

**TEXAS ALCOHOLIC
BEVERAGE COMMISSION**

FISCAL YEAR 2017 INTERNAL AUDIT ANNUAL REPORT

MONDAY RUFUS & CO., P.C.

**Certified Public Accountants & Advisors
608 Morrow St., Suite 101, Austin, Texas 78752**

TABLE OF CONTENTS

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.....	2
II.	Internal Audit Plan for Fiscal Year 2017.....	2
III.	Consulting Services and Non-audit Services Completed.....	3
IV.	External Quality Assurance Review (Peer Review).....	3
V.	Internal Audit Plan for Fiscal Year 2018.....	7
VI.	External Audit Services Procured in Fiscal Year 2017.....	7
VII.	Reporting Suspected Fraud and Abuse.....	7
VIII.	Reporting Distribution.....	8

Texas Alcoholic Beverage Commission
Austin, Texas

Annual Internal Audit Report
Fiscal Year 2017

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site.

Within 30 days of approval, the Texas Alcoholic Beverage Commission should post the following information on its Internet Web site:

- An approved fiscal year 2018 audit plan, as provided by Texas Government Code, Section 2102.008.
- Individual audits (including follow-up internal audits) showing findings and recommendation made by the internal auditor, and management's responses and/or action plans or updates, unless they are excepted from disclosure under Chapter 552 of the Texas Government Code.
- A fiscal year 2017 internal audit annual report, as required by Texas Government Code, Section 2102.009.

II. Internal Audit Plan for Fiscal Year 2017

The Commission approved the following audits for fiscal year 2017:

- Field Operations Investigations Administration (**Report #017-001: Dated: May 3, 2017**)
- Licensing Application and Processing (**Report#017-002: Dated June 26, 2017**)
- Cash Receipts and Fee Processing (**Not completed. The State Auditor's Office conducted an audit of the Agency in Fiscal Year 2017. The SAO's audit included an extensive review of Cash Receipts and Fee Processing. The audit report was released July 2017).** processing).
- Follow-up on prior year's audit recommendations :
 - Field Operation Audit Administration (Original Report Date: January 4, 2016) (**Report #017-003: Dated: August 22, 2017**)
 - Internal Audit Of The Information Systems – Security (Original Report Date: August 22, 2016) (**Report #017-003: Dated: August 22, 2017**)

III. 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, during fiscal year 2017.

IV. External Quality Assurance Review (Peer Review)

A copy of the most recent External Quality Assurance Review Report is included on the following pages:

**REPORT ON THE
EXTERNAL QUALITY ASSURANCE REVIEW
OF THE
Texas Alcoholic Beverage Commission
INTERNAL AUDIT FUNCTION
Year ended August 31, 2015**

Report Date: October 23, 2015

Performed By

Samson Afolabi, CPA, CGMA
EXTERNAL QUALITY ASSURANCE REVIEWER
SAMSON T.A. AND ASSOCIATES, PLLC
125 L Street, S.E. Suite 202
Washington, DC 20003
Tel: (202) 595-9369, (240) 603-1434
Fax: (202) 554-9370

Member

American Institute of CPAs
Greater Washington Society of CPAs *** *Maryland Association of CPAs*

Samson T.A. and Associates, LLC

*GSA Federal Supply Schedule, SBA 8(a) & SDB, DBE and MBE
DC Supply Schedule, DC LSDBE, and DC DOT DBE*

125 L Street, S.E., Suite 202, Washington, DC 20003
Tel: (202) 595-9369, (240) 603-1434
Fax: (202) 554-937

*Certified Public Accountants
& Management Consultants*

*Email: safolabi@samsontacpa.com
Website: samsontacpa.com*

External Quality Assurance Review Report

Overall Conclusion

Based on the information received and evaluated during this external quality assurance review, we conclude that the Texas Alcoholic Beverage Commission's Internal Audit function "complies" with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing Standards*, the Code of Ethics contained in the Professional Practices Framework, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Audit Act (*Texas Government Code*, Chapter 2102).

Samson T.A. and Associates, pllc

External Quality Assurance Reviewer
Washington, DC
October 23, 2015

Member

American Institute of CPAs
Greater Washington Society of CPAs *** *Maryland Association of CPAs*

Samson T.A. and Associates, LLC

*GSA Federal Supply Schedule, SBA 8(a) & SDB, DBE and MBE
DC Supply Schedule, DC LSDBE, and DC DOT DBE*

125 L Street, S.E., Suite 202, Washington, DC 20003
Tel: (202) 595-9369, (240) 603-1434
Fax: (202) 554-937

*Certified Public Accountants
& Management Consultants*

*Email: safolabi@samsontacpa.com
Website: samsontacpa.com*

**EXTERNAL QUALITY ASSURANCE REVIEW
TEXAS ALCOHOLIC BEVERAGE COMMISSION
INTERNAL AUDIT FUNCTION
Year ended August 31, 2015**

BACKGROUND

The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*, U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Audit Act require that internal audit functions obtain external quality assurance review to assess compliance with standards and the Act and to appraise the quality of their operations. Government auditing standards require this review at least every three years. A periodic external quality assurance review, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program.

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objective of the quality assurance review was to evaluate the Texas Alcoholic Beverage Commission's compliance with professional standards and the Texas Internal Audit Act. The scope of the review included all internal audits completed during the year ended August 31, 2015

The work performed during the review included:

- Review of Internal Audit's policies and procedures, annual risk assessment, annual audit plan, and other relevant documents;
- Review of the Texas Internal Auditing Act (Government Code, Chapter 2102);
- Review of the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*;
- Review of the U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Code of Ethics contained in the *Professional Practices Framework*; and
- Review and evaluation of audit work papers.

Member

American Institute of CPAs

Greater Washington Society of CPAs

Maryland Association of CPAs

V. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2018

Fiscal Year 2018 Internal Audit Plan will be completed and submitted in the future.

VI. External Audit Services Procured in Fiscal Year 2017

There were no External Audit Services for the fiscal year 2017 other than Internal Audit Services.

VII. Reporting Suspected Fraud and Abuse

In accordance with the requirements of Section 7.09, and the General Appropriations Act (84th 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.

VIII. Report Distribution

As required by Gov't Code 2102.0091, copies of this report should be filed with the following:

Governor's Office of Budget and Planning

Attn: Drew DeBerry
Phone: (512) 463-1778
budgetandpolicyreports@gov.texas.gov

Legislative Budget Board

Attn: Julie Ivie
Phone: (512) 463-1200
audit@lbb.state.tx.us

State Auditor's Office

Attn: Internal Audit Coordinator
Phone: (512) 936-9500
iacoordinator@sao.texas.gov

Sunset Advisory Commission

Attn: Ken Levine
Phone: (512) 463-1300
sunset@sunset.texas.gov

Texas Alcoholic Beverage Commission

Kevin J. Lilly, Presiding Officer
Ida Louise "Weisie" Steen

Texas Alcoholic Beverage Commission Management

Adrian Bentley Nettles, Executive Director