



Texas Department of Family and Protective Services

Commissioner
Jaime Masters, MS, MFT

October 11, 2022

DFPS ACTION

MEMORANDUM FOR THE COMMISSIONER

FROM: Chance Watson, CIA, CISA, CRMA
Chief Audit Officer

SUBJECT: Approval of FY 2023 Annual Audit Plan

Purpose

To request approval of and signature on Internal Audit's Fiscal Year 2023 Annual Audit Plan (AAP). Approval is respectfully requested by October 25, 2022.

Background/Summary

DFPS Internal Audit develops the AAP through risk assessment process that includes executive and staff level interviews/surveys, review of notes to future auditors, and consultation with audit staff as they initiate and complete audits and special projects. The AAP is a flexible document and the Internal Audit Division continually assesses activities throughout the year.

Discussion

The Executive Management Team participates 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 Auditors *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.

The FY 2023 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.

Recommendation

The Internal Audit Division recommends approval of and signature on the Fiscal Year 2023 Annual Audit Plan.

Commissioner's Decision

| | | | |
|-------------------------|---|-------------------|-------|
| Approve |  | Disapprove | _____ |
| Modify | _____ | Schedule Briefing | _____ |
| Comments/Acknowledgment | _____ | | |

cc: Corliss  Lawson, Deputy Commissioner



TEXAS
Department of Family
and Protective Services

Fiscal Year 2023
Annual Audit Plan
Internal Audit Division

October 2022

Fiscal Year 2023 Annual Audit Plan

Background

The Internal Audit Division is an independent, objective assurance, and consulting body established within the Department of Family and Protective Services (DFPS). Internal Audit 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) 2023, the Annual Audit Plan (AAP) includes three audit projects and five consulting engagements in progress as of August 31, 2022. See Table 1 on the following page and Table 4 in Consulting Services section.

Audit Plan Areas

The Annual Audit Plan identifies planned audit projects, consulting engagements and other management consulting functions for FY 2023. See Table 2 on the following pages and Tables 5 and 6 in Consulting Services section. 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 2023 Audit Projects In-progress

| Audit Area | Objectives | Agency Strategic Plan |
|--|--|---|
| <p>Human Resources Hiring Process</p> <p><i>Fieldwork</i></p> | <p>Assess whether DFPS Human Resources’ hiring process is efficient and whether the policies and procedures in place support consistent and effective hiring processes.</p> <p>Assess whether the organizational alignment of certain workforce management and employment activities effectively support DFPS Human Resources.</p> | <p>Goal 2 Workforce Stability and Development: Increase stability and rebuild institutional knowledge by understanding the workforce climate and the agency’s needs.</p> <p>Goal 3 Agency Operations: Strengthen internal processes by analyzing agency operations and identifying areas for more efficient and effective operations.</p> |
| <p>Third-Party Access to DFPS Data</p> <p><i>Fieldwork</i></p> | <p>Determine that controls over third parties that are granted access to DFPS confidential data, both through data exchanges and access to DFPS systems, are sufficient to reduce risk. Also, determine that data exchanges are compliant with applicable laws, regulations, agreements, and policies.</p> <p>Objective I: Determine that DFPS data exchanged with third parties through routine automated processes are protected to maintain the data’s confidentiality, integrity, and availability and follow applicable laws, regulations, agreements, and policies.</p> <p>Objective II: Determine that appropriate and compliant controls are in place to manage third-party access to systems maintained and secured by DFPS.</p> <p>Objective III: Determine that controls over other methods of</p> | <p>Goal 3: Agency Operations</p> |

| Audit Area | Objectives | Agency Strategic Plan |
|--|---|---|
| | sharing DFPS’s confidential data with third parties are sufficient to reduce risk and meet compliance requirements. | |
| Follow-up on Prior Audit Recommendations <i>Reporting</i> | Determine whether management actions appropriately address DFPS IA prior audit recommendations. | N/A Implementation Status of Prior Audit Recommendations |

Table 2: FY 2023 Planned Audits

| Audit Area | Preliminary Audit Objectives | Agency Strategic Plan |
|---|---|--------------------------|
| Prioritizing IT Project Portfolio | To determine that processes used to evaluate and prioritize IT project requests from program and operational areas are efficient, effective, and meet agency needs. The review may include project estimation methods, requirements discovery, and collaboration with operational or program areas. | Goal 3 Agency Operations |
| Ensuring Software Quality | To determine that the processes used to ensure the quality and security of in-house developed software are operating as intended. Processes to be reviewed include testing, quality assurance, documentation, and user acceptance. | Goal 3 Agency Operations |
| IT Staff Augmentation Contract Controls | To assess the effectiveness of DFPS solicitation, evaluation and selection process for IT staff augmentation contracts and ensure IT staffing services are acquired in accordance with applicable policies and requirements. | Goal 3 Agency Operations |
| DFPS Travel Reimbursement Process | Evaluate the DFPS travel reimbursement process and identify opportunities to gain process | Goal 3 Agency Operations |

| Audit Area | Preliminary Audit Objectives | Agency Strategic Plan |
|------------|---|-----------------------|
| | efficiencies and reduce the time to reimburse agency employees. | |

Table 3: FY 2023 Other IA Project Areas

| Project Area | Preliminary Objective | Agency Strategic Plan |
|---|---|---|
| DFPS Internal Audit Self-Assessment and External Quality Assurance Review | Evaluate DFPS Internal Audit function’s compliance with auditing standards and the Texas Internal Auditing Act. | N/A Required every three years by GAO Generally Accepted Government Auditing Standards |
| Follow-up on Prior Audit Recommendations | Determine whether management actions appropriately address DFPS IA prior 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 8,000 hours for consulting engagements to be performed during FY 2023. Specific consulting project areas will be determined throughout the year based on identified agency and/or divisional need and discussions with or requests from agency leadership. See Tables 4, 5 and 6 for in-progress, planned, and other consulting services.

Table 4: FY 2023 Consulting Projects In-progress

| Consultant Area | Objectives | Agency Strategic Plan |
|--|--|--|
| APS District Review of Austin/El Paso District | Conduct a holistic review of regional functional areas of processes, personnel, performance, and community engagement. | Goal 1 Client-Centered Services: Maximize the safety and well-being of clients, families, and communities we serve through client-centered and evidence-based programs and best practices. |

| Consultant Area | Objectives | Agency Strategic Plan |
|--------------------------------------|---|---|
| | | Goal 3 Agency Operations Goal 4 Community Relations: Engage the public to assist with supporting and protecting clients, families, and communities through improved external communications, outreach, and collaborations. |
| Business Continuity Planning | Assess the organization’s resilience and ability to continue with essential business functions in the event of an emergency until normal business operations are available. | Goal 1 Client-Centered Services Goal 3 Agency Operations |
| CPS Placement Protocols | Review and assess the current placement documentation process to identify inconsistencies in response to the external efficiency audit. | Goal 1 Client-Centered Services Goal 3 Agency Operations |
| CLOE LAM Training Assessment | Assess leadership development training to identify gaps in services to meet the needs. | Goal 2 Workforce Stability and Development |
| FBCE Business Plan Prep Consultation | Prepare FBCE regional coordinators to operationalize relevant portions of the PCW division’s strategic plan into a business plan of action steps. | Goal 3 Agency Operations Goal 4 Community Relations |
| Budget Analyst Task Inventory | Assess budget analyst task to enhance how the budget division supports the agency and identify opportunities to improve support delivery services. | Goal 3 Agency Operations |

Table 5: FY 2023 Consulting Projects Planned

| Consultant Area | Objectives | Agency Strategic Plan |
|------------------------------|--|---|
| APS District Review TBD | Conduct a holistic review of regional functional areas of processes, personnel, performance, and community engagement. | Goal 1 Client-Centered Services Goal 3 Agency Operations Goal 4 Community Relations |
| Data and Systems Improvement | Assess data interoperability with agency partners and identify opportunities for improvement. | Goal 1 Client-Centered Services Goal 3 Agency Operations Goal 4 Community Relations |
| Human Resources | Evaluate and assess the agency’s retention efforts and identify opportunities to increase staff retention, such as competitive salaries, raises, training and development and advancement. | Goal 2 Workforce Stability and Development |
| Operations | Assess the overlap of information provided to program support’s regional office coordinators (ROCs) and via the eMAC system to identify opportunities for efficiency. | Goal 3 Agency Operations |
| Information Technology | Assess the process for disabling terminated employees to establish a more efficient account disabling practice and ensure security compliance aligns with policies and practice. | Goal 3 Agency Operations |

| Consultant Area | Objectives | Agency Strategic Plan |
|-----------------|--|---|
| Executive | Evaluate the agency’s strategic planning process and practices to ensure alignment of program plans with agency plans. Assess process for follow-up and accountability of plan strategies. | Goal 1 Client-Centered Services Goal 3 Agency Operations |
| Operations | Assess the cost-efficiency suggestions collected in accordance with Texas Government Code §2054.124 for process improvement opportunities. | Goal 3 Agency Operations |

Table 6: FY 2023 Other Consulting Projects

| Consultant Area | Objectives | Agency Strategic Plan |
|--|---|--|
| Employee Recognition Ceremony and Promotion Broadcasts | Coordinate all aspects of the awards ceremony and recognition efforts for DFPS staff and agency partners. | Goal 2 Workforce Stability and Development |
| DFPS Director Team Meeting | Facilitate a quarterly director-level meeting to improve coordination of the various initiatives being implemented across the agency to break down silos and create a cohesive culture. | Goal 2 Workforce Stability and Development Goal 3 Agency Operations |
| Quality, Process Improvement, and Innovation (QPPI) State Agency Coordinating Committee (SACC) | Represent the agency on the subcommittee that examines administrative and management practices, review problems or issues that have an impact across agency lines, and encourages and fosters management practices that are beneficial and cost effective for all state agencies. | Goal 3 Agency Operations |

| Consultant Area | Objectives | Agency Strategic Plan |
|--|--|--------------------------|
| DFPS MCG Internal Assessment and Improvement | Assess internal consulting operations for continuous improvement to meet agency needs. | Goal 3 Agency Operations |

Allocation of Staff Hours

Internal Audit allocated direct staff hours available for each of the Annual Audit Plan areas as listed in Table 7 below.

Table 7: Allocation of Staff Hours to Audit Engagements and Consulting Services

| FY 2023 Audit Engagements | Staff Hours |
|------------------------------|--------------------|
| Available Hours | 8,000 ¹ |
| Audits In-progress (FY 2022) | 1,000 |
| Planned Audits | 6,000 |
| Other IA Project Areas | 1,000 |

| FY 2023 Consulting Services | Staff Hours |
|--|--------------------|
| Available Hours | 8,000 ² |
| Consulting Engagements In-progress (FY 2022) | 1,000 |
| Planned Consulting Engagements | 6,000 |
| Other CS Functions/Project Areas | 1,000 |

¹Total direct audit project hours based on 4 auditors, 2 IT auditors, 1 audit manager, and 1 assistant director; adjusted to account for extended leave and 2 vacant auditor positions anticipated to be filled in 11/2022; figure rounded to nearest hundred.

²Total consulting services hours based on 6 consultants and 1 consulting manager, minus hours designated for internal development and process improvement; figure rounded to nearest hundred.

Audit Plan Revisions

The FY 2023 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 8 below). Alternately, management could take steps to review controls in these areas.

Table 8: FY 2023 Risk Areas Not Included in the Plan

| Risk Area | Potential Objectives | Agency Strategic Plan |
|--|---|---|
| Technology Lifecycle Management | To determine that the agency maintains reliable technology to support agency objectives, with appropriate strategic plans to retire obsolete systems and implement replacements. | Goal 3 Agency Operations |
| Texas Adoption Resource Exchange (TARE) | To determine if processes and monitoring for TARE system activities are effective to ensure that children’s adoption profiles and statuses are complete and current, and whether responses to public inquiries through TARE are prompt and current. | Goal 1 Client-Centered Services Goal 3 Agency Operations |
| Family-Based Safety Services Concurrent Stages | Determine whether actions are occurring simultaneously for cases marked for concurrent stages and whether processes are working as intended to meet agency goals. | Goal 1 Client-Centered Services Goal 3 Agency Operations |
| Worker Safety for Children Without Placement | To evaluate the effectiveness of Worker Safety policies and procedures for ensuring the safety of DFPS program employees when supervising children without placement. | Goal 1 Client-Centered Services Goal 2 Workforce Stability and Development |

Other Internal Audit Activities

- Training & staff development (CPE)³
- Internal Audit Annual Report⁴
- Internal Audit and Management Consulting staff meetings
- Risk Assessment and Annual Audit Plan for fiscal year 2024
- 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
- Project sponsor for University of Texas at Austin IA Student group Spring 2023 semester

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
- Legislative Workgroup
- Data and Information Governance
- State Agency Internal Audit Forum (SAIAF)

Approval of FY2023 Audit Plan

(Original signatures on file with Internal Audit Division)

 10-12-22
 Signature Date

Commissioner
Title

 10-11-22
 Signature Date

Chief Audit Officer
Title

³ 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.

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

Risk Assessment Methodology

In July 2022, an agency-wide risk assessment survey was sent to all employees to submit input for the purposes of assessing risks on agency activities and its functions for the risk assessment process.

The Internal Audit Division interviewed Executive Management and division leadership from June to July 2022, 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:

- Governance and Culture
- Strategy and Objective Setting
- Performance
- Risk and Revision
- Information, Communication, and Reporting
- Executive Management Input and Other Considerations

Auditing standards require the Chief Audit Officer 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.