Texas Water Development Board

Internal Audit Annual Report

Fiscal Year 2012

Texas Water Development Board

Texas Water Development Board

TABLE OF CONTENTS

I. **Internal Audit Plan for Fiscal Year 2012**. 1

List of Audits Completed 2

II. **External Quality Assurance Review**.....15

III. **List of Consulting Engagements and Non-Audit Services Completed**.....16

Report on Other Internal Audit Activities 17

IV. **Internal Audit Plan for Fiscal Year 2013** 18

V. **External Audit Services**.....20

VI. **Reporting Suspected Fraud and Abuse** 20

Texas Water Development Board

Texas Water Development Board

Internal Audit Annual Report for Fiscal Year 2012

I. Internal Audit Plan for Fiscal Year 2012 – Revised April 2012

	Report #	Issue Date	Original	Revised
Total Weekday Hours			4160	3500
Leave and Holidays			740	550
Total Available Work Hours			**3420**	**2950**
Training			120	120
General Administration			330	330
General Administration - Staffing				120
			450	570
Audits				
Review of the Loan Application Process	20120202	2/2/2012	500	500
Review of the State Water Planning Process	20120701	7/19/2012	450	450
Review of Desired Future Conditions	20120901	10/12/2012	400	400
Public Funds Investment Act	20120201	2/2/2012	120	120
Review of Communications			400	0
			1870	1470
Reserve for Contingencies			330	180
Transition to New Internal Auditor				120
Audit Related Projects				
Annual Internal Audit Report			50	50
Consulting Services			300	200
External Auditor Coordination			100	100
Follow-Up to Previous Audits			140	100
Monthly Budget/Financial Analysis			40	40
Risk Assessment/Annual Internal Audit Plan			140	120
			770	610
			3420	**2950**

The Board approved the FY 2012 Audit Plan on October 20, 2011. The plan was subsequently revised to reflect changes in available audit hours due to staff turnover. The revised plan was approved by the Board on April 19, 2012.

I. List of Audits Completed

Review of the Loan Application Process (Report # 20120202) - Issued February 2, 2012.			
Audit Objective	Audit Recommendations	Current Status of Implementing Recommendations	Impact (Fiscal/ Compliance /Operational Efficiency)
1.1 Timelines and Accountability Controls	(i) Clarifying, by way of written procedures, the responsibilities, authorities, criteria and roles for the different aspects of the application review.	Completed 8/31/2012	Improved operational efficiency.
	(ii) Implementing formal quantitative goals for each area and performance standards, including clear timelines for each stage of the application review process. The performance targets should form part of staff performance plans.	Completed 5/31/2012	Improved operational efficiency.
	(iii) Seeking client feedback on the quality of the loan application process and areas requiring improvement. Ideally, management should use both transactional and relationship-type surveys.	Ongoing and on schedule for implementation by 12/31/2012.	Improved operational efficiency.

1.1 Timelines and Accountability Controls (cont)	(iv) Periodically analyzing key management processes such as performance measures, performance targets (e.g. review times), formal quantitative goals (for each area), employee productivity, and customer feedback. In addition, track each individual's actual performance against target as part of their annual performance evaluation. Eventually, the accountability framework should include all assigned work - not just the application review data. Otherwise, any interpretation of performance would be incomplete.	Ongoing and on schedule for implementation by 8/31/2013.	Improved operational efficiency.
1.2 Communication	(i) Brainstorming on how to increase cohesion within the multi-disciplinary teams, and implementing staff suggestions.	Completed 8/31/2012	Improved operational efficiency.
	(ii) Streamlining the current meeting log.	On-going. Target implementation 10/31/2012	Improved operational efficiency.
1.2 Communication(cont)	(iii) Developing and publishing definitions of the key terms used in the application review process.	On-going. Target implementation 12/31/2012	
	(iv) Developing written procedures for each meeting. The written procedures should designate a leader for each meeting and require meeting leaders to provide attendees with an agenda detailing the applications and issues for discussion prior to the meeting to assist them with preparation.	Ongoing. Target implementation 10/31/2012.	Improved operational efficiency.
	(v) Providing meeting guidelines (including ground rules) and training on how to conduct effective meetings.	Completed 8/31/2012	Improved operational efficiency.

	(vi) As much as possible, utilizing TxWISE and email for project updates. This should include requiring reviewers to post (into TxWISE) information from meetings and phone calls with clients to keep the rest of the team abreast of developments.	Completed 8/31/2012	Improved operational efficiency.
1.2 Communication (cont)	(vii) Clarifying responsibility and authority levels to guide staff's decision-making.	Completed 7/2/2012	Improved operational efficiency.
1.3 Employee Training	Provide desk reviewers the opportunity to periodically participate in on-site tours and outside training. Wherever feasible, hold pre-application meetings on-site. In addition, require staff to show initiative in identifying relevant training as part of the annual employee performance review process.	Ongoing. Target implementation 1/31/2013.	Improved operational efficiency and effectiveness; improved regulatory compliance
2.1 Reviews are not performed in a timely manner.	(i) Setting formal measurable performance targets, tracking actual performance and holding staff accountable and using performance data to achieve a more evenly-distributed workload.	Ongoing. Target implementation 1/31/2013.	Improved operational efficiency and effectiveness.
	(ii) Enforcing client deadlines and holding staff accountable for noncompliance with agency rules and procedures.	Completed. 8/31/2012	Improved operational efficiency and effectiveness; improved regulatory compliance
2.1 Reviews are not performed in a timely manner. (cont)	(iii) Extending the agency's 14-day client response deadline to the state programs.	Completed. 8/31/2012	Improved operational efficiency and effectiveness; improved regulatory compliance

	(iv) Considering whether to require each area to perform its own "administratively complete" review or to assign the review to technicians, following appropriate training.	Complete. 8/31/2012	Improved operational efficiency and effectiveness; improved regulatory compliance
	(v) Revising the PIF to include more information on the proposed project, including (where possible) information on the client's readiness to proceed.	Completed. December 2011.	Improved operational efficiency
	(vi) Requiring potential applicants to participate in a pre-application meeting before submitting their application.	Completed. 8/31/2012	Improved operational efficiency
2.1 Reviews are not performed in a timely manner. (cont)	(vii) Considering implementing an online loan application system.	On-going. Target implementation - FY 2014.	Improved operational efficiency
2.1.2 Technical Reviews	(i) Brainstorming on ways to obtain (upfront) some of the information commonly requested after the application is submitted. (Staff may need to ask for more information in preparation for the pre-application meeting).	Ongoing and on target for implementation by 1/31/2013.	Improved operational efficiency
	(ii) Re-evaluating the purpose of the pre-application meetings.	Ongoing and on target for implementation by 10/31/2012.	Improved operational efficiency
	(iii) Performing periodic reviews of the standardized application to ensure it continues to meet TWDB's information needs.	Ongoing and on target for implementation by 9/30/2012.	Improved operational efficiency
	(iv) Implementing a substantive loan committee-type meeting approximately a week into the start of the review process to discuss the issues. To improve ongoing real-time discussion of the issues, establish a discussion forum with management participation.	Ongoing and on target for implementation by 10/31/2012.	Improved operational efficiency

2.1.2 Technical Reviews (cont)	(v) Improving staff understanding of the project by revising the PIF (for federal programs) to require a more detailed description of the proposed project. In addition, improve the effectiveness of the pre-application meeting by requiring the attendance of the client's main review contacts (i.e. Financial Analyst, Engineer and Bond Counsel). There may be some benefit in also including the TWDB's Program & Policy Development staff in the pre-application meeting.	Completed. 8/31/2012	Improved operational efficiency
	(vi) Empowering staff to reject poor quality/incomplete loan applications, based on guidelines.	Completed. 8/31/12	Improved operational efficiency
	(vii) Improving oversight and guidance, especially in setting priorities and resolving issues. In addition, provide staff with firm guidelines on when to reject an application.	Completed 8/31/2012	Improved operational efficiency
	(viii) Wherever possible, considering a reduced level of technical review on the less risky clients. Such a risk-based approach would require management to provide staff with strict guidelines, training and oversight.	Completed. 8/31/2012. At this time, management does not feel it is prudent to reduce the level of technical review on any client.	
2.2 Quality Control Review	Streamline the current quality control review into a crisper and more substantive process. Reduce the levels of review, while making each review more substantive.	Completed 2/2/2012	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance
2.3 Board Write-up Process	Improve the Board write-up process by automating and streamlining the development, review and approval of the write-up, while tracking the timeliness of each step in TxWISE.	Completed 2/2/2012	Improved operational efficiency.

2.4 Utilizing TxWISE	(i) Requiring reviewers to utilize TxWISE. Reviewers should perform their reviews in TxWISE as opposed to only signing-off on the checklist.	Ongoing and on target for implementation by end of FY 2014.	Improved operational efficiency
	(ii) Tightening controls within TxWISE to ensure staff can only sign-off on checklist items assigned to them.	Completed 8/31/2012	Improved operational efficiency and effectiveness; improved regulatory compliance
	(iii) Requiring quality control procedures to include verification of completion of the TxWISE checklist.	Completed. 8/31/2012	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance
2.4 Utilizing TxWISE (cont)	(iv) Requiring reviewers to utilize the TxWISE milestone and electronic reminder service.	Completed. 8/31/2012	Improved operational efficiency and effectiveness; improved regulatory compliance
	(v) Setting guidelines and performance targets on the timeliness, and consistency with which milestones and other important information is entered into the database.	Completed 8/31/2012	Improved operational efficiency
	(vi) Updating TxWISE for changes in roles and tasks in a timely manner.	Completed. 9/30/2012.	Improved operational efficiency
	(vii) Enhancing TxWISE to allow tracking of milestones for multiple applications within the same project.	Completed 5/14/2012	Improved operational efficiency and effectiveness; improved

			regulatory compliance
	(viii) Providing cross-training to minimize business disruption in the event of staff turnover.	Completed. 6/30/2012	Improved operational efficiency and effectiveness; improved regulatory compliance
3.1 Review Documentation	(i) Developing a standard for the required level of work paper documentation, with input from reviewers. The standard should also include the expected substantiation procedures for each item, which should be part of the technical review checklist. Reviewers should check for compliance with documentation standards as part of the quality control review.	Completed. 8/31/2012	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance
	(ii) Providing more guidance on credit rating and minimum review and substantiation requirements, for consistency.	Completed. 8/31/2012	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance
	(iii) Requiring staff to input review results in TxWISE.	Completed. 8/31/2012	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance

	(iv) Revising review checklists to show the actual work, including substantiation procedures performed, and including precise descriptions of what work is being checked off. In addition, requiring staff initials (as opposed to check marks) may provide more accountability.	Completed 5/14/2012.	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance
4.1 TWDB Policies	(i) Legal Services, in collaboration with Policy Development, should develop a central depository of TWDB policies.	Ongoing and on target for implementation by 12/31/2012.	Improved operational efficiency and effectiveness; improved regulatory compliance
	(ii) Publish the policies on the TWDB intranet, with notifications to staff on revisions as and when they occur.	Ongoing and on target for implementation by 12/31/2012.	Improved operational efficiency and effectiveness; improved regulatory compliance
	(iii) Publish the policies on the internet, for stakeholder use.	Ongoing and on target for implementation by 1/31/2013.	Improved operational efficiency and effectiveness; improved regulatory compliance
	(iv) Periodically review the policies for continued relevance.	Ongoing and on target for implementation by 1/31/2013.	Improved operational efficiency and effectiveness; improved regulatory compliance

4.2 Utilizing the Planning, Acquisition, and Design (PAD) Funding Option	(i) Implementing formal detailed criteria on when staff can utilize which funding option. Program and Policy Development should develop the criteria in consultation with Legal Services, Financial Assessment, Construction Assistance, and Project Oversight.	Completed. 3/31/2012.	Improved fiscal control, operational efficiency and effectiveness; improved regulatory compliance
	(ii) Incorporating the criteria into TWDB guidance and policy.	Completed. 3/31/2012.	Improved operational efficiency and effectiveness; improved regulatory compliance
	(iii) Marketing the PAD option to TWDB clients.	Completed 8/31/2012.	Improved operational efficiency and effectiveness.
	(iv) Holding staff accountable for adhering to the criteria.	Ongoing and on target for implementation by 1/31/2013.	Improved operational efficiency and effectiveness; improved regulatory compliance
4.3 Written Procedures	Develop a central depository of written procedures that guide the loan application process.	Ongoing and on target for implementation by 10/31/2012.	Improved operational efficiency and effectiveness; improved regulatory compliance
Review of the State Water Planning Process (Report # 20120701) - Issued July 19, 2012			
Audit Issue	Audit Recommendation		Impact (Fiscal/ Compliance

			/Operational Efficiency)
1. Project Prioritization	Consider devising ways to rank projects on their impact.	Ongoing and on target for implementation by 6/30/2013.	Operational efficiency and effectiveness.
2.1 Water Planning Database Functionality	Consider improving database functionality by incorporating the following suggestions in the DB17 project specification and design as indicated below: i.) Where applicable, show the relationships between water users and providers; ii.) Show dependencies between water management strategies; and, iii.) Improve the structure of the database to improve data entry consistency.	Ongoing and on target for implementation by 3/31/2014.	Operational efficiency and effectiveness.
2.2 Infrastructure Survey Database Security	Consider implementing a user log-in feature within the infrastructure survey database for improved access control and data security.	Ongoing and on target for implementation by 3/31/2015.	Improved operational efficiency and effectiveness; improved regulatory compliance
3.1 Checklist Completion	Consider: i.) Requiring supervisory reviews to ensure that all relevant checklist items have been completely filled in before sign-off; ii.) Providing review staff with regular formal training on the quality control reviews; and, iii.) Implementing online tracking of the quality control checklist, including a signature and date for each action.	Ongoing and on target for implementation by 3/31/2015.	Improved operational efficiency and effectiveness; improved regulatory compliance

3.2 Communication	Consider improving operational efficiency of the review process by implementing a multi-divisional communication plan. The plan could include periodic roundtable meetings to discuss issues.	Completed 9/30/2012	Improved operational efficiency and effectiveness.
3.3 Data Discrepancies	Consider requiring the planning groups to utilize the database in building the regional water plans and incorporating database output directly in each plan.	Ongoing and on target for implementation by FY 2015.	Improved operational efficiency and effectiveness.
3.4 Regional Planning Debriefing	Consider conducting a debriefing meeting after each regional planning cycle to note the great accomplishments and any lessons learned.	Ongoing and on target for implementation by 2/29/2016.	Improved operational efficiency and effectiveness.
4. Guidance	Consider: i.) Enhancing the guidance provided in the planning rules and guidelines, for improved operational efficiency and consistency; and, ii.) Developing detailed formal guidance with training sessions at the beginning of each cycle. Capturing some of the training on online videos and/or webinars could be an efficient way to meet this need.	Ongoing and on target for implementation by 3/31/2014.	Improved operational efficiency and effectiveness.
5.1 Public Meetings	Consider discontinuing the public meetings in the low turnout areas, and replacing them with an interactive web draft, a webinar and other formats of the state water plan.	Ongoing and on target for implementation by 8/31/2016.	Improved operational efficiency and effectiveness.

5.2 Project Management & Communication	Consider improving project management and communication by: i.) Developing a project schedule, posting it on the TWDB's internal website and sending electronic notifications of changes to the entire multi-divisional team; ii.) Implementing project management software to facilitate task assignment and timely completion; and, iii.) Implementing an internal communication plan as part of the project plan. The plan could include periodic roundtable meetings to discuss issues.	Ongoing and on target for implementation by 9/30/2015.	Improved operational efficiency and effectiveness.
5.3.1 Graphic Design	Consider: i.) Involving TWDB's publication team from the beginning of the project; ii.) To the extent possible, making all of the graphics and design decisions upfront and before graphics are constructed; iii.) While the report cannot be "final" until the Board's approval, efforts should be made to finalize as much as possible all text and data before editing; and, iv.) As far as possible, limiting the number of changes made once the report is in the design software, and leaving sufficient time at the end for publications review.	Ongoing and on target for implementation by 1/31/2016.	Improved operational efficiency and effectiveness.

5.3.2 Publication - Other	Consider improving the next plan by: i.) Utilizing focus groups to anticipate the needs of stakeholders and making the plan available in other formats; and, ii.) Including the cost of water management strategies, by strategy, in the water management strategies chapter.	Ongoing and on target for implementation by 1/31/2016.	Improved operational efficiency and effectiveness.
Review of the Desired Future Conditions Process (Report # 20120901) - Issued October 17, 2012			
Determine whether the process provides reasonable assurance that the state's goals are met effectively and efficiently and in compliance with relevant laws.	Continue to monitor the activities of the Legislature regarding the DFC petition process, and provide resources where needed.	Ongoing and on schedule to be implemented by June 30, 2013.	Improved operational efficiency and effectiveness.
	Consider streamlining the reporting process by eliminating the draft MAG report and the additional information from the Board report.	Ongoing and on schedule to be implemented by June 30, 2013.	Improved operational efficiency.

II. External Quality Assurance Review

Richard Tarr, CIA, CISA
3035 Dawley Ave.
Orlando, FL 32806
February 2011

Overall Opinion

It is the opinion of the reviewer that the internal audit activity at the Texas Water Development Board **fully complies** with the professional standards and the Texas Internal Auditing Act. This opinion, representing the best possible evaluation, means that an internal audit charter, policies, procedures, and processes by which they are applied, that foster compliance with professional standards and the Texas Internal Auditing Act in all material respects.

Observations

Internal Auditing at TWDB is independent, objective and capable of rendering impartial and unbiased judgments essential to the proper conduct of audit work. It is well-staffed, well-managed, and the Director has a strong commitment to professional certification and development. Since the last review IA has added two additional audit staff.

The Director has over 30 years of audit experience in State agencies, is a Certified Public Accountant (CPA), a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE). She has a well respected and effective working relationship with both senior executives and the Chair of the Audit Committee, and reports to the Audit Committee as required by the Texas Internal Auditing Act.

IA's three staff auditors are very experienced and knowledgeable, and in addition to all being CPAs, two are Certified Fraud Examiners (CFE), and one is a Certified Information Systems Auditor (CISA) and a Certified Government Financial Manager (CGFM). The Director and the staff are all receiving the required annual continuing professional education to maintain their certifications.

IA's Audit Charter is strong and is being periodically reviewed by the Audit Committee. The Audit Committee appears to be engaged and very supportive of the internal audit activity. As required by the Texas Internal Auditing Act, the Internal Audit Charter directs the Board to appoint the Internal Audit Director; the Director to report directly to the Board; IA to have unrestricted access to all TWDB employees and records; to conduct full scope financial and operational audits; and to follow professional standards in conducting their audit activities.

The interviews that were conducted indicated that TWDB management are strongly supportive of the internal audit function and that that the scope and type of work being performed by IA is addressing where management believes there are risks. A review of a sample of audit workpapers showed that they were well prepared and supported an appropriate level of professional care for the complexities of the work that was undertaken.

Recommendation

At the end of the planning phase of a project, communicate the specific objectives to the auditee.

III. List of Consulting Engagements and Non-Audit Services Completed Showing High-Level Objectives, Observations/Results, Recommendations and Implementation Status

	Original Budget	Revised Budget
Consulting Services (hours)	300	200

Project Description	Report # and Date	Recommendations
Provide staff with training on risk management at TWDB's Training Symposium	4/23/2012	n/a
Provide Water Science & Conservation Division management with advice regarding its work procedure development process.	Report # 20120902; Dated 7/13/2012	Align written procedures with divisional risk assessment. Distinguish between procedures and guidelines. Implement a document management system, electronic routing and a "review as needed" policy. Consider searchable PDFs for published documents. **Target Implementation Date: 8/31/2013**
Provide Operations and Administration management with ongoing advice on information systems development.	Ongoing	n/a

III. Report on Other Internal Audit Activities (Continued)

Activity	Impact
Performed a risk assessment of the Board's auditable units and processes.	Internal Audit interviewed management, staff, and Board members for input used to update the relative risk rankings. The list was used in formulating the annual audit plan.
Consulted with executive leadership in areas such as ARRA, IT priorities, and TxWISE (project tracking system).	Provided management with independent view of how agency would be impacted by various issues.
Participated in weekly meetings with executive management.	Learned and shared information about special issues and daily operations of agency.
Attended State Agency Internal Audit Forum (SAIAF) meetings.	Kept up with legislation implications and impact on our agency. Networked with other internal audit shops.
Attended monthly Board meetings, Board work sessions, Finance Committee meetings, and quarterly Audit Committee meetings. Performed formal and informal follow-up activities with managers.	For the Audit Committee, Internal Audit staff presented completed audits, gave updates on status of outstanding audit issues, and discussed other audit activities. Staff acquired valuable information to enhance the risk assessment process by attending Board meetings, work sessions, and committee meetings.
Participated in quarterly senior management operations meetings.	Learned and shared information about agency activities and issues.
Served as liaison for several complex external audits of TWDB base and ARRA programs.	Coordinated activities to ensure that requested information was provided to external auditors and that management was aware of any issues.
Maintained web site for Internal Audit on the TWDB Intranet.	Provided staff and Board members with access to reports, audit plan, links to audit related web sites, and access to other audit data.
Consulted with the Executive Administrator at least monthly.	Provided Executive Administrator with information to enhance agency performance and discussed potential risk issues.
Served on Steering Committee for the development of TxWISE. TxWISE is a system being developed to combine several databases that will track construction project activities.	Provided insight to ensure the new system will have the proper controls.

IV. Internal Audit Plan for Fiscal Year 2013

Total Weekday Hours	6240
Leave and Holidays	1110
Total Available Work Hours	**5130**

		Percentage of Total Hours		Approximate Hours	
Training		4		180	
General Administration		10		495	
			13		675
Audits					
	DWSRF Program			450	
	Information Security			425	
	Loan Recipient Financial Monitoring			450	
	Outlays and Escrow Releases			480	
	Revenue Management			500	
	Construction Project Monitoring			500	
	Research & Planning Fund			390	
			62		3195
Reserve for Contingencies			10		490
Audit Related Projects					
	Annual Internal Audit Report	1		50	
	Consulting Services	6		300	
	External Auditor Coordination	2		100	
	Follow-up to Previous Audits	3		140	
	Monthly Budget/Financial Analysis	1		40	
	Risk Assessment/Annual Internal Audit Plan	3		140	
			15		770
			100		**5130**

To ensure the risks identified in the annual risk assessment are adequately covered within a "reasonable time frame," the FY 2013 Audit Plan is part of a strategic plan to review all core processes every 4 years. In order to accomplish this, Internal Audit will require an additional auditor position.

IV. Internal Audit Plan for Fiscal Year 2013 (Continued)

Risk Assessment & Audit Planning Methodology

Audits included in the FY 2013 Plan were primarily identified through a risk assessment process, in collaboration with Board members, the Executive Administrator, Deputy Executive Administrators, Division Managers, and staff. Risk assessment was a systematic assessment and integration of professional judgments about probable adverse conditions and events. The process considered both the impact and likelihood of adverse events occurring. The TWDB's auditable activities include both organizational units and Agency-wide processes, each of which was risk-ranked using specific elements including relative size of the unit, potential impact on agency and state operations, regulatory compliance, public exposure, work complexity, audit history, and other factors deemed relevant by Internal Audit and Executive Management.

The result of the risk assessment is an informed perspective on the current risk environment, including a prioritization of risks. The proposed audit list was determined to ensure that the risks identified in the annual risk assessment are adequately covered within a "reasonable time frame," as required by the Government Code, Chapter 2102.005. To meet this "reasonable timeframe requirement," this audit plan is part of a strategic plan to review all core processes every 4-years.

Risk areas ranked "high" but not included in the fiscal year 2013 Audit Plan

	Program/ Process	Audit currently scheduled for
1.	Debt Portfolio Management	FY 2014
2.	Financial Assistance – Loan Closing	FY 2014
3.	Contract & Grants	FY 2014
4.	Clean Water State Revolving Fund	FY 2015
5.	Texas Water Development Fund (TWDF)	FY 2016

Note that all 5 programs/processes are included in Internal Audit's Strategic Plan which aims to review all core processes every 4 years.

V. External Audit Services

External Auditor	Service
Grant Thornton LLP	Audit ARRA projects for fraud, waste and abuse

VI. Reporting Suspected Fraud and Abuse

(a) Individual Audits

As part of obtaining an understanding of the area being audited, Internal Audit assesses the risk of fraud. For financial audits, Internal Audit administers a SAS 99 questionnaire/ survey.

(b) General

Internal Audit has the primary responsibility for the investigation of all suspected fraudulent acts and for coordinating investigative activities along with the Human Resources Division and Legal Services. The Executive Administrator and Internal Auditor are required to report all suspected fraud or unlawful conduct to the State Auditor's Office (SAO).
The TWDB web site section pertaining to the American Recovery and Reinvestment Act has provided a link to the SAO for use in reporting suspected fraud, waste and abuse.
The TWDB Fraud, Waste and Abuses policy requires that all suspected fraudulent or dishonest conduct be reported to Internal Audit.