
Department of Family and Protective Services



Fiscal Year 2018
Annual Audit Plan

September 2017

Fiscal Year 2018 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 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; and
- 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) 2018, the Annual Audit Plan includes audits in progress as of August 31, 2017. See Table 1 below.

Audit Plan Revisions

The FY 2018 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: FY2017 Carry Forward Audits

Audit Area	Audit Objectives	Agency Strategic Plan
<p>Family Based Safety Services</p> <p>Fieldwork Phase</p>	<p>Assess whether FBSS processes in place effectively support the:</p> <ul style="list-style-type: none"> • Identification and resolution of root causes of family issues. • Engagement of families and their extended support network. • Reduction of risk before cases are closed. <p>To assess the utilization of analyses, case reviews, and assessments to improve FBSS process and outcomes.</p>	<p>Goal 2: Work with community partners to strengthen family systems and improve outcomes through effective service delivery.</p> <p>Goal 1: Protect children, families, older adults, and people with disabilities from abuse, neglect, and exploitation through quality investigations.</p>
<p>Follow-up on Prior Audit Findings</p> <p>Planning Phase</p>	<p>To determine the status of management actions in response to audit recommendations.</p> <ul style="list-style-type: none"> • 3rd and 4th Quarter status as of August 31 	<p>Implementation Status of Prior Audit Recommendations</p>

Table 2: FY2018 Annual Audit Plan

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
<p>Adult Protective Services (APS)</p>	<p>To determine if the APS In-Home Investigations division is meeting client needs.</p>	<p>Goal 1: Protect children, families, older adults, and people with disabilities from abuse, neglect, and exploitation through quality investigations.</p>
<p>Administrative (Overtime)</p>	<p>To assess the reasonableness of overtime hours charged by staff in various areas of the agency.</p>	<p>Goal 1: Protect children, families, older adults, and people with disabilities from abuse, neglect, and exploitation through quality investigations.</p>
<p>Administrative Purchasing</p>	<p>To determine if appropriate and effective controls have been established over the agency's administrative purchasing vendor and are working as intended.</p>	<p>N/A Administrative Efficiencies</p>

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
Follow-up on Prior Audit Findings	To determine the status of management actions in response to audit recommendations as of May 31, 2018.	Implementation Status of Prior Audit Recommendations

Consulting Services

Consulting services 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.

Table 3: FY 2018 Consulting Services

Consulting Service	Engagement Objectives	Agency Strategic Plan
Prevention and Early Intervention Contracting (PEI)	To evaluate PEI's processes for ensuring that quality prevention services are provided to the community and meet community needs.	Goal 3: Work with Texas communities to provide services that prevent child abuse and neglect and promote positive child, youth, and family outcomes based on analysis of community risk and protective factors as well as local needs assessments.
Contracts Division	To evaluate processes identified by management and efficiency of operations in the consolidated Contracts Division and provide potential opportunities for improvement.	Goal 2: Work with community partners to strengthen family systems and improve outcomes through effective service delivery.

Table 4: Allocation of Staff Hours to Internal Audit Engagements

FY2018 Engagements	Staff Hours	Percentage Effort
Available Hours	8200 ¹	
Carry Forward Audits (FY2017)	900	11%
Annual Audit Plan	4300	52%
Consulting Services	3000	37%

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 5: FY 2018 Risk Areas Not Included in the Plan

Risk Area	Potential Objectives	Agency Strategic Plan
Centralized Background Check Unit	To assess the efficiency and effectiveness of Centralized Background Check Unit operations to determine if it is meeting agency needs.	Goal 1: Protect children, families, older adults, and people with disabilities from abuse, neglect, and exploitation through quality investigations.
Statewide Intake (SWI)	To assess the controls over the Statewide Intake abuse hotline and determine if the hotline is working as intended.	Goal 4: Provide 24/7 operations to capture vital intake information needed to respond to vulnerable Texans.
Investigations (Office of Dep. Comm.)	To evaluate the structure and processes of the newly consolidated Investigation Division.	Goal 1: Protect children, families, older adults, and people with disabilities from abuse, neglect, and exploitation through quality investigations.

¹ Total direct risk based/audit and non-audit service hours based on 4.5 audit staff and 3 managers totaled 8,198; figure rounded to nearest hundred.

Other Internal Audit Activities

- Training & staff development (CPE)²
- Internal Audit annual report³
- 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 2019
- 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.)
- Legislative coordination
- IG investigations of DFPS reporting
- Information Technology (IT) Risk Assessment
- Internal Audit quality assurance and improvement program
- Team Mate Follow-Up Tracking and Risk Assessment Enhancements

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 FY2018 Audit Plan

(Original signatures on file with Internal Audit Division)

 9-15-17

 Signature Date

Commissioner
Title

 9-15-17

 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 June 2017, 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 2017, 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
- Executive Management Input and 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.