Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

November 1, 2013

The Honorable Rick Perry
Governor, State of Texas
State Capitol Extension, Room E1.304
Austin, TX 78701

Dear Governor Perry:

I am pleased to present the Internal Audit Division's Annual Report for the Texas Department of Motor Vehicles for fiscal year 2013.

This report fulfills the requirements set out in the Texas Internal Auditing Act (Government Code Section 2102) and provides the information in the format prescribed by the State Auditor's Office.

For further information about the contents of this report, please call (512) 465-7556.

Respectfully,

William H. Lawler, CPA
Director, Internal Audit Division

cc: Mr. John Keel, CPA, State Auditor
        TxDMV Chairman John Walker III
        TxDMV Finance and Audit Chair Raymond Palacios
        Members of the TxDMV Board
        Members of the Texas Sunset Commission
        Members of the Texas Legislative Budget Board
        Whitney Brewster, Executive Director TxDMV

Texas Department
of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Annual Audit Report
Fiscal Year 2013

Internal Audit Division

November 1st, 2013

_____

Executive Summary

In accordance with the requirements of the Texas Internal Auditing Act, as set forth in Chapter 2102 of the Texas Government Code, the Internal Audit Division (IAD) of the Texas Department of Motor Vehicles (TxDMV) has prepared its annual report on internal audit activity for Fiscal Year 2013.

Compliance with House Bill 16

For both the FY 2014 Annual Audit Plan and the FY 2013 Annual Audit Report, internal division processes will be amended so that in conjunction with submitting the reports to the TxDMV Board of Directors, copies of each will also be provided to the agency information specialist responsible for posting the reports. The FY 2014 Annual Audit Plan has been through this amended process and is posted to the agency website.

Internal Audit Plan for Fiscal Year (FY) 2013

For the 2013 Fiscal Year, IAD received approval for six audit engagements (five new projects as well as the close-out and reporting of another). As of August 31st, 2013, IAD had completed three of the approved audits; a fourth was in fieldwork status and is now ready for presentation and approval to the TxDMV Board of Directors. Of the final two audits, one was deferred until the application under review was deemed complete and the remaining audit was not started. A more detailed status is provided in **Section II** and a copy of the approved plan has been included as **Appendix I**.

Consulting Engagements and Non-audit Services Completed

In FY 2013, IAD completed seven Non-audit/Consulting engagements.   Due to the nature of these projects, only one resulted in a formal report. A more detailed description of each project is provided in **Section III**.

External Quality Assurance Review (Peer Review)

As the Internal Audit function was formed in FY 2012, there has been no External Quality Assurance Review completed to date. The Internal Audit Division will participate in the State Agency Internal Audit Forum (SAIAF) Quality Review process and the Internal Audit Director anticipates scheduling a peer review for FY 2015.

Internal Audit Plan for Fiscal Year 2014

The FY 2014 Audit Plan was approved by the TxDMV Board of Directors on September 12th, 2013. A copy of the plan has been included as **Appendix II**.

External Audit Services Procured in Fiscal Year 2013

There were no External Audit Services procured in Fiscal Year 2013.

Reporting Suspected Fraud and Abuse

The TxDMV includes fraud and abuse reporting in its policies, including contact information for the State Auditor's Office (SAO) fraud hotline and fraud website. Additionally, employees are directed by agency policy to report any suspected incidents of fraud to their manager, Agency Internal Audit Director, and the SAO.

The TxDMV homepage also contains a link directly to the SAO's fraud, waste, and abuse reporting system.

Contact Person

For more information on this report, contact the Director of Audit William Lawler, CPA at (512) 465-7556.

Annual Audit Report
Fiscal Year 2013

Table of Contents

Section I – Compliance with House Bill 16

For both the FY 2014 Annual Audit Plan and the FY 2013 Annual Audit Report, internal division processes will be amended so that in conjunction with submitting the reports to the TxDMV Board of Directors, copies of each will also be provided to the agency information specialist responsible for posting the reports. The FY 2014 Annual Audit Plan has been through this amended process and is posted to the agency website.

Section II – Internal Audit Plan for Fiscal Year 2013

For the 2013 Fiscal Year, IAD received approval to perform work related to six audit engagements based on the results of the risk assessment and the needs of the TxDMV Board and Executive Management. The approved engagements, along with their current status include:

Audit Engagements

- County Equipment Refresh Project Audit – This audit was part of the FY2012 audit plan and was in the reporting phase at the end of FY 2012. The audit (Internal Audit Report P12-15) was completed during FY 2013 and presented for approval to the TxDMV Board of Directors during the November 8th, 2012 board meeting.

- Cash Handling Phase 1 – This audit (Internal Audit Report P13-06) was completed during FY 2013 and presented for approval to the TxDMV Board of Directors during the May 23rd, 2013 board meeting.

- Cash Handling Phase 2 – This audit was combined with the Cash Handling Phase 1 audit and its findings were included in the same report.

- Follow-up Engagement to SAO Report 12-043 – This audit was in the fieldwork phase as of August 31st, 2013. A draft report has since been completed and was presented to applicable divisions on October 12th, 2013. Management responses have been received and the audit report was submitted to the TxDMV Board of Directors for approval during the November 2013 Board Meeting.

- Web-enabled Subcontractor Renewals Audit – This audit was delayed to allow for the Web-enabled Subcontractor Renewals project to reach maturity prior to undergoing review. Internal Audit anticipates resuming this engagement during the 2014 fiscal year.

- TxPros Permitting and Routing System – No work was performed on this audit and it was re-included in the risk assessment process for the 2014 Annual Audit Plan.

Section III – Consulting Engagements and Non-Audit Services Completed

In the 2013 Fiscal Year, IAD completed seven non-audit/consulting engagements. These engagements include:

Non-Audit/Consulting Engagements

- Monitoring of TxDMV Automation System Projects (TASP) – This consulting engagement allows IAD to monitor, and provide advisory services related to the on-going agency-wide update to both the information technology core infrastructure and to the Registration and Title System (RTS) platform. As part of this monitoring, IAD will work to identify future potential areas of audit.   No formal report was produced related to this engagement as the primary focus of the engagement was information gathering for future planning purposes.

- Automobile Burglary and Theft Prevention Authority Single Audit Reviews – This non-audit engagement is focused on the monitoring of grantee compliance with State Uniform Grant Management Standards. The Texas Automobile Burglary and Theft Prevention Authority (ABTPA) provides grants to local governments to combat automobile theft. ABTPA's funding agreements require local governments that receive ABTPA funds to comply with the Single Audit Act (and comparable state regulations) if their annual expenditures exceed the minimum amounts set by regulations. IAD verifies that the Single Audit reports are submitted to the agency and reviews the opinions of the independent auditors issuing the report. No formal report was issued related to this engagement.

- Internal Audit Plan – This non-audit engagement is focused on the development of the 2014 Internal Audit Plan. The plan was presented and approved by the TxDMV Board of Directors during the September 12th, 2013 Board Meeting and has been included as **Appendix II**.

- Annual Audit Report (FY 2012) – This non-audit engagement was focused on the development of the FY 2012 Annual Audit Report. The report was completed and submitted to oversight agencies on November 1st, 2012.

- Implementation of Audit Management Software – This non-audit project focused on the initial installation and implementation of the Teammate Electronic Working Papers Suite. Project was begun in August 2013 and completed in September 2013. No formal report was issued related to this project.

- State Agency Peer Review – This non-audit engagement focused on performing peer reviews of the Internal Audit Divisions of two[1] state agencies.   Reports for each were prepared and provided to the respective agency.

Section IV – External Quality Assurance Review

As the Internal Audit function was formed in FY 2012, there has been no External Quality Assurance Review completed to date. The Internal Audit Division will participate in the State Agency Internal Audit Forum (SAIAF) Quality Review process and the Internal Audit Director anticipates scheduling a peer review for 2015.

Section V – Internal Audit Plan for Fiscal Year 2014

The FY 2014 Audit Plan was approved by the TxDMV Board of Directors on September 12th, 2013. A copy of the plan including budgeted hours has been included as **Appendix II**.

All potential areas identified as high risk have been included in the work plan for the 2014 Fiscal Year. The methodology[2] used to develop the risk assessment which forms the basis of the plan is based on the scoring of 13 risk attributes and the calculation of a risk score for each potential engagement.

Section VI – External Audit Services

There were no External Audit Services procured in Fiscal Year 2013.

---

[1] The two agencies reviewed include the Texas Department of Agriculture and the Texas Department of Housing and Community Affairs.

[2] This methodology is discussed in extended detail in the previously provided FY 2012 Internal Audit Plan.

Section VII – Reporting Suspected Fraud and Abuse

The TxDMV includes fraud and abuse reporting in its policies, including contact information for the State Auditor's Office (SAO) fraud hotline and fraud website. Additionally, employees are directed by agency policy to report any suspected incidents of fraud to their manager, Agency Internal Audit Director, and the SAO.

The TxDMV homepage also contains a link directly to the SAO's fraud, waste, and abuse reporting system.

Appendices

Appendix I

Internal Audit Plan FY 2013

Internal Audit Division

Internal Audit Plan FY 2013

Table of Contents

Introduction

The Texas Internal Auditing Act[3] and *the International Professional Practices Framework*[4] require the Internal Audit function of an organization to develop an annual Internal Audit Plan. The Internal Audit Plan establishes the framework for the audit and consulting activities to be performed by the Texas Department of Motor Vehicles (TxDMV) Internal Audit Division (IAD) during the 2013 Fiscal Year.

Scope and Objective

This Internal Audit Plan covers the period of September 1st, 2012 to August 31st, 2013.

The preparation of the Internal Audit Plan serves as the process by which the Internal Audit Division accumulates the data necessary to identify and rank potential engagement areas according to risk. The ultimate objective of IAD is to provide the Board of Directors and management with information to reduce exposure to the negative effects that may be associated with operations of the agency. The degree or materiality (size) of exposure can be viewed as risks mitigated by establishing sound internal control.

Responsibilities

The Internal Audit Division is responsible for preparing the Annual Audit Plan and submitting it to the Board of Directors for review and approval. Periodic updates relating to project status, schedules and significant interim changes will also be communicated.

---

[3] Texas Government Code, Section 2102.005.
[4] International Professional Practices Framework (Altamonte Springs, Florida; IIA, 2011 Edition Standard 2010)

Recommended Engagements

Based on the results of the risk assessment process performed (Appendix A), IAD is recommending the engagements detailed in Tables 1 and 2 below, to comprise the Internal Audit Plan for the 2013 Fiscal Year.

Table 1

FY 2013 Audit Engagements with reports to the Board	
Audit Area	**Identified Risks and Summary of Work to be Performed**
Follow-up Engagement to SAO Report 12-043	Potential Risks – As noted in the SAO Report, control weaknesses were found in the areas related to contract management, and procurement. Work Plan – This audit will ascertain the implementation status of actions taken on the recommendations in the SAO Report.
Cash Handling Phase 1[5] (VTR Regions)	Potential Risks – The VTR Regional Offices routinely deal with large volumes of highly liquid transactions. Work Plan – This audit will review and identify the controls related to cash handling in the VTR Regional Offices.
Cash Handling Phase 2 (Headquarters)	Potential Risks – The Austin Headquarters routinely deals with large volumes of highly liquid transactions as well as the reconciliation of funds collected by the VTR Regional Offices. Work Plan – This audit will review and identify the controls related to cash handling in the Austin Headquarters.
TxPros - Permitting and Routing System	Potential Risks – TxDMV is relying on a new permitting system which has not been formally accepted by the agency. Work Plan – This post-implementation audit will focus on the completeness, budget, and implementation of TxPros.
Web-enabled Subcontractor Renewals (Web Sub)	Potential Risks – This is a new program for processing a large volume of registration renewal transactions via the internet. Work Plan – This engagement is a continuation of the audit previously started and will focus on reviewing the application controls over data.
Internal Audit Plan (FY 2014)	Potential Risks – This is a statutorily[6] required engagement. Work Plan – Propose the engagements which will comprise the FY 2014 Internal Audit Plan.

---

[5] Due to the size and disparate nature of the activities performed in the Regional Offices versus the Austin Headquarters, this audit will be split into two separate phases.
[6] Statutory Mandate – Texas Government Code, Section 2102.007 (2).

Annual Audit Report (FY 2012)	Potential Risks – This is a statutorily[7] required engagement. Work Plan – Report on the FY 2012 activities of the Internal Audit Division to the appropriate oversight agencies by November 1st, 2012.

Table 2

FY 2013 Other Activities (Final Deliverable to be determined)	
Project Area	**Summary Description**
Board and Executive Management Requests	Potential Risks – Varied, depending on the nature of the request. Work Plan –In anticipation of requests during the 2013 Fiscal Year, IAD is allocating time to assist the Board and Executive Management.
Registration and Titling Quality Assurance Review	Potential Risks – Based on an analysis of monthly RTS transaction reports, areas of concern have been identified. Work Plan – This consulting engagement will focus on assisting VTR with developing a risk based plan to mitigate identified vulnerabilities.
Monitoring of TASP Projects	Potential Risks – As major agency projects and initiatives are placed into development many risks can arise that either increase costs or delay production and implementation. Work Plan – On-going monitoring of the development of projects and assistance as needed related to contract procurement, and Independent Verification and Validation (IV&V) vendor selection.
ABTPA Single Audit Reviews	Potential Risks – Statutorily[8] required engagement. Work Plan – On-going monitoring of grantee compliance with Uniform Grant Management Standards.
State Agency Peer Review	Potential Risks – The Texas Internal Auditing Act[9] requires each State Agency Internal Audit Division to periodically take part in a comprehensive external peer review. Work Plan – IAD has been requested to perform a comprehensive external review of another State Agency Internal Audit Division.
Implementation of Audit Management Software	Work Plan – IAD is anticipating the licensing of Audit Management Software from the State Auditor's Office during FY 2013.

---

[7] Statutory Mandate – Texas Government Code, Section 2102.009.
[8] Statutory Mandate – Texas Government Code, Section 783.010.
[9] Statutory Mandate – Texas Government Code, Section 2102.007 (5).

Board and Executive Management Requests

During the abbreviated 2012 audit year, IAD fielded multiple requests from both the Board and agency Executive Management for assistance related to various areas of agency operations. As TxDMV operations and staffing continue to evolve, IAD anticipates a similar need for these ad hoc assistance engagements during FY 2013. To ensure that IAD is able to meet these ongoing requests as they arise on a timely basis, IAD will be allocating approximately 15% of available direct audit hours to serve Board and Executive Management requests.

Some of the value added consulting services provided by IAD to address these requests during this fiscal year include:

1. Reviewed processes related to the MVD dealer licensing model and provided results; enabling Executive Management to obtain an understanding of the issues and address application backlogs and work-loads.

2. Worked with Finance Division to develop cost models for agency fees and operations.

3. Provided comparative analysis between the Date of Sale and Date of Transaction, including the associated potential dollar value impact to the agency, related to vehicle registrations.

4. Conducted analysis of monthly vehicle registration and license plate inventory transaction reports to identify potential risk areas related to agency operations.

5. Provided analysis to ensure compliance with State requirements regarding applicable website hyperlinks to the State Auditor's Office (SAO) Fraud, Waste and Abuse Reporting System.

6. Functioned as a liaison between the TxDMV and the SAO during its contracting and procurement audit of the agency.

7. Reviewed four complaints received from the SAO hotline to determine the merit and potential impact (if any) to agency operations.

8. Assisted the Finance Division with the analysis and review of TxDOT billing documentation, as well as provided input into the revised FY 2013 Memorandum of Understanding (MOU) between TxDMV and TxDOT.

Appendix A – Risk Assessment Scores

Listed below are the results of the risk assessment scoring (RAS) process conducted by IAD. Those engagements in red have been included in the FY 2013 Audit Plan.

Table 3

	Risk Assessment Scores for identified Engagement Audit Areas - FY 2013		
	Engagement Area	**RAS Score**	**Assessed Risk Level**[10]
1	Follow-up Engagement to SAO Report 12-043	4.51	
2	Cash Handling Controls	4.33	
3	Registration and Titling Quality Assurance	4.27	
4	Monitoring of TASP Projects	4.08	
5	TxPros Permitting and Routing System	4.06	
6	Licensing Function	3.90	
7	Vehicle Registrations	3.61	
8	Permits	3.51	
9	Review of HR Processes	3.47	
10	Vehicle Titling	3.35	
11	Revenue Processing Controls	3.33	
12	Regional Operations	3.27	
13	Grant Administration (Compliance with HB 1541)	3.10	
14	Vendor Payment Processing Controls	2.96	
15	OS/OW Operations	2.94	
16	Customer Service Process Review	2.84	
17	IRP Administration	2.78	
18	Credentialing	2.61	
19	Vehicle Consumer Complaints	2.33	
20	Specialty Plate Testing and Implementation	2.27	
21	Investigations	2.12	

---

[10] Legend – Red represents Risk Scores > 4.0 (Highest Assessed Risk), Yellow represents Risk Score between 3.0 and 3.99 (Intermediate Risk), Green represents Risk Scores < 3.0 (Lowest Assessed Risk)

Appendix B - Status of FY 2012 Engagements

An update on the status of those engagements approved by the Board as part of the 2012 Internal Audit Plan has been included below. Those engagements expected to produce a final report to be presented to the Board have been included in Table 3 (Status of FY 2012 Engagements). Those engagements which represent on-going monitoring activities undertaken by the Internal Audit Division have been included in Table 4 (Status of FY 2012 Other Activities).

Table 4

Status of FY 2012 Engagements		
Audit Area	**Status**	**Comment**
County Equipment Replacement Project (CERP) Audit	Awaiting Management Responses to Draft Report.	Exit conference has been held discussing audit findings with Executive Director and Division Directors. Awaiting management responses to audit recommendations.
Internal Audit Plan (FY 2013)	Completed.	Submitting plan for approval during September Board Meeting.
TxPros – Permitting and Routing System	On Hold.	Audit placed on hold due to the delay in final acceptance by OS/OW of the TxPros program.
Web Agent (Web Sub)	Planning and research.	Report estimated for 2nd quarter of FY 2013.

Table 5

Status of FY 2012 Other Activities		
Project Area	**Status**	**Comment**
ABTPA Single Audit Reviews	Non-Audit	Ongoing monitoring of grantee compliance with State Uniform Grant Requirements. Monitoring will continue during FY 2013.
Automation Project	Non-Audit	Ongoing monitoring function which will continue during FY 2013 as part of the "Monitoring of TASP" (Texas Automation Systems Project) engagement.

Appendix C – Estimated Hours

For each of the potential engagements noted above in Tables 1 and 2, IAD has developed an estimate of the number of hours needed for each project. Based on the estimates used, the total amount of direct audit hours required for the recommended engagements (3,920) exceeds the projected audit resources (3,506)[11] for the year by 414 hours. This over scheduling is designed to allow for the possibility that some engagements may be completed with less audit hours than anticipated, or that some engagements may need to be rescheduled.

IAD will track and monitor the status of engagements as well as the availability of audit resources on an ongoing basis. As circumstances occur which necessitate adjustments, IAD will include these changes in the FY 2014 audit plan.

Engagement	Estimated Hours
Follow-up Engagement to SAO Report 12-043	250
Cash Handling Phase 1 (VTR Regions)	500
Cash Handling Phase 2 (Headquarters)	350
TxPros Permitting and Routing System	400
Web Agent (Web Sub)	350
Internal Audit Plan (FY 2014)	150
Annual Audit Report (FY 2012)	150
Board and Executive Management Requests	500
Registration and Titling Quality Assurance Review	300
Monitoring of TASP Projects	350
ABTPA Single Audit Reviews	200
State Agency Peer Review	300
Implementation of Audit Management Software	120
Total	**3,920**

---

[11] This amount is calculated based on approximately 33% direct audit hours for the Division Director and 67% direct audit hours for division staff.

Appendix II

Internal Audit Plan FY 2014

Internal Audit Division

Internal Audit Plan FY 2014

Table of Contents

Introduction

The Texas Internal Auditing Act[12] and *the International Professional Practices Framework*[13] require the Internal Audit function of an organization to develop an annual Internal Audit Plan. The Internal Audit Plan establishes the framework for the audit and consulting activities to be performed by the Texas Department of Motor Vehicles (TxDMV) Internal Audit Division (IAD) during the 2014 Fiscal Year.

Scope and Objective

This Internal Audit Plan covers the period of September 1st, 2013 to August 31st, 2014.

The preparation of the Internal Audit Plan serves as the process by which the Internal Audit Division accumulates the data necessary to identify and rank potential engagement areas according to risk. The ultimate objective of IAD is to provide the Board of Directors and management with information to reduce exposure to the negative effects that may be associated with operations of the agency. The degree or materiality (size) of exposure can be viewed as risks mitigated by establishing sound internal control.

Responsibilities

The Internal Audit Division is responsible for preparing the Annual Audit Plan and submitting it to the Board of Directors for review and approval. Periodic updates relating to project status, schedules and significant interim changes will also be communicated.

---

[12] Texas Government Code, Section 2102.005.
[13] International Professional Practices Framework (Altamonte Springs, Florida; IIA, 2011 Edition Standard 2010)

Recommended Engagements

Based on the results of the risk assessment process performed (Appendix A), IAD is recommending the engagements detailed in Tables 1 and 2 below, to comprise the Internal Audit Plan for the 2014 Fiscal Year.

Table 1

FY 2014 Audit Engagements with reports to the Board	
Audit Area	**Identified Risks and Summary of Work to be Performed**
Review of Agency Approved Contracts	Potential Risks – To obtain reasonable assurance that the agency is receiving the goods or services contracted for. Work Plan – This audit will focus on examining executed contracts to evaluate attributes including justification, authorization and sufficient documentation to support the purchases.
Information Security	Potential Risks – This is a statutorily[14] required engagement. Work Plan – This audit would review the agency's compliance with the provisions of TAC 202 Information security requirements.
Web-enabled Subcontractor Renewals (Web Sub)	Potential Risks – This is a new program for processing a large volume of registration renewal transactions via the internet. Work Plan – This engagement is a continuation of the audit previously started and will focus on reviewing the application controls over data.
Data Integrity of selected RTS Information	Potential Risks – The potential for corrupt or incomplete data within the RTS system which is used by law enforcement and other external stakeholders. Work Plan – This project would be a follow-up to the current agency RTS data integrity clean-up project to determine the effectiveness of the effort to purify vehicle information and data contained within RTS.
Internal Audit Plan (FY 2015)	Potential Risks – This is a statutorily[15] required engagement. Work Plan – Propose the engagements which will comprise the FY 2015 Internal Audit Plan.
Annual Audit Report (FY 2013)	Potential Risks – This is a statutorily[16] required engagement. Work Plan – Report on the FY 2013 activities of the Internal Audit Division to the appropriate oversight agencies by November 1st, 2013.

[14] Statutory Mandate – Texas Administrative Code, Section 202.21 (e).
[15] Statutory Mandate – Texas Government Code, Section 2102.007 (2).
[16] Statutory Mandate – Texas Government Code, Section 2102.009.

Table 2

FY 2014 Other Activities (Final Deliverable to be determined)	
Project Area	**Summary Description**
Board and Executive Management Requests	Potential Risks – Varied, depending on the nature of the request. Work Plan –In anticipation of requests during the 2014 Fiscal Year, IAD is allocating time to assist the Board and Executive Management.
Monitoring of RTS Refactoring including IV&V	Potential Risks – The refactoring project is both highly visible and with large financial considerations which will have a significant impact on the various external and internal stakeholders of the agency. Work Plan – On-going monitoring to include attending meetings, reviewing status reports, invoice processes and providing feedback on issues to the Executive Director and Board.
ABTPA Single Audit Reviews	Potential Risks – Statutorily[17] required engagement. Work Plan – On-going monitoring of grantee compliance with Uniform Grant Management Standards.

---

[17] Statutory Mandate – Texas Government Code, Section 783.010.

Appendix A – Risk Assessment Scores

Listed below are the results of the risk assessment scoring (RAS) process conducted by IAD. Those engagements in red have been included in the FY 2014 Audit Plan. Those engagements which are statutorily required were not part of the RAS process.

Table 3

	Risk Assessment Scores for identified Engagement Audit Areas - FY 2014		
	Engagement Area	**RAS Score**	**Assessed Risk Level[18]**
1	Monitoring of RTS Refactoring Project	4.84	
2	Review of Agency Approved Contracts	4.08	
3	Data Integrity of selected RTS Information	4.06	
4	Web Sub	4.02	
5	Review of Motor Carrier Division	3.96	
6	Review of RTS Refactoring Contract Process	3.94	
7	Dealer Licensing	3.90	
8	Review of Agency Performance Scorecard	3.71	
9	Vehicle Registration	3.61	
10	TxPros	3.59	
11	Permits	3.51	
12	Review of HR Processes	3.47	
13	Vehicle Titling	3.35	
14	Revenue Processing Controls	3.33	
15	Regional Operations	3.27	
16	Vendor Payment Processing Controls	2.96	
17	Customer Service Process Review	2.84	
18	Vehicle Consumer Complaints	2.33	
19	Specialty Plate Testing and Implementation	2.27	
20	Investigations	2.12	

[18] Legend – Red represents Risk Scores > 4.0 (Highest Assessed Risk), Yellow represents Risk Score between 3.0 and 3.99 (Intermediate Risk), Green represents Risk Scores < 3.0 (Lowest Assessed Risk)

Appendix B – Estimated Hours

For each of the potential engagements noted above in Tables 1 and 2, IAD has developed an estimate of the number of hours needed for each project. These estimates are based both on the time needed for each engagement as well as the amount of direct audit hours (3,600)[19] available for the year.

IAD will track and monitor the status of engagements as well as the availability of audit resources on an ongoing basis. As circumstances occur which necessitate adjustments, IAD will include these changes in the FY 2015 Internal Audit plan.

Table 4

Engagement	Estimated Hours
Monitoring of RTS Refactoring Project	600
Review of Agency Approved Contracts	600
Data Integrity of selected RTS Information	500
Web Sub	400
ABTPA Single Audit Reviews	350
Internal Audit Plan (FY 2015)	150
Annual Audit Report (FY 2013)	150
Board and Executive Management Requests	500
Information Security Review	350
Total	**3,600**

---

[19] This amount is calculated based on approximately 33% direct audit hours for the Division Director and 67% direct audit hours for division staff.