



**TEXAS**  
Department of Family  
and Protective Services

**Fiscal Year 2020**  
**Annual Audit Plan**  
**Internal Audit Division**

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September 2019

# Fiscal Year 2020 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 consulting engagements, also referred to as non-audit services.

The Acting Commissioner and Executive Management Team 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:

- Achievement of the organization's strategic objectives
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures, and contracts

DFPS internal auditing activities are conducted in accordance with the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*, Government Accountability Office *Generally Accepted Government Auditing Standards (GAGAS)*, and the Institute of Internal Auditors' Code of Ethics.

## **Audits in Progress**

In addition to audits planned for fiscal year (FY) 2020, the Annual Audit Plan (AAP) includes audits in progress as of August 31, 2019. See Table 1 on the following page.

## **Audit Plan Areas**

The AAP identifies planned audit engagements for FY 2020. See Table 2 on the following pages. The AAP also includes other areas Internal Audit has planned a formal review and has allocated direct audit hours for those projects. See Table 3 on the following pages.

Table 1: FY 2019 Carry Forward Audits

<b>Audit Area</b>	<b>Audit Objectives</b>	<b>Agency Strategic Plan</b>
<p>Overtime Hours</p> <p><i>Reporting Phase</i></p>	<p>Assess control processes related to accuracy and reasonableness of overtime reported.</p>	<p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p>
<p>CPS/CPI Mentor Program</p> <p><i>Fieldwork Phase</i></p>	<p>Assess whether CPS/CPI mentor program roles and responsibilities are being fulfilled as intended to meet mentor program requirements.</p> <p>Evaluate the efficiency and effectiveness of CPS/CPI mentor program processes to determine whether processes are consistently performed and working as intended to meet program requirements.</p> <p>Determine whether CPS/CPI mentor stipend is paid in accordance with requirements.</p>	<p>Goal 2: Workforce Stability: Increase workforce stability and retention of institutional knowledge by focusing on attracting, retaining, and developing highly qualified staff.</p> <p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p>
<p>Children’s Income Accounts</p> <p><i>Planning Phase</i></p>	<p><i>Preliminary Objective:</i> Evaluate controls over the management of children’s income accounts to ensure payments are accurate, timely, and in compliance with agency policies and procedures and state and federal regulations.</p>	<p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p>

Table 2: FY 2020 Planned Audits

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
Child Protective Investigations	Assess the efficiency and effectiveness within the Child Protective Investigations division operations to ensure processes are working as intended.	<p>Goal 1: Client Services: Improve direct delivery services to meet client, family, and community needs.</p> <p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p>
Procurement to Payment Cycle	Evaluate processes within the procurement to payment cycle to ensure timely acquisition of goods/services and timely vendor payments.	<p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p> <p>Goal 4: Teamwork: Enhance internal communications to ensure cohesion among divisions.</p>
Identity and Access Management	Assess the efficiency and effectiveness of IT processes governing management of identities and access to DFPS IT resources.	Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.
Third-Party Access to DFPS Data	Identify and evaluate the controls over third parties who are granted access to DFPS data, both through data exchanges or access to DFPS systems.	Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.

<b>Audit Area</b>	<b>Preliminary Audit Objectives</b>	<b>Agency Strategic Plan</b>
		Goal 4: Teamwork: Enhance internal communications to ensure cohesion among divisions.

Table 3: FY 2020 Other IA Project Areas

<b>Project Area</b>	<b>Preliminary Objectives</b>	<b>Agency Strategic Plan</b>
Ethics Assessment	Assess, as required under audit standards, the agency’s design, implementation, and effectiveness of its ethics-related objectives and programs.	N/A
Review of Contracting Processes and Controls for SB 65	Perform a review and assessment of Contract Oversight and Support (COS) processes and controls for monitoring agency contracts.	N/A
Follow-up on Prior Audit Findings	Determine the status of management actions in response to audit recommendations.	N/A Implementation Status of Prior Audit Recommendations

**Consulting Services**

Consulting services may be conducted as requested by Executive Management. Based on discussions held with agency management, Internal Audit has allocated hours for the consulting services listed in Table 4 below.

Table 4: FY 2020 Consulting Services

<b>Consulting Area</b>	<b>Preliminary Engagement Objectives</b>	<b>Agency Strategic Plan</b>
PCS Substance Abuse Expenditures	Review expenditures of substance abuse services for clients and identify potential means to align expenditures with appropriations.	Goal 1: Client Services: Improve direct delivery services to meet client, family, and community needs.  Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.

**Allocation of Staff Hours**

Internal Audit allocated direct staff hours available for each of the AAP areas as listed in Table 5 below.

Table 5: Allocation of Staff Hours to Internal Audit Engagements

<b>FY 2020 Engagements</b>	<b>Staff Hours</b>	<b>Percentage Effort</b>
Available Hours	9,100 <sup>1</sup>	
Carry Forward Audits (FY 2019)	1,600	18%
Planned Audits	4,900	53%
Other IA Project Areas	1,600	18%
Consulting Services	1,000	11%

**Audit Plan Revisions**

The FY 2020 AAP can be revised as needed to adjust for emerging issues and resource availability, which includes an expected vacancy of a key position in the current year.<sup>2</sup> 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 Internal Audit’s annual reporting process.

**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. See Table 6 below. Alternatively, management could take steps to review controls in these areas.

Table 6: FY 2020 Risk Areas Not Included in the Plan

<b>Risk Area</b>	<b>Potential Objectives</b>	<b>Agency Strategic Plan</b>
Community-Based Care	Evaluate the effectiveness and efficiency of administrative, financial, and programmatic monitoring of Community-Based Care contracts.	Goal 1: Client Services: Improve direct delivery services to meet client, family, and community needs.

<sup>1</sup> Total direct risk based/audit and non-audit service hours based on 4 auditors, 1 audit coordinator, 1 IT auditor, 1.75 audit managers, and 1 assistant director totaled 9,127; figure rounded to nearest hundred.

<sup>2</sup> A period of vacancy is expected in the assistant director position during FY 2020.

Risk Area	Potential Objectives	Agency Strategic Plan
		<p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p> <p>Goal 4: Teamwork: Enhance internal communications to ensure cohesion among divisions.</p>
Center for Learning and Organizational Excellence	Evaluate the effectiveness of CLOE service delivery to ensure that training is efficient and meeting agency needs.	Goal 2: Workforce Stability: Increase workforce stability and retention of institutional knowledge by focusing on attracting, retaining, and developing highly qualified staff.
Hiring Processes	Review the effectiveness and efficiency of candidate screening and selection processes.	Goal 2: Workforce Stability: Increase workforce stability and retention of institutional knowledge by focusing on attracting, retaining, and developing highly qualified staff.
Information Security Policy and Awareness	Evaluate the effectiveness of DFPS information security policy and awareness programs in promoting secure practices in the agency and its partners.	<p>Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.</p> <p>Goal 4: Teamwork: Enhance internal communications to ensure cohesion among divisions.</p>



**Other Internal Audit Activities**

- Training & staff development (CPE)<sup>3</sup>
- Internal Audit Annual Report<sup>4</sup>
- Internal Audit staff meetings
- Risk Assessment and Annual Audit Plan for fiscal year 2021
- External audit coordination – Internal Audit provides an external audit liaison that coordinates and provides a single point of contact for all audits of DFPS by external audit entities
- Legislative coordination
- Internal Audit quality assurance and improvement program
- Internal Audit processes and TeamMate enhancements

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

- Executive Team Meetings
- Texas Family and Protective Services Council
- Data Council
- IT Governance Meetings
- Critical Case Meetings
- DFPS Wellness Council
- Accessibility Workgroup
- DFPS Grants Council
- State Agency Internal Audit Forum (SAIAF)

**Approval of FY 2020 Audit Plan**

(Original signatures on file with Internal Audit Division)

	9/15/19
_____ Signature	_____ Date

Acting Commissioner  
Title

	09/17/19
_____ Signature	_____ Date

Internal Audit Director  
Title

<sup>3</sup> Professional standards require internal auditors to complete at least 80 hours of CPE in every 2-year period, with a minimum of 20 hours in each year. Additional hours may also be allocated for staff intending to sit for professional certification exams during the year.

<sup>4</sup> Preparation of an annual report is required in accordance with the Texas Internal Auditing Act.

## **Risk Assessment Methodology**

In June 2019, 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. A second survey was made available in July 2019 to all DFPS employees to submit input.

The Internal Audit Division interviewed Executive Management and other key staff from June to August 2019, to discuss potential risk issues for their respective divisions and gain their perspective on the agency's areas of highest risk. 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, Confidentiality, Privacy
- Performance Indicators
- Complexity of Operations
- Extent of Oversight/Monitoring
- Executive Management Input and Other Considerations

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.