, attached and incorporated as an addendum to this management response pertinent to IT issues</p> <p><b>Auditor Comment V1.2</b></p> <p>It is correct that HRD was able to provide IA with requested operating statistics even for requests made with short deadlines of the same business day during our exit conference. However, HRD was not able to provide such operating statistics when IA first requested them for audit planning purposes and during the audit fieldwork. IA had to provide HRD with examples of what to include in operating statistics, i.e. job postings, job applications, job interviews, job offers, new hires, terminations, trainings, arbitrations, investigations, performance evaluations, on-boards, off-boards, etc. IA also encouraged HRD to contact its peer group for examples of operating statistics.</p> |                   |
| 17.04.1 HR Audit of Human Resources Management | <p><b><u>Observation No. VII.1 - Managers and staff did not always comply with TDA employment separation policy.</u></b></p> <p><i>Report Recommendation:</i><br/>1) Whenever managers fail to complete the separation checklist or fail to collect access cards from</p>  | Fully Implemented |

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|                | <p>the employees, HR should inform the Facilities Department immediately to terminate the badge access with DPS.</p> <p>2) Staff should develop procedures to ensure that DPS promptly terminates all electronic access cards whenever an employee separates or is terminated from the department.</p> <p>3) Additionally, TDA facilities department establish a periodic review of employee access cards which compares TDA building access records with the DPS records.</p> <p><i>Management Response:</i></p> <p>1. Operational Support management agrees with the IA recommendation, but it is ultimately the responsibility of the employee's direct manager to obtain all items on the Separation of Employment checklist. Operational Support does not always work directly with managers during separations and are not always informed until after the separation has occurred. The Employee Handbook Policy expressly places responsibility on all managers and supervisors to ensure agency policies are followed in their work units.</p> <p>2. Operational Support staff processes the deactivation of access cards upon HRD notification of an employee separation from TDA employment. Operational Support sends an email to DPS requesting termination of access, and a confirmation email is received from DPS once the access badge has been deactivated.</p> <p>3. Operational Support has implemented a program area process to address this issue, specifically monthly reports will be run to verify the status of employee's access badges with DPS.</p> <p>Responsible Official: Director of Agency Administration and Chief of Operational Support, agency managers and supervisors, and Human Resources</p> <p>Expected Completion Date: February 2020</p> |          |

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| 17.04.1 HR Audit of Human Resources Management                | <p><b><u>Observation No. VII.2- TDA staff retained some active electronic access cards after employees separated from the department.</u></b></p> <p><i>Report Recommendation:</i><br/>Subsequent to identification of this issue, TDA staff returned the access cards to the DPS and obtained new "official" temporary access cards from the DPS.</p> <p>Required action was taken by staff to correct the issue. No additional action is required at this time.</p> <p><i>Management Response:</i><br/>The Director of Agency Administration and Chief of Operational Support have taken required action to correct the issue. TDA has been issued temporary access cards from DPS and are kept in a secured location.</p>  | Fully Implemented |
| 17.04.2 HR-IT Audit of Human Resources Information Technology | <p><b><u>Observation No. I.1a – The agency did not establish proper SOD for HR and payroll functions in the Comptroller’s USPS system.</u></b></p> <p><i>Report Recommendation:</i></p> <ol style="list-style-type: none"> <li>1. TDA HR and Payroll Management should evaluate and segregate the employees’ USPS permissions to align with their job functions.</li> <li>2. To ensure least privilege roles in USPS, management should review HR and payroll roles at least quarterly, and with every change in payroll or HR personnel.</li> </ol> <p><i>Management Response:</i><br/><b>Administrator for Human Resources:</b> HRD disagrees with IA’s observation in that it is factually misleading. IA indicated to HRD during their audit that there would be meetings with Payroll included on this subject, yet the meetings never occurred to work with both IT and Financial Services divisions on proper segregation of duties, related to access screens.</p> <ol style="list-style-type: none"> <li>1. IA has made incorrect assumptions in giving this opinion. There may be a functional business reason for certain access by different managers.</li> <li>2. HRD defers to the subject matter expert on this recommendation - TDA IT - not TDA IA.</li> </ol> <p><b>IRM:</b> IT (Information Technology) respectfully disagrees with IA (Internal Audits) observation, as this process already takes place. The agency’s business</p> | Fully Implemented |

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|  | <p>needs require management and staff to identify and have a backup to critical agency positions / functions, such as HR (Human Resources) &amp; Payroll. However, IT agrees that the agency must ensure that its policies and practices comply with state and federal law and best practices established for Texas state agencies by the Texas Department of Information Resources. Accordingly, IT will continue to conduct evaluations as recommended by the ISO and revoke or revise permissions as necessary.</p> <p>IT will continue to use our posted approved policies and procedures as they pertain to SOD (separation of duties) for all systems, including the CPA (Comptroller of Public Accounts) USAS (Uniform Statewide Accounting System) &amp; USPS (Uniform Statewide Payroll/Personnel System) system(s). IT will continue to conduct reviews of HR and payroll privileges or roles in accordance with a schedule approved by executive level management</p>  |                          |
| <p>17.04.2 HR-IT Audit of Human Resources Information Technology</p> | <p><b><u>Observation No. I.1b – Quarterly review for USPS was not verified by all managers.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend that TDA management along with IT and the Information Security Officer review non-compliance with access controls on a quarterly basis to identify and resolve issues.</p> <p><i>Management Response:</i><br/><b>ISO:</b> IT has established procedures for the creation and removal of these accounts, with all access or changes being tracked in our internal ticketing system that can be associated with a CPA ticket number as well. I am conducting Access reviews for these accounts and am collaborating with the Business Units to help them understand what level of access a user has if a question arises. All user access changes are being submitted by their management in a TDA Help Desk ticket.</p> <p><b>IRM:</b> IT and the ISO will ensure that its systems and processes properly identify and resolve non-compliance with access controls. See response #1 to I.1a above.</p> | <p>Fully Implemented</p> |

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| <p>17.04.2 HR-IT Audit of Human Resources Information Technology</p> | <p><b><u>Observation No. I.2a – Assignment of ePAF application access did not consistently promote least privilege.</u></b></p> <p><i>Report Recommendation:</i><br/> Account management and periodic access reviews are the foundation to effective cost-free security measures any organization can implement. IA recommends TDA HR, IT and Executive management establish basic identity management practices including:<br/> Agency-wide Priority<br/> 1. Make identity management a priority for the Agency.<br/> ISO Responsibilities<br/> 1. Conduct access reviews on a quarterly basis,<br/> 2. Enforce IT SOD,<br/> 3. Periodically train data owners, IT and other users regarding their control function responsibilities<br/> IT Responsibilities<br/> 1. Prove access through a rule and group-based structure where possible, and fully document authorized exceptions at least annually,<br/> 2. Where possible, activate auditing and logging of privileged access as designed by the ISO and Data Owner,<br/> 3. Use Active Directory to automate access and termination.<br/> Data Owner (HR) Responsibilities<br/> 4. Conduct timely complete quarterly access reviews,<br/> 5. Restrict the use of generic user permissions,<br/> 6. For IDs with no access and authorization rules (such as system to system IDs), establish a protocol requiring approval by IT Management, Information Security and the Executive whose division owns the data.</p> <p><i>Management Response:</i><br/> <b>ISO:</b> IT has established procedures for the creation of these accounts, which requires a TDA helpdesk ticket and their manager’s approval of the access before an account is created.<br/> Quarterly Access reviews are being conducted for ePAF accounts and I am collaborating with the Business Units to help them understand what level of access a user has if a question arises.<br/> All user access changes are being submitted by Management in a Help Desk ticket.</p> | <p>Incomplete / Ongoing</p> |

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|  | <p><b>IRM:</b> IT is working with executive staff to ensure that identity management is a priority for the agency. IT and the ISO are aware of their responsibilities and will use their resources to address any issues with user access controls in ePAF. IT and the ISO will work with the data owner to ensure it is aware of its responsibilities.</p> <p>See response #1 to I.1a above.</p>  |                                 |
| <p>17.04.2 HR-IT<br/>Audit of Human<br/>Resources<br/>Information<br/>Technology</p> | <p><b><u>Observation No. I.2b – The periodic review of the ePAF application permissions was not established.</u></b></p> <p><i>Report Recommendation:</i><br/>Management should establish a basic identity management and periodic access review structure for the ePAF application.</p> <p><i>Management Response:</i><br/><b>ISO:</b> Quarterly Access reviews are being conducted for ePAF accounts and I am collaborating with the Business Units to help them understand what level of access a user has if a question arises. All user access changes are being submitted by Management in a Help Desk ticket.</p> <p><b>IRM:</b> IT accepts this observation. The agency recently employed a new ISO (Information Security Officer) who has initiated these reviews. Additionally, the ISO is exploring better ways to automate and track these security access reviews request moving forward.</p> | <p>Incomplete /<br/>Ongoing</p> |
| <p>17.04.2 HR-IT<br/>Audit of Human<br/>Resources<br/>Information<br/>Technology</p> | <p><b><u>Observation No. I.2c – The ePAF application lacks sufficient IT documentation to verify group permissions.</u></b></p> <p><i>Report Recommendation:</i><br/>Management should establish basic identity management and periodic access review procedures based on the documented roles configured for the ePAF application.</p> <p><i>Management Response:</i><br/><b>IRM:</b> IT accepts this observation. IT will continue to add and extend existing documentation as it pertains to group permissions.</p> <p>Additionally, there are new identified enhancements which may address some of IA's observations. IT will</p>   | <p>Incomplete /<br/>Ongoing</p> |

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|   | continue to discuss these and other possible enhancements with executive level management, and implement same as directed by executive management, when agency priorities and resources align themselves.   |                      |
| 17.04.2 HR-IT Audit of Human Resources Information Technology | <p><b><u>Observation No. I.2d – The system owner did not always authorize ePAF permissions.</u></b></p> <p><i>Report Recommendation:</i><br/>HR Management with the support from IT and the ISO should establish basic identity management and periodic access review procedures for the ePAF application.</p> <p><i>Management Response:</i><br/>IRM: IT will ensure that its development process and implementation have adequate documentation of application requirements and proper evidence of review and approval by executive level management.</p>   | Fully Implemented    |
| 17.04.2 HR-IT Audit of Human Resources Information Technology | <p><b><u>Observation No. II.1 – Some roles were not defined in the TDA ePAF Improvement Project – Phase II (ePAF-Phase II) application requirements documentation.</u></b></p> <p><b><u>Observation No. II.2 – Documentation for the ePAF Improvement Project – Phase II did not contain evidence of review and approval.</u></b></p> <p><i>Report Recommendation:</i><br/>Going forward, IA recommends that TDA:</p> <ol style="list-style-type: none"> <li>1. Appoint a project sponsor from executive level management for IT projects who is charged with oversight of the project and provided with appropriate authority to manage the project and monitor its impact on the agency and the functions, processes and systems impacted by the project.</li> <li>2. Define roles and individual responsibilities clearly at the start of a project and carried forward throughout the successful completion of the project which include basic project roles with the proper authority for all projects.</li> <li>3. Issue regular status updates or reports on the project, including a final report upon completion of the project.</li> <li>4. Include the Information Security Officer and IA in the change control process.</li> </ol> | Incomplete / Ongoing |



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|   | <p>5. Review TDA's change management policies and procedures periodically, in connection with TDA's IT Governance Board.</p> <p>6. Update policies and specific templates annually to comply with new statutes, DIR rules, and DIR mandated standards.</p> <p><i>Management Response:</i><br/>IRM: IT will ensure that its development process and implementation have adequate documentation of application requirements and proper evidence of review and approval by executive level management.</p>   |                      |
| 17.04.2 HR-IT Audit of Human Resources Information Technology | <p><b><u>Observation No. II.3 - TDA did not follow agency policy and DIR control standards to migrate the ePAF Phase II Project into the Production Environment.</u></b></p> <p><i>Report Recommendation:</i><br/>To ensure compliance with IT change management procedures for all future TDA IT projects, in addition to the previously recommended actions, IA also recommends that IT management in conjunction with the ISO:</p> <ol style="list-style-type: none"> <li>1. Reestablish periodic change control meetings (CCB) which are referred to in TDA policy.</li> <li>2. Review the change management policies and procedures for: <ol style="list-style-type: none"> <li>a. Criteria associated with emergency change procedures and software classification change procedures,</li> <li>b. Documentation requirements and procedures for periodic CCB meetings,</li> </ol> </li> <li>3. Fill the open quality assurance position to promote the quality assurance function and project compliance, and</li> <li>4. Include the ISO on the CCB to independently evaluate risk.</li> </ol> <p><i>Management Response:</i><br/>IRM: IT respectfully disagrees with IA's observation, as the agency moved from a waterfall methodology to a hybrid waterfall/agile methodology in which weekly "burn-down" or status meetings replace the old waterfall CCB requirements.</p> <p>IT has also reviewed all IT &amp; Security policies including the CCB (Change Control Board) policy and</p> | Incomplete / Ongoing |

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|   | is waiting for comment from legal before posting to the agency's Intranet.  |                      |
| 17.04.2 HR-IT Audit of Human Resources Information Technology | <p><b><u>Observation No. II.4 - TDA Change Management policies did not include essential processes required by DIR and supporting documentation.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend TDA management:</p> <ol style="list-style-type: none"> <li>Conduct an ePAF post implementation review to: <ul style="list-style-type: none"> <li>Identify the ePAF workflow and workload changes and any resource requirements necessary, if any</li> <li>Implement any resource and staffing changes as a result of the ePAF process evaluation,</li> <li>Document the new control structure,</li> </ul> </li> <li>Update and implement the related project management policies to include key project management framework processes and documentation to include, but not be limited to: <ul style="list-style-type: none"> <li>Risk Management Plan,</li> <li>Post Implementation, or Lessons Learned and Close Out Review</li> <li>Other documents for the PM Lite and DIR Project Delivery Framework</li> </ul> </li> </ol> <p><i>Management Response:</i><br/>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.</p> | Incomplete / Ongoing |
| 17.04.2 HR-IT Audit of Human Resources Information Technology | <p><b><u>Observation No. III.1 - Reconciliation of dual entry was not established.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend TDA management:</p> <ol style="list-style-type: none"> <li>Evaluate the ePAF process to identify the workflow and workload changes.</li> <li>Design and implement a reconciliation based on the workflow.</li> <li>Document the new control structure.</li> </ol> <p><i>Management Response:</i><br/>Administrator for Human Resources: HRD disagrees with IA's observation in that it is factually inaccurate</p>   | Fully Implemented    |

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|  | <p>and misleading. The date and time for IA’s observations are vague. The ePAF and USPS systems interface. The ePAF system cannot function without USPS. HRD defers to the subject matter expert on this recommendation, TDA IT, not TDA IA.</p> <ol style="list-style-type: none"> <li>1. This process has already been done.</li> <li>2. This process has already been done and future enhancements are already identified.</li> </ol> <p>It already exists and is already documented.</p> <p>IRM: IT respectfully disagrees with IA’s observation, as TDA’s lines of business needed to make a large number of salary allocation changes to both our ACP (Agriculture Consumer Protection) &amp; F&amp;N (Food &amp; Nutrition) inspectors, which would have required additional work and steps, regardless of whether it had been done manually or automated through the ePAF system.</p> <p>The ePAF application communicates nightly with USAS (Uniform Statewide Accounting System) &amp; USPS (Uniform Statewide Payroll/Personnel System) reduces workflow, timing and steps, given its ability to pre-populate any available information and existing fields, which get preloaded from the CPA to ePAF.</p> <p>IT will discuss IA’s recommendations with executive level management and will make changes to workflow, design and documentation as directed by executive level management.</p> |                             |
| <p>17.04.2 HR-IT Audit of Human Resources Information Technology</p> | <p><b><u>Observation No. IV.1 - Modification to the ePAF application reporting and functionality is necessary to better support TDA’s business needs.</u></b></p> <p><i>Report Recommendation:</i><br/> We recommend that ePAF reporting be reevaluated and modified to include reporting for key data elements, control points and necessary reporting. In addition, we recommend:</p> <ol style="list-style-type: none"> <li>1. Evaluate and modify the ePAF detective controls (edit checks) to incorporate critical HR PAF reason codes and remove “glitches”,</li> <li>2. Modify application workflow changes and</li> <li>3. Develop an edit check to notify the approvers when salary action exceeds adopted norms or policy norms.</li> </ol>  | <p>Incomplete / Ongoing</p> |

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|   | <p><i>Management Response:</i><br/> Administrator for Human Resources: HRD defers to the subject matter expert on this recommendation, TDA IT, not TDA IA.</p> <p>HRD will work with IT, as needed.</p> <p>IRM: IT accepts this observation. IT has sent a second request to all business owners and users requesting feedback regarding new reports and reporting features requirements to be considered and possibly added to the next ePAF release.</p> <p>IA's recommendations will be considered, scheduled and done when agency resources, priorities become available, assuming the project has the support of IT Governing Board and is approved by executive level management.</p>  |                             |
| <p>17.04.2 HR-IT<br/> Audit of Human Resources Information Technology</p> | <p><b><u>Observation No. V.1 – HR increased staff time to process personnel actions as a result of the unplanned business process requirements from the ePAF application implementation.</u></b></p> <p><i>Report Recommendation:</i><br/> We recommend that the HR department staff and functions be evaluated to align the needs to the process changes which have occurred.</p> <p><i>Management Response:</i><br/> Administrator for Human Resources: HRD disagrees with IA's observation in that it is incorrect and misleading. This is not an issue with the ePAF system functionality, but rather, the segregation of duties related to PCA allocations. See response to I.1a.</p> <p>IRM: IT will evaluate and modify the ePAF application as directed by executive management.</p> | <p>Incomplete / Ongoing</p> |
| <p>17.04.2 HR-IT<br/> Audit of Human Resources Information Technology</p> | <p><b><u>Observation No. VI.1 – The TDA ePAF application log sequence was incomplete and not properly restricted.</u></b></p> <p><i>Report Recommendation:</i><br/> Logging and Auditing processes are the foundation to effective management of control gaps. We recommend TDA management:</p> <ol style="list-style-type: none"> <li>Design logging content and retention based on the system risk assessment and data classification,</li> </ol>  | <p>Incomplete / Ongoing</p> |

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|  | <p>data requirements identified in the DIR SCS and best practices,</p> <ol style="list-style-type: none"> <li>2. Restrict write access to logs at all times for all personnel and consider writing logs to a read only destination,</li> <li>3. Retain log data according to the DIR SCS and the TDA records retention policy,</li> <li>4. Include IA and Information Security at the beginning of application design projects for the requirements documentation of key controls,</li> <li>5. Test logging results prior to the migration to production,</li> <li>6. Ensure production logging numeric counter is reset or document the reason for the gap in the sequence,</li> <li>7. Establish a periodic log monitoring process.</li> </ol> <p><i>Management Response:</i><br/> <b>ISO:</b> The logs are now restricted access and are available in a read-only format to authorized personnel. It is part of the ISO's responsibilities to review data security requirements and specifications for any new application that receives, maintains, or shares confidential data.</p> <p><b>IRM:</b> IT will continue to collaborate with the TDA ISO to follow and enforce existing DIR, TAC 202, and TDA policies and procedures currently approved and published on the agency's Intranet.</p> |                             |
| <p>17.04.2 HR-IT Audit of Human Resources Information Technology</p> | <p><b><u>Observation No. VI.2 – The TDA ePAF application and log did not comply with Security Categorization and Protection of Audit Information controls.</u></b></p> <p><i>Report Recommendation:</i><br/> In addition to the previous recommendations regarding logging and auditing processes, we recommend TDA management:</p> <ol style="list-style-type: none"> <li>1. Review the application log and audit requirements with executive management and obtain written approval regarding the data classifications.</li> </ol> <p><i>Management Response:</i><br/> <b>IRM:</b> See response to VI.1 above.</p>   | <p>Incomplete / Ongoing</p> |

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| <p>17.04.2 HR-IT<br/>Audit of Human<br/>Resources<br/>Information<br/>Technology</p> | <p><b><u>Observation No. VI.3 – The TDA ePAF application log was not analyzed periodically to review, assess and resolve errors.</u></b></p> <p><i>Report Recommendation:</i><br/>In addition to the previous recommendations regarding logging and auditing processes we recommend TDA management:</p> <ol style="list-style-type: none"> <li>1. Document resolution to log errors,</li> <li>2. For those log entries that represent repeat errors, document leadership’s acceptance of any risk or consider an enhancement where appropriate to resolve the issue, based on the agency’s risk tolerance, and</li> <li>3. Review and distribute summary results to key leadership for transparency, as appropriate.</li> </ol> <p><i>Management Response:</i><br/>ISO: The ePAF system is continually monitored and if issues arise through an automated alert or review of logs a ticket would be created to investigate, address, and track these issues.</p>  | <p>Incomplete /<br/>Ongoing</p> |
| <p>17.04.2 HR-IT<br/>Audit of Human<br/>Resources<br/>Information<br/>Technology</p> | <p><b><u>Observation No. VII.1 - IT lacked a process and framework sufficient to procure training software that met the requestor’s needs.</u></b></p> <p><i>Report Recommendation:</i><br/>To mitigate future risk, IA recommends that TDA:</p> <ol style="list-style-type: none"> <li>1. Implement a formal IT procurement framework based on strategic impact and dollar value which, at a minimum: <ol style="list-style-type: none"> <li>a. Documents business requirements or needs,</li> <li>b. Documents gaps in the functionality of the proposed solution when compared to the business requirements or needs,</li> <li>c. Documents deficiencies, risks and possible workarounds,</li> <li>d. Documents the business process when considering the information owner’s needs, in order to capture all requirements where possible,</li> <li>e. Establish an acceptance process including a review and approval confirmation by the information owner and the division sponsor, and</li> <li>f. Modify the AIR-605 form or add a complementary form to accommodate the changes recommended above</li> </ol> </li> <li>2. Evaluate all information owner software purchases with the business owner and present to the</li> </ol> | <p>Incomplete /<br/>Ongoing</p> |

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|   | <p>IT Governance Board to make sure the software will satisfy the business owner's and agency's reporting requirements.</p> <p>3. Include IA and ISO in the process to develop requirements for software purchases.</p> <p><i>Management Response:</i><br/>IRM: See response to VI.1 above and TDA IT will continue to collaborate and coordinate with the TDA Procurement Division while following all ITGB (Information Technology Governance Board) guidance as well.</p>  |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. I.1: Physical site problems at the Metrology Lab limited its ability to maintain environmental temperature and humidity standards required by NIST.</u></b></p> <p><i>Report Recommendation:</i><br/>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.</p> <p><i>Management Response:</i><br/>Lab construction is currently underway and should address all of the issues found in this finding. The funding for this project should be adequate.</p> | Incomplete / Ongoing |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. I.2: The Metrology Lab did not have a security system to protect staff and state property.</u></b></p> <p><i>Report Recommendation:</i><br/>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.</p> <p><i>Management Response:</i><br/>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</p>  | Incomplete / Ongoing |

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|   | work, and when we can put the security system in place. The Director will continue to meet with Operations Support quarterly to ensure this is completed by the end of the lab construction.  |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No I.3: Security for TDA’s Server Room needs to be improved.</u></b></p> <p><i>Report Recommendation:</i></p> <p>A. Identify an alternative method to secure the server room which restricts access to the server room such as re-keying the server room door and limiting key distribution to no more than 3 individuals who perform IT related activities at the lab.</p> <p>B. Procure a security system to protect TDA’s servers and related data as well as 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.</p> <p><i>Management Response:</i><br/>Metrology Lab Management will work with IT and the TDA ISO to identify a solution which will restrict access to the server room.</p> <p>While the Business Owners are responsible for formally authorizing access, The Deputy Commissioner directs IT and the ISO to work with the Metrology Lab to recommend a workable solution for the server room access that meets an acceptable documented level of risk and operational functionality.</p> | Incomplete / Ongoing |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation I.4: The staff in the Metrology Lab did not have respirators and protective clothing.</u></b></p> <p><i>Report Recommendation:</i></p> <ul style="list-style-type: none"> <li>• Employ an Industrial Hygienist to perform a safety review of the Metrology Lab, including its requirements for safety equipment and protective clothing.</li> <li>• Based on the Industrial Hygienist’s recommendations, the agency should purchase the required safety equipment and protective clothing.</li> </ul> <p><i>Management Response:</i></p>   | Incomplete / Ongoing |



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|   | 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.   |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No II.1: Five transactions did not comply with purchasing requirements.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend that the purchasing staff comply with the State of Texas Procurement and Contract Management Guide and:</p> <ol style="list-style-type: none"> <li>1. Ensure completion and retention of the “Final Bidder List (dated CMBL Listing – extracted from CMBL using NIGP Class/Item Codes and, if applicable, agency head or designee approval of supplements to Bidder List)” for each Informal Solicitations (greater than \$5,000.01 but less than \$25,000). This list contains at a minimum of three proposals, two of which must be from a CPA HUB certified business.</li> <li>2. When using a Proprietary Purchase Justification letter under Section 2155.067 of the TGC, obtain the signature of the appropriate authorizing official.</li> <li>3. When claiming type 9 exemption, ensure that citations for exemption are retained.</li> <li>4. Ensure use of the correct Doc Type (2, 9, etc.).</li> <li>5. Ensure required printouts for vendor checks are retained.</li> </ol> <p><i>Management Response:</i></p> <ol style="list-style-type: none"> <li>1) All buyers have authority to approve supplements to the Bidder List, whether formal or informal. The buyer’s approval is documented by the inclusion of and distribution to additional prospective bidders. With CAPPS implementation, related documentation is kept in CAPPS.</li> <li>2) We developed a checklist tool that should serve as a reminder of what documents should be stored CAPPS.</li> <li>3) During implementation of CAPPS, DOC9 citations were included as preprogrammed legal text available for insertion as a comment. Staff now have dropdown lists that provide the citation and prompts for additional information.</li> </ol> | Incomplete / Ongoing |

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|   | <p>4) Staff new to TDA and inexperienced in state purchasing during the audit period are now trained. As time and staffing allows, we will develop training tools to more quickly close the knowledge gap between hire and certification.</p> <p>5) Staff new to TDA and inexperienced in state purchasing during the audit period are now trained. Vendor checks are maintained electronically.</p>  |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No II.2: 2015 Senate Bill 20 Requirements not Implemented</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend that the Purchasing department:</p> <ol style="list-style-type: none"> <li>1. Take immediate action to come into compliance with all the requirements enacted in SB 20 which was passed by the Texas Legislature in 2015.</li> <li>2. Review and refresh its purchasing policies and procedures to bring them into alignment with the current State of Texas Procurement and Contracting Management Guide.</li> </ol> <p><i>Management Response:</i></p> <ol style="list-style-type: none"> <li>1) SB20 requirements are generally met, with the exception of web posting requirements. Organization of files for linking to a webpage are in development but are not complete.</li> <li>2) Policy and procedure updates have been in process since CAPPS implementation. Alignments with the state guide began mid-2019, continued after distribution of V.1.2 Sept. 1, 2019, and are under review again for alignment of V.1.3 published December 31, 2019.</li> </ol> | Incomplete / Ongoing |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No III.1.a: Inventory records included a 500-gallon trailer prover which had been transferred outside the agency to a business entity.</u></b></p> <p><i>Report Recommendation:</i><br/>For future transactions involving salvage and surplus assets, we recommend that management:</p> <ul style="list-style-type: none"> <li>• Follow the requirements established in TDA’s “Property Control” policies and procedures document,</li> <li>• Comply with the Chapter 2175 of the Texas Government Code, where applicable, and</li> <li>• Follow the SPA Process User’s Guide.</li> </ul> <p><i>Management Response:</i></p>   | Fully Implemented    |

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|   | Metrology Lab Management Response: Program will work with Operational Support and complete any and all forms needed to be in compliance with TDA's "Property Control" policies and procedures for further transactions beginning February 2020.   |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. III.1.b: Liquidated proper transactions did not comply with requirements of TDA's "Property Control" policy and procedure document.</u></b></p> <p><i>Report Recommendation:</i><br/>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.</p> <p><i>Management Response:</i><br/>The Deputy Commissioner directs Operational Support to update the TDA "Property Control" policy and procedure.</p>   | Incomplete / Ongoing |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. III.2. IT Hardware inventory discrepancies existed at the Metrology Lab.</u></b></p> <p><i>Report Recommendation:</i></p> <ol style="list-style-type: none"> <li>1. To improve property and asset management processes we recommend that: <ol style="list-style-type: none"> <li>a. Operational Support Division review its policies and procedures to determine whether any changes or updates are needed.</li> <li>b. Operational Support Division should determine whether additional procedures should be developed, which are specifically tailored for the control of IT assets.</li> </ol> </li> <li>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.</li> </ol> <p><i>Management Response:</i><br/>The Metrology Lab Management is in agreement with this finding and will work with Operational Support in any manner to assist beginning February 2020.</p> | Incomplete / Ongoing |

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|  | <p>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.</p>   |                             |
| <p>19.01 Met Lab Audit of the Metrology Laboratory</p> | <p><b><u>Observation No IV.1: – User designed spreadsheets and databases did not comply with security requirements.</u></b></p> <p><i>Report Recommendation:</i><br/>To promote compliance with the various requirements and manage agency risks, we recommend that:</p> <ol style="list-style-type: none"> <li>1. TDA’s IT Governance Board should review and provide prioritization for projects currently addressed by the IT department.</li> <li>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. <ol style="list-style-type: none"> <li>a. The short-term solution should include training the Subject Matter Expert (SME) Metrologists regarding security and data requirements for program developed tools.</li> <li>b. The long-term solution should identify applications to replace the user designed tools.</li> </ol> </li> <li>3. 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.</li> </ol> <p><i>Management Response:</i><br/>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.</p> <p>The Laboratory has requested many times that Metro (the billing database) be updated as well and would like IT to look into this.</p> | <p>Incomplete / Ongoing</p> |

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|  | <p>The Deputy Commissioner directs the ISO and IT to meet with the Metrology Lab periodically (at least biannually). The meeting shall address:</p> <ol style="list-style-type: none"> <li>1) Emerging and ongoing issues,</li> <li>2) Assess possible projects and desired functionality requested by the Metrology Lab Liaisons, and</li> <li>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.</li> </ol>  |                             |
| <p>19.01 Met Lab Audit of the Metrology Laboratory</p> | <p><b><u>Observation No. IV.2.a: Assignment of Vaisala application access did not consistently promote least privilege.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend:</p> <ol style="list-style-type: none"> <li>1. The TDA ISO, IT department, program SMEs and program management should work together to establish controls which follow agency access policies and procedures including the periodic review of access and least privilege.</li> <li>2. The TDA ISO and IT department should develop a program training protocol with a checklist for program personnel implementing new systems.</li> </ol> <p><i>Management Response:</i><br/>Metrology Lab Management agrees with this finding and will continue to work with IT to establish controls and procedures to address this issue.</p> <p>The Deputy Commissioner directs IT and the TDA ISO to work with the Metrology Lab staff to:</p> <ol style="list-style-type: none"> <li>1) Develop recommended access guidelines when granting permissions.</li> <li>2) Discuss the process for access and review the related agency policies with the personnel, and</li> <li>3) Recommend required document guidelines for the periodic review of access.</li> </ol> | <p>Incomplete / Ongoing</p> |
| <p>19.01 Met Lab Audit of the Metrology Laboratory</p> | <p><b><u>Observation No. IV.2.b: Periodic review of the Vaisala application permissions was not established.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend:</p>  | <p>Incomplete / Ongoing</p> |

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|   | <p>1. The TDA ISO, IT department, program SMEs and program management should work together to establish controls which follow agency access policies and procedures including the periodic review of access and least privilege.</p> <p>2. The TDA ISO and IT department should develop a program training protocol with a checklist for program personnel implementing new systems.</p> <p><i>Management Response:</i><br/>Metrology Lab Management agrees with this finding and will continue to work with IT to establish controls and procedures to address this issue.</p> <p>The Deputy Commissioner directs IT and the TDA ISO to work with the Metrology Lab staff to:</p> <p>1) Develop recommended access guidelines when granting permissions.<br/>2) Discuss the process for access and review the related agency policies with the personnel, and<br/>3) Recommend required document guidelines for the periodic review of access.</p> |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. IV.2.c: Assignment of CAMPS application access did not consistently promote least privilege.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend:</p> <p>1. The TDA ISO, IT department, program SMEs and program management should work together to establish controls which follow agency access policies and procedures including the periodic review of access and least privilege.</p> <p>2. The TDA ISO and IT department should develop a program training protocol with a checklist for program personnel implementing new systems.</p> <p><i>Management Response:</i><br/>While the CAMPS application is no longer in existence at TDA, management will be reviewing CAPPS access quarterly, to ensure application assignment is up to date beginning February of 2020.</p> <p>The Deputy Commissioner directs IT and the TDA ISO to work with the Metrology Lab staff to ensure</p>                     | Incomplete / Ongoing |

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|   | effective access control processes are in compliance with agency policies and procedures.  |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. IV.3.a: The current Information Security Plan does not contain Metrology Lab specific or Vaisala system specific security requirements.</u></b></p> <p><i>Report Recommendation:</i><br/>We recommend that:</p> <ol style="list-style-type: none"> <li>1. IT establishes a system profile template containing the criteria necessary to support the DIR SCS control requirements for each of the Lab systems.</li> <li>2. TDA's Information Security Officer, the Metrology Technical Manager and any other SME should document the system security plan for the Metrology Lab based on the various system profiles, data and risk classifications and review the controls and responsibilities.</li> <li>3. IT and the Metrology Lab Technical Manager should establish a periodic meeting (at least quarterly) to discuss needs, emerging issues and recent developments at the lab.</li> <li>4. IT should consider establishing a subject matter expert from the IT staff responsible for supporting the Metrology Lab needs.</li> </ol> <p><i>Management Response:</i><br/>Metrology Lab Management agrees with this finding and will work with and meet with IT and the TDA ISO on a quarterly basis.</p> <p>The Deputy Commissioner directs IT and the TDA ISO to work with the Metrology Lab Management to:</p> <ol style="list-style-type: none"> <li>1) Evaluate the recommended documentation standards and determine next steps.</li> <li>2) Formally document the vetting of the Vaisala software and any new software adoption going forward.</li> <li>3) Meet with the Metrology Lab Management to document the security risk assessment components and determine if the existing security plan meets the necessary minimum requirements</li> </ol> | Incomplete / Ongoing |

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| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No IV.3.b: – Auditing and logging of the Vaisala application and the periodic review of the log was not established.</u></b></p> <p><i>Report Recommendation:</i><br/>To promote proper compliance with TAC 202, DIR SCS, and TDA policies, we recommend:</p> <ol style="list-style-type: none"> <li>1. The log fields be verified and documented in the system profile document based on the system classification and the Metrology Lab Security Plan.</li> <li>2. The Metrology Lab SMEs and the ISO work together to determine the appropriate roles and responsibilities associated with the log review.</li> <li>3. TDA establish a periodic log review process for the Vaisala system along with any other Metrology Lab systems in compliance with the Metrology Lab Security Plan.</li> </ol> <p><i>Management Response:</i><br/>Metrology Lab Management agrees with this finding and will work with and meet with IT to assist in any way to establish the periodic log review process and other processes deemed necessary.</p> <p>The Deputy Commissioner directs IT and the TDA ISO to work with the Metrology Lab and provide guidance regarding review elements and the related documentation based on the system classification and any other risk considerations.</p> <p>After this issue was identified by Internal Audit, we reviewed the IT approved Vaisala Application and the logging. We determined that it is accessible to the Metrology Lab staff and may be reviewed based on the control criteria established.</p> | Incomplete / Ongoing |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No IV.3.c: – The TDA and Metrology Lab data classification did not comply with security requirements.</u></b></p> <p><i>Report Recommendation:</i><br/>To effectively manage and mitigate risks associated with unclassified assets, IT should:</p> <ol style="list-style-type: none"> <li>1. Meet with the program to review the systems, controls and responsibilities as previously noted, and include on the agenda:</li> </ol>  | Incomplete / Ongoing |



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|   | <p>a. Updates to the system security plan for the Metrology Lab system profiles, data and risk classifications.</p> <p>b. Updates to program needs.</p> <p><i>Management Response:</i><br/>Management agrees with this finding and will work with and meet with IT to assist in any way to review the systems, controls and responsibilities deemed necessary.</p> <p>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.</p>  |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No IV.4: – The TDA and Metrology Lab IT software and hardware asset inventory did not comply with DIR and security requirements.</u></b></p> <p><i>Report Recommendation:</i><br/>To effectively manage and mitigate risks associated with unidentified or unclassified assets, TDA IT should:</p> <ol style="list-style-type: none"> <li>1. Consider the use of an automated tool to gather, document, classify, review and update IT asset inventory and list all programs and information systems, databases, hardware and devices.</li> <li>2. Communicate inventory changes to the TDA ISO to support the information security requirements for all new or modified information hardware and applications.</li> <li>3. Establish meeting between IT SME and the Lab Technical Manager to ensure IT is aware of the program needs and to be informed as well as support the program when they decide to purchase software.</li> </ol> <p><i>Management Response:</i><br/>The Deputy Commissioner directs IT and the TDA ISO to:</p> <ol style="list-style-type: none"> <li>1) Update the inventory records, and</li> <li>2) Meet with the Metrology Lab Staff to determine completeness and proper classification of all data, hardware and software.</li> </ol> | Incomplete / Ongoing |

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| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No V.1: Employee evaluations were not performed timely.</u></b></p> <p><i>Report Recommendation:</i><br/>Metrology Laboratory management should complete their employees' performance evaluations and bring them current.</p> <p><i>Management Response:</i><br/>Metrology Lab Management had these appraisals completed October 11, 2019. Some were not signed until October 24, 2019 due to staff out. The Director for CPP was not eligible to complete staff appraisals until March of 2019, but they were not completed until October 2019. All appraisals are now current and will be completed in a timely manner from this point on.</p> | Fully Implemented    |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No. V.2: Certain job descriptions did not include Licensing special projects.</u></b></p> <p><i>Report Recommendation:</i><br/>Metrology management should re-evaluate the job duties in the job description of the present administrative assistant and make necessary adjustments.</p> <p><i>Management Response:</i><br/>Metrology Lab Management will be re-evaluating these licensing job duties February of 2020, since CPP and Licensing have been merged.</p>  | Incomplete / Ongoing |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No V.3: Some employees did not complete their EEO Training timely.</u></b></p> <p><i>Report Recommendation:</i><br/>Require all employees to complete the required trainings within 90 days of start of employment and every two years thereafter.</p> <p><i>Management Response:</i><br/>Metrology Lab Management will be checking yearly on this to ensure staff has completed the trainings necessary starting February 2020. Job descriptions will be re-evaluated as well.</p>  | Fully Implemented    |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No VI.1: Forms of payment for metrological services were limited to checks and money orders.</u></b></p> <p><i>Report Recommendation:</i></p>  | Incomplete / Ongoing |

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|---|---|----------------------|
|   | <p>Metrology laboratory should consider accepting credit or debit cards. Also, use of lockbox for payments by checks and money orders should be considered</p> <p><i>Management Response:</i><br/>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.</p>                         |                      |
| 19.01 Met Lab Audit of the Metrology Laboratory | <p><b><u>Observation No VII.1: TDA has not established a policy to handle free services rendered to the USDA and non-profit organizations.</u></b></p> <p><i>Report Recommendation:</i><br/>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.</p> <p><i>Management Response:</i><br/>Metrology Lab Management Response: Management will work with executive to develop a policy to be in line with this IA finding.</p> | Incomplete / Ongoing |

\* The Implementation Statuses above were according to Management as of Sept 1, 2020.

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
- Incomplete / 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

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Appendix B: External Quality Assurance Review Certification

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.

Congratulations on receiving a rating of “**Pass/Generally Conforms**” and being 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).

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,

A handwritten signature in black ink that reads "Steve Goodson". The signature is written in a cursive, flowing style.

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