



TEXAS
Department of Family
and Protective Services

Fiscal Year 2021
Annual Audit Plan
Internal Audit Division

September 2020

Fiscal Year 2021 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 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 Auditor's Code of Ethics.

Audit Projects in Progress

In addition to audits planned for fiscal year (FY) 2021, the Annual Audit Plan (AAP) includes two audits and one consulting engagement in progress as of August 31, 2020. See Table 1 on the following page.

Audit Plan Areas

The Annual Audit Plan identifies planned audit engagements for FY 2021. 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 2021 Carry Forward Audit Projects

Audit Area	Objectives	Agency Strategic Plan
<p>Children’s Income Accounts Audit</p> <p><i>Fieldwork Phase</i></p>	<p>Assess Children’s Income Accounts control processes for efficiency and prevention and detection of losses and inaccuracies.</p> <ul style="list-style-type: none"> • Evaluate the design and effectiveness of manual control processes. • Evaluate the design and effectiveness of general and application IT controls over processes. <p>Assess agency IT risks within CIA processes.</p> <ul style="list-style-type: none"> • Level of utilization of technology by program process (IT alignment) • Program area’s independent acquisition of information technology (“shadow IT”) • Privacy and information security awareness 	<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>Identity and Access Management Audit</p> <p><i>Fieldwork Phase</i></p>	<p>Determine that adding, changing, and removing identities on DFPS systems occurs within a timeframe to reduce risk and increase efficiency.</p> <p>Determine if DFPS identities are provisioned and maintained with the least privilege necessary. Also, determine that identities are provisioned with sufficient access to perform their roles.</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>Child Fatalities with Prior Agency Involvement Consulting</p>	<p>Perform analysis of child fatality cases with prior agency involvement and provide analysis results to assist in identifying on-going cases with a higher potential for child fatality due to non-compliance with agency</p>	<p>Goal 1: Client Services: Improve direct delivery services to meet client, family, and community needs.</p>

Audit Area	Objectives	Agency Strategic Plan
<i>Fieldwork Phase</i>	policy/procedures or other applicable factors as determined by the analysis performed.	Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.

Table 2: FY 2021 Planned Audits

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
Human Resources	Assess the effectiveness of Human Resources operations to ensure processes are efficient, consistently performed and meeting the agency's needs.	Goal 2: Workforce Stability: Increase workforce stability and retention of institutional knowledge by focusing on attracting, retaining, and developing highly qualified staff. 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. Goal 4: Teamwork: Enhance internal communications to ensure cohesion among divisions.

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
Child Care Investigations	Assess the efficiency and effectiveness within the Child Care Investigations division operations to ensure processes are working as intended.	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.
Records Management	Evaluate the effectiveness of Records Management operations to ensure efficiency, timeliness, and that performance consistently meets the agency’s goals and objectives. Also, to ensure appropriate safeguards are in place for records managed by the Records Management Group.	Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.

Table 3: FY 2021 Other IA Project Areas

Project Area	Preliminary Objectives	Agency Strategic Plan
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. Internal Audit has allocated 1,750 hours for consulting engagements to be performed during FY 2021. Specific consulting project areas will be determined throughout the year based on risk and discussions with or requests from agency leadership.

Allocation of Staff Hours

Internal Audit allocated direct staff hours available for each of the Annual Audit Plan areas as listed in Table 4 below.

Table 4: Allocation of Staff Hours to Internal Audit Engagements

FY 2021 Engagements	Staff Hours	Percentage Effort
Available Hours	8,900 ¹	
Carry Forward Audits (FY 2021)	1,450	16%
Planned Audits	5,200	58%
Other IA Project Areas	500	6%
Consulting Services	1,750	20%

Audit Plan Revisions

The FY 2021 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 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 5 on the following page). Alternately, management could take steps to review controls in these areas.

¹ 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, minus hours designated for IA policies and procedures refresh to comply with new Yellow Book Standards. Direct staff hours available totaled 8,900; figure rounded to nearest hundred. FY 2021 direct audit hours may be adjusted, as appropriate, should Internal Audit relocate office buildings during the fiscal year.

Table 5: FY 2021 Risk Areas Not Included in the Plan

Risk Area	Potential Objectives	Agency Strategic Plan
Community-Based Care	Evaluate the effectiveness and efficiency of administrative, financial, and programmatic monitoring of Community-Based Care contracts.	<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> <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.	<p>Goal 2: Workforce Stability: Increase workforce stability and retention of institutional knowledge by focusing on attracting, retaining, and developing highly qualified staff.</p>
Quality Outcomes of Purchased Client Services	Assess whether the processes for evaluating contractor performance are effective in helping to ensure the quality outcomes of client services and that providers are held accountable.	<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>

Other Internal Audit Activities

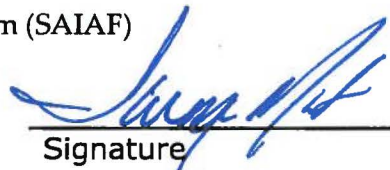
- Training & staff development (CPE)²
- Internal Audit Annual Report³
- Internal Audit staff meetings
- Risk Assessment and Annual Audit Plan for fiscal year 2022
- External audit coordination – Internal Audit provides an external audit liaison service that includes coordinating and providing a single point of contact for all audits of DFPS by external audit entities
- Legislative coordination
- Internal Audit quality assurance and improvement program
- Internal Audit policies and procedures refresh to comply with new Yellow Book Standards
- TeamMate enhancements
- Internal Audit office building relocation

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

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

Approval of FY2021 Audit Plan

(Original signatures on file with Internal Audit Division)

 8-25-2020
 Signature Date

Commissioner
Title

 8-25-20
 Signature Date

Internal Audit Director
Title

² 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.

³ Preparation of an annual report is required in accordance with the Texas Internal Auditing Act.

Risk Assessment Methodology

In July 2020, the Internal Audit Division sent a risk assessment survey to DFPS directors, managers, and other key personnel for purposes of assessing risk on agency activities and functions identified for the risk assessment process.

The Internal Audit Division interviewed Executive Management from July to August 2020, 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.