



Internal Audit Plan

Fiscal Year 2020

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TEXAS
Health and Human
Services

Table of Contents

1. Process Description	1
2. HHS Internal Audit Services	3
Carry-Forward Audits	3
Health and Human Services System (HHSC and DSHS)	3
Health and Human Services Commission.....	4
Department of State Health Services.....	4
New Audits	4
Health and Human Services System (HHSC and DSHS)	4
Health and Human Services Commission.....	6
Department of State Health Services.....	6
Consulting Services	7

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.) to be considered. 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 Director of Internal Audit.
3. In addition, HHS Internal Audit **staff assesses risk on five additional risk factors** based on the 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 Director of Internal Audit 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 2020 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 2020, including projects begun in a previous fiscal year and planned to be completed in fiscal year 2020, are listed below with a brief description of each project.

Carry-Forward Audits

Health and Human Services System (HHSC and DSHS)

Protected Health Information for Select Systems

Objective: Determine whether protected health information (PHI) within select systems is accurate, adequately controlled, and protected.

Audit of Criminal Background Checks

Objective: Determine whether select HHS System areas are conducting criminal background checks as required by reviewing:

- Access to criminal history check records are restricted to authorized individuals,
- Criminal background checks are conducted on required individuals,
- For individuals with criminal history records, reviews and actions were performed appropriately.

Contract Expenditures

Objective: Develop a continuous auditing process to audit contracts with expenditures more than 10% of estimated value.

Inventory Processes

Objective: Determine whether inventory processes are effective in protecting System assets.

Health and Human Services Commission

Construction

Objective: Determine whether payments made on select construction projects are appropriately supported.

Department of State Health Services

Maternal and Child Health Grant Management

Preliminary objective: Determine if processes and controls for select Maternal and Child Health grants are adequate to ensure that grant funds are appropriately expended and reported, grantees are monitored for compliance with terms of the grant, and grant closeout and reporting are completed in accordance with applicable state, federal, and agency laws and guidelines.

Consumer Protection

Preliminary objectives:

- Determine whether the department is meeting established objectives.
- Determine whether performance measures accurately reflect intended program activity and are used to effectively monitor the program.

New Audits

Health and Human Services System

Information Security Office Exceptions

Preliminary objective: Determine whether the process over granting or denying ISO exceptions meets minimum federal or state security requirements.

Network Access for Terminated Employees

Preliminary objective: Determine whether user access is appropriately removed upon termination of employment.

Data Use Agreements

Preliminary objectives:

- Determine whether DUAs are utilized as required.
- Determine whether the HHS System effectively enforces based on DUA requirements.

Regional Human Resource Policies and Procedures

Preliminary objectives:

- Determine whether select policies and procedures (e.g., selection process and employee investigations) at the regional offices align with those at the State Office.
- Determine whether time and leave policies and procedures at the regional offices are consistent with State Office policies and procedures.

Decommissioned Systems

Preliminary objective: Determine whether governance processes over decommissioned systems ensure historical data is adequately protected, secured, and accessible.

IT Preparedness for Malware Threats and Malicious Software

Preliminary objective: Determine whether HHS has effective controls to prevent, detect and respond to malware threats and malicious software infecting their computer systems.

PCS Approvals

Preliminary objectives:

- Determine whether the approval process for procurements and purchase orders is efficient and aligned with best practices and statute.
- Determine whether Compliance and Quality Control (CQC) processes are effective in ensuring the integrity of the procurement process.

Substance Use Contracts

Preliminary objective: Evaluate whether contract monitoring of substance use disorder contracts is comprehensive and meets all requirements.

Audit Verifications

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

Health and Human Services Commission

Office of Inspector General's Benefits Program Integrity

Preliminary objectives:

- Determine whether Benefits Program Integrity investigations and reporting result in the identification and recovery of program funds.
- Determine whether the Benefits Program Integrity processes are effective and efficient.

Rate Analysis

Preliminary objective: Determine whether Hospital Services supplemental payments are calculated accurately, distributed timely, and allowable.

Access and Eligibility Services' Community Access

Preliminary objective: Determine whether Aging Services effectively monitors subrecipients to ensure service delivery in accordance with contract requirements.

C-059 External Data Sharing Compliance

Preliminary objective: Determine whether HHSC appropriately complies with C-059 requirements and ensures HHS data is adequately protected and appropriately distributed.

Department of State Health Services

Tuberculosis Program Services and Coordination

Preliminary objective: 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 Laboratory and Infectious Disease Services.

DSHS Pharmacy

Preliminary objective: Determine whether controls over intake, medication dispensing and physical security ensures that pharmacy services are provided as required.

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 following changes were approved to the Fiscal Year 2020 Internal Audit Plan by Executive Commissioner Phil Wilson on May 4, 2020:

Contract Expenditures (change to objectives)

Objective: To determine whether contract expenditures are:

- Properly authorized;
- Processed correctly; and
- Not in excess of the contracts maximum current value

Data Use Agreements (added 3rd objective)

Preliminary objectives:

- Determine whether DUAs are utilized as required.
- Determine whether the HHS System effectively enforces based on DUA requirements.
- Determine if there are established processes to evaluate, prioritize, and approve data, research, and publication requests for fulfillment by HHS.

Office of Civil Rights (add to the plan)

Preliminary objective: Determine if the Civil Rights Office has processes in place to ensure compliance with applicable requirements, timely processing of resolution and complaints, and consistent application of remedial action

Rate Analysis (change to objective)

Preliminary objective: Determine whether School Health and Related Services (SHARS) supplemental payments are calculated accurately, distributed timely, and allowable.

C-061 External Data Sharing Compliance (change to title)

Preliminary objective: Determine whether HHSC appropriately complies with C-061 requirements and ensures HHS data is adequately protected and appropriately distributed.

HHS Fiscal Year 2020 Internal Audit Plan Revisions Effective September 15, 2020

The following changes were approved to the Fiscal Year 2020 Internal Audit Plan by Executive Commissioner Cecile E. Young on September 15, 2020, due to COVID-19 Response.

Department of State Health Services

Tuberculosis Program Services and Coordination (Removed)

Preliminary objective: 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 Laboratory and Infectious Disease Services

Health and Human Services System

Regional Human Resource Policies and Procedures (Removed)

Preliminary objectives:

- Determine whether select policies and procedures (e.g., selection process and employee investigations) at the regional offices align with those at the State Office.
- Determine whether time and leave policies and procedures at the regional offices are consistent with State Office policies and procedures.