

**TEXAS STATE SECURITIES BOARD**  
Austin, Texas

**INTERNAL AUDIT ANNUAL REPORT**

Fiscal Year 2024



TEXAS STATE SECURITIES BOARD  
Austin, Texas

Internal Audit Annual Report

Fiscal Year 2024

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# Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Board Members and Audit Committee Members  
Texas State Securities Board  
Austin, Texas

We performed procedures to assess the effectiveness and efficiency of the Texas State Securities Board's (SSB) internal control structure over the Payroll and Human Resources Area (Area); and, its compliance with the State Auditor's Office Texas Human Resources Management Statutes Inventory, and the Texas Comptroller's fiscal policies and procedures, as applicable to the Area, and the Area's established policies and procedures, for the 9 months ended May 31, 2024.

The results of our procedures performed disclosed that SSB's internal control structure over the Area was generally adequate and no material instances of noncompliance were noted. However, we did identify certain matters, included in this report, that are opportunities for strengthening internal controls and ensuring compliance with state established policies and procedures. Based on the degree of risk or effect of these matters in relation to the audit objective(s), these matters were rated as either Priority, High, Medium, or Low, as further described in the "Summary and Related Rating of Observations/Findings and Recommendations" section of this report.

We also conducted a follow-up on the findings and recommendations presented in the prior year's internal audit annual report that were not fully implemented. This report reflects the results and implementation status of our follow-up procedures, and includes all information required for compliance with the State of Texas Internal Audit Annual Report requirements. It has been prepared by Garza/Gonzalez & Associates, LLC, an independent Certified Public Accounting firm, following Generally Accepted Government Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.

We have discussed the comments and recommendations from the audit of the Area, as well as the implementation status from the follow-up procedures performed, with various SSB personnel. We would be pleased to discuss these matters with you in further detail.



July 26, 2024

# TEXAS STATE SECURITIES BOARD

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## INTRODUCTION

The Texas State Securities Board (SSB) is charged with the administration and enforcement of the Texas Securities Act (TSA). SSB's mission is to protect Texas investors. Consistent with that purpose, SSB seeks to encourage capital formation, job formation, and free and competitive securities markets; maximize coordination with federal and other states' laws and administration, particularly with respect to procedure, reports, forms, and exemptions; and, minimize regulatory burdens on issuers and other persons subject to the Act, especially small businesses. To achieve these objectives, SSB conducts the following activities:

- Law enforcement
- Registration of securities
- Registration of dealers, agents, investment advisers, and investment adviser representatives
- Inspections of registered dealers and investment advisors

SSB is overseen by a Board composed of five members appointed by the Governor, with the advice and consent of the Senate, for six-year staggered terms. The Board adopts and periodically updates rules to ensure that investors are adequately protected and that unreasonable burdens on legitimate capital-raising activities are avoided. The Board appoints a Securities Commissioner, who serves at its pleasure, and serves as SSB's chief administrative officer and supervises the day-to-day activities of the staff.

SSB is organized into the following Divisions: Enforcement, Registration, Inspections and Compliance, Office of General Counsel, and Staff Services.

### **2024 Internal Audit Plan**

Following are the internal audit functions performed, as identified in SSB's *2024 Internal Audit Plan*, dated April 15, 2024, and approved by the Board on May 9, 2024:

- Risk Assessment & Preparation of the 2024 Internal Audit Plan
- Payroll and Human Resources Audit
- Follow-up of the Prior Year Internal Audit
- Preparation of the 2024 Internal Audit Annual Report
- Other Tasks

This report contains the results of the Payroll and Human Resources Audit, reflects the results of the follow-up procedures performed this year on the findings from the prior year's internal audit report, and meets the State of Texas Internal Audit Annual Report requirements.

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### I. Compliance with Posting Requirements

To comply with the provisions of Texas Government Code, 2102.015 and the State Auditor's Office guidelines, within 30 days of approval by SSB's Board, SSB will post the following information on its website:

- An approved fiscal year 2025 audit plan, as provided by Texas Government Code, Section 2102.008.
- A fiscal year 2024 internal audit annual report, as required by Texas Government Code, Section 2102.009.

The internal audit annual report includes any weaknesses, deficiencies, wrongdoings, or other concerns raised by internal audits and other functions performed by the internal auditor, as well as a summary of the actions taken by SSB to address such concerns.

### II. Consulting and Nonaudit Services Completed

The internal auditor did not perform any consulting services, as defined in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* or any non-audit services, as defined in the *Government Auditing Standards*, 2018 Revision, Technical Update April 2021, Sections 3.64-3.106.

### III. External Quality Assurance Review

The internal audit department's most recent *Peer Review Report*, dated December 15, 2021, indicates that its system of quality control has been suitably designed and conforms to applicable professional standards in all material respects.

### IV. Internal Audit Plan for Fiscal Year 2024

The approved Internal Audit Plan (Plan) included one audit to be performed during fiscal year 2024. The Plan also included a follow-up on prior year internal audit recommendations that were not fully implemented as of fiscal year 2023, other tasks as may have been assigned by the Board, and preparation of the 2024 Internal Audit Annual Report.

### RISK ASSESSMENT

Utilizing information obtained through the completed questionnaires received and background information reviewed, 11 areas were identified as potential audit topics. A risk analysis utilizing 8 risk factors was completed for each individual audit topic and then compiled to develop an overall risk assessment.

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Following are the results of the risk assessment performed for the 11 potential audit topics identified:

<b>HIGH RISK</b>	<b>MODERATE RISK</b>	<b>LOW RISK</b>
Payroll and Human Resources	Processing Dealer Applications <sup>2</sup>	Complaints Process <sup>1</sup>
Information Technology	Processing Securities Applications <sup>2</sup>	Processing Cash Receipts/Disbursements/Mail
Conducting Inspections <sup>1</sup>	Accounting/Financial Reporting/Fixed Assets/Travel	Records Management
Enforcement <sup>1</sup>	Procurement/Contract Management/ HUB	

<sup>1</sup> Includes Performance Measures

<sup>2</sup> Includes Performance Measures and Registration & Filing Fees

In the prior 3 years, the following audits and functions were performed by the internal auditor:

Fiscal Year 2023:

- Risk Assessment & Preparation of the Internal Audit Plan
- Information Technology – Change Management & Account Management Audit
- Follow-up on the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2022:

- Risk Assessment & Preparation of the Internal Audit Plan
- Processing Cash Receipts, Disbursements, and Mail Audit
- Follow-up on the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

Fiscal Year 2021:

- Risk Assessment & Preparation of the Internal Audit Plan
- Enforcement Audit
- Follow-up on the Prior Year Internal Audits
- Preparation of the Internal Audit Annual Report

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The internal audit and other tasks performed for fiscal year 2024 were as follows:

<b>Report No.</b>	<b>Audits/Report Titles</b>	<b>Report Date</b>
1.	Payroll and Human Resources <i>Objective:</i> To assess the effectiveness and efficiency of the internal controls, policies, procedures, and processes in place for the Payroll and Human Resources Area (Area), and to ensure compliance with applicable state requirements and the Area’s policies and procedures.	7/26/2024
1.	Internal Audit Annual Report – Follow-up on the findings and recommendations that were presented in the Prior Year Internal Audit Annual Report <i>Includes all reported audit results for Fiscal Year 2024.</i>	7/26/2024
-	Other Tasks Assigned by the Board or Audit Committee	None

**V. Executive Summary**

**Payroll & Human Resources Area (Area)**

**BACKGROUND**

The Staff Services Division is responsible for Payroll and Human Resources (HR) functions at the Texas State Securities Board (SSB). The Area is supervised by the Director of Staff Services, who reports to the Commissioner, and consists of the Assistant Director of Staff Services, who serves as both the HR Lead and Payroll Coordinator, a backup payroll processor, and an accountant. State requirements specific to the Area are outlined in the State Auditor’s Office (SAO) Texas Human Resources Management Statutes Inventory and the Texas Comptroller of Public Accounts’ (CPA) Texas Payroll/Personnel Resource. Additionally, SSB has developed the Staff Services Procedures Manual, which documents the policies and procedures established for the Area.

SSB fully implemented the Centralized Accounting and Payroll/Personnel System (CAPPS) Core HR and Payroll modules in July 2022. This includes HR, Payroll, and Time and Labor (T&L) modules.

**Payroll Change Authorization Form (PCAF)**

SSB utilizes a Payroll Change Authorization Form (PCAF) for personnel actions such as promotions, merit increases, changes in hours, and demotions. PCAFs are completed by the employee’s supervisor and then sent to the Director of Staff Services for budget approval, the Commissioner for final approval, and finally to the Payroll Coordinator for processing.

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### Hiring Process

#### *Job posting*

When there is a need to fill an existing position or create a new one, the hiring manager from the respective division, with the assistance from HR, prepares a job posting. The posting is then approved by the Staff Services Director and the Commissioner. The HR accountant is responsible for posting the job on the SSB website, the Work-In-Texas website, college recruiting sites, and other online recruiting platforms. Job announcements are posted for no less than 10 business days or until the position is filled to ensure they reach an adequate pool of prospective applicants.

#### *Screening and selection*

HR is responsible for screening all applications received during the posting period to identify applicants who meet the minimum qualifications. Applications are tracked in the Application Log. Qualified applicants are then forwarded to the hiring supervisor, who completes an Applicant Rating Schedule to select the top candidates for interviews. Concurrently, HR performs due diligence and other pre-employment procedures such as criminal history and reference checks. The hiring supervisor develops interview questions or utilizes questions previously approved by HR and the General Counsel (GC) Division. Newly developed questions are submitted for HR and GC review prior to use. After the interviews, the hiring manager completes an Interview Scoring Sheet. The candidate with the highest overall score is selected for the job. If the candidate declines the job offer, the hiring supervisor may select the next highest scoring candidate. A Notice of Appointment (NOA) is then completed for the selected candidate, and the applications, scoring sheets, and NOA are sent to the Commissioner for final approval. The hiring manager subsequently contacts the candidate to extend a job offer.

#### *Onboarding*

A newly hired employee attends a New Employee Orientation (NEO) on the first day of employment. HR is responsible for ensuring that the new employee completes all required employment-related paperwork. The HR Lead completes a New Employee Checklist and Payroll Coordinator's Checklist to ensure all required forms and topics are discussed and completed. New hires are also required to attend orientation for other areas of the agency, such as IT, purchasing, and travel.

During the period from September 1, 2023, to May 31, 2024, SSB hired 13 new employees.

### Timekeeping Process

CAPPS is used to enter time and leave (T&L) data and track employees' leave balances. Since SSB employees are paid on an exception basis, they receive the same amount each month unless there is an "exception" to their pay, such as leave without pay or an adjustment to the existing pay rate. As a result, SSB only requires employees to enter leave or other exceptions into CAPPS. On a monthly basis, employees must certify their time reported for the previous month in CAPPS, which is then electronically approved by their respective supervisor.

#### *Emergency Leave*

In accordance with Texas Government Code 661.902, SSB employees are entitled to emergency leave without pay deductions for instances such as a death in the family or other acceptable reasons, as determined and authorized by the Commissioner. SSB is required to report to the Comptroller, no later than October 1<sup>st</sup> of each year, the name and position of each employee who was granted more than 32 hours of emergency leave during the previous year, along with the reason and the total number of hours granted.



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### *Sick Leave Pool*

SSB has established a sick leave pool (pool) to benefit employees who have exhausted all paid leave due to a catastrophic injury or illness. Requests to withdraw from the pool are approved by the Commissioner, who serves as the Pool Administrator. Upon separation from SSB, an employee may contribute their unused leave to the pool.

During the period from September 1, 2023 to May 31, 2024, a total of 442 hours were donated and 71 hours were withdrawn from the pool, leaving 18,750.15 hours in the pool as of May 31, 2024.

### Payroll Processing

Payroll is processed in accordance with CPA guidelines and consists of two payment types: monthly (on-cycle) and supplemental (off-cycle). On-cycle payments generally include regular salary and other recurring payments such as Benefits Replacement Pay (BRP) and Longevity Pay. Off-cycle payments generally represent supplemental payments.

To initiate monthly payroll processing, the Payroll Coordinator ensures that T&L entries in CAPPs are complete and makes any necessary changes. The Payroll Coordinator then follows the procedure outlined in the On-cycle and Off-cycle Checklists developed by the CPA to process the payroll. A preliminary payroll report is generated by the Payroll Coordinator and forwarded, along with all the supporting documentation, to the Staff Services Director and Commissioner for review and approval. Once approved, the Payroll Coordinator completes the remaining procedures from the checklists and finalizes the payroll. The final payroll is released by the Director of Staff Services in CAPPs.

### Performance Evaluation

SSB employees undergo performance evaluation annually. The evaluation is conducted by the employee's supervisor to assess job performance, establish performance standards, and clarify expectations. Once completed, the evaluation is reviewed by the Commissioner and then discussed with the employee.

### Employee Separation

Employees should provide two weeks' notice to their supervisor when leaving the agency. The resignation letter is then forwarded to the HR Lead, who is responsible for initiating and overseeing the termination process. A termination packet is prepared for the separating employee, which includes an Employee Exit Interview Form, Employee Termination Checklist, Possession of Agency Documents Form, and State Auditors Exit Interview. The HR Lead meets with the employee to ensure the termination process is completed and all questions, if any, are addressed.

During the period from September 1, 2023, to May 31, 2024, 11 employees separated from SSB.

### Reporting

The implementation of CAPPs has automated various reporting to third-party state agencies, including the Comptroller's Office, State Auditor's Office, and Texas Workforce Commission. The Area is only responsible for verifying the accuracy of these reports.

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### AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

#### Objective

The objective of our audit was to assess the effectiveness and efficiency of the internal controls, policies, procedures, and processes in place for the Payroll and Human Resources Area (Area), and to ensure compliance with applicable state requirements.

#### Scope

The scope of this audit included reviewing the Area's policies, procedures, and processes, as well as testing of selected activities and functions performed by the Area to ensure compliance with established policies, procedures, and applicable state requirements during the 9-month period from September 1, 2023 through May 31, 2024 (audit period).

#### Methodology

The audit methodology included reviewing applicable laws and regulations, SSB's established policies and procedures, and other relevant internal and external documentation. Additionally, interviews and correspondence were conducted with selected SSB employees.

We obtained and/or reviewed the following documentation:

- A. SAO's *Texas Human Resources Management Statutes Inventory, 2024-2025 Biennium*.
- B. CPA's *Texas Payroll/Personnel Resource*.
- C. Organizational chart applicable to the Area.
- D. SSB's Staff Services Procedures Manual.
- E. Examples of checklists, forms, and screenshots from the CAPPS system.
- F. SSB's Employee Manual.
- G. Listing of active and inactive SSB employees as of May 31, 2024.
- H. Selected employee personnel files, payroll registers, and respective time sheets.
- I. IRS Form 941 for the 1<sup>st</sup> Quarter and the supporting documentation.
- J. FTE Report for the 3<sup>rd</sup> Quarter submitted to the SAO and the supporting documentation.
- K. Payroll registers for the months of January 2024, and May 2024.
- L. Texas Workforce Commission (TWC) Civil Rights Division Review of Personnel Policies and Procedures System report, dated May 2024.

We performed various procedures to achieve the objective of our audit, including the following:

- 1. Obtained and reviewed the applicable state requirements as established by the CPA and the SAO.
- 2. Obtained and reviewed SSB's written policies and procedures. Additionally, conducted interviews to gain an understanding of controls, processes, and current practices in place over the Area.

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3. Selected 2 of the 13 new hires, 2 of the 11 separations, and 15 active employees during the audit period and performed the following procedures:
  - a. Agreed gross salary as reflected in CAPPs to the respective PCAF.
  - b. Ensured the employee's base salary was within the range established in the Salary Group as determined by the Classification Salary Schedules.
  - c. Recomputed gross salary and longevity pay for May 2024 and verified that it agreed to the amount paid.
  - d. Ensured selected leave taken during the month of May 2024 was properly approved.
  - e. Ensured that the most recently prepared PCAF was signed by both the supervisor and the Commissioner.
  - f. For new hires, confirmed that an applicant screening rating schedule and interview rating schedule sheet were prepared by the supervisor and justified the selection.
  - g. Ensured the following documents were completed for separating employees:
    - i. Coordinator Termination Checklist.
    - ii. Employee Termination Checklist.
    - iii. SAO Exit Survey Acknowledgement form.
    - iv. Possession of Agency Form.
  - h. Reviewed new employees' NEO documents for the following contents, as considered applicable:
    - i. Payroll Coordinator's Checklist.
    - ii. New Employee Checklist.
    - iii. Application and job posting.
    - iv. Notice of Appointment.
    - v. E-Verify, and criminal history checks, as applicable.
    - vi. State employment history check and verification.
    - vii. Employment references from former employers.
    - viii. Veteran Status Form
    - ix. Completion of EEO Training.
    - x. Employee's acknowledgement of their receipt of the following information:
      - Employee Handbook.
      - Prohibited political activities.
      - Statutory Conflicts of Interest policy.
      - Data Use Agreement.

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4. Selected 2 of the 9 months during the audit period and performed the following procedures related to payroll processing:
  - a. Ensured On-cycle and Off-cycle Checklists were completed and retained along with the corresponding final (“Confirmed”) payroll registers.
  - b. Verified that changes from the prior month in the On-cycle payroll register were supported by a PCAF or other supporting documentation.
  - c. Ensured all payments in the off-cycle payroll register were supported by a PCAF or other supporting documentation.
5. Obtained user rights reports for CAPPs HR/Payroll, and compared the rights to the employee listing and/or the organizational charts to assess the reasonableness of the rights granted in relation to the respective employee’s job title.
6. Selected IRS Form 941 reporting for Q1 (January – March) 2024, verified timely filing, and traced the amounts in Form 941 to the CAPPs *941 Quarterly Federal Tax Return Report* and internal reconciliation spreadsheets for the reporting period.
7. Agreed the 3<sup>rd</sup> Quarter FTE Report submitted to the SAO to the respective CAPPs reports.
8. Reviewed the TWC Civil Rights Division’s Review of Personnel Policies and Procedures System report for significant findings.

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**VI. Observations/Findings and Recommendations**

SUMMARY AND RELATED RATING of OBSERVATIONS/FINDINGS AND RECOMMENDATIONS

As SSB’s internal auditors, we use our professional judgment in rating the audit findings. The rating system used was developed by the Texas State Auditor’s Office and is based on the degree of risk or effect of the findings in relation to the audit objective(s). The table below presents a summary of the observations/findings in this report and the related rating, as applicable.

<b>Summary of Observations/Findings &amp; Recommendations and Related Ratings</b>		
<b>Finding No.</b>	<b>Title</b>	<b>Rating</b>
1.	Staff Services Procedures Manual	Low
<b>Observation No.</b>	<b>Title</b>	<b>Rating</b>
1.	Payroll Change Authorization Form	–
<p><u>Description of Rating</u></p> <p>A finding is rated <i>Priority</i> if the issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity’s ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.</p> <p>A finding is rated <i>High</i> if the issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity’s ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.</p> <p>A finding is rated <i>Medium</i> if the issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity’s ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.</p> <p>A finding is rated <i>Low</i> if the audit identified strengths that support the audited entity’s ability to administer the program(s)/functions(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity’s ability to effectively administer the program(s)/function(s) audited.</p>		

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**OBSERVATIONS/FINDINGS AND RECOMMENDATIONS**

Report No.	Report Date	Name of Report	Observations/ Findings and Recommendations
1	7/26/24	Payroll & Human Resources	<p><b>1. Staff Services Division (SSD) Procedures Manual</b></p> <p>We noted the following differences between the SSD Procedures Manual and SSB’s current practices:</p> <ul style="list-style-type: none"> <li>• The SSD Procedures Manual references a “Job Vacancy Notice.” However, discussions with staff indicated that such a form is not used; instead, the Job Posting serves as the job vacancy notice.</li> <li>• The <i>Quarterly 941 Tax Reports</i> section has not been updated to include the names of the CAPPs report used to prepare the 941 forms; only USAS reports are listed.</li> <li>• The <i>Time Sheets</i> section states that employees are required to complete time sheets, which are approved by the supervisor. However, discussions with staff indicated that employees are not required to submit time sheets; only exceptions are required to be entered in CAPPs.</li> </ul> <p>Additionally, procedures for preparing Payroll Change Authorization Forms are not included in the SSD Procedures Manual.</p> <p><b>Recommendation</b> We recommend that SSB review and update the SSD Procedures Manual, as needed, to ensure that procedures are current and accurately reflect SSB’s practices.</p> <p><b>Management’s Response</b> The staff of the Securities Board agrees that the Staff Services Division Procedures Manual should match current practices. Referring to the same document in two ways, Job Vacancy Notice/Job Posting, may cause confusion.</p> <p>The Manual will be updated to refer to the form in a consistent manner. Furthermore, the Manual section related to quarterly 941 tax reports will be updated to switch from naming USAS reports to naming CAPPs reports.</p> <p>The Manual will be updated to explain that “completing time sheets” means entering time worked and any applicable exceptions (e.g. use of leave or compensatory time earned) and completing the certification process in CAPPs at the end of each month.</p> <p>Staff will also add a section to the Manual that details procedures for preparing Payroll Change Authorization Forms.</p>

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Report No.	Report Date	Name of Report	Observations/ Findings and Recommendations
1	7/26/24	Payroll & Human Resources	<p style="text-align: center;"><b>OBSERVATION</b></p> <p><b>1. Payroll Change Authorization Form</b></p> <p>Our review of Payroll Change Authorization Forms (PCAF) for 19 selected employees disclosed 1 instance where the approved PCAF was not found in the employee’s personnel file but was subsequently located by the Assistant Director of Staff Services.</p> <p><b>Recommendation</b> We recommend that SSB ensure PCAFs are properly filed in the employee’s personnel file to maintain proper retention and documentation of pay approvals.</p> <p><b>Management’s Response</b> The staff of the Securities Board agrees with the recommendation. The Securities Commissioner believes this instance was a clerical, paperwork error on his part. Staff would also note that payroll processing would not be approved for the subsequent pay period without supporting documentation due to the multiple approvals required prior to processing pay approvals.</p>

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Report No.	Report Date	Name of Report	Observations/Findings and Recommendations	Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with explanation if not yet fully implemented
1	7/26/24	2024 Follow-Up	<p align="center"><b><u>Follow-Up of the Prior Year Internal Audit</u></b></p> <p>Following is the status of the recommendations made in fiscal year 2023 that had not been fully implemented.</p> <p><b><u>IT – Change Management &amp; Account Management (Report date 8/1/2023)</u></b></p> <p><b>1. SSB Procedures</b></p> <p>SSB should continue its effort in developing and documenting cybersecurity procedures for all sections within the SSB Cybersecurity document.</p> <p><b>2. SSB Controls Catalog (Catalog)</b></p> <p>SSB should update its Catalog to incorporate all minimum requirements from the current DIR catalog, as mandated by TAC §202.26.</p> <p><b>3. Records of Changes</b></p> <p>SSB’s IT staff should sufficiently document the change activities to ensure proper oversight, accountability, and knowledge transfer.</p> <p><b>4. Systems Change Log</b></p> <p>The Information Security Officer (ISO) should document the justification for the risk acceptance and obtains formal approval from the Commissioner for the control exception allowed under TAC §202.21.</p> <p><b>5. Periodic User Reviews</b></p> <p>The I&amp;C Division should collaborate with the ISO to develop and implement periodic NEMO 2.0 user review procedures.</p> <p><b>6. Systems Access Workflow (Observation)</b></p> <p>IT Department should designate certain IT staff members with the responsibility for monitoring the timely completion of workflow tasks.</p> <p>Additionally, as part of its effort to optimize the workflow, SSB should consider the following:</p> <ul style="list-style-type: none"> <li>• Incorporating the monitoring process into the existing workflow.</li> <li>• Modifying the System Access Request Form and/or workflow for high-turnover positions to reduce the number of repetitive “N/A” selections required to complete the Form.</li> </ul>	<p><b>Fully Implemented</b></p> <p><b>Fully Implemented</b></p> <p><b>Fully Implemented</b></p> <p><b>Fully Implemented</b></p> <p><b>Fully Implemented</b></p> <p><b>Fully Implemented</b></p>



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### **VII. External Audit Services Procured in Fiscal Year 2024**

SSB procured the internal audit services documented in the approved Internal Audit Plan for fiscal year 2024. No other external audit services were performed.

### **VIII. Reporting Suspected Fraud and Abuse**

SSB has provided information on their website homepage on how to report suspected fraud, waste, and abuse to the State Auditor's Office (SAO) by posting a link to the SAO's fraud hotline. SSB has also developed a Fraud Prevention Policy that provides information on how to report suspected fraud, waste, and abuse to the SAO.

### **IX. Proposed Internal Audit Plan for Fiscal Year 2025**

The risk assessment performed during fiscal year 2024 was used to identify the following *proposed* area that is recommended for internal audit and other tasks to be performed for fiscal year 2025. The 2025 Internal Audit Plan will be developed and presented to the Audit Committee and the Board, for acceptance and approval, at a meeting to be determined at a later date.

- Processing Securities Applications
- Follow-up of Prior Year Internal Audits
- Other Tasks Assigned by the Board