

FISCAL YEAR 2014 INTERNAL AUDIT ANNUAL REPORT
TEXAS ALCOHOLIC BEVERAGE COMMISSION

Approved by the Commission
on September 23, 2014

 MONDAY N. RUFUS, P.C.
Certified Public Accountants and Consultants

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Texas Alcoholic Beverage Commission
Austin, Texas

Internal Audit Annual Report
Fiscal Year 2014

I. Compliance with House Bill 16

Within 30 days of approval, the Texas Alcoholic Beverage Commission will post the following information on its Internet Web site, unless excepted from disclosure under Chapter 552 of Texas Government Code:

Beginning Fiscal Year 2014, the Texas Alcoholic Beverage Commission (TABC) will develop procedures for implementing House Bill 16 that include measures to ensure that within 30 days of approval, the following reports will be posted to their website:

- An approved fiscal year 2015 audit plan.
- A fiscal year 2014 internal audit annual report.
- Internal Audit Reports which include the following:
 - A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report;
 - A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report

II. Planned Work Related to the Proportionality of Higher Education Benefits

This requirement does not apply to Texas Alcoholic Beverage Commission as it is not a Higher Education Institution.

III. Internal Audit Plan for Fiscal Year 2014

The Commission approved the following audits for fiscal year 2014:

- Enforcement Administration (**Report #2014-001: Date: January 14, 2014**)
- Performance Measures (**Report#2014-002: Date: May 5, 2014**)
- Excise Tax (**Report #2014-003: Date: July 11, 2014**)
- Follow-up on prior year's audit recommendations (**Report #2014-004: Date: July 21, 2014**)
 - Fixed Asset Management (Report Date: January 31, 2013)
 - Tax Administration – Ports of Entry (Original Report Date: March 07, 2013)
 - Inspection Administration - Compliance (Original Report Date: June 05, 2013)

IV. Consulting Services and Non-audit Services Completed

The Internal Auditor did not perform any services which would be considered consulting engagements, as defined in the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*, and no non-audit services, as defined in *Government Auditing Standards, 2011 Revision*, Sections 3.33 – 3.58, were completed during fiscal year 2013.

V. External Quality Assurance Review (Peer Review)

The Agency's internal audit function had previously undergone external quality assurance reviews (peer reviews). The Agency changed internal auditors in Fiscal Year 2013 and will be subject to a peer review under the current internal auditor after Fiscal Year 2015.

VI. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2015

• Personnel Processes	135
• Business Continuity	140
• Information Technology System Development	150
• ID Stamps/ Private Club Cards	130
• Follow-up on prior year's audit recommendations:	
<i>Internal Audit of Enforcement Administration</i> (Report Date: January 14, 2014)	30
<i>Intern Audit of Excise Tax Administration</i> (Report Date: July 11, 2014)	30
<i>Additional Follow-up on Prior Internal Audit Recommendations Related to Tax Administration – Ports of Entry</i> (Report Date: July 21, 2014)	20
<i>Follow-up on the Comptroller's Post Payment Audit Recommendations (Report Date: July 1, 2014)</i>	50
Total Hours	685

VII. External Audit Services Procured in Fiscal Year 2014

There were no External Audit Services for the fiscal year 2014 other than Internal Audit Services.

VIII. Reporting Suspected Fraud and Abuse

In accordance with the requirements of Section 7.09, and the General Appropriations Act (83rd Legislature, Conference Committee Report) Article IX, and Texas Government Code, Section 321.022, the Texas Alcoholic Beverage Commission has posted information on how to report suspected fraud, waste or abuse of state funds on their website.

IX. Report Distribution

As required by Government Code Section 2102.0091 copies of this report should be filed with the following:

Governor's Office of Budget and Planning and Policy

Attn: Kate McGrath

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Legislative Budget Board

Attn: Ed Osner

Phone: (512) 463-1200

Ed.Osner@lbb.state.tx.us

State Auditor's Office

Attn: Internal Audit Coordinator

Phone: (512) 936-9500

iacoordinator@sao.state.tx.us

Sunset Advisory Commission

Attn: Ken Levine

Phone: (512) 463-1300

sunset@sunset.state.tx.us

Texas Alcoholic Beverage Commission

Jose Cuevas, Jr., Presiding Officer

Steven M. Weinberg, MD, JD

Ida Louise "Weisie" Steen

Texas Alcoholic Beverage Commission Management

Sherry Cook, Executive Director