
Department of Family and Protective Services



Fiscal Year 2017
Annual Audit Plan

August 2016

Fiscal Year 2017 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) 2017, the Annual Audit Plan includes audits in progress as of August 31, 2016 (See Tables 1 and 2).

Audit Plan Revisions

The FY 2017 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: FY2016 Carry Forward Audits

Audit Area	Preliminary Audit Objectives	Comments
<p>Child-Specific Contract Processes</p>	<p>Assess whether child-specific contracts were appropriately executed by authorized representatives and subsequently stored into HCATS in a timely manner.</p> <p>Determine whether there are clearly defined negotiation criteria and procedures for child specific contracts to ensure the best value for the agency.</p> <p>Assess the processes to monitor whether the contractor is providing services as outlined in the child-specific contracts.</p> <p>Assess the processes to prevent and detect overpayments made by DFPS to contractors for services covered by STAR Health procured under child-specific contracts</p>	<p>Reporting Phase</p> <p>Carried forward from FY 2016 Audit Plan</p>
<p>Utilization of Medical Consultations</p>	<p>Assess the effective and efficient utilization of Forensic Assessment Center Network (FACN) and other medical consultations.</p> <ul style="list-style-type: none"> • Sub-objective I-1: Assess the impact, if any, of including a medical consult on investigation workload and milestones. • Sub-objective I-2: Evaluate the protocols, policies, and procedures associated with FACN use and other medical consultation. • Sub-objective I-3: Determine whether opportunities to use FACN or other medical consultations were effectively exercised. <p>Determine whether the intent of the telemedicine appropriation requirements of S.B. 6 of the 79th Legislature are being met.</p> <ul style="list-style-type: none"> • Sub-objective II-1: Validate the establishment of pediatric centers of excellence. • Sub-objective II-2: Determine whether access has been granted to appropriate staff. 	<p>Fieldwork Phase</p> <p>Carried forward from FY 2016 Audit Plan</p>

Audit Area	Preliminary Audit Objectives	Comments
	<ul style="list-style-type: none"> • Sub-objective II-3: Determine whether Contract Monitoring is conducting reviews as required. <p>Evaluate training provided to DFPS staff and exposure to FACN protocols.</p> <ul style="list-style-type: none"> • Sub-objective III-1: Determine whether adequate FACN training is provided to all potential users. • Sub-objective III-2: Evaluate ongoing efforts to promote staff engagement of FACN and other medical consultations. 	
<p>Follow-up on Prior Audit Findings (FY 2016)</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 July 31 	<p>Fieldwork Phase</p> <p>Carried forward from FY 2016 Audit Plan</p>

Table 2: FY2017 Annual Audit Plan

Audit Area	Preliminary Audit Objectives
<p>Family Based Safety Services</p>	<p>To assess CPS's processes for ensuring that quality family based safety services provided to clients and meet clients' needs.</p> <p>To assess CPS's processes for following up with providers and families to ensure family based safety services are completed.</p>
<p>Centralized Background Check Unit</p>	<p>To assess the efficiency and effectiveness of Centralized Background Check Unit operations to determine if it is meeting agency needs.</p>
<p>Follow-up on Prior Audit Findings (FY2017)</p>	<p>To determine the status of management actions in response to audit recommendations.</p> <ul style="list-style-type: none"> • 1st Quarter status as of January 31 • 3rd Quarter status as of July 31

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 3: FY 2017 Consulting Services and Special Projects

Consulting Service and Special Project	Objectives
Unlocateable Children	<p>To review the process for locating children who are with their family, not in DFPS conservatorship, and cannot be located for opportunities for improvements.</p> <ul style="list-style-type: none"> • Identify protocols for requirements in attempting to locate the children/family • Review the process for discontinuing the search, approval and documentation • Document CPS interaction and relationship with other entities • Identify potential areas for coordination and communication improvement • Review available data that may be used to find un-located children and identify opportunities for process improvement
Missing Children	<p>To review the process for locating missing children in DFPS conservatorship for opportunities for improvements.</p> <ul style="list-style-type: none"> • Identify protocols for requirements in attempting to locate the children/family • Review the process for discontinuing the search, approval and documentation • Document CPS interactions and relationship with other entities • Identify differences in the process for children not in conservatorship • Identify potential areas for coordination and communication improvement • Review available data that may be used in locating missing children and identify opportunities for process opportunities
Statewide Intake - Quality Assurance	<p>To evaluate Statewide Intake's quality assurance sampling methodology to ensure appropriate coverage of intakes are being monitored.</p>

Consulting Service and Special Project	Objectives
Identification of Support Areas Embedded in Programs	To identify support areas that are embedded in program divisions and identify opportunities to gain efficiencies.
Accounting Division Risk Assessment	To review Accounting process controls and identify potential risks and opportunities for process efficiencies.

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 4: FY 2017 Risk Areas Not Included in the Plan

Risk Area	Potential Objectives
Quality of APS Facility Investigations	To assess APS's controls for ensuring quality of facility investigations.
Prevention and Early Intervention Contracting	To assess PEI's processes for ensuring that quality prevention services are provided to the community and meet community needs.
Governance Workgroups	To review the decision-making structures, roles, and communication flows of agency governance workgroups.

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 2018

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

- 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
- IG investigations of DFPS reporting
- HHS Transformation efforts for Internal Audit

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
- Critical case meetings
- Contracting Governance/Improvement Workgroup
- Training Governance Workgroup
- State Agency Internal Audit Forum

Approval of FY2017 Audit Plan

(Original signatures on file with Internal Audit Division)

 9-9-2016
Signature Date

Commissioner

Title

 9-9-16
Signature Date

Internal Audit Director

Title

Risk Assessment Methodology

In June 2016, 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 2016, 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.