

OFFICE OF INJURED EMPLOYEE COUNSEL

Austin, Texas

INTERNAL AUDIT PLAN

For Fiscal Year 2020



OFFICE OF INJURED EMPLOYEE COUNSEL
Austin, Texas

Internal Audit Plan
For Fiscal Year 2020

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Ms. Jessica Barta
Public Counsel
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Austin, Texas

Enclosed is the Office of Injured Employee Counsel's (OIEC) proposed Internal Audit Plan (Plan) that was prepared for audits and other functions to be performed in fiscal year 2020. This Plan determines the scope of internal audit activities and is the source for assignment and prioritization of internal audit responsibilities for fiscal year 2020. Specific planning for audit procedures is a naturally ongoing process; thus, the Plan is reviewed annually and may be revised by you, as necessary.

This Plan has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.

A handwritten signature in black ink that reads "Garza/Gonzalez & Associates". The signature is written in a cursive, flowing style.

February 7, 2020

OFFICE OF INJURED EMPLOYEE COUNSEL

Austin, Texas

Internal Audit Plan For Fiscal Year 2020

I. Methodology

OIEC's fiscal year 2020 Internal Audit Plan (Plan) was prepared using a risk assessment process, where we reviewed various documents and questionnaires completed by OIEC management and other staff, as documented below.

The following documents were reviewed and considered in our risk assessment process:

- Organizational Charts
- Budgets
- Financial and Non-Financial Reports
- Policies and Procedures
- Applicable Laws and Regulations
- Audits and/or Monitoring Reports from Third-Party Agencies
- Prior Internal Audit Reports

Questionnaires were developed for completion by the Public Counsel, the Deputy Public Counsel, and other staff, to obtain an understanding of each operational function and its role within the overall scheme of OIEC. The questionnaires included topics; such as, issues and/or concerns, recent changes in key personnel, time elapsed since last audit, status of past audit findings, and applicability of regulatory compliance requirements (i.e. TAC 202, *Information Security Standards*; contract management; and, benefits proportionality). Utilizing information obtained through the completed questionnaires and background information reviewed, 11 audit areas were identified as the potential audit topics. A risk analysis was completed for each of the 11 individual potential audit topics and then compiled to develop OIEC's overall risk assessment.

The following 8 risk factors were considered for each potential audit topic:

- | | |
|------------------------------------|---|
| 1. Materiality | Measure of the auditable unit's <i>financial</i> materiality based on the dollar amount per year of assets, receipts, or disbursements for which the area is responsible; or, <i>non-financial</i> materiality based on the degree of its responsibility related to the agency's primary mission. |
| 2. Time since Last Audit or Review | Measure of the number of years between the date of the previous audit or review and the date of the risk assessment. |
| 3. Results of Last Audit or Review | Measure of the results of the previous audit or review. |
| 4. Adequacy of Staffing Levels | Measure of the adequacy of the auditable unit's staffing level as it relates to the achievement of its objectives. |

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5. Policies and Procedures	Measure of the existence of policies and procedures documenting the auditable unit's activities.
6. Compliance with Contracts, Laws, and Regulations	Measure of the existence of contracts, laws, and/or regulations for which the auditable unit is responsible for ensuring compliance.
7. Susceptibility of Theft or Fraud	Measure of the auditable unit's risk and controls in place as it relates to theft or fraud.
8. Issues or Concerns	Measure of issues or concerns by the Public Counsel and/or management.

Risk Assessment

Following are the results of the risk assessment performed for the 11 potential audit topics identified:

HIGH RISK	MODERATE RISK	LOW RISK
Call Center	Support Services (Accounting, Purchasing, Travel)	Records Management
Human Resources & Payroll	Ombudsman First Responder Liaison	Ombudsman QA Review
Ombudsman Training		Ethics Committee
Ombudsman Program		Performance Measures
		Outreach Program

This report includes the "Risk Assessment Summary" as Attachment A; and, the "History of Areas Audited" as Attachment B, which lists audits and/or reviews performed from fiscal year 2013 through 2019 for the above 11 potential audit topics. In the prior 3 years, *internal audits* were performed by the predecessor internal auditor in the following areas:

Fiscal Year 2019:

- Employee Retention
- Employee Travel & Reimbursements
- Follow-up of Prior Year Internal Audits

Fiscal Year 2018:

- Ombudsman Performance Measures Processes
- Audit of Texas Department of Insurance Support Agreements
- Follow-up of Prior Year Internal Audits

Fiscal Year 2017:

- Employee Time & Attendance Processes
- Information Technology
- Follow-up of Prior Year Internal Audits

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II. Audit Scope

In accordance with the **International Standards for the Professional Practice of Internal Auditing**, the audit scope will encompass the examination and evaluation of the adequacy and effectiveness of OIEC's systems and internal controls, and the quality of performance in carrying out assigned responsibilities. The audit scope includes:

- **Reliability and Integrity of Financial and Operational Information** – Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- **Compliance with Policies, Procedures, Laws, Regulations and Contracts** – Review the systems established to ensure compliance with those policies, procedures, laws, and regulations and contracts which could have a significant impact on operations and reports, and determine whether the organization is in compliance.
- **Safeguarding of Assets** – Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- **Effectiveness and Efficiency of Operations and Programs** – Appraise the effectiveness and efficiency with which resources are employed.
- **Achievement of the Organization's Strategic Objectives** – Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

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III. Internal Audit Plan

In addition to performing the 2020 risk assessment for preparation of this Internal Audit Plan (Plan), this Plan also includes two audits to be performed; a follow-up of the prior year audit recommendations as reported by OIEC's predecessor internal auditor; other tasks that may be assigned by the Public Counsel during the year; and, preparation of the Annual Internal Audit Report for fiscal year 2020.

The areas recommended for internal audit and other functions to be performed for fiscal year 2020 are as follows:

1. Completion of the Fiscal Year 2020 Risk Assessment and Preparation of this Internal Audit Plan

2. Records Management

The planned audit procedures include the following:

- a. Obtain an understanding of the state requirements applicable to the Records Management area (the Area).
- b. Review the Area's written policies and procedures, collect available documentation, and conduct interviews to document and assess formal/informal processes and controls, as implemented by the Area.
- c. Inquire of staff and observe a sample of physical and electronic records to determine availability and security of the records.
- d. Review a sample of records disposition requests to determine whether records are disposed in accordance with the Records Retention Schedule.
- e. Other procedures that may be deemed necessary during audit fieldwork.

3. Call Center

The planned audit procedures include the following:

- a. Review the Call Center's written policies and procedures, collect available documentation, and conduct interviews and walk-throughs to document and assess formal/informal processes, as implemented by the Call Center.
- b. Test a sample of customer inquiries received during the year to determine whether the Call Center is responding in a proper and timely manner; and, in accordance with established policies and procedures.
- c. Test a sample of Call Center quality reviews to determine whether applicable policies and procedures are consistently followed.
- d. Review the Call Center's performance benchmarks to determine whether the benchmarks capture information useful in achieving the Call Center's objectives; and test a sample of benchmark reports to assess the accuracy in the data collection methods.
- e. Other procedures that may be deemed necessary during audit fieldwork.

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4. Follow-Up of Prior Year Internal Audits and Preparation of the 2020 Annual Report
Perform follow-up procedures to determine the status of prior year comments, as reported by OIEC's predecessor internal auditor, that were not fully implemented as of fiscal year 2019, and prepare the 2020 Annual Report. The audit procedures will result in a determination that the recommendation is (1) Fully Implemented; (2) Substantially Implemented; (3) Incomplete/Ongoing; or, (4) Not Implemented.

5. Other Tasks
Other tasks as may be assigned by the Public Counsel during the fiscal year.

ATTACHMENTS

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Risk Assessment Summary
For Fiscal Year 2020

		RISK FACTOR WEIGHT																
		10.00%	16.50%	16.00%	15.00%	12.50%	12.00%	8.00%	10.00%									
		Risk Factors																
		1	2	3	4	5	6	7	8									
Potential Audit Topic	Materiality	Time Since Last Audit or Review	Results of Last Audit or Review	Adequacy of Staffing Levels	Policies and Procedures	Compliance with Contracts, Laws & Regulations	Susceptibility of Theft or Fraud	Existence of Issues or Concerns	Total									
High Risk: > 178																		
1	Call Center	3	30.00	3	49.50	1	16.00	2	30.00	1	12.50	2	24.00	1	8.00	3	30.00	200.00
2	Human Resources & Payroll	3	30.00	2	33.00	2	32.00	2	30.00	1	12.50	2	24.00	2	16.00	2	20.00	197.50
3	Ombudsman Training	2	20.00	1	16.50	2	32.00	2	30.00	2	25.00	3	36.00	1	8.00	2	20.00	187.50
4	Ombudsman Program	3	30.00	1	16.50	2	32.00	2	30.00	1	12.50	3	36.00	1	8.00	2	20.00	185.00
Moderate Risk: 159 - 178																		
5	Support Services (Accounting, Purchasing, Travel)	3	30.00	2	33.00	2	32.00	1	15.00	1	12.50	2	24.00	2	16.00	1	10.00	172.50
6	Ombudsman First Responder Liaison	2	20.00	2	33.00	1	16.00	1	15.00	1	12.50	3	36.00	1	8.00	2	20.00	160.50
Low Risk: < 159																		
7	Records Management	1	10.00	3	49.50	1	16.00	2	30.00	1	12.50	1	12.00	1	8.00	2	20.00	158.00
8	Ombudsman QA Review	2	20.00	1	16.50	2	32.00	1	15.00	2	25.00	2	24.00	1	8.00	1	10.00	150.50
9	Ethics Committee	1	10.00	3	49.50	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	1	10.00	133.00
10	Performance Measures	1	10.00	1	16.50	2	32.00	1	15.00	2	25.00	1	12.00	1	8.00	1	10.00	128.50
11	Outreach Program	1	10.00	2	33.00	1	16.00	1	15.00	1	12.50	1	12.00	1	8.00	2	20.00	126.50

Risk Factor Rating:
 1 - Low Risk
 2 - Moderate Risk
 3 - High Risk

**OFFICE OF INJURED EMPLOYEE COUNSEL
History of Areas Audited
For Fiscal Year 2020**

	POTENTIAL AUDIT TOPIC	Fiscal Year						
		2013	2014	2015	2016	2017	2018	2019
1	Call Center							
2	Ethics Committee							
3	Human Resources & Payroll			C*	B*	A*		A*
4	Ombudsman First Responder Liaison							C*
5	Ombudsman Program	D/D*	D*					C
6	Ombudsman QA Review							C
7	Ombudsman Training	D						C
8	Outreach Program	D*						
9	Performance Measures	C					A	
10	Records Management							
11	Support Services (Accounting, Purchasing, Travel)			C*	B*			A*

Legend (audits/reviews with asterisk (*) are considered limited scope for the audit area)

- A** Internal audit conducted by McConnell & Jones LLP.
- B** Post-payment audit performed by the Comptroller of Public Accounts.
- C** Audit performed by the State Auditor's Office.
- D** Internal audit conducted by OIEC's previous Internal Audit Division.