



Texas Department
of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Fiscal Year 2027 Internal Audit Plan

Internal Audit Division

August 2026

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Executive Summary

The Internal Audit Division's (IAD) Internal Audit Plan (Plan) for fiscal year (FY) 2027 covers the period of September 2026 through August 2027. This Plan includes risk-based audits, advisory services, required activities, value-added services, and division initiatives. A summary of engagements is illustrated in *Figure 1* below.

Figure 1. Summary of the FY 2027 Internal Audit Plan:

	Audits	• Cybersecurity Incident Response Processes • Specialty Plates • Autonomous Vehicle Licensing and Revocation
	Advisory Services	• Dealer License Plate Inventory Management • Modernization – Vendor Contracts • Enterprise Risk Management Evaluation • Government and Strategic Communications Processes and Risk
	Required Activities	• FY 2026 Internal Audit Annual Report • Quality Assurance and Improvement Program – Internal Assessment • Audit Recommendation Implementation Status • FY 2028 Risk Assessment and Internal Audit Plan • Internal Audit Division Peer Review
	Value-Added Services	• Investigations on Fraud, Waste, and Abuse • External Audit/Review Coordination • Workgroup Participation / Ad-hoc Advisory • Department Training
	Division Initiatives	• TeamMate+ Process Optimization • Staff Development and Hiring

Detailed Information

Engagement Details

Table 1 provides greater detailed information on the planned risk-based audits, advisory services, and required activities for FY 2027, while Table 2 provides information on alternative engagements in place of those presented in *Table 1*.

Table 1. Planned Engagement Details

Topic	Potential Objective
Cybersecurity Incident Response Processes Audit	This audit could evaluate the organization's methodology for detecting, containing, and recovery processes from cybersecurity threats or breaches.
Specialty Plates Audit	This audit could evaluate the process and controls in processing special plates. The review could include evaluation of rejection volumes, administrative costs, and fee returns.
Autonomous Vehicle Licensing and Revocation Audit	This audit could provide insight into the current approval and review processes involving autonomous vehicle authorization and revocation processes.
Dealer License Plate Inventory Management Advisory	This advisory could review the design of license plate inventory distribution and inventory management processes.
Modernization -Vendor Contracts Advisory	This advisory could evaluate documented controls, vendor compliance, and 3 rd party vendor accountability.
Enterprise Risk Management Evaluation Advisory	This advisory could evaluate how the department could implement Enterprise Risk Management processes including how enterprise risks impact departmental operational strategies.
Government and Strategic Communications Walkthrough	This project could evaluate overall processes and risk areas to gain an understanding of processes and key controls.
FY 2026 Internal Audit Annual Report	A report produced in FY 2026 that summarizes IAD's activities conducted in FY 2025. This report will be submitted to the State Auditor's Office.
Quality Assurance and Improvement Program - Internal Assessment	A report produced in FY 2026. This is an internal assessment to determine IAD's compliance with audit standards and performance.

Topic	Potential Objective
Audit Recommendation Implementation Status	An engagement to verify if outstanding audit recommendations have been fully implemented.
FY 2028 Risk Assessment and Internal Audit Plan	An enterprise-wide risk assessment to identify risk areas for the upcoming year. The Internal Audit Plan will be submitted to the State Auditor's Office.
Internal Audit Division Peer Review	Peer Reviews evaluate compliance with Standards and the Texas Internal Auditing Act and provide an opportunity to identify best practices and opportunities for improvement for the Internal Audit function.

Table 2: Alternative Engagements

Topic	Potential Objective
Payment Card Industry (PCI) Reporting Requirements	This audit could evaluate whether the department has implemented payment controls and completes appropriate reporting requirements.
Accounting Control Evaluation	This audit could evaluate the financial accounting processes and key controls over budget, forecasting, operations, and purchasing processes.
Rural and Emergency Customer Needs	This advisory could review whether rural customers have accessibility to services and whether customer needs are met during emergencies.

Value-Added Services and Division Initiatives

Value-Added Services

- **Investigations on Fraud, Waste, and Abuse:** Detecting, tracking, and reviewing any internal fraud, waste, and abuse allegations, complaints from external parties, and those from the State Auditor's Office. IAD investigates internal fraud, waste, and abuse allegations.
- **External Audit/Review Coordination:** Coordinating external audits or reviews by providing audit status updates and facilitating management responses to recommendations.
- **Workgroup Participation / Ad-hoc Advisory:** Participating in TxDMV workgroups, such as the Executive Steering Committee and the Governance Team, to help identify unforeseen risks in enterprise projects or activities. IAD also sets aside hours to address any short-term assessment or information requests by TxDMV staff.
- **Department Training:** Providing training to help TxDMV staff understand the role of IAD and

staff's responsibilities in recommendation implementation and prevention of fraud, waste, and abuse.

Division Initiatives

- **TeamMate+ Process Optimization:** Enhancing the software's functionality by continuing to update the risks stored within the software, creating and automating reports, and staying current on best practices for optimized software functionality.
- **Staff Development & Hiring:** Taking the minimum required hours of training each year (40 hours) in accordance with auditing standards. This includes creating development plans to obtain required knowledge, skills, and abilities for audit and advisory services. Hiring internal audit staff to fill IAD vacancies and providing training to integrate new hires into the office.

Scope and Methodology

Scope

The Internal Audit Plan covers engagements and activities for the period of September 1, 2026 to August 31, 2027 (fiscal year 2027).

Risk Assessment

Risk Methodology

The audit plan was developed using a risk-based methodology which included input from discussions with TxDMV management and risks identified by audit staff through previous engagements and observations. IAD also analyzed TxDMV information, reviewed internal audit and industry publications, and analyzed audit topics by the State Auditor's Office and other State agencies. Finally, risks reviewed took into consideration additional factors such as:

- Operational impact;
- Reputational impact;
- Financial impact;
- Legal or regulatory impact;
- Degree of change in the program, function, or process;
- Degree of complexity;
- Control design strength.

Acceptable Risk Level

The Internal Audit Division does not aim to cover all department functions or risks in its FY 2027 Internal Audit Plan. IAD's objective is to focus on key processes and areas of risk identified during the risk assessment to improve department processes. Recognizing that IAD cannot address every key process and risk, it is important for the Board and executive management to understand the limits of the internal audit plan's coverage and the areas not audited. IAD believes the FY 2027 Internal Audit Plan adequately addresses key risks within IAD's capabilities and resources.