

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

Fiscal Year 2021



Office of the Attorney General
Ken Paxton

November 2021

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Section I

Compliance with Texas Government Code Section 2102.015

Office of the Attorney General
Internal Audit Division's Annual Report for Fiscal Year 2021

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 2021.

I. Compliance with Texas Government Code, Section 2102.015

The Office of Attorney General Internal Audit Division complies with Texas Government Code, Section 2102.015 by posting the Internal Audit Plan, Internal Audit Annual Report, and other audit applicable 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 Texas Government Code, Section 2102.015 are submitted to the Office of the Attorney General's 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 to annual and periodic reporting compliance, a summary of audit activities conducted to help ensure efficiency of operations and risk mitigation is in Appendix A.

Section II

Status of the Internal Audit Plan for Fiscal Year 2021

II. Status of the Internal Audit Plan for Fiscal Year 2021

The following tables provide information regarding the status of Fiscal Year (FY) 2021 Internal Audit Plan and prior year close-out activities as of October 31, 2021.

Performance Audits Performed or Completed in FY 2021

Auditable Unit or Project Title Status Update	Audit Phase	Internal Audit Project Number	Date Released
Enterprise Wide – Facilities Security Incident Response Review	Complete	P20-08	12/11/2020
The objective of the audit was the assessment of current Facilities Security Incident Response. In addition, the following was covered for the Child Support Division (CSD): Evaluated processes over identifying and responding to human threats at physical locations.			
Enterprise Wide – Assessment of Agency Protocol for Reporting Vendor Performance	Final Audit Phase (Reporting)	P21-08	N/A
The objective of the audit is to identify and assess Agency’s controls in place to ensure compliance with reporting requirements to the Texas Comptroller’s Office for vendor performance data.			

Prior Audit Follow-up Activities Performed or Completed in FY 2021

Auditable Unit - Prior Audit Follow-up Activities Status Update	Audit Phase	Internal Audit Project Number	Date Released
Civil Litigation – Bankruptcy and Collections Audit: Case Quality Control - Follow-up	Complete	P20-12	11/24/2020
Enterprise Wide – Information Security Audit: Incident Management - Follow-up	Final Audit Phase (Reporting)	P21-10	N/A

Non-Audit Follow-up Activities Performed or Completed in FY 2021

Unit - Prior Non-Audit Follow-up Activities Status Update	Internal Audit Project Number	FY 2022 Activity
Civil Litigation – Transportation Consulting: Process Review - Follow-up	P20-106	N/A –Project Complete
Enterprise Wide – Information Technology Consulting: Software Contract Compliance Monitoring Activities - Follow-up	P20-111	N/A –Project Complete

Approved Revisions to the FY 2021 Audit Plan

The plan submitted during November 2021 was approved for revision as follows.

Consulting Engagements: Consulting engagements planned for FY 2021 were approved for modification as follows.

Consulting (Non-Audit Service) Operational Unit	FY 2021 Audit Plan Adjustment
Civil Litigation – Case Time Study	Engagement added as FY 2021 approved activity.
Legal Counsel – Legal Technical Support Services Assessment	Engagement deferred for performance in a future fiscal year.

Timing of Follow-up Activities: Internal Audit received approval to move formal follow-up activities for the two projects denoted below to fiscal year 2022. Key changes in management (normal workforce attrition) and general processing environments (reasonable adjustment of the implementation timing of planned enhancements) support the logical movement of the follow-up of activities to the subsequent fiscal year.

Internal Audit held discussions with current operational management to review prior reports and associated recommendations and prior management action plans for assurance of action plan implementation awareness.

- Enterprise Wide – Information Technology Audit: IT Asset Management Hardware Review - Follow-up; and
- Enterprise Wide – Assessment of Invoice Validation Practices (Vendor Billing Compliance with Contract Requirements) - Follow-up.

Compliance with Texas Government Code, Section 2102.005(b)

The Internal Audit Division (IAD) uses an established risk assessment process to identify agency operational risks and controls. The annual risk assessment survey includes controls designed to ensure compliance with agency policy over contract processes, including monitoring agency contracts, specified under Texas Government Code, Section 2102.005(b) effective on September 1, 2019.

Activities performed in Fiscal Year 2021 addressing contract processes and/or contract monitoring were as follows:

- Provided internal feedback to operational management for consideration in line the State Auditor Office’s (SAO) Internal Audit Reporting guidelines and SAO’s Senate Bill (SB) 65 assessment requirements;
- Performed Assessment of Agency Protocol for Reporting Vendor Performance; and
- Completed Follow-up Review of Agency Software Contract Compliance.

Section III

Consulting Engagements and Non-Audit Services

III. Consulting Engagements and Non-Audit Services

The following tables provide a description of approved consulting engagements and non-audit services performed and/or completed during fiscal year 2021.

Consulting Engagements (Non-Audit Services) Performed or Completed during FY 2021

Auditable Unit or Project Title Status Update	Project Number	FY 2022 Activity
Law Enforcement – Internet Crimes Against Children (ICAC) Workflow Assessment	P20-107	N/A – Project Complete
Internal Audit analyzed ICAC workflow and offered recommendations for management’s consideration.		
Law Enforcement –Fugitive Apprehension Workflow Assessment	P20-108	N/A – Project Complete
Internal Audit analyzed the Fugitive Apprehension Unit’s workflow, staff utilization, and offered recommendations for management’s consideration.		
Civil Litigation – Consumer Protection Division	P21-106	Final Project Phase (Reporting)
Internal Audit is performing an analysis of select components of the division’s workflow and will offer recommendations for management’s consideration.		
Legal Counsel – Open Records Workflow Assessment	P21-107	N/A – Project Complete
Internal Audit identified and developed workflow diagrams for a select function and offered recommendations for management’s consideration.		
Civil Litigation – Time Analysis	P21-108	N/A –Project Complete
Internal Audit performed a time keeping record analysis of select divisions.		

Routine Non-Audit Service Projects Identified in the FY 2021 Audit Plan

Routine Non-Audit Services are generally on-going activities that will also occur during the subsequent fiscal year.

Routine Non-Audit Service Project Title/ Summary Description	Project Number
Child Support – Project Management and Risk Mitigation Feedback	P21-100
This routine non-audit service (consulting engagement) provides advisory services to Child Support Division management as applicable on select projects or process risk mitigation.	
Enterprise Wide – Project Management and Risk Mitigation (Centralized Accounting and Payroll/ Personnel System)	Audit Support Activity
Ongoing consulting engagement that will occur until the Centralized Accounting and Payroll/Personnel System (CAPPs) is fully implemented within applicable divisions. As applicable, this consulting engagement affords an avenue for Internal Audit to provide advisory services and feedback for management’s consideration as operational personnel plan and implement CAPPs.	
Enterprise Wide – Texas Administrative Code 202 Compliance and Follow-up Activities (IT Governance Component)	Continuous Monitoring Activity
During 2021, Internal Audit briefed current management regarding historical Texas Administrative Code (TAC) requirements and internal recommendations. Outreach to the Agency’s Information Security Officer occurs as needed during fiscal year.	
Peer Review Participation for Reciprocity Requirements	Administrative Activity
In line with reciprocity requirements, the OAG Internal Audit Division has personnel trained to lead and/or assist with external quality assurance reviews for another state agency to determine the audit function’s compliance with required auditing standards.	
Strategic – Business Continuity	Non-Audit Activity
Internal Audit provided information upon request for a periodic business continuity (risk management) survey.	
Legacy System Replacement Consulting (IT Governance)	P21-102
Upon request or as applicable to performed engagements, Internal Audit provided independent and objective recommendations to management for consideration related to legacy system redesign or replacement projects.	
Technical Assistance Non-Information Technology	P21-104
Internal Audit assisted the Public Finance Division through facilitation of risk mitigation meetings, developed process flow diagrams for division management use or consideration during process flow enhancement assessments in a growing telework environment.	

Routine Non-Audit Service Project Title/ Summary Description	Project Number
Enterprise-Wide Governance – Information Protection Work Group	Audit Support Activity
Internal Audit serves in an advisory role for Information Protection work group (Texas Government Code Chapter 2054, subchapter M). During FY 2021 Internal Audit provided general overview of work group historical meeting content and frequency to applicable personnel.	
External Audit Liaison Activities	Audit Support Activity
Served as audit liaison in various external reviews or research requests (e.g., State and Federal Reviews). Primary duties included coordination of applicable meetings, information and research requests, and ensuring the safeguarding of disseminated information.	

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, the OAG's Internal Audit Division received an External Quality Assurance Review. The latest quality assurance review report was issued in October 2021. Internal Audit received the highest of three possible ratings during the last peer review. The review's overall conclusion is provided on the following page.

The Internal Audit Division will continue to demonstrate its commitment to the IIA Code of Ethics and fulfillment of responsibilities as defined within the Internal Audit Charter.

External Quality Assurance Review

OVERALL OPINION

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Office of Attorney General Internal Audit Division (the “Internal Audit Division”) receives a rating of “**Pass/Generally Conforms**” and is in compliance with the Institute of Internal Auditors (IIA) *International Professional Practices Framework* and Code of Ethics, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing 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 Division 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 Division is well managed internally. In addition, the Internal Audit Division has effective relationships with the Administration and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers the Internal Audit Division to be a useful part of the overall organization’s operations and finds that the audit process and report recommendations add value and help improve the organization’s operations.

The Internal Audit Department has reviewed the results of the peer review team’s work and has accepted them to be an accurate representation of the Department’s operations.

Acknowledgements

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, Internal Audit staff, Administration and management who participated in the interview processes. We would also like to thank each person who completed surveys for the quality assurance review. The feedback from the surveys and the interviews provided valuable information regarding the operations of the Internal Audit Division, its relationship with management, and compliance with auditing standards.

 AB9DC390FB724C8...	10/29/21	 95E8EC38C7184FE...	10/29/2021
_____ Tony Chavez, CIA, CGAP, CRMA Director of Internal Audit <i>Employees Retirement System of Texas</i> SAIAF Peer Review Team Leader	Date	_____ Camilla Cannon, CGAP Internal Auditor <i>Texas Workforce Commission</i> SAIAF Peer Review Team Member	Date

Section V

Internal Audit Plan for Fiscal Year 2022

Internal Audit Plan for Fiscal Year 2022

The annual audit plan is a guide that is developed for the effective utilization of the division's resources during the fiscal year to address the risks of the Office of the Attorney General (OAG). Audit activities included in the annual audit plan are those areas that represent risk to the agency based on the agency-wide annual risk assessment process.

Proposed internal audit activities for FY 2022 were presented to Executive Management for approval and are included in this report (Annual Report Pages 15 through 25).

INTERNAL AUDIT PLAN

FY 2022

Internal Audit Division



**Office of the Attorney General
Ken Paxton**

Approved – November 2021

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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 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.

The audit plan may be modified 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 updates to the plan. Any significant updates 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 audit resources available in Q1 of FY22. Additional projects will be submitted to the First Assistant Attorney General for review and approval as needed based on any significant operational changes or special project requests.

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.

IAD complies with the United States Government Accountability Office's (GAO) Government Auditing Standards, the Institute of Internal Auditors' (IIA) International Professional Practices Framework and the Information Systems Audit and Controls Association's IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals. The Internal Audit Charter, approved by the Attorney General and the First Assistant Attorney General sets forth the purpose, authority, and responsibility of IAD.

Professional and Statutory Requirements

This document provides the Fiscal Year 2022 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, lower risks, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Therefore, the sufficiency and appropriateness of evidence 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 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. These audits are scheduled within a reasonable time frame to allow management sufficient opportunity to implement corrective actions.

Non-audit services are advisory 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 (OAG). 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:

- Potential for impact on agency-wide policies and procedures
- Changes in systems, processes, policies, or procedures
- Results and time since last audit engagement
- Extent of government regulation
- Information and communication
- Transaction volume
- Staff turnover

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.

Internal Audit is also required by law 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. Specific carry-forward projects are identified in the Fiscal Year 2022 Internal Audit Plan.

In line with the State Auditor's Office (SAO) Guidelines for the Internal Audit Plan for Fiscal Year 2022, the following identified projects relate to capital budget control, contract management and other contract requirements.

- Performance and Follow-up Audits - Contract Management and Capital Budget Control:
 - Contract Management - Contract Monitoring Assessment; and
 - Contract Management - Assessment of Invoice Validation Practices (Vendor Billing Compliance with Contract Requirements) - Follow-up.

The following tables provide information regarding planned Internal Audit activities for FY 2022.

Performance Audit (Assurance) Projects for FY 2022				
Auditable Unit	Audit Area	Title of Project	Preliminary Objectives	Estimated Budget Hours
Enterprise Wide	Contract Management	Contract Monitoring Assessment	Assessment of select contract monitoring plans to determine compliance with internal monitoring procedures for contract oversight and identify best practices.	1,200
Total Audit (Assurance) Project Hours				1,200

Prior Audit Follow-up Projects for FY 2022		
Follow-up on Implementation Status of Prior Audit Recommendations		
Auditable Unit	Audit Follow-up Area(s)	Estimated Budget Hours
Enterprise Wide	Information Security Audit: Incident Management - Follow-up (Carry-Forward Project)	100
Enterprise Wide	Information Technology Audit: IT Asset Management Hardware Review - Follow-up	150
Enterprise Wide	Assessment of Invoice Validation Practices (Vendor Billing Compliance with Contract Requirements) - Follow-up	150
Enterprise Wide	Facilities Security Incident Response Review - Follow-up	300
Child Support	Field Operations Physical Layout and Managerial Oversight - Follow-up	150
Total Follow-up Project Hours		850

Prior Year – Close-out Activities	
Audit Activity Description	Estimated Budget Hours
In accordance with Annual Reporting Guidelines, Internal Audit prepares a report that reflects the status of prior audit activity. In addition to annual report preparation, close-out activities include finalization of prior audit plan audits or consulting engagements in the final audit phase (reporting).	400
Total Close-out Hours	400

Non-Audit Services Projects (Special Projects - Consulting) for FY 2022				
Auditable Unit	Audit Area	Title of Project	Preliminary Objectives	Estimated Budget Hours
Child Support	Administrative Operations and Field -Based Units	Training Assessment	Assess alignment and identify gaps between regional training and State Office training in terms of content, practices, and efficacy.	1,000
Enterprise Wide	Legal Technical Support	Legal Technical Support Services Assessment	Compare the roles and responsibilities of legal analysts hired within legal divisions to those of the legal analysts within the Litigation Technical Support Division to identify potential duplication of effort.	1,000
Total Non-Audit Services (Special Project) Hours				2,000

Routine Non-Audit Services (Consulting or Advisory) for FY 2022			
Area/Unit	Non - Audit Area	Scope/Objective	Estimated Budget Hours
Child Support	Project Management and Risk Mitigation Feedback	Child Support System or Operational Enhancements	100
Enterprise Wide	Project Management and Risk Mitigation Feedback	Assist management enterprise wide in a consulting role during assessment of Centralized Accounting and Payroll/Personnel System (CAPPs) project implementation planning.	50
Information Security and Technology	Compliance and Risk Mitigation Feedback	Texas Administrative Code (TAC) Compliance and Information Security	100
Peer Review (External Entity)	Peer Review Participation for Reciprocity Requirements	Participate in external quality assurance review for another state agency to determine the audit function's compliance with required auditing standards.	100
Administrative and Legal (Crime Victim Services)	Project Management and Risk Mitigation Feedback	Crime Victim Services Consulting	50
Administrative and Legal	Project Management and Risk Mitigation Feedback	Legal Services or Litigation Consulting	100
Enterprise Wide	Business Continuity and Disaster Recovery	Business impact analysis and disaster recovery consulting	100
Enterprise Wide	Governance	Information Protection and Accessibility (Texas Government Code Chapter 2054, subchapter M and Texas Administrative Code, Title 1, Chapters 206 and 213) Work Groups – Advisory Role	50
Administrative and Legal	IT Governance	Legacy System Replacement Consulting - to provide independent and objective recommendations to management for consideration during legacy system redesign or replacement projects	100
Enterprise Wide	IT Governance	Information Technology FY 2022 System Development or Enhancement - Governance Work Group – Advisory Role	50
Total Routine Non-Audit Services (Consulting or Advisory) Hours			800

Mandated Projects and Other Internal Audit Activities

Staff hours allocated to mandatory and other internal audit activities are **1,000** hours (listed below).

- Performance of Audit Liaison Activities with External Auditors or Reviewers
- Issuance of an Annual Internal Audit Report
- Development of an Annual Risk Assessment and Audit Plan
- Internal Audit Division Annual Self-Assessment
- Internal Audit Division Quality Assurance
- Audit Management Software Upgrade Implementation and Training
- Update of the Internal Audit Charter
- Staff Development Initiatives
- Training of New Audit Personnel
- General Quality Assurance

Appendix I

Available Staff Time Estimate for FY 2022

An analysis was conducted to determine the amount of direct audit time that would be available by audit staff to ensure internal audit resources are sufficient and effectively utilized to achieve the approved plan. The Fiscal Year 2022 state holiday schedule, average staff leave time, and estimated administrative time were used to determine the resources available for Fiscal Year 2022.

Total Annual Available Hours Per Full Time Equivalent (FTE)	
Annual Totals	Hours
Based on 52 weeks @ 40 Hours Per Week	2,080
Annual Leave (12.6 hours * 12)	-151
Sick Leave (14 days * 8 hours/day)	-112
Holiday/Adm. Leave	-144
Total Available Work Hours	1,673
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 hours/week)	-113
Total Available Project Hours	1,398

Note: Totals reflect automatic rounding in spreadsheet.

Total Estimated Internal Audit Division Staff Project Hours Available in FY 2022 as of September 1, 2021¹

Total Estimated Available Auditor Project Hours as of September 1, 2021			
Current Audit Resources	Total Available Direct for Fiscal Year 2022	Reserved Direct Audit Hours	Total Available Hours as of September 1, 2021
Budgeted Direct Hours for Audit Staff (5 x 1,398) + 260	6,250	1,000	7,250

Note: Totals reflect automatic rounding in spreadsheet (rounded up).

¹ Estimated increase of available direct audit hours for one new auditor as they are on boarded is 700 (1,398 x .5). 600 hours additional for direct project hours and 100 for direct reserve hours. Available audit hours reflect applicable deductions for training. As hours become available, new audit staff will supplement existing projects and increase available hours for additional audit coverage and mandated audit activities.

Appendix II

Summary of Available Audit Hours for FY 2022 as of September 1, 2021

Available Hours	
Description	Budget
Internal Audit Division Staff Available Work Hours (1,673 x 5) + 260	8,625
Training/Administrative/Audit Support Hours (275 x 5)	(1,375)
Hours Reserved for Special Projects (8,945-1,375-6,470)	(1,000)
Total Internal Audit Staff Project Hours	6,250
Total FY 2022 Audit Project Hours Available Allocated	6,250

**Includes 260 direct Audit Directors' hours for Routine Non-Audit Service Activities or Special Projects.*

Allocation of Available Hours	
Description	Budget
Total Hours - Performance Audits	1,200
Total Follow-up Audit Hours	850
Total Prior Year Close-Out Activities Hours	400
Total Non-Audit Special Project Consulting Hours	2,000
Total Non-Audit Routine Project Hours	800
Mandatory and Other Internal Audit Activities	1,000
Total Hours Allocated for FY 2022	6,250

Section VI

External Audit Services Procured in Fiscal Year 2021

VI. External Audit Services Procured in Fiscal Year 2021

During Fiscal Year 2021, there were no audit services procured that required approval from the State Auditor's Office in accordance with Texas Government Code, Section 321.020.

Section VII

Reporting Suspected Fraud and Abuse

VII. Reporting Suspected Fraud and Abuse

In accordance with requirements of Section 7.09, page IX-37, the General Appropriations Act (86th Legislature) and Section 7.09, page IX-38, the General Appropriation Act (87th Legislature), 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 Office fraud hotline and to the OAG. In addition, the OAG's public website provides a link to the State Auditor's Office website for reporting fraud.

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 five business days of initial employment and every two years thereafter. 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 - Budget and Policy Division – budgetandpolicyreports@gov.texas.gov

State Auditor's Office – iacordinator@sao.texas.gov

Legislative Budget Board – audit@lbb.state.tx.us

Appendix A

Compliance with Texas Government Code 2102.015

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

Appendix A

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

Summary of Audit Activities – Reported in FY2021 (Recommendations, Management Responses, and Implementation Statuses)			
Title (Report Number)	Recommendations	Management Response	Progress Toward Implementation
<i>The current status of the following prior audit recommendations is reflected within this annual report for submittal to applicable oversight entities and in compliance with Texas Government Code 2102.015.</i>			
Follow-up on Agency Wide Evaluation of the Effectiveness of the Agency’s Fraud Waste and Abuse Prevention Program (FWAPP) and Biennium Review (Report 16-12)	Twelve recommendations were offered for management’s consideration (11 in report 14-09 and one in report 16-12). Recommendations were offered to ensure the continued effectiveness of the FWAPP and enhance internal processes which are designed to ensure the readily apparent resolution of a complaint.	Management responses reflect agreement with observations noted in the prior audit reports and the feasibility of audit recommendations.	A follow-up non-audit engagement is in progress. Finalization of follow-up activities is estimated to occur during fiscal year 2022.
Follow-up on Agency Wide Contract Reform Audit (Report 17-11)	Eleven recommendations were offered in the original audit (Report 16-08) for management consideration regarding new contract legislative requirements.	Management responses in the prior audit report reflect agreement with observations and denote planned actions to implement recommendations.	Management has taken action to fully implement nine of the eleven prior audit recommendations. The implementation of the two remaining recommendations are contingent upon Agency’s implementation of the Centralized Accounting and Payroll/Personnel System (CAPPS). Remaining recommendations: Enhanced contract solicitation and contract information reporting to the Texas Comptroller’s Office through CAPPS. The estimated goal for implementation of CAPPS is during fiscal year 2023.

Summary of Audit Activities – Reported in FY2021 (Recommendations, Management Responses, and Implementation Statuses)

Title (Report Number)	Recommendations	Management Response	Progress Toward Implementation
Bankruptcy and Collections – Case Quality Control (Report 18-11)	Seven recommendations were offered for management’s consideration.	Management responses reflect agreement with observations noted in the audit report and denote planned actions to address noted observations and recommendations.	A follow-up audit was performed in fiscal year 2021 (Report 20-12). The division has taken action to address all prior audit recommendations.
Assessment of Invoice Validation Practices (Contract Monitoring – Vendor Billing Compliance with Contract - Report 18-12)	Four recommendations were offered for management’s consideration.	Management responses reflect agreement with observations noted in the audit report and denote planned actions to address noted observations and recommendations.	A follow-up audit is in progress. Final report is estimated for external distribution during fiscal year 2022.
Invoice Approval and Payment Authorization Controls Follow-up (Report 18-14)	Nine recommendations were offered in the original audit (Report 17-08) for management’s consideration.	Management responses reflect agreement with observations noted in the prior audit report and denote planned actions to address noted observations and recommendations.	<p>Management has taken action to fully address seven of the nine prior audit recommendations. One recommendation is classified as an on-going process (assessment and coordination of feasible receiving and inventory tracking system enhancement).</p> <p>The second open recommendation (possible application interface) is contingent upon Agency’s implementation of the Centralized Accounting and Payroll/Personnel System (CAPPS).</p> <p>The estimated goal for implementation of CAPPS is during fiscal year 2023.</p>
Information Security Incident Management (Report 19-10)	Six recommendations were offered for management’s consideration.	Management responses reflect agreement with observations noted in the audit report and denote planned actions to address noted observations and recommendations.	A follow-up audit is in progress. Final report is estimated for external distribution during fiscal year 2022.

Summary of Audit Activities – Reported in FY2021 (Recommendations, Management Responses, and Implementation Statuses)

Title (Report Number)	Recommendations	Management Response	Progress Toward Implementation
IT Asset Hardware Management (Report 19-11)	Six recommendations were offered for management’s consideration.	Management responses reflect agreement with observations noted in the audit report and denote planned actions to address noted observations and recommendations.	A follow-up audit is in progress. Final report is estimated for external distribution during fiscal year 2022.
Child Support – Field Physical Layout & Oversight (Report 20-09)	Observations were presented to management for development of applicable action plans.	CSD Management has accepted observations and devised action plans to address recommendations as management assesses and carries out optimal customer service options.	A follow-up is scheduled for fiscal year 2022 to determine the status of management actions.
Enterprise-Wide Facilities Security Incident Response Review (P20-08)	Recommendations were offered for management’s consideration.	Management responses reflect agreement with observations noted in the audit report and denote planned actions to address noted observations and recommendations.	A follow-up is scheduled for fiscal year 2022 to determine the status of management actions.