
Department of Family and Protective Services



Fiscal Year 2016
Annual Audit Plan

August 2015

Fiscal Year 2016 Annual Audit Plan

Background

The Internal Audit Division is an independent, objective assurance and consulting activity established within the Department of Family and Protective Services (DFPS) that plans, develops, and performs internal audit activities, including assurance services and special projects or consulting engagements, also referred to as non-audit services.

The Commissioner and senior management staff participate in the development of an annual risk assessment and audit plan that best and most effectively addresses issues of control, risk management, and governance of the agency. The audit plan may include services designed to address one or more of the following areas:

- Effectiveness and efficiency
- Operational or business process improvements
- Compliance with policies, procedures, rules, regulations, applicable state and federal laws
- Internal controls
- Financial and/or programmatic accountability

DFPS internal auditing activities are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, *Governmental Auditing Standards*, and the Institute of Internal Auditors Code of Professional Ethics.

Audits in Progress

In addition to audits planned for fiscal year (FY) 2016, the Annual Audit Plan includes audits in progress as of August 31, 2015 (See Table 1).

Audit Plan Revisions

The FY 2016 Annual Audit Plan can be revised as needed to adjust for emerging issues and resource availability. Deviations from the audit plan must be documented and significant deviations approved by the commissioner. If a change is made to the annual audit plan, a copy of the amended plan must be submitted to oversight agencies during annual audit activity reporting process.

Table 1: FY2015 Carry Forward Audits

Audit Area	Preliminary Audit Objectives	Comments
<p>Audit of Transitional Living Services</p>	<p>To evaluate whether transitional living services are meeting state and federal requirements and are effective in preparing foster youth for living as an adult.</p> <ul style="list-style-type: none"> • To review the management and reporting structure to assess if process controls are in place, efficient, effective and working as intended. • To determine whether the program is consistent and compliant with the policies & procedures and State & Federal requirements. • To assess whether outcome performance measures are in place and meeting targeted goals and objectives. <p>To determine if transitional living services contractors are complying with the terms and conditions of their contracts in providing quality services.</p> <p>To determine the effectiveness of IT controls over systems and applications used in support of transitional living services program processes.</p>	<p>Reporting Phase</p> <p>Carried forward from FY 2015 Audit Plan</p>
<p>Follow-up on Prior Audit Findings (FY 2015)</p>	<p>To determine the status of management actions in response to audit recommendations.</p> <ul style="list-style-type: none"> • 3rd Quarter status as of May 31 	<p>Fieldwork Phase</p> <p>Carried forward from FY 2015 Audit Plan</p>

Table 2: FY2016 Annual Audit Plan

Audit Area	Preliminary Audit Objectives
Adoption Process - Selection and Matching	To evaluate the processes for matching prospective adoptive parents with foster children.
Utilization of Child-Specific Contracts	To assess the following processes related to child-specific contracts: <ul style="list-style-type: none"> • Determination of need • Approval • Rate negotiation
Statewide Intake - Quality Assurance	To evaluate Statewide Intake's quality assurance processes, including sampling methodology, to ensure that referrals are appropriately addressed.
Quality of APS Facility Investigations	To assess APS's controls for ensuring quality of facility investigations.
SHIELD	To evaluate the effectiveness of SHIELD for assessment of clients' service needs and safety.
Utilization of Medical Consultations	To evaluate appropriate utilization of medical consultations to support CPS, APS, and CCL investigations.
Follow-up on Prior Audit Findings (FY 2016)	To determine the status of management actions in response to audit recommendations. <ul style="list-style-type: none"> • 1st Quarter status as of November 30 • 3rd Quarter status as of May 31
DFPS Ethics Assessment	An assessment of the agency's design, implementation, and effectiveness of its ethics-related objectives, programs and activities is required under audit standards.

Risk Areas Not Included in the Plan

Additional risk areas were identified in the risk assessment process and could be added to the annual audit plan as projects are completed and resources become available. Alternately, management could take steps to review controls in these areas.

Table 3: FY 2016 Risk Areas Not Included in the Plan

Risk Area	Potential Objectives
Family Based Safety Services	<p>To assess CPS's processes for following up with providers and families to ensure family based safety services are completed.</p> <p>Assess the quality of family based safety services provided to clients.</p>
Post-Adoption Billing Oversight and Matching of Services	<p>To evaluate the following processes related to post-adoption services:</p> <ul style="list-style-type: none"> • Preapproval of services • Ensure contractors are providing services billed • Ensure clients receive appropriate services
IT Security	<p>To assess the effectiveness of controls over the security of confidential data collected and maintained by DFPS and contractors or business partners working on behalf of DFPS.</p>
Regional Audits of Multiple Decentralized Issues	<p>To assess multiple issues within selected regions, such as the following:</p> <ul style="list-style-type: none"> • Confidentiality of data • Safeguard of assets • Physical security
CPS Check Writing and Claims Processing	<p>To assess controls over claims approval and check writing, including determination of necessity and confirmation of receipt of goods or services purchased.</p>
Prevention and Early Intervention Contracting	<p>To evaluate the processes for contractor selection and measurement of outcomes.</p>

Consulting Services or Special Projects

Consulting services and special projects may be conducted as requested by executive management. Internal Audit is currently holding discussions with management to provide consulting services or special projects in program areas. Internal Audit has reserved budget hours for these consulting services or special projects.

Table 4: FY 2016 Consulting Services and Special Projects

Consulting Service and Special Project	Objectives	Comments
Day Care Services	To review the processes for foster care, kinship, and protective day care services and identify potential opportunities for improvement for management's consideration.	Planning Phase Carried forward from FY 2015 Audit Plan
Functional Analysis	To facilitate and coordinate the collection of functional analysis data for HHSC Risk and Compliance Management.	

Other Internal Audit Activities

- Training & Staff Development (CPE)¹
- Internal Audit Annual Report²
- Internal Audit Staff Meetings
- Referrals of fraud, waste and abuse to external oversight and investigative agencies
- Risk Assessment and Annual Audit Plan for fiscal year 2017
- External Audit Coordination- Internal Audit provides an external audit liaison service that includes coordinating and providing a single point of contact for all audits of DFPS by external audit entities (e.g. KPMG, SAO, federal audits, etc.)
- Internal Audit Quality Assurance and Improvement Program
- Legislative Coordination
- OIG Child Fatality Reporting

Internal Audit also participates in committees and work groups in an advisory role, such as:

- Executive Team Meetings and monthly program updates
- HHS Enterprise Audit Council
- IT Governance Workgroup
- IMPACT Modernization Steering Committee
- Critical Case Meetings

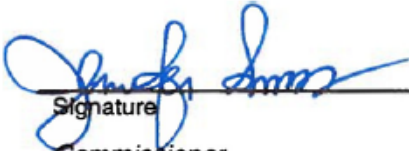
¹ Professional standards require internal auditors to obtain 40 hours of continuing professional education yearly. Additional hours have also been allocated for staff intending to sit for professional certification exams during the year.

² Preparation of an annual report is required in accordance with the Texas Internal Auditing Act

- Contracting Governance/Improvement Workgroup
- Workforce Management Steering Committee
- Ethics Council
- Training Governance Workgroup
- DFPS Task Force
- HHS System Federal Grant Reform Strategy Team

Approval of FY2016 Audit Plan

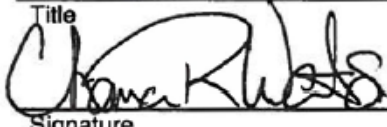
(Original signatures on file with Internal Audit Division)



Signature 8-26-15
Date

Commissioner

Title



Signature 8-26-15
Date

Internal Audit Director

Title

Risk Assessment Methodology

In June 2015, the Internal Audit Division sent a risk assessment survey to various levels of DFPS management for purposes of assessing risk on agency activities and functions identified for the risk assessment process. In July 2015, the Internal Audit Division also interviewed executive management to discuss potential risk issues for their respective divisions and gain their perspective on risks to DFPS. The results from these communications and the risk factors below were used by Internal Audit when identifying activities and functions to include in the annual audit plan:

- Service Delivery
- Potential Fraud, Waste or Abuse
- Extent of State/Federal Requirements
- Negative Publicity/Loss of Credibility
- Fiscal Operations
- Security and Confidentiality
- Performance Indicators
- Complexity of Operations
- Extent of Oversight/Monitoring
- Other Risk Factors

Auditing standards require the Internal Audit Director to communicate periodically to senior management on significant risk exposures, control issues, corporate governance issues, and other matters as appropriate. By communicating these high-risk areas, management has the opportunity to review and assess operations to mitigate risk. The audit plan is one of the mechanisms used to communicate risk exposures.