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Department of Family and Protective Services

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Fiscal Year 2015  
Annual Audit Plan

August 2014

## **Fiscal Year 2015 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 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.

### **Consulting Service and Special Project in Progress**

In addition to audits planned for fiscal year 2015, the Annual Audit Plan includes a consulting service in progress as of August 31, 2014, and a special project planned for fiscal year 2015. (See Table 2).

### **Audit Plan Revisions**

The fiscal year 2015 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 Annual Audit Plan

Audit Area	Preliminary Audit Objectives
Placement Capacity - Sufficiency and Accessibility	To determine placement capacity, sufficiency, and accessibility to meet the demand for services.
Placement Process - Appropriateness of Placements	To evaluate the processes for the identification, assessment, and selection of appropriate placements of children.
Redaction Processes	<p>To evaluate the process for collecting, submitting, and redacting documents for information requests.</p> <p>To determine the effectiveness and efficiency of the redaction process, including accuracy and timeliness.</p>
Evaluation of CPS Regional Contracted Services	To determine if contracted services are adequately monitored for compliance with contract terms.
Special Investigator and Child Safety Specialists - Roles and Responsibilities	To determine if Special Investigator and CSS positions are utilized in compliance with mandated statute.
External Access to IMPACT	To determine if CASA user access controls to IMPACT are appropriate and in compliance with HHS and DFPS security requirements.
Validation of the Stephen Group Recommendations	To determine if selected recommendations have been fully implemented and are working as intended.
Follow-up on Prior Audit Findings	<p>To determine the status of management actions in response to audit recommendations.</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> Quarter status as of November 30</li> <li>• 3<sup>rd</sup> Quarter status as of May 31</li> </ul>

**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.

Illegal Daycare Operations (Table 2 below) was classified as an audit for inclusion in the approved fiscal year 2014 Annual Audit Plan; however, further discussions with management and audit consideration of the objectives indicated that the objectives could be met more appropriately and effectively through a consulting service. As a result, the engagement was re-classified as a consulting service provided to management.

Table 2: FY2015 Consulting Services and Special Projects

Consulting Service and Special Project	Objectives	Comments
Illegal Daycare Operations	To identify areas of improvement of the Child Care Licensing Division's (CCL) processes to proactively research, locate, and investigate illegal child care operations.	<b>Planning Phase</b> Carried forward from FY 2014 Audit Plan
Annual Rider 29 Survey of Contract Management Staff	Annual survey of CPS Purchased Client Services contract monitoring and oversight staff to measure the impact the additional training has on staff satisfaction and staff's view of their ability to perform the required fiscal analysis and financial monitoring.	

**Other Internal Audit Activities**

- Training & Staff Development (CPE)<sup>1</sup>
- Internal Audit Annual Report<sup>2</sup>
- 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 2016
- 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

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


- Executive Team Meetings
- HHS Enterprise Audit Council
- IT Governance Workgroup
- IMPACT Modernization Steering Committee

<sup>1</sup> 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.


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

- Critical Case Meetings
- Contracting Governance Workgroup
- Contract Improvement Workgroup
- Support Staff Training and Resources Workgroup
- Workforce Management Steering Committee
- Ethics Council

**Approval of FY2015 Audit Plan**  
(Original signatures on file with  
Internal Audit Division)

 9-5-2014  
Signature Date

Commissioner  
Title

 8/22/14  
Date

**Risk Assessment Methodology and Risk Areas Not Included in the Plan**

In June 2014, 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 June and July 2014, the Internal Audit Division interviewed executive and division managers from CPS, APS, CCL, COO, SWI, and the CFO divisions to discuss potential risk issues for their respective divisions. The Interim Internal Audit Director and team also interviewed executive management to 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:

- Poor Outcome to Client (death, injury)
- Violation State/Federal Regulations
- Potential for Fraud, Waste, or Abuse
- Negative Publicity/Loss of Credibility
- 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.

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.

- Services Provided to Children to Ensure Well-being - Preparation for Adult Living
- Adoption Processes - Identification, assessment, and appropriateness of adoption placements
- Information Security - Protocol for Reporting Incidents and Security Breaches