

Texas Workforce Commission

Office of Internal Audit

Fiscal Year 2023 Audit Plan



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Overview

The annual audit plan is a guide for the utilization of the department's resources during the fiscal year in order to address the risks of the Texas Workforce Commission (TWC). Audits and other projects selected for review and included on the annual audit plan are those areas that represent risk to the agency based on the various criteria described in this document.

The audit plan is a dynamic document that may change during the fiscal year as circumstances dictate. Continuous reassessment of risk, requests from the Commission, changes in audit resources, and changes in the agency's organization or operations may result in changes to the plan. Any significant changes required of the plan will be presented to the Commission for approval.

Project objectives are described in the plan only in general terms. The specific objective of each audit project will be determined at the time the project is initiated based on a more detailed assessment of relative risks.

The Role of Internal Audit

The mission of the Office of Internal Audit (OIA) is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight to the Commission and agency management. OIA 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.

In implementing its mission, OIA is guided by the United States Government Accountability Office's (GAO) Government Auditing Standards; the Institute of Internal Auditors' (IIA) International Professional Practices Framework; Definition of Internal Auditing, and Code of Ethics; 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 Commission, also sets forth the purpose, authority, and responsibility of the Office of Internal Audit.

Professional and Statutory Requirements

This document provides the Fiscal Year 2023 audit plan as required by the OIA Charter, GAO and IIA professional auditing standards, and the Texas Internal Auditing Act, Texas Government Code 2102.005. 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.

Types of Reviews

The Office of Internal Audit conducts performance audits and non-audit services, as well as follow-up reviews.

Performance Audits – 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. Thus, the sufficiency and appropriateness of evidence needed, and tests of evidence will vary based on the audit objectives and conclusions.

Follow-up reviews – a process by which the auditors determine the adequacy, effectiveness, and timeliness of actions taken by management on reported audit findings and recommendations. This work determines if those actions are achieving the desired results or if management has assumed the risk of not taking corrective action on reported findings. Follow-up reviews are conducted on all previous OIA reported findings, as well as some findings identified by the State Auditor's Office and other external entities' reported audit findings. The status of corrective actions is reviewed on a quarterly basis. The reviews are scheduled within a reasonable time frame to allow management sufficient opportunity to implement corrective actions.

Non-audit services - 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 services does not create impairments to independence, either in fact or appearance, with respect to future audit projects.

Development of the Audit Plan

The Office of Internal Audit (OIA) allocates its resources in a manner that is consistent with the mission and goals of TWC. To support TWC'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.

OIA has implemented the COSO Framework in developing the methodology for the assessment of Agency risks for the Fiscal Year 2023 Risk Assessment and Audit Plan.



OIA assessed the Agency's risk across the five internal control components:

- Control Environment – Includes how management oversees the internal control system, establishes organizational structure and addresses staffing, turnover, change in management, and succession planning.
- Risk Assessment – includes how management identifies, analyzes and responds to risks related to achieving their objectives. Includes the consideration of fraud, waste and abuse.
- Control Activities – Includes how management designs control activities to achieve objectives and respond to risks. Includes information technology risks and changes to program objectives and systems.
- Information and Communication – Includes how management oversees the communication of policies internally and Agency-wide.
- Monitoring Activities – Includes how management oversees compliance with State and Federal statutes and guidance and includes an assessment of external and internal reviews and audits in the auditable units.

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

OIA 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 a 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 2023 Audit Plan.

Fiscal Year 2023 Audit Plan

Performance Audits

Auditable Units	Objectives	Budget Hours
Vocational Rehabilitation	Controls Review of VR Providers – to determine what controls are in place to ensure safety of Vocational Rehabilitation customers.	800
General Counsel	Contract Review Efficiency Audit – to determine efficiency of contracting reviews by General Counsel staff.	800
Vocational Rehabilitation	Compliance Review of Blind Services – to determine if controls are in place in the Blind Services program to ensure compliance with federal and state requirements.	1,000
Fraud Deterrence and Compliance Monitoring	Audit of Wage and Hour – to ensure controls are in place in the Wage and Hour programs to ensure compliance with federal and state requirements.	800
Agency-wide	Review of Monitoring Results – to determine if the results of monitoring activities are properly addressed by agency management.	1,000
Business Operations	Cybersecurity – to determine if security and privacy controls are effective to protect organizational operations, assets, and customers.	1,000
Workforce Development/ Information Technology	Privacy Access Review for Workforce Systems – to determine the effectiveness of privacy and access controls over the confidential and sensitive data in Workforce systems.	1,055
Information Innovation and Insight	Business Transformation Review – to determine the effectiveness of Business Transformation processes.	550
Vocational Rehabilitation	VR Target Populations – to determine the effectiveness in meeting target population goals.	1,000
Agency-Wide	Hiring Processes – to determine the timeliness of hiring processes.	850
Business Operations/ Finance	Audit of Payments for Procurements – to determine if payments for services and goods procured for TWC staff are processed accurately and timely.	1,500
Agency-wide	Quarterly Follow-Up Reviews – to determine the adequacy and effectiveness of corrective actions implemented by management to address previously reported audit findings and recommendations.	3,000
Agency-wide	Commission Requests – additional projects requested by the Commission.	1,000

Carry Forward Projects

Auditable Units	Objectives	Budget Hours
Vocational Rehabilitation	VR Quality Reviews – to determine if Vocational Rehabilitation is conducting effective case reviews.	200
Unemployment Insurance/ Fraud Deterrence and Compliance Monitoring	Fraud Controls – to determine if controls are effective to maximize fraud prevention, detection, and response related to Unemployment Insurance claims.	161
Workforce Development	Career Schools – to determine if current processes ensure compliance with State Laws and Rules.	208
Information Technology	IT Project Management – to determine whether the agency’s project management policies and practices are effective in ensuring projects are completed on time, within budget in scope, and within agreed-upon quality standards.	260
Information Technology/ Vocational Rehabilitation	Access Control Review of ReHabWorks – to determine if controls in VR Systems ensure appropriate roles, access rights and privileges.	60
Finance	Vendor Setup Audit – to determine the efficiency and effectiveness of the vendor set-up process.	260
Outreach and Employer Initiatives	JET Program Compliance Review – to determine if controls in the Jet program ensure compliance with Texas laws.	505
Workforce Development	Migrant Seasonal Farm Worker Compliance Review – to ensure controls are in place in the MSFW program to ensure compliance with federal and state requirements.	715
Child Care	Child Care Compliance – to ensure controls are in place in the Child Care program to ensure compliance with federal and state requirements.	110

In addition to planned audit services, OIA has ongoing responsibilities, which include:

- Annual Internal Audit Report issuance
- Annual Risk Assessment and Audit Plan development
- Commission and Management briefings on reports
- TeamMate, SharePoint, and Intranet maintenance
- Annual Quality Self-Assessment
- Quarterly Open Findings Assessments
- Professional development
- Data analysis