



# **Internal Audit Plan**

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**Fiscal Year 2023**

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**TEXAS**  
Health and Human  
Services

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## 1. Process Description

To facilitate more timely response to shifting risks, the Internal Audit Division has implemented a continuous risk assessment process and plans to update the audit plan as needed throughout the fiscal year. The process description for audit plan approval follows:

1. **Define the audit universe.** Develop a comprehensive list of "auditable units" (i.e., program areas/units, activities, processes, etc.). This includes an ongoing review of organizational charts, agency reports, and the Health and Human Services Commission and Department of State Health Services Strategic Plans. Criteria for selecting "auditable units" includes: level of contribution to HHS Goals and Strategies, the magnitude of impact on the organization, the level of importance to justify the cost of control, and the efficiency in minimizing auditable units when possible.
2. **Select and weight risk factors.** Risk factors are specific and identifiable sources of uncertainty or potential negative consequences. Risk is inherent to every auditable unit - what varies among units is the degree or level of risk. Level of risk is determined by the extent of impact to the agency as a whole, should the specific risk occur. Risk factors are selected by consideration of current issues by the Chief Audit Executive.
3. In addition, HHS Internal Audit **staff assesses risk on five additional risk factors** based on the Committee of Sponsoring Organizations' (COSO) Internal Control Framework:
  - Control Environment
  - Assessing Risk
  - Control Activities
  - Information and Communication
  - Monitoring Activities
4. **Prioritize auditable units** to assess overall risk level.
  - **Score:** HHS Internal Audit scored each auditable unit using the Internal Audit Risk Factors and Scoring Guide.

- **Additional Points:** Areas identified as of interest or concern by executive management team members or the Chief Audit Executive received additional points at the discretion of the scoring team.
  - **Rank:** Calculate based on the sum of all scores and rank all units relative to one another. Identify high, medium and low risk areas.
5. **Monitoring and Updating Risk Assessment.** Information is gained and added to the risk assessment tool through routine meetings with agency management, information learned during audit work, external reports and notifications, and other sources that identify risks. Risks are perpetually monitored, and the risk assessment is updated as often as needed, to address the most current risks at HHS. The audit plan is monitored and assessed routinely, and amendments are proposed as appropriate.
6. **Identify Areas of Audit for the Proposed Fiscal Year 2023 Internal Audit Plan.** Based on available staff hours, review of audit history, input from executive management, and other factors develop a proposal for the Executive Commissioner's review and input.

## 2. HHS Internal Audit Services

Audits provide an independent assessment of processes or activities based on evaluation of management controls, testing of transactions, and review of evidence. Internal Audit management determines the nature and scope of each audit. Internal Audit projects conclude with written reports that provide information to management detailing the results of the audit and offer suggestions and recommendations for improvement. The audit projects planned for fiscal year 2023, including projects started in a previous fiscal year and planned to be completed in fiscal year 2023, are listed below with a brief description of each project.

### Carry-Forward Audits

#### Health and Human Services System

##### Vulnerability and Patch Management

Assess the existence, design and effectiveness of information security controls implemented to detect, evaluate and remediate IT vulnerabilities including the patch management processes.

#### Health and Human Services Commission

##### Guardianship Program

Determine whether Guardianship Program and agency policies and procedures ensure guardianship is created, maintained, and closed in accordance with applicable state requirements.

##### Contract Management for IT-Related Contracts (Information Technology)

Determine if contract monitoring effectively ensures vendors are providing agreed upon services and information per contract requirements for select systems.

##### Payroll, Time, Labor, and Leave

Determine whether processes over payroll, time, labor, and leave ensure employees are compensated accurately and any overpayments are effectively recouped.

**State Hospital Incentive-Based Practices**

Determine if State Hospital incentive-based practices regarding time are being appropriately recorded, calculated, and approved according to policy, rules and regulations.

**Contract Management for IT-Related Contracts (Program)**

Determine if contract monitoring effectively ensures vendors are providing agreed upon services and information per contract requirements for select systems.

**Cost Reporting**

Determine whether cost report reviews performed help ensure data is complete, accurate, allowable and timely for use in developing select rates.

**Office of Inspector General Investigations and Reviews Section's Referral Process**

Determine if Investigations and Reviews has adequate processes to receive referrals regarding allegations of fraud, waste, and abuse from a variety of sources and that the referrals provided are reviewed, communicated, and followed up on according to applicable federal, state, and program requirements.

**Adult Mental Health and Crisis Services**

Determine whether Adult Mental Health and Crisis services are delivered in accordance with contract requirements.

**Petty Cash**

Determine whether effective controls exist over selected petty cash accounts to ensure transactions are appropriate and in compliance with policy.

**2-1-1 Texas Information and Referral Network (TIRN)**

Determine if monitoring effectively ensures information communicated is accurate and contractors are providing services in accordance with contract terms.

**Community Care Services Eligibility**

Determine if processes are in place to ensure compliance with eligibility requirements and HHSC policies for obtaining, verifying, and retaining support for eligibility determinations.

## **Business Management of SSLC's and SH's**

Determine whether business services has effective monitoring in place to ensure state hospital and state supported living center expenditures are within appropriation levels.

## **Medicaid and CHIP Services - Program Support & Interest List**

Determine whether processes in place to manage interest list activities and facilitate the eligibility and enrollment processes are timely and effective in preventing service delays and disruptions.

## **Department of State Health Services**

### **Newborn Screening Care Coordination**

Determine if Newborn Screening Care Coordination has processes to:

- support accurate, complete, and timely testing of all babies born in Texas
- address all abnormal screening results appropriately through follow-up and case management services.

### **Select Contracts at DSHS**

Determine if select contracts are established and executed in accordance with appropriate procedures and regulations.

## **New Audits**

### **Health and Human Services System**

#### **HHS Enterprise Portal**

Determine whether identity and access management processes and controls within the HHS Enterprise Portal ensure user access is appropriately controlled in compliance with applicable controls (*IS Controls, NIST, HIPAA*).

#### **Monitoring of Third-Party Subcontractors**

Determine whether programs are monitoring contractors to ensure subcontractor monitoring is being performed to confirm all contractual requirements are being met, including incident reporting.

**Take Charge Texas Application and General Controls**

Determine whether select application and general controls for Take Charge Texas ensure the confidentiality, integrity, and availability of system data.

**Audit Verifications**

Perform verification on select prior audit recommendations reported by management as implemented.

**Health and Human Services Commission****Contract Administration and Provider Monitoring (CAPM)**

Determine whether Contract Administration and Provider Monitoring (CAPM) effectively monitors providers to ensure service delivery is provided in accordance with contract requirements.

**TIERS Application and General Controls**

Determine whether select application and general controls for TIERS ensure the confidentiality, integrity, and availability of system data.

**Department of State Health Services****Audit of Environmental Surveillance and Toxicology (DSHS)**

Determine whether the Environmental Surveillance and Toxicology Branch (ESTB) has processes to identify populations at risk on time and provide reliable information to stakeholders.

**Audit of Lab Equipment Inventory Processes - South Texas Lab**

To determine whether inventory processes and procedures support accurate and complete asset management at the South Texas Lab.



## **Consulting Services**

In addition to audit services, Internal Audit Division also performs consulting services intended to add value and improve governance, risk management, and control processes. Consulting services are advisory in nature and are generally performed at the specific request of management. The work performed is subject to Internal Audit's agreement with management regarding project scope and objectives and is based on Internal Audit's consideration of potential impairments to independence and objectivity. When performing consulting services, Internal Audit maintains independence and objectivity and does not assume management responsibilities. The Chief Audit Executive makes the determination to accept these engagements based on resources available in the Internal Audit Division subject to Executive Commissioner approval.