



Internal Audit Plan

Fiscal Year 2025

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Nicole M. Guerrero, MBA, CIA, CGAP
Chief Audit Executive

Cecile Erwin Young
Executive Commissioner



TEXAS
Health and Human
Services

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1. Process Description

To facilitate more timely response to shifting risks, the HHS Internal Audit Division (HHS Internal Audit) 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 2025 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. HHS Internal Audit management determines the nature and scope of each audit. HHS 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 2025, including projects started in a previous fiscal year and planned to be completed in fiscal year 2025, are listed below with a brief description of each project.

Carry-Forward Audits

Health and Human Services System

Asset Management Office

Determine whether inventory processes for identifying, tracking, receiving, and disposing of assets are effective and efficient.

HHS IT Security Incident Response Framework

Determine whether HHS IT has an IT security incident response framework in place to ensure security incidents are identified, addressed, and reported to ensure the integrity of data.

IT Governance¹

Assess the effectiveness of select governance and management activities supporting IT Governance to ensure:

- IT strategies are aligned with organizational objectives
- Risks are identified and managed properly
- IT resources are managed effectively and optimized to deliver value to the agency
- IT performance is defined, measured, and reported

¹ Audit will result in multiple deliverables.

HHS Enterprise Portal/IAM Online

Determine whether identity and access management processes and controls within the HHS Enterprise Portal/IAM Online ensure user access is appropriately controlled in compliance with applicable controls.

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.

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

Determine whether CAPM effectively monitors providers to ensure contract requirements are met.

Records Management

Determine whether record management processes comply with applicable agency and state requirements, including Texas State Library and Archives Commission, and ensure the System of Automated Records (SOAR) is complete and accurate.

Liquidated Damages

Determine whether liquidated damages for select programs are identified, collected, and recorded in compliance with appropriate requirements.

Select Human Resource Functions

Determine whether effective controls exist to ensure appropriate actions are taken by supervisors and in compliance with requirements for select Human Resource functions.

Accounts Receivable Processes

Determine whether existing physical and automated controls are adequate to safeguard Health and Human Services Commission and Office of Inspector General receivables.

Peer & Recovery Services Programs, Policy and Planning

Determine whether contract management processes ensure effective and timely delivery of select peer and recovery services.

Intergovernmental Transfers for Select Programs

Determine whether Provider Finance accurately collects and processes payments for select programs that utilize intergovernmental transfers.

Long Term Care Regulation

Evaluate the regulatory oversight and monitoring of Long Term Care providers and programs, assessing compliance with state regulations regarding resident safety, staff qualifications, and quality of care.

Department of State Health Services

Radiation Section

Determine whether Radiation Section registration reviews ensure compliance with all federal, state, local, and DSHS regulations and policies.

Tuberculosis Program Services and Coordination

Determine the effectiveness of tuberculosis services provided by Regional and Local Health Operations, specifically related to privacy, effective documentation of client services, outcomes, and coordination with the Public Health Laboratory Division and Infectious Disease Prevention Division.

Laboratory Services for Newborn Screening

Determine whether Laboratory Services for Newborn Screening has processes to support accurate, complete, and timely testing of all babies born in Texas.

New Audits

Health and Human Services System

System Backup Testing

Determine whether information system (IS) backups are tested annually for critical information systems and a risk-based approach is used for non-critical information systems, in accordance with HHS IS Controls.

IT Infrastructure

Determine whether HHS IT Infrastructure responsibilities managed by third parties are in compliance with the HHS IS-Controls.

Audit Verifications

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

Health and Human Services Commission**Supplemental Nutrition Assistance Program (SNAP) Education Program Operations**

Determine whether SNAP Education Program operations are effectively managing contract expenditures to ensure dollars are being expended appropriately.

State Supported Living Centers (SSLC) Pharmacy

Determine whether SSLC pharmacy medications are properly safeguarded.

Family Clinical Services

Determine whether Family Clinical Services monitoring processes are effective for ensuring select services are delivered appropriately.

Integrity Support Services (AES)

Determine whether Integrity Support Services' processes for identifying and reducing potential Electronic Benefit Transfer (EBT) theft are efficient and effective.

Substance Use Programs, Planning, and Policy (SUPPP)

Determine whether SUPPP oversight responsibilities ensure compliance with laws, regulations, and provisions of contracts or grant agreements for each of its programs.

Vendor Drug Program

Determine whether the Vendor Drug Program's processes for processing pharmacy claims ensure accuracy and compliance with state and federal laws and policies governing the pharmacy programs.

Electronic Benefit Transfer (EBT) Trafficking Unit

Determine whether processes used by the EBT Trafficking Unit to investigate those that intentionally violate provisions related to Supplemental Nutrition Assistance Program (SNAP) result in all cases being reviewed, completed timely, and appropriately monitored.

Open-Ended Contracts

Determine whether effective processes are in place to re-procure open-ended contracts as appropriate.

Federal Match Rate Expenditure Coding

Determine whether processes are in place to ensure Medicaid and CHIP Services' (MCS) expenditures are properly coded with the appropriate Federal Match rate.

Department of State Health Services

Youth Camp Program

Determine whether the Youth Camp Program ensures that state-issued licenses for youth camps are granted in accordance with internal processes, state rules, and regulations.

Consulting Services

In addition to audit services, HHS Internal Audit 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 HHS Internal Audit's agreement with management regarding project scope and objectives and is based on HHS Internal Audit's consideration of potential impairments to independence and objectivity. When performing consulting services, HHS 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 HHS Internal Audit, subject to executive commissioner approval.