



TEXAS
Department of Family
and Protective Services

Fiscal Year 2019
Annual Audit Plan
Internal Audit Division

September 2018

Fiscal Year 2019 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.

Audits in Progress

In addition to audits planned for fiscal year (FY) 2019, the Annual Audit Plan (AAP) includes audits in progress as of August 31, 2018. See Table 1 on the following page.

Audit Plan Areas

The Annual Audit Plan identifies planned audit engagements for FY 2019 (see Table 2). 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).

Table 1: FY 2018 Carry Forward Audits

Audit Area	Audit Objectives	Agency Strategic Plan
Statewide Intake (SWI) <i>Reporting Phase</i>	Assess whether Statewide Intake processes effectively utilize the electronic reporting of allegations of abuse and neglect, and prioritization of reports for processing. Assess the process of handling hotline calls and identify potential operational efficiencies that may decrease call times, call hold times, and abandonment rates.	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.
Overtime Hours <i>Planning Phase</i>	<i>Preliminary Objective:</i> Assess the reasonableness of overtime hours charged by staff in CPS, INV, and APS.	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 2019 Planned Audits

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
CPS Mentor Program	Evaluate the effectiveness of controls over the CPS Mentor Program to ensure processes are efficient, consistently performed, and meeting agency 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.

Audit Area	Preliminary Audit Objectives	Agency Strategic Plan
Investigations (INV)	Assess the efficiency and effectiveness of Investigations operations to ensure processes within the new division 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.
Finance – Children’s Income Accounts	Evaluate controls over the management of children’s income accounts to ensure payments are accurate, timely, and in compliance with agency policies and procedures and state and federal regulations.	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 2019 Other IA Project Areas

Project Area	Preliminary Objectives	Agency Strategic Plan
Information Technology (IT) Risk Assessment	Perform a risk assessment focusing on the newly structured IT division and identify the IT areas of highest risk for consideration in future IA projects.	Goal 3: Process Improvement: Strengthen internal processes by better analyzing agency operations and identifying and correcting areas for more efficient and effective operations.
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. Based on discussions held with agency management, Internal Audit has allocated hours for the consulting services listed in Table 4 below.

Table 4: FY 2019 Consulting Services

Consulting Area	Preliminary Engagement Objectives	Agency Strategic Plan
Community Engagement	Review the structure, roles, and coordination of agency community engagement functions and identify potential opportunities to gain efficiencies.	Goal 4: Teamwork: Enhance internal communications to ensure cohesion among divisions. Goal 5: Community Relations: Improve external communications and outreach to better inform the public and assist with protecting clients, families, and communities.
CPS – Preparation for Adult Living (PAL)	Research best practices information in the areas of PAL workload and structure.	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.
Adult Protective Services (APS)	Review APS District Review process and identify efficient and effective controls to ensure appropriate and consistent follow-up of results is performed.	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.

Allocation of Staff Hours

Internal Audit allocated direct staff hours available for each of the Annual Audit Plan areas as listed in Table 5 below.

Table 5: Allocation of Staff Hours to Internal Audit Engagements

FY 2019 Engagements	Staff Hours	Percentage Effort
Available Hours	8,900 ¹	
Carry Forward Audits (FY2018)	1,150	13%
Planned Audits	3,500	39%
Other IA Project Areas	1,750	20%
Consulting Services	2,500	28%

Audit Plan Revisions

The FY 2019 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 6 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 4.75 auditors, 1 audit coordinator, 2 audit managers, and 1 assistant director totaled 8,869; figure rounded to nearest hundred.

Table 6: FY 2019 Risk Areas Not Included in the Plan

Risk Area	Potential Objectives	Agency Strategic Plan
Finance – Accounts Payable	Evaluate the Accounts Payable process from invoice receipt through payment for efficiency, effectiveness, consistency, and compliance with state requirements.	<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>
Management Reporting & Statistics (MRS)	Assess the efficiency and effectiveness of MRS operations to determine whether functions are meeting agency needs.	<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>
Purchased Client Services (PCS)	Determine whether contract monitoring performed is effective and provides an appropriate and accurate assessment of contract performance.	<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>

Risk Area	Potential Objectives	Agency Strategic Plan
Grants Management	Assess the grants management process and identify potential opportunities to strengthen process efficiency, effectiveness, and coordination.	<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>
Purchased Client Services (PCS)	<p><i>Potential Consulting Service</i></p> <p>Perform data analysis of contractor self-reported data to identify potential trends, patterns, outliers, and other areas for further program review.</p>	<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>

Risk Assessment Methodology

In June 2018, 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. The Internal Audit Division interviewed Executive Management and other key staff from June to August 2018, 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.

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 2020
- 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
- Internal Audit quality assurance and improvement program
- Internal Audit process and TeamMate enhancements

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

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

Approval of FY2019 Audit Plan
(Original signatures on file with Internal Audit Division)



 Signature Date

Commissioner
Title



 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.