

— RISK-BASED INTERNAL AUDIT PLAN

The FY2027 Audit Schedule

Prepared in conformance with the Institute of Internal Auditors' 2024 Global Internal Audit Standards (effective January 9, 2025) and Texas Local Government Code Chapters 84, 111, 112, and 115.

Materiality is based on the FY2025 audited Annual Comprehensive Financial Report, with context from the June 2026 Monthly Financial Report.

18,795 DIRECT AUDIT HOURS	84 SCHEDULED ENGAGEMENTS	16 HIGH-PRIORITY UNITS	27 DIVISION FTES
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VISION

To be an independent and progressive County Auditor's Office recognized for best-in-class fiscal excellence, by providing innovative stewardship and financial leadership.

MISSION

To provide timely, accurate and vital financial information on the fiscal affairs of the county government with the highest level of integrity and professionalism with emphasis on financial accountability.

Core Values

01 Accountability

02 Excellence

03 Integrity

04 Transparency

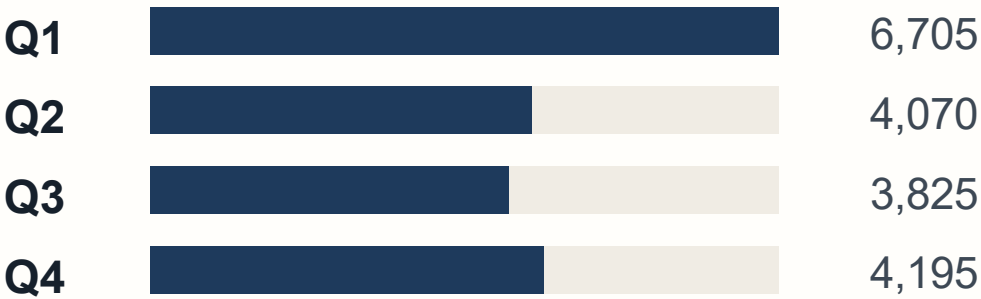
The plan defines the audit universe, the methodology used to rank risk across auditable units, and the engagements the Internal Audit Division will perform in FY2027.

34 risk-based auditable units were evaluated and scored: 16 High priority, 17 Medium, and 1 Low. Alongside them sit the recurring statutory populations — 18 Statutory Report to Third Party engagements, 24 Recurring Statutory Audits, 6 Limited-Scope reviews, and 2 System Audits.

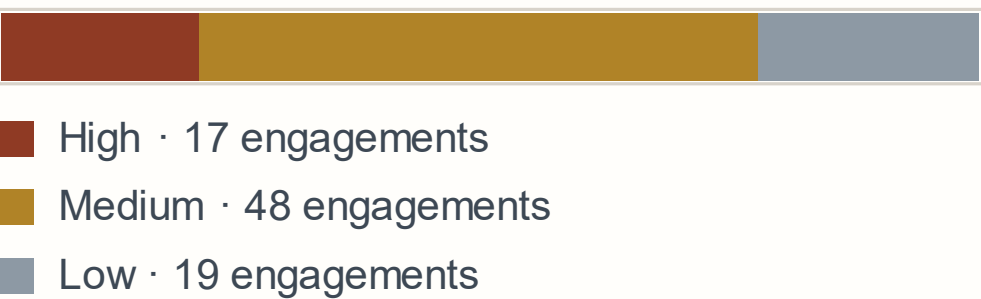
Sequencing front-loads the statutory reporting cycle in Q1 and concentrates risk-based and system work in Q3 and Q4 following the August 2026 capacity rebalancing. Tax Office engagements move to Q3 and Q4 because Q1 staffing is committed to the property tax collection season.

A further 6 follow-up engagements (775 hours) would bring the plan to **19,570 hours** if adopted in full.

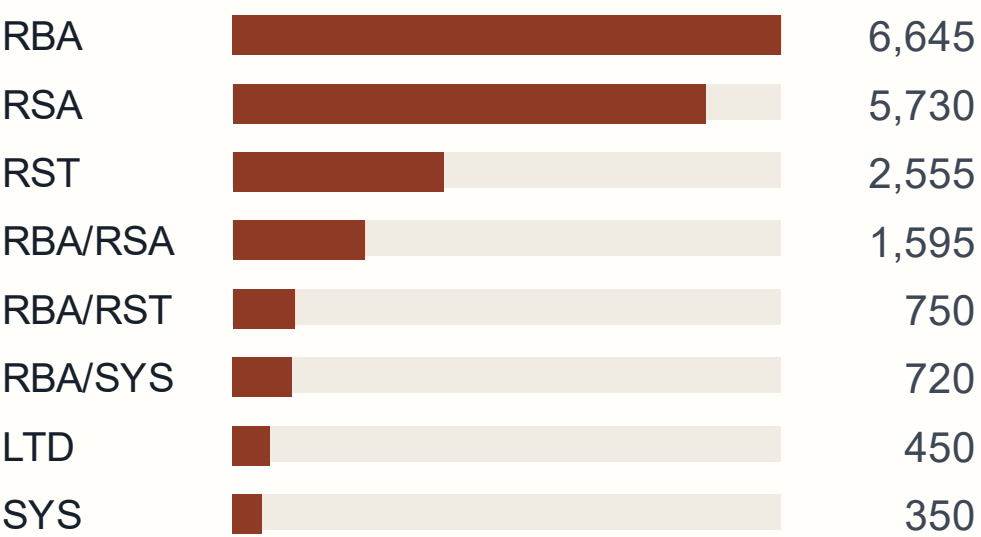
HOURS BY FISCAL QUARTER



PRIORITY MIX



HOURS BY ENGAGEMENT TYPE



AUDIT TYPES

RBA	Risk-Based Audit — scheduled from the weighted risk assessment.
RSA	Recurring Statutory Audit — fee-office and Tax Office examinations at set intervals.
RST	Statutory Report to Third Party — reporting mandated by law.
SYS	System Audit — post-implementation and user-role reviews.
LTD	Limited-Scope Department — cash counts, receipt samples, inventory counts.

MATERIALITY BASIS	HIGHEST-WEIGHTED RISK	WEIGHTED TO Q1
FY2025 audited ACFR — \$1.514B governmental funds expenditures.	Financial risk carries ×2.759 weight — double every other category — reflecting the County Auditor’s statutory responsibilities related to County finances.	6,705 hours — 36% of the plan — fall in Q1; the other three quarters carry 20% to 22% each.

Statutory Responsibilities of the County Auditor's Office

Dallas County, with a population well in excess of 190,000, is required to maintain the office of County Auditor. The Auditor is appointed by the district judges of the county — not elected, and not appointed by the Commissioners Court — and that structure is the foundation of the office's independence. The provisions below, from Title 4 (Finances), Subtitle B (County Finances) of the Texas Local Government Code, form the legal basis for the audit function and for every engagement in this plan.

APPOINTMENT, ACCOUNTING, AND BUDGET AUTHORITY

Chapter 84	Establishes the appointment, qualification, and term of the County Auditor by the district judges of the county.
§112.002	In a county of 190,000 or more, the Auditor prescribes the county's system of accounting and may adopt regulations for collecting, checking, and accounting of county revenues and funds.
Chapter 111	Governs the county budget process, including the Auditor's role in budget preparation and adoption and the truth-in-taxation notices required under §§111.066—.068.

PROFESSIONAL STANDARDS

This plan operationalizes Domain IV of the IIA's 2024 Standards: **9.2** aligns it to county priorities, **9.4** requires a documented, risk-based, annually approved plan, and **9.5** coordinates with the external auditor and grantor monitoring to avoid duplicated effort.

EXAMINATION AND AUDIT AUTHORITY — CHAPTER 115

§115.001	Continual access to, and the duty to examine, the books, accounts, reports, vouchers, and records of any county officer.
§115.002	At least quarterly checks of the books and detailed reports of the tax assessor-collector, the treasurer, and all other officers.
§§115.0035 and .0036	Extends authority to funds collected by county entities, the District Attorney, and certain special districts.
§115.004	Audit, adjust, and settle the accounts of the District Attorney, the District Clerk, and each county or precinct officer at year end.
§115.901	Examination of the accounts of clerks, justices of the peace, constables, the sheriff, and the tax assessor-collector.
§115.031	Permits audit by an independent accountant — an authority resting with the Commissioners Court on a finding of imperative public necessity.

Internal Audit and the Audit Process

HOW ENGAGEMENTS ARE CONDUCTED

WHAT INTERNAL AUDIT IS

Internal auditing is an independent, objective assurance and advisory activity designed to add value and improve the County's operations, bringing a systematic, disciplined approach to evaluating governance, risk management, and control processes.

The Internal Audit Division reports through the Chief Internal Auditor to the County Auditor rather than to the departments it examines, and auditors hold no operational responsibility for the activities they review.

TWO KINDS OF WORK

- Assurance

An independent assessment of controls, compliance, or performance. Most engagements in this plan are assurance work.
- Advisory

Consulting requested by management, with scope approved by the Chief Internal Auditor to preserve independence for later assurance work.

Internal audit is distinct from the County's external financial statement audit and from the Single Audit of federal awards. It does not replace management's own responsibility for internal controls.

THE ENGAGEMENT PROCESS

1 Risk Assessment and Planning

Auditable units are scored across seven weighted risk categories and ranked into the annual plan, which the County Auditor approves before the fiscal year begins.

2 Notification and Entrance Conference

The department is notified in writing of the objectives, scope, period covered and timing of the audit. An Entrance Conference will be conducted when a new department or elected official takes office, or if a newly identified risk warrants such a meeting.

3 Preliminary Survey and Program

Auditors document the process, identify the controls that matter, and write an audit program setting out the tests and sampling to be performed.

4 Fieldwork and Testing

Evidence is gathered through inspection, observation, cash counts, reperformance, and data analysis, and recorded in workpapers subject to supervisory review.

5 Findings and Management Response

Observations are discussed at an exit conference. Management provides a written response with corrective action and a target completion date for each recommendation.

6 Reporting and Follow-Up

The report goes to the department head, the County Auditor, and the County Administrator on behalf of the Commissioners Court, and is posted publicly on the Auditor's section of the Dallas County website.

Quarter 1 October – December 2026

32 ENGAGEMENTS · 6,705 HRS

AUDITABLE UNIT / ENGAGEMENT	TYPE
County Treasurer – Cash & Investments Management – FY2026 4th Quarter	RBA/RSA
Information Technology General Controls – Financial Systems & Fixed Assets Walkthrough	RBA/SYS
American Rescue Plan Act (ARPA/SLFRF) – FY2027 Administrative & Monitoring Risk Review	RBA
Payroll – Quarterly Close Testing – FY2026 4th Quarter	RBA
District Clerk – Registry Funds & Records Fees	RBA/RST
County Clerk – Registry Funds & Records Fees – Transition Review	RBA/RST
Road & Bridge District 3 Inventory	RBA
Road & Bridge District 4 Inventory	RBA
District Attorney – Office Transition Review	RBA
Sheriff's Motor Carrier Violation Act “Cost of Enforcement” Worksheet	RST

AUDITABLE UNIT / ENGAGEMENT	TYPE
District Attorney State Forfeiture	RST
Indigent Defense Expenditure Report (IDER) – Criminal and CPS	RST
District Attorney Federal Forfeiture	RST
Constable Precinct 1 Federal Forfeiture	RST
Constable Precinct 2 Federal Forfeiture	RST
Constable Precinct 3 Federal Forfeiture	RST
Constable Precinct 4 Federal Forfeiture	RST
Sheriff's Office Federal Forfeiture	RST
Constable Precinct 1 State Forfeiture	RST
Constable Precinct 2 State Forfeiture	RST

AUDITABLE UNIT / ENGAGEMENT	TYPE
Constable Precinct 3 State Forfeiture	RST
Constable Precinct 4 State Forfeiture	RST
Constable Precinct 5 State Forfeiture	RST
Sheriff's Office State Forfeiture	RST
Sheriff's Office Clean Air Task Force State Forfeiture	RST
HHS Environmental Health and Safety Report	RST
Justice of the Peace Precinct 3, Place 2 – Transition Review	RSA
Justice of the Peace Precinct 3, Place 1	RSA
Justice of the Peace Precinct 5, Place 2 – Transition Review	RSA
Tax Office – Financial Administration and Accounting	RSA
Sheriff Print Shop	LTD
Supply Room/Postage	LTD

QUARTER 1 AT A GLANCE

6,705 hrs

32 engagements

HOURS BY AUDIT TYPE

RST		2,465
RBA		1,325
RSA		1,075
RBA/RST		750
RBA/SYS		720
RBA/RSA		220
LTD		150

PRIORITY MIX

High		5
Medium		13
Low		14

Quarter 2 January – March 2027

19 ENGAGEMENTS · 4,070 HRS

AUDITABLE UNIT / ENGAGEMENT	TYPE
County Treasurer – 1st Quarter	RBA/RSA
Purchasing – Procurement Compliance	RBA
Small Business Enterprise (SBE) – Program Compliance & Utilization	RBA
Payroll – 1st Quarter	RBA
Fixed Assets & Fleet Management – Countywide	RBA
Homeless Initiative – Housing Forward Contract Compliance & Outcomes	RBA
County Clerk Truancy 91, 92, and 94	RSA
District Clerk Passport	RSA
Justice of the Peace Precinct 2, Place 1	RSA
Justice of the Peace Precinct 1, Place 2	RSA

AUDITABLE UNIT / ENGAGEMENT	TYPE
Justice of the Peace Precinct 2, Place 2 – Transition Review	RSA
Sheriff Department – Receipts and Cash Handling	RSA
Tax Office – Special Collections: SIT and Beer and Wine	RSA
District Clerk Juvenile	RSA
County Clerk Civil	RSA
County Clerk Probate	RSA
County Clerk Vitals	RSA
County Clerk Recording	RSA
Department of Unincorporated Area Services (DUAS)	LTD

QUARTER 2 AT A GLANCE

4,070 hrs

19 engagements

HOURS BY AUDIT TYPE

RSA		2,545
RBA		1,250
RBA/RSA		200
LTD		75

PRIORITY MIX

High		4
Medium		14
Low		1

Quarter 3 April – June 2027

13 ENGAGEMENTS · 3,825 HRS

AUDITABLE UNIT / ENGAGEMENT	TYPE
County Treasurer – 2nd Quarter	RBA/RSA
Tax Assessor-Collector – Property Tax Collection and Refunds	RBA/RSA
Human Resources / Civil Service – Payroll, Benefits & Workers' Compensation Administration	RBA
Constable Precinct 3 – Fee Accounts & Civil Process	RBA
Constable Precinct 5 – Fee Accounts & Civil Process	RBA
Capital Improvement Program & Bond Proceeds Compliance	RBA
Accounts Payable – Procurement & Payment Controls	RBA

AUDITABLE UNIT / ENGAGEMENT	TYPE
Sheriff Criminal Justice Mandate – Truth in Taxation (TNT)	RST
Justice of the Peace Precinct 5, Place 1	RSA
District Clerk Criminal / Bond Forfeiture	RSA
District Clerk Civil and Family	RSA
Justice of the Peace Precinct 1, Place 1	RSA
Soft Code Civil System – Post-Implementation Review	SYS

QUARTER 3 AT A GLANCE

3,825 hrs

13 engagements

HOURS BY AUDIT TYPE

RBA		1,750
RSA		1,135
RBA/RSA		650
SYS		200
RST		90

PRIORITY MIX

High		3
Medium		9
Low		1

Quarter 4 July – September 2027

20 ENGAGEMENTS · 4,195 HRS

AUDITABLE UNIT / ENGAGEMENT	TYPE
County Treasurer – 3rd Quarter	RBA/RSA
Tax Office – Motor Vehicles	RBA/RSA
Sheriff's Office – Jail Commissary, Inmate Trust Fund & Evidence Room	RBA
Payroll – 3rd Quarter	RBA
Facilities & Engineering – Capital Projects & Contract Management – Public Works	RBA
Facilities & Engineering – Capital Projects & Contract Management – Facilities Inventory Controls Review	RBA
Juvenile Department – Detention & Placement Funds	RBA
Constable Precinct 1 – Fee Accounts & Civil Process	RBA
Constable Precinct 2 – Fee Accounts & Civil Process	RBA
Constable Precinct 4 – Fee Accounts & Civil Process	RBA

AUDITABLE UNIT / ENGAGEMENT	TYPE
Records Building / Historical Commission / Law Library (special revenue funds)	RBA
Opioid Settlement Fund Compliance (Abatement Trust)	RBA
County Clerk Criminal	RSA
County Clerk Central Records	RSA
Justice of the Peace Precinct 4, Place 1	RSA
Justice of the Peace Precinct 4, Place 2	RSA
Dallas County Indigent Defense Expenditure Reporting System	SYS
Dallas County Wellness Center	LTD
Household Hazardous Waste	LTD
DRO Child Support	LTD

QUARTER 4 AT A GLANCE

4,195 hrs

20 engagements

HOURS BY AUDIT TYPE

RBA		2,320
RSA		975
RBA/RSA		525
LTD		225
SYS		150

PRIORITY MIX

High		5
Medium		12
Low		3

Capacity, Governance, and Approval

DIRECT ENGAGEMENT CAPACITY BY ROLE

ROLE	FTE	HRS/FTE	TOTAL
Chief Internal Auditor	1	250	250
Assistant Manager	2	584	1,168
Senior Auditor	3	1,084	3,252
Audit Supervisor	6	1,168	7,008
Internal Auditor II	8	1,334	10,672
Internal Auditor I	4	1,334	5,336
Junior Auditor	3	584	1,752
Total	27		29,438

CAPACITY VS. PLAN DEMAND



18,795 planned — 63.8% 29,438 capacity

The Section 5 schedule totals 18,795 direct hours, about 15.6 FTEs at a blended 72% direct-time rate — roughly 63.8% of the 29,438-hour capacity. The remaining 10,643 hours are used on other activities, including Monthly Tax Office Proofs of Cash, Tax Office refunds, District and County Clerk special fund payments, fixed assets, and staff training; the list is not exhaustive and also covers other audits, tasks, and priorities as assigned by management. The gap is expected and should not be interpreted as excess staff capacity.

CAPACITY ALLOCATION POLICY

Planned assurance engagements	70–75%
Advisory / consulting	10–12%
Fraud, waste, and abuse contingency	8–10%
Quality assurance (QAIP / EQA prep)	5–8%

REPORTING AND FOLLOW-UP

Each engagement produces a written report to the department head, the County Auditor, and the Commissioners Court via the County Administrator. Monthly KPIs track completion, hours, and auditee feedback. Unresolved High-risk findings outstanding beyond two reporting cycles are escalated.

FOLLOW-UP OPPORTUNITIES NOT YET IN THE PLAN

Six follow-up engagements (775 hours) drawn from released audit reports and the FY2027 continuous-monitoring cycle: Facilities Management fixed-asset inventory and Accounts Payable P-card recommendations, both absorbed into existing engagements; Public Service Program fixed-asset inventory (125 hrs, Q3); the DRO Child Support FY25 partial-period review (150 hrs, Q3); HHS Health and Environmental (250 hrs, Q3); and HHS Welfare (250 hrs, Q3).