



PORT HOUSTONSM
THE INTERNATIONAL PORT OF TEXAS

Annual Audit Plan Report Fiscal Year 2023

Prepared By:
Shannon Williams
Chief Audit Executive

Approved By:
Port Commission, and
Audit Committee of the Port Commission



PORT HOUSTONSM
THE INTERNATIONAL PORT OF TEXAS

MEMO

DATE: October 31, 2022

TO: Audit Committee of Port of Houston Authority
Port Commission of Port of Houston Authority

FROM: Shannon Williams, Chief Audit Executive

SUBJECT: 2023 - Annual Audit Plan for Port of Houston Authority

Attached is the fiscal year 2023 Audit Plan (“the plan”) for the Port of Houston Authority (PHA). This plan was presented at the October 20th Audit Committee meeting for your review and consideration and later approved by the Port Commission of Port of Houston Authority on October 27th, 2022. The plan consists of a variety of performance/operational reviews, compliance audits, policy & procedure assessments, integrated internal control reviews, and unplanned management requests. Also included is the capacity and consideration for special investigations, prior engagement monitoring, audit support projects, and the outsourcing of specialized technical skills, when needed.

A risk-based approach was utilized in developing the plan. Risk considerations included standard risk categories, prior audit results and plans, current entity projects, entity operating results, and input from entity-wide leadership and non-leadership resources, in addition to audit staff knowledge and experience. The plan was designed to address risk areas or areas with limited audit history, while realistically managing the scope of work we can accomplish with the staffing resources available.

The plan was developed, reviewed, and approved in compliance with Section 5007.226(e) of the Texas Special District Local Laws Code, the Port Commission Charter, and related auditing professional standards.

If you have questions or need clarification, please contact the Internal Audit Department.

Respectfully submitted,

/s/ Shannon Williams

Chief Audit Executive

cc: PHA Audit Committee, Ric Campo, Chair
Roger Guenther, Executive Director
Tom Heidt, Chief Operating Officer
Tim Finely, Chief Financial Officer

Port of Houston Authority
Internal Audit Division
2023 Annual Audit Plan
as approved on October 27th 2022

Audit Category	Engagement Description	Engagement Objective
Compliance	Environmental - ISO 14001 Internal	A comprehensive review of the organization's adherence to regulatory, industry, and/or professional standard guidelines.
Compliance	Code of Ethics Compliance	
Compliance	Promotion & Development	
Compliance	Internal QAIP Assessment	
Compliance	FCPA & OFAC Review	
Compliance	Security ISO 28000	
Operational	SOC Reports Review	The Port Authority routinely engages third parties to perform a variety of services. Utilizing System and Organization Controls (SOC) reports, this is a review of efficiency and adequacy of the process(es) used to monitor third party companies controls that are in place to help ensure the Security, Availability, Processing Integrity, Confidentiality and Privacy of their customers data.
Operational	Construction Drawing Process Review	A comprehensive review of the effectiveness and efficiency of asset drawings requirements in accordance with executed contract terms and applicable laws.
Operational	IT Inventory Management Review	To evaluate the effectiveness and efficiency of controls over IT inventories and verify the accuracy an completeness of general ledger balances.
Operational	Self Insured Medical Plan Review	To verify the process for managing, recording, and reporting under the self-insured medical plan. IAD will review the plan for compliance with applicable policies and procedures.
Operational	Tariff Compliance Review	To verify the process for compliance with applicable policies and procedures.
Operational	Data Quality and Information Management Review	To verify the process for compliance with applicable policies and procedures.
Operational	Travel and Entertainment Expenses	To verify the process for compliance with applicable policies and procedures and verify the accuracy an completeness of general ledger balances.
Operational	Construction Process Review	To determine whether construction projects were completed in accordance with contract terms and applicable laws.
Operational	Grant Funding & Compliance / Grant Draws / Capital Project Financing	To evaluate the effectiveness and efficiency of departmental grant and project management; To evaluate compliance with grant and project requirements.
Operational	Operations & Safety Audit	To verify the process for compliance with applicable internal policies and procedures and related standards. Evaluate the effectiveness and efficiency of controls.
Operational	Procurement	To verify the process for procurement procedures and ensure compliance with internal controls, industry standards, and legal requirements.
Operational	Utility Cost Recovery Audit	To determine the accuracy and completeness of utility billing and payments in accordance with contract terms and applicable laws.
Operational	Petty Cash Process Review	To verify the process for managing, recording, and reporting petty cash and evaluate the efficiency and effectiveness of controls and to ensure the completeness and accuracy of the records, and compliance with applicable policies/procedures.
Operational	Internal Control Reviews	To identify and document key internal controls and assess their efficiency and effectiveness for mitigating key risk.
Operational	Project Management Review	To verify the project management process for managing work performed and verify it complies with the scope, time, budget and deliverables of the stated project.
Operational	Channel Development Process Review	To verify the process for managing work performed and verify it complies with the scope, time, budget and deliverables of the stated project.
Operational	Policy Compliance and Management Review (internal, federal and state laws)	To verify the process for managing particular areas of administration and operation and evaluate the effectiveness and adequacy of internal control and compliance with appropriate regulations.
Audit Support	Environ - ISO 14001 DNV GL Recertification	IAD will partner with internal departments and external evaluators to support the (re)certification processes through external reviews and audits.
Audit Support	Financial Statement-Single Audit- P & D and Benefits Audit	
Audit Support	PSEO Annual Compliance Audits	
Audit Support	OPEB Trust Compliance Review	

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Audit Category	Engagement Description	Engagement Objective
Investigation	Special Investigations	As requested by the Port Commission or Audit Committee, the Executive Leadership, Management and/or as requested by the Chief Auditor.
Monitoring	Prior Engagement Follow-up and Validations	To determine the implementation status of prior internal audit recommendations and agreed upon remediation plans.
Monitoring	Ad-hoc Request	As requested by the Port Commission or Audit Committee, the Executive Leadership and/or as requested by the Management.