

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

Fiscal Year 2022



Office of the Attorney General
Ken Paxton

November 2022

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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 2022

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 were performed during Fiscal Year 2022.

I. Compliance with Texas Government Code, Section 2102.015

The Office of the Attorney General Internal Audit Division complies with Texas Government Code, Section 2102.015 by posting the Internal Audit Plan, Internal Audit 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 2022

II. Status of the Internal Audit Plan for Fiscal Year 2022

The following tables provide information regarding the status of Fiscal Year (FY) 2022 Internal Audit Plan and prior year close-out activities as of October 31, 2022.

Performance Audit (Assurance) Project Performed in FY 2022

Auditable Unit or Project Title Status Update	Audit Phase	Internal Audit Project Number	Date Released
Enterprise Wide – Contract Monitoring Assessment	Pre-Planning Phase	P22-12	N/A
The objective of the audit is to assess select contract monitoring plans to determine compliance with internal monitoring procedures for contract oversight and identify best practices.			

Prior Audit Follow-up Activities Performed in FY 2022

Auditable Unit - Prior Audit Follow-up Activities Status Update	Audit Phase	Internal Audit Project Number	Date Released
Enterprise Wide – Information Security Audit: Incident Management - Follow-up	Final Audit Phase (Reporting)	P21-10	N/A
Enterprise Wide – Assessment of Invoice Validation Practices (Vendor Billing Compliance with Contract Requirements) - Follow-up	Final Audit Phase (Reporting)	P22-08	N/A
Enterprise Wide – Information Technology Audit: IT Asset Management Hardware Review- Follow-up	Final Audit Phase (Reporting)	P22-09	N/A
Child Support – Field Operations Physical Layout Managerial Oversight- Follow-up	Fieldwork	P22-10	N/A
Enterprise Wide – Facilities Security Incident Response Review- Follow-up	Fieldwork	P22-11	N/A

Performance Audit (Assurance) Project – Prior Year: Close-out Activity

Auditable Unit or Project Title Status Update	Audit Phase	Internal Audit Project Number	Date Released
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.			

Approved Revisions to the FY 2022 Audit Plan

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

Consulting Engagement: Consulting engagement planned for FY 2022 was approved for modification as follows.

Consulting (Non-Audit Service) Operational Unit	FY 2022 Audit Plan Adjustment
Civil Litigation – Time Study Consulting Engagement – Phase II	Engagement added as FY 2022 approved activity.

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 September 1, 2019.

Activities performed in Fiscal Year 2022 addressing contract processes and/or contract monitoring were as follows:

- Coordinated with operational management to provide additional update (as applicable) for consideration in line with the State Auditor Office’s (SAO) Internal Audit Reporting guidelines and SAO’s Senate Bill (SB) 65 assessment requirements;
- Continued engagement related to the Assessment of Agency Protocol for Reporting Vendor Performance;
- Performed Invoice Validation Assessment Follow-up Audit; and
- Initiated pre-planning activities related to Enterprise Wide Contract Monitoring Assessment.

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 2022.

Consulting Engagements (Non-Audit Services) Performed during FY 2022

Auditable Unit or Project Title Status Update	Project Number	FY 2023 Activity
Enterprise Wide – Legal Technical Support Services Assessment	P22-106	N/A – Project Complete
Internal Audit compared the roles and responsibilities of analysts, or similar roles relevant to this engagement, within the agency, to those of the data analysts within the Legal Technical Support (LTS) Division to identify potential duplication of effort.		
Child Support – Training Assessment	P22-107	Final Project Phase (Reporting)
Internal Audit performed an analysis of select components of the division’s workflow and will offer recommendations for management’s consideration.		
Civil Litigation – Time Study Consulting Engagement – Phase II	P22-109	N/A – Project Complete
Internal Audit performed a time keeping record analysis of select divisions.		

Consulting Project – Prior Year: Close-out Activity

Auditable Unit or Project Title Status Update	Project Number	FY 2023 Activity
Civil Litigation – Consumer Protection Workflow Assessment	P21-106	N/A – Project Complete
Internal Audit performed an analysis of select components of the division’s workflow and will offer recommendations for management’s consideration.		

Routine Non-Audit Service Projects Identified in the FY 2022 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
Enterprise Wide – Fraud, Waste, and Abuse Prevention Program	Non-Audit Activity
Performed biennium review activities related to the Agency’s Fraud, Waste, and Abuse Prevention Program (Follow-up on the implementation status of prior Internal Audit recommendations)	
Child Support – Project Management and Risk Mitigation Feedback	P22-100
This routine non-audit service provides advisory services to Child Support Division management as applicable on select projects or processes.	
Legacy System Replacement Consulting (IT Governance)	P22-102
Upon request or as applicable, Internal Audit provided independent and objective feedback or recommendations to management for consideration related to legacy system redesign or new system related projects.	
Administrative and Legal Divisions – Project Management and Risk Mitigation Feedback (Technical Assistance Non-Information Technology)	P22-104
This routine non-audit service provides advisory services to Administrative/Legal Division management as applicable on select projects or processes. During the fiscal year, Internal Audit continued assistance to 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.	
Enterprise Wide – Technical Assistance CAPPs (Centralized Accounting and Payroll/ Personnel System)	P22-105
As applicable, this consulting engagement project affords an avenue for Internal Audit to provide advisory services and feedback for management’s consideration as operational personnel plan and implement Centralized Accounting and Payroll/Personnel System (CAPPs) modules.	
Enterprise Wide – Texas Administrative Code 202 Compliance and Follow-up Activities (IT Governance Component)	Continuous Monitoring Activity
During 2022, Internal Audit reviewed historical Texas Administrative Code (TAC) requirements and confirmed the current applicability and implementation status of internal recommendations. Outreach to the Agency’s Information Security Officer occurs as needed during fiscal year.	
Peer Review Participation for Reciprocity Requirements – External Peer Review of Select Texas Agencies	Administrative Activity

Routine Non-Audit Service Project Title/ Summary Description	Project Number
In line with reciprocity requirements, the OAG's 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. A designated OAG Internal Audit team member participated in two reciprocity peer review engagements during fiscal year 2022.	
Strategic – Business Continuity	Non-Audit Activity
Internal Audit provided information upon request for a periodic business continuity survey.	
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).	
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 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.

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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 2023

Internal Audit Plan for Fiscal Year 2023

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 which includes management insight.

Proposed internal audit activities for FY 2023 were presented to Executive Management for approval and are included in this report (Annual Report Pages 15 through 25).

The background of the page features a large, faint, circular seal of the Attorney General of Texas. The seal contains a five-pointed star in the center, surrounded by a wreath. The words "ATTORNEY GENERAL" are arched across the top, and "TEXAS" is arched across the bottom.

INTERNAL AUDIT PLAN

FY 2023

Internal Audit Division

**Office of the Attorney General
Ken Paxton**

Approved - November 2022

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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 FY23. 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 (ISACA) 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 2023 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' (IIA) 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 for non-technology and technology areas including information security:

- 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 2023 Internal Audit Plan.

In line with the State Auditor's Office (SAO) Guidelines for the Internal Audit Plan for Fiscal Year 2023, the following identified projects relate to capital budget control, contract management and other contract requirements.

- Performance Audit and Non-Audit Service Activities – Contract Management:
 - Assessment of Agency Protocol for Reporting Vendor Performance
 - Assessment of Invoice Validation Practices (Vendor Billing Compliance with Contract Requirements) - Follow-up
 - Contract Monitoring Assessment

The following tables provide information regarding planned Internal Audit activities for FY 2023.

Performance Audit (Assurance) Projects for FY 2023				
Auditable Unit	Audit Area	Title of Project	Preliminary Objectives	Estimated Budget Hours
Enterprise Wide	Contract Management	Contract Monitoring Assessment (Carry-Forward Project)	Assessment of select contract monitoring plans to determine compliance with internal monitoring procedures for contract oversight and identify best practices.	1,000
Total Audit (Assurance) Project Hours				1,000

Prior Audit Follow-up Projects for FY 2023		
Follow-up on Implementation Status of Prior Audit Recommendations		
Auditable Unit	Audit Follow-up Area(s)	Estimated Budget Hours
Enterprise Wide	Facilities Security Incident Response Review - Follow-up (Carry-Forward Project)	200
Child Support	Field Operations Physical Layout and Managerial Oversight - Follow-up (Carry-Forward Project)	150
Total Follow-up Project Hours		350

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).	200
Total Close-out Hours	200

Non-Audit Services Project (Special Project - Consulting) for FY 2023				
Consulting Unit	Project Area	Title ofProject	Preliminary Objectives	Estimated Budget Hours
Human Resources	Human Resources (and Information Technology)	CAPPS (Centralized Accounting and Payroll/ Personnel System) Human Resources Consulting Engagement	Identification of Select Internal CAPPS Change Controls	500
Total Non-Audit Services (Special Project) Hours				500

Routine Non-Audit Services (Consulting or Advisory) for FY 2023			
Non-Audit Service Unit	Non-Audit Area	Scope/Objective	Estimated Budget Hours
Enterprise Wide	Governance	Information Technology Project – Governance Committee Advisory Role	100
Information Security and Technology	Compliance and Risk Mitigation Feedback	Texas Administrative Code (TAC) Compliance and Information Security	80
Enterprise Wide	Governance	Governance Committee Information Protection and Accessibility Work Groups – Advisory Role	50
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.	40
Enterprise Wide	Business Continuity and Disaster Recovery	Business impact analysis and disaster recovery consulting	40
Various Divisions	Project Management and Risk Mitigation Feedback	Child Support System, Crime Victims, Legal Services or Litigation Consulting	40
Total Routine Non-Audit Services (Consulting or Advisory) Hours			350

Staff hours allocated to mandatory and other internal audit activities are **900** 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
- FWAPP Biennium Review
- 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 2023

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 2023 state holiday schedule, average staff leave time, and estimated administrative time were used to determine the resources available during Fiscal Year 2023.

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 months)	-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 2023 as of September 1, 2022

Total Estimated Available Auditor Project Hours as of September 1, 2022 ¹			
Current Audit Resources	Total Available Direct for Fiscal Year 2023	Reserved Direct Audit Hours	Total Available Hours as of September 1, 2022
Budgeted Direct Hours for Audit Staff (3 x 1,398+206*)	3,300	1,100	4,400

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

¹Available hours are based on filled full time equivalent (FTE) employees as of September 1, 2022.

Appendix II

Summary of Available Audit Hours

Estimated Available Hours as of September 1, 2022	
Description	Budget
Internal Audit Division Staff Available Work Hours (1,673 x 3)	5,019
Training/Administrative/Audit Support Hours (275 x 3)	(825)
Hours Reserved for Special Projects (5,019-825-3,300+206*)	(1,100)
Internal Audit Management Hours for Reserved Direct Audit Hours	206
Total Internal Audit Staff Project Hours	3,300
Total FY 2023 Audit Project Hours Available Allocated	3,300

*Hours from Internal Audit Management Allocation for Reserved Direct Audit Hours

Allocation of Available Hours	
Description	Budget
Total Performance Audit (Assurance) Project Hours	1,000
Total Follow-up Audit Hours	350
Total Prior Year Close-Out Activities Hours	200
Total Non-Audit Services Special Project (Consulting) Hours	500
Total Non-Audit Routine Project Hours	350
Mandatory and Other Internal Audit Activities	900
Total Hours Allocated	3,300

Section VI

External Audit Services Procured in Fiscal Year 2022

VI. External Audit Services Procured in Fiscal Year 2022

During Fiscal Year 2022, there were no audit services procured by Internal Audit 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 the requirements of Section 7.09, pages IX-38 and IX-39 of 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 (5) business days of initial employment and every two years thereafter. Furthermore, an appointed ethics advisor can advise employees on issues regarding ethics and integrity.

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 OAG's 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 – iacoordinator@sao.texas.gov

Legislative Budget Board – audit@lbb.texas.gov

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 FY 2022 (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>			
Fraud, Waste, and Abuse Prevention Program (FWAPP) Biennium Review (Follow-up 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 non-audit follow-up engagement is in progress.
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.	<p>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).</p> <p>Remaining recommendations: Enhanced contract solicitation and contract information reporting to the Texas Comptroller's Office through CAPPS.</p> <p>Implementation of CAPPS financial module occurred during the first quarter of fiscal year 2023. Timing of follow-up activities will be planned accordingly by Internal Audit.</p>

Summary of Audit Activities – Reported in FY 2022 (Recommendations, Management Responses, and Implementation Statuses)			
Title (Report Number)	Recommendations	Management Response	Progress Toward Implementation
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.
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>Implementation of CAPPS financial module occurred during the first quarter of fiscal year 2023. Timing of follow-up activities will be planned accordingly by Internal Audit.</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.
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.

Summary of Audit Activities – Reported in FY 2022 (Recommendations, Management Responses, and Implementation Statuses)			
Title (Report Number)	Recommendations	Management Response	Progress Toward Implementation
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 audit is in progress.
Enterprise-Wide Facilities Security Incident Response Review (Report 20-08)	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 audit is in progress.