

*An Annual Report of the*  
**Office of the Attorney General  
Internal Audit Division**

**Fiscal Year 2014**



**Office of the Attorney General  
State of Texas**

November 2014

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**Section I**

**Introduction**  
**and**  
**Compliance with HB 16**

## **Office of the Attorney General Internal Audit Division's Annual Report for Fiscal Year 2014**

This report is submitted in accordance with the requirements of Government Code, Chapter 2102 (Texas Internal Auditing Act). The report includes information on Internal Audit activities of the Office of the Attorney General's Internal Audit Division that occurred or was performed during Fiscal Year 2014.

### **I. Compliance with House Bill 16**

The Office of Attorney General Internal Audit Division complies with provisions of House Bill 16 by posting the Internal Audit Plan, Internal Audit Annual Report, and other audit information on the agency's Internet website within 30 days from the date approved by the First Assistant Attorney General. Documents that require posting by House Bill 16 are submitted to the OAG Public Information Officer for review in relation to matters that should be excepted from public disclosure under Chapter 552 of the Texas Government Code prior to posting on the Internet. In addition, prior to posting, review of the documents is performed by agency management within the Communications and Public Information Assistance Divisions, and the First Assistant Attorney General.

In addition to annual and periodic reporting compliance, a summary of audit activities conducted to help ensure efficiency of operations and risk mitigation is located in Attachment A.

## **Section II**

### **Status of Internal Audit Plan for Fiscal Year 2014**

## II. Status of Internal Audit Plan for Fiscal Year 2014

The table below provides information regarding the status of Fiscal Year 2014 Internal Audit Plan audits or activities as of August 31, 2014:

<u>Auditable Unit or Report Title</u> Status Update	Report Number/ Audit Phase	Date Released	Project Budget
Historically Underutilized Business (HUB) Procurement Protocol	N/A	N/A	300
<p>During Fiscal Year 2014, the Agency's Procurement Division was in the process of defining and developing specifications for a new procurement system to replace its existing legacy system. The new system design includes fields to assist the division in HUB reporting and monitoring the achievement of HUB strategic goals. Implementation of the new system is expected to occur during the first or second quarter of Fiscal Year 2015. Therefore, an audit of guidelines and tools used to help ensure achievement of HUB utilization requirements or strategies was deferred to help ensure optimal timing and benefits of any resulting audit recommendations.</p>			
E-Leave Post Implementation Review	N/A	N/A	350
<p>The E-Leave Post implementation Review was deferred to ensure that sufficient data exists to determine if the system controls are functioning as designed related to leave entry, approval, etc. This area was included in the latest annual risk assessment and as a result of analysis was included as an auditable area on the Fiscal Year 2015 Audit Plan.</p>			
Enterprise Wide Business Continuity Plan	N/A	N/A	300
<p>Enterprise Wide Business Continuity Plan is an area that requires continuous assessment and update. Audit coverage and Agency actions: This area was previously covered by the State Auditor's Office and the Agency has designated an additional full-time employee within the Support Services Division to perform assessments agency wide which will help ensure the currency of plan data. Business continuity was also included in the latest annual risk assessment and as a result of analysis continues to be a key Agency operational area and is included within the Fiscal Year 2015 Audit Plan.</p>			
Child Support Contract Operations	Reporting Phase	N/A	1,000
Child Support Division Legal Counsel	Reporting Phase	N/A	400
Child Support Division IT Contracts Management	P12-101	November 2013	500
Child Support Division Network Services	N/A	N/A	500

<b><u>Auditable Unit or Report Title</u></b> <b>Status Update</b>	<b>Report Number/ Audit Phase</b>	<b>Date Released</b>	<b>Project Budget</b>
<p>During Fiscal Year 2014, the Internal Audit Division conducted audits or participated in information technology consulting activities related to replacement of select legacy system or compliance with Texas Administrative Code requirements. Information technology coverage of key areas by Internal Audit appeared adequate. Therefore, this specific information technology area was included in the Fiscal Year 2015 annual risk assessment and an element of network services was identified for inclusion the Fiscal Year 2015 audit plan.</p>			
Child Support Division Field Operations	N/A	N/A	400
<p>During the relevant fiscal year, the field operations section was in the planning and early implementation phase of a new vision implementation project. In the coming months and years, CSD will undertake technological and organizational changes to improve customer service, allow staff to work cases more efficiently, and enhance the ability to make child support a consistent reality for more families. To ensure optimal benefits of audit analysis and recommendations the project was deferred and reassessed for ranking in the latest annual risk assessment process.</p>			
Child Support Division Strategic Operations – Business Services Management Information & Planning	N/A	N/A	400
<p>The Child Support Administrative Operations section which includes the Business Management Information (BMI) Section during Fiscal Year 2014 was re-organized. In addition, roles or responsibilities of the BMI Section maybe impacted as the Enterprise Reporting System portion of Texas Child Support Enforcement System (TXCSES) 2.0 is designed and built. Therefore, this audit area was deferred and reassessed in the latest annual risk assessment and an element of strategic operations section was identified for inclusion the Fiscal Year 2015 audit plan.</p>			
A&L Grants Administration & Budget	N/A	N/A	600
<p>The Department of Justice conducted an on-site financial review of the Project Safe Neighborhoods (PSN), Internet Crime Against Children (ICAC), and Victims of Crime Act (VOC) grants during Fiscal Year 2014. In addition, the governor's office conducted an audit of the Human Trafficking Grant and there were no findings. The preliminary or final results of the two audits of the Grants Administration, Accounting, Law Enforcement Division, Accounting and/or applicable Budget components did not reveal significant weaknesses. Therefore, audit coverage of the area appeared sufficient for Fiscal Year 2015. This area will be considered in future annual risk assessment.</p>			
A&L Administration Property and Asset Management & Tracking	Planning	N/A	500
Child Support Division Follow-up of TXCSDU Physical Security	P13-16	April 2014	100
Child Support Division Debit Card (2014 Carry-Forward Hours)	Reporting	N/A	200
Child Support Division Case Processing Controls P13-14 (2014 Carry-Forward Hours)	Reporting	N/A	900

<b><u>Auditable Unit or Report Title</u></b> <b>Status Update</b>	<b>Report Number/ Audit Phase</b>	<b>Date Released</b>	<b>Project Budget</b>
Enterprise Wide IT Governance - Title was changed to TAC 202 Compliance Review (2014 Carry-Forward Hours)	Fieldwork	N/A	500
IRS Safeguard Review 2010 Follow-up (2014 Carry-Forward Hours)	Reporting	N/A	100
Medicaid Fraud Control Unit Intake Audit (2014 Carry-Forward Hours)	Flowchart	N/A	100
<p>The Department of Health and Human Services – Office of Inspector General conducted an on-site review which included components that were assessed by Internal Audit to gain an understanding of the intake audit process. Internal Audit prepared a flowchart of the intake process for information purposes for use during the legislative session. Overall, the Agency fared well in the DHHS – Office of Inspector General review. No evidence of significant noncompliance with applicable laws or regulations. One opportunity for improvement was offered to the Texas Unit.</p>			
Law Enforcement Defense Division’s Travel and Timekeeping Processes - <i>Special Project or audit plan addition approved for performance during Fiscal Year 2014.</i>	14-104	March 2014	445
Evaluation of the Effectiveness of the Agency’s Fraud Waste and Abuse Prevention Program	Reporting	N/A	382

**Section III**

**Consulting Engagements  
and  
Non-Audit Services**

### III. Consulting Engagements and Non-Audit Services

#### Conducted During Fiscal Year 2014:

Non-Audit Service Title/ Summary Description	Project Number	Report Date
Inter-Agency Contract Billing Process	P13-104	N/A
Review of the process for inter-agency contract billings to determine if client agencies are only billed for services rendered. Feedback was provided by Internal Audit to the Agency's General Counsel Division for consideration during Inter-Agency Contract Development or Renewal processes.		
Texas Child Support Enforcement System (TXCSES) 2.0 Consulting and Patch Management	P14-100	N/A
TXCSES 2.0 is an ongoing consulting engagement that will occur until the system is fully implemented. This consulting engagement will provide advisory services to Child Support Division management during system design, development, and implementation.		
Consumer Protection Workflow Processes	P13-103	April 30, 2014 (Letter)
The agreed upon objectives of this non-audit service primarily related to the Internal Audit Division providing technical assistance to the Consumer Protection Division related to evaluation of current workflow case tracking process and to identify relative best practices which may help enhance the efficiency and effectiveness of these processes. Observations and/or recommendations communicated to management during this project were summarized within the following five categories: (1) policies and procedures, (2) complaint processing: intake and tracking until resolution through collection of settlements, (3) court document requests fees, (4) out-of-state process service, and (5) regional resources.		
Crime Victims' Compensation System Development	P14-103	N/A
During Fiscal Year 2014, Internal Audit provided feedback to Crime Victims' Compensation (CVC) management for their consideration in the assessment of the adequacy of system designed mainframe controls for phase two of the CVC system development project.		
Legal Services Case Management System Redesign Project	P14-107	N/A
Project is in the development phase. The first phase of implementation is planned to occur during December 2014. Project development meetings are held on a weekly basis. Internal Audit coordinates with project manager and business process owners as non-audit services are needed in relation to insight regarding system controls, etc.		

**Section IV**  
**External Quality Assurance Review**  
**(Peer Review)**

#### **IV. External Quality Assurance Review**

In compliance with International Professional Practices Framework (IPPF – red book) and Governmental Auditing Standards, a recent External Quality Assurance Review was performed and is in the reporting phase. The previous External Quality Assurance Review opinion was issued January 7, 2011, and is provided at this time.

## External Quality Assurance Review

The most recent external quality assurance review of the Internal Audit Division was completed and the opinion was issued on January 7, 2011.

### OVERALL OPINION

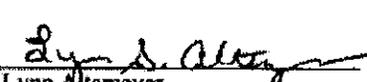
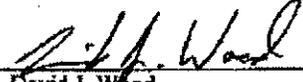
Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Office of the Attorney General Internal Audit Department "fully complies" with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Audit Act (*Texas Government Code, Chapter 2102*). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

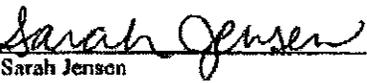
We found that the Internal Audit Department is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff members are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Internal Audit Department is well managed internally. In addition, the Department has effective relationships with the staff and is well respected and supported by management. Interviews conducted during the quality assurance review indicate that management considers Internal Audit a useful part of the overall agency operations and finds that the audit process and report recommendations add value and help improve the agency's operations.

### ACKNOWLEDGEMENTS

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, Internal Audit staff, the First Assistant, and the senior managers who participated in the interview process. The feedback from the interviews provided valuable information regarding the operations of the Internal Audit Department and its relationship with management.

	<u>1/7/11</u>		<u>1/7/11</u>
Lynn Altemeyer	Date	David J. Wood	Date
Internal Audit Director		Auditor	
Office of the Governor		Office of the Governor	
SAIAF Peer Review Team Leader		SAIAF Peer Review Team Member	

	<u>12/30/10</u>
Sarah Jensen	Date
Internal Audit Intern	
Office of the Governor	
SAIAF Peer Review Team Member	

December 2010

# **Section V**

## **Internal Audit Plan for Fiscal Year 2015**

# **INTERNAL AUDIT PLAN**

## **FY 2015**

**Internal Audit Division**



**Office of the Attorney General  
State of Texas**

Approved: October 2014

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## Overview

The annual audit plan is a guide that is developed for the utilization of the division's resources during the fiscal year in order to address the risks of the Office of the Attorney General (OAG). Audits and other projects selected for review and included in the annual audit plan are those areas that represent risk to the agency based on the agency-wide annual risk assessment.

The audit plan is a dynamic document that may change during the fiscal year as circumstances change. Requests from management, changes in audit resources, and changes in the agency's organization or operations could result in changes to the plan. Any significant changes to the plan would require approval from the First Assistant Attorney General.

Project objectives proposed in the plan are in general terms. The specific objective of each audit project is determined by the detailed assessment of relative risks for the project at the time the project is initiated.

The audit plan was developed using current Administrative and Legal and Child Support audit resources. Two additional Administrative & Legal funded auditors are anticipated to be hired to supplement existing audit resources during the audit year, thus increasing the available audit hours accordingly. As these positions are filled the current projects will be supplemented where needed and/or additional projects will be created from the risk assessment matrix and submitted to the First Assistant Attorney General for review and approval in order to provide more coverage of the high risk areas.<sup>1</sup>

## The Role of Internal Audit

The Internal Audit Division (IAD) provides independent, objective assurance and consulting services designed to add value and improve the organization's operations. IAD helps the agency accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit Division audits are conducted in accordance with the United States Government Accountability Office's (GAO) Government Auditing Standards (2011 Revision), the Institute of Internal Auditors' (IIA) International Professional Practices Framework (2013 Edition), and the Information Systems Audit and Controls Association's IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals (August 2010 Revision). The Internal Audit Charter, approved by the Attorney General and the First Assistant Attorney General sets forth the purpose, authority, and responsibility of the Internal Audit Division.

<sup>1</sup> Administrative & Legal auditors may audit enterprise wide activities.

## Professional and Statutory Requirements

This document provides the Fiscal Year 2015 audit plan as required by the Internal Audit Charter, GAO, and IIA professional auditing standards, and the Texas Internal Auditing Act, Texas Government Code 2102.008. The Act requires state agencies to conduct a program of internal auditing that includes an annual audit plan prepared using risk assessment techniques and identifies the individual audit projects to be conducted during the year.

This plan is prepared in accordance with the Institute of Internal Auditors' International Professional Practices Framework and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). The plan is developed based on an assessment of risk and potential exposures that may affect the organization. Ultimately, Internal Audit's objective is to provide management with information to reduce exposure to the negative effects that may be associated with operations intended to achieve management's objectives. The degree or materiality of exposure can be viewed as risks mitigated by establishing sound internal controls.

The planning process is consistent with the agency's approved Internal Audit Charter and the division's goals. The plan of engagements is based on a documented risk assessment. In addition to the risk assessment, the planning process includes the assessment of available audit resources.

## Types of Reviews

The Internal Audit Division (IAD) conducts performance audits and non-audit services, as well as follow-up reviews.

**Performance audits** are engagements that provide assurance or conclusions based on an evaluation of sufficient appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audits provide reasonable assurance that the auditors have obtained sufficient, appropriate evidence to support the conclusions reached. Therefore, the sufficiency and appropriateness of evidence needed and tests of evidence will vary based on the audit objectives and conclusions.

**Follow-up reviews** are conducted to determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement findings and recommendations. This work determines if management actions have resulted in lowering risks or if management has assumed the risk of not taking corrective action on reported findings. Follow-up projects are conducted on previous IAD reported findings, as well as the State Auditor's Office and other external entities' reported audit findings.

**Non-audit services** are advisory and related client service activities which are intended to add value and improve the agency's governance, risk management, and control processes. Examples include counsel, advice, facilitation, and training. This type of project can only be conducted if providing the non-audit service does not create impairments to independence, either in fact or appearance, with respect to future audit projects.

## Development of the Audit Plan

The Internal Audit Division allocates its resources in a manner that is consistent with the mission and goals of the Office of the Attorney General. To support the OAG's mission, audit coverage is considered across the agency. The audit plan is designed to provide coverage of key business processes, over a reasonable period of time, given the existing staff.

The following key factors were considered to assess risk and develop the audit plan:

- Public Disclosure Implications
- Potential for impact on agency-wide policies and procedures
- Staff turnover
- Changes in systems, processes, policies, or procedures
- Information and communication
- Monitoring internal and external
- Results and time since last engagement
- Extent of government regulation
- External interest and oversight
- Transaction Volume

In addition to the projects selected based on risk assessment results, audit hours are also dedicated to follow-up reviews, carry-forward projects, and non-audit services.

A follow-up audit assesses the progress made by management on issues identified in a previous audit. These audits are scheduled within a reasonable time frame to allow management sufficient opportunity to implement corrective actions.

Internal Audit is also required by laws and auditing standards to conduct certain activities on an annual and/or periodic basis, such as an internal quality control assessment, an annual audit report, and an external peer review. Those required activities are also included in the audit plan.

To ensure the auditors maintain a steady workload throughout the year, some audit projects are scheduled to start near the end of one fiscal year and require time in the following year to complete. There are several carry-forward projects identified on the Fiscal Year 2014 audit plan.

### Planned Internal Audit Activities

Performance Audits			
Purpose	Auditable	Objectives	Budget Hours
Performance Audits are engagements that provide assurance or conclusions based on an evaluation of sufficient appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.	Administration – Property and Asset Management	In conjunction with the transition process, determine the adequacy of and compliance with controls over physical assets.	500
	Enterprise Wide E-Leave System	Post implementation review. To determine how the new leave system is working and if employee leave is properly approved and accurately recorded.	350
	Enterprise Wide Business Continuity Plan	Business impact analysis and disaster recovery. Evaluate the business continuity plan and disaster recovery strategy.	300
	Enterprise Wide Performance Management and Accountability	Review the processes and procedures identified to collect and report performance indicators and determine the reliability of the information based on the controls in place.	500
	Child Support BMI/Planning and Project Management Office	Evaluate the controls that assure the accuracy and timeliness of the BMI reports for tracking strategic and operational goals such as state and federal performance measures and caseload and performance data.	500
	Child Support Field Operations - Field Legal Practice	Determine whether cases that are referred for license suspension and renewal policy follow agency guidelines or policy.	750
	Child Support Network Services	Determine whether CSD Network Services has implemented policies and procedures for its wide area network function to provide reasonable assurance that changes to information system resources are controlled.	300

Prior Audit Follow-up			
Purpose	Auditable Units	Objectives	Budget Hours
Follow-up reviews are designed to determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement findings and recommendations.	Child Support Division	Follow-up of the SDU TXCSES Profiles Management Audit (P12-11)	100
	Child Support Division	Follow-up of the Texas Debit Card Audit (P12-102)	100
	Administrative & Legal	Follow-up on Decentralized IT Systems (P11-11)	100
	Administrative & Legal	Follow-up on Seized & Forfeited Funds Audit (P12-12)	100
	Administrative & Legal	Follow-up on LEDD (P14-104)	50

<b>Carry-Forward Projects</b>			
<b>Purpose</b>	<b>Auditable Units</b>	<b>Title of Project</b>	<b>Budget Hours</b>
Projects that are in process at the end of Fiscal Year 2014 will rollover to Fiscal Year 2015.	Child Support Division	Contract Compliance Review (P14-06)	440
	Child Support Division	Case Processing Controls (P13-14A)	100
	Child Support Division	Legal Counsel Review (P14-10)	25
	Child Support Division	Follow-up of the IT Contract Management (P13-09)	50
	Administrative & Legal	Evaluation of the Effectiveness of the Agency's Fraud Waste and Abuse Prevention Program (P14-09)	133
	Enterprise Wide	Texas Administrative Code Review – TAC Title 1 Part 10 Chapter 202 Subchapter B (IT Governance Component - P14-106)	450

<b>Non-Audit Services</b>			
<b>Purpose</b>	<b>Auditable Units</b>	<b>Objectives</b>	<b>Budget Hours</b>
Non-audit services are advisory and related client service activities which are intended to add value and improve agency governance, risk management, and control processes.	Child Support Division	TXCSES 2.0 Consulting	600
	Administrative & Legal	Crime Victim Services Phase II Consulting	50
	Administrative & Legal	Legacy System Replacement Consulting (e.g., Legal Case Management and Procurement Systems)	50
	Enterprise Wide	Accessibility and Information Protection work groups Section 508 of the 1973 rehabilitation Act, Texas Govt. Code 2054 sub chapter M Title 1, Part of 10 Texas Administrative code 206 and 213	25
	Child Support Division	Financial Reconciliation Risk Analysis	250

In addition to planned audit and non-audit services, the Internal Audit Division has ongoing administrative responsibilities, which include:

- Issuance of an Annual Internal Audit Report
- Development of an Annual Risk Assessment and Audit Plan
- Internal Audit Division Annual Self-Assessment
- Preparation for Transition to New Attorney General
- Teammate 10.3 Risk Assessment Module Implementation and Training
- Update of the Internal Audit Charter

**Appendix I**  
**Available Staff Time Estimate for FY 2015**

To ensure that internal audit resources are sufficient and effectively utilized to achieve the approved plan, an analysis was conducted to determine the amount of direct audit time that would be available by the audit staff. The Fiscal Year 2015 state holiday schedule, average staff leave time, and estimated administrative time were used to determine the resources available during Fiscal Year 2015.

<b>Total Annual Available Hours Per Full Time Equivalent (FTE)</b>	
<b>Annual Totals</b>	<b>Hours</b>
<b>Based on 52 weeks @ 40 Hours Per Week</b>	<b>2080</b>
Annual Leave (12.6 hours * 12 months)	-150
Sick Leave (14 days * 8 hours/day)	-112
Holiday/Adm. Leave (18 days * 8 hours/day)	-144
<b>Total Available Work Hours</b>	<b>1674</b>
Training/CPE 40 hours per auditor plus 10 for additional certifications	-50
Audit Support/Miscellaneous (14 days * 8 hours/day)	-112
Administration/Non-CPE Training (45 weeks * 2.5 hrs/week)	-112
<b>Total Available Project Hours per FTE</b>	<b>1,400</b>

**Note:** Totals reflect automatic rounding in spreadsheet.

**Total Estimated Internal Audit Division Staff Project Hours Available in FY 2015 as of September 1, 2014<sup>2</sup>.**

<b>Auditors</b>	<b>2015 Annual Available Project Hours</b>
Quality Assurance Manager/Auditor	938
A&L Funded Auditor	1,400
A&L Funded Auditor	1,400
CS Funded Auditor	1,400
CS Funded Auditor	1,400
CS Funded Auditor	1,400
CS Funded Auditor	1,400
<b>Total – Audit Team Hours</b>	<b>9,338</b>

**Note:** Totals reflect automatic spreadsheet rounding.

<sup>2</sup> The Internal Audit Director in addition to oversight also is an audit resource that can be used to achieve planned projects. Also, two additional Administrative & Legal funded auditors are anticipated to be hired to supplement existing audit resources during the audit year, thus increasing the available audit hours accordingly.

## **Section VI**

### **External Audit Services Procured in Fiscal Year 2014**

## VI. External Audit Services Procured in Fiscal Year 2014

The following table contains information related to an executed contract for auditing services procured (in which related payments made) during Fiscal Year 2014 by the Office of the Attorney General.

*Note: No external audit services were directly procured by the Agency's Internal Audit Division during Fiscal Year 2014.*

External Auditing Services Procured or Payments were Made During Fiscal Year 2014				
Firm	Purpose	City	State	OAG Contract #
Rupert and Associates, P.C.	Grant Compliance	Austin	Texas	13-41478
In accordance with Texas Government Code, Section 321.020, the Agency obtained approval from the State Auditor's Office to procure audit services from the noted firm.				

## **Section VII**

### **Reporting Suspected Fraud and Abuse**

## **VII. Reporting Suspected Fraud and Abuse**

In accordance with requirements of Section 7.09, and the General Appropriations Act (83<sup>rd</sup> Legislature, Conference Committee Report), Article IX, the Office of the Attorney General (OAG) of Texas provides instructions on its public website for reporting Fraud Waste and Abuse to the State Auditor's hotline and to the OAG hotline.

In addition to information located on the public website, Fraud, Waste, and Abuse Policies and Procedures are posted on the OAG's Intranet for all employees to reference. The agency's Fraud, Waste, and Abuse Prevention Program requires all employees to take Fraud, Waste, and Abuse Prevention Program training within 30 days of initial employment and take the training every two years. Furthermore, an appointed ethics advisor is available for employees to consult.

In relation to Texas Government Code, Section 321.022, Coordination of Investigations, when the State Auditor's Office receives a complaint and refers that complaint to the Internal Audit Division, the Chief Audit Executive coordinates the investigation with the appropriate divisions within the OAG.

## **Section VIII**

### **Annual Report Distribution**

## VIII. Annual Report Distribution

*This report is forwarded via email to the following oversight agencies:*

*Governor's Office of Budget, Planning, and Policy – [internalaudits@governor.state.tx.us](mailto:internalaudits@governor.state.tx.us)*

*State Auditor's Office – [iacoordinator@sao.state.tx.us](mailto:iacoordinator@sao.state.tx.us)Legislative*

*Budget Board – [Ed.Osner@lbb.state.tx.us](mailto:Ed.Osner@lbb.state.tx.us)*

*Sunset Advisory Commission – [sunset@sunset.state.tx.us](mailto:sunset@sunset.state.tx.us)*

# **Attachment A**

## **Compliance with HB 16**

*Summary of  
Recommendations,  
Management Responses,  
and Implementation  
Statuses*

**Attachment A – Compliance with HB 16**

A summary of audit activities conducted to help ensure efficiency of operations and risk mitigation is located in the following table.

<p align="center"><b>Summary of Audit Activities – Reported in Fiscal Year 2014 (Recommendations, Management Responses, and Implementation Statuses)</b></p>			
<b>Audit Title (Report Number)</b>	<b>Recommendations</b>	<b>Management Response</b>	<b>Progress Toward Implementation</b>
<p>A Follow-up Audit Report on Seized and Forfeited Assets (12-012)</p>	<p>Recommendations within the scope of the follow-up review totaled fourteen (14).  Recommendations were offered to enhance controls related to the recording, use, and reporting of seized and forfeited assets (funds). Also, a recommendation was offered that related to the appointment of a seized and forfeited manager who is responsible for the OAG agency-wide forfeiture and seizure activity.</p>	<p>Management responses in the original and follow-up audit report reflect agreement with observations and the feasibility of audit recommendations.</p>	<p>The Office of the Attorney General (Agency) has taken action to ensure that recommendations are fully implemented. For recommendations that were not fully implemented (four) at the close of reporting, the Agency had made significant implementation progress.  At this time, a follow-up review is planned to be performed within Fiscal Year 2015 to determine the current implementation status of remaining recommendations that were not noted as fully implemented at the close of reporting.</p>
<p>An Audit Report on the Office of the Attorney General’s Child Support Technology Contract Management (13-09)</p>	<p>Recommendations offered will assist the Child Support (CS) Technology Section in their continual movement toward the next operational level in which effectiveness is measured through collecting and reporting on detailed data and ensure compliance with applicable contract management requirements.</p>	<p>Management responses reflect agreement with observations noted in the audit report and the feasibility of audit recommendations.</p>	<p>During the audit’s reporting phase, the CS Technology Contract Section defined action plans for the implementation of audit recommendations.  A follow-up review by Internal Audit to determine the current implementation status of recommendations is in progress for Fiscal Year 2015.</p>

**Summary of Audit Activities – Reported in Fiscal Year 2014  
(Recommendations, Management Responses, and Implementation Statuses)**

<b>Audit Title (Report Number)</b>	<b>Recommendations</b>	<b>Management Response</b>	<b>Progress Toward Implementation</b>
A Follow-up Audit Report on the Office of the Attorney General’s Child Support Division Physical Security for the State Disbursement Unit (13-16)	In consideration of the sensitive or confidential subject matter, recommendations noted in this report related to physical security were excepted from public disclosure.	Management responses in the original and follow-up audit reports reflect agreement with observations and that actions would be taken to mitigate any potential security risks.	The Agency’s Child Support Division has fully implemented planned actions (recommendations or alternative control measures) designed to mitigate risks identified in the original review.
Law Enforcement Defense Division’s Travel and Timekeeping Processes (14-104)	Two recommendations were offered as a result of this review.  In relation to timekeeping, a recommendation was made to provide additional assurance of the accuracy of time reported in the Office of the Attorney General’s leave accounting and Legal Billing timekeeping systems (e.g., reconciliations between time keeping systems). Also, one recommendation offered emphasized the importance of written procedures which ensure that personnel are clear on division’s processes related to time and travel.	Management responses reflect agreement with observations noted in the audit report and the feasibility of audit recommendations.	The division has taken and/or defined actions to implement audit recommendations.  At this time, a follow-up review to determine the current implementation status is planned for Fiscal Year 2015.  Division self-reported status – One recommendation related to timekeeping was reported as fully implemented at the end of the audit’s reporting phase.