

DIR Annual Internal Audit Report FY2012

November 2012

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Internal Audit Plan for Fiscal Year 2012

Department of Information Resources Internal Audit Division FY 2012 Internal Audit Plan

Audit Projects

Audit Projects:	Projected Hours
Data Center Invoicing Process	120
Management of DIR Enterprise Contracts	80
Telecom Invoicing Process	270
Finance and Accounting Reconciliation Process	80
Technology Center Operations-Transformation	300
e-Government and IT Policy – Statewide Project Delivery	200
Technology Center Operations-Server Tower	300
CISO/Information Security	360
e-Government and IT Policy – Texas.gov	320
e-Government and IT Policy – Technical Service Delivery	180
e-Government and IT Policy – Policy and Research	140
Monitoring Projects:	
Data Center Activity	80
Texan Next Generation Contract	80
Audit from Outside Auditors	300
Follow-up on Past IA Audit Recommendations	20
Follow-up on SAO Recommendations	20
Board & ED Special Projects	
Reserved for Board Projects	100
IA Administration	100
AutoAudit Software SQL Implementation	
Data for Sunset Commission recommendations	40
Data for State Auditor’s Office recommendations	40
Data for SAS 70 & SSAE 16 recommendations	40
Other projects (required by law and auditing standards):	
Continuing Professional Education	80
Annual Internal Audit Report	20
Annual Risk Assessment Process for 2013	40
Total Hours	3310

Introduction

The purpose and objective of the Internal Audit Plan is to outline audits and other activities the Internal Audit function will conduct during fiscal year 2012 and to allocate audit resources to key activities identified within DIR using risk assessment techniques and methodology. The audit plan satisfies responsibilities established by Government Code, Chapter 2102, and applicable auditing standards.

The Audit Plan is flexible to consider risks and changes in conditions on an ongoing and as needed basis.

Mission

The Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. Internal Audit assists the Board, management, and staff to achieve its vision, mission, values, and goals. In so doing, it seeks to help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to providing auditing services, Internal Audit coordinates with external auditors and provides consulting and advisory services as appropriate.

Internal Audit conducts its activities in compliance with the DIR Internal Audit Charter, the Texas Internal Auditing Act, and applicable Internal Audit Standards as outlined in the Internal Audit Charter.

Internal Audit Charter

The Internal Audit Charter provides authorization to the Internal Audit function for full, free, unrestricted access to all DIR activities, records, property, and personnel relevant to the subject under review. Internal Audit will exercise due diligence in the safeguarding and use of these resources.

Audit Staff/Resources Available

In January of FY2012, DIR's internal audit increased to three fulltime equivalent employees. The Director of Internal Audit is the Chief Audit Executive and reports directly to the Board and administratively to the Executive Director. There were 3310 scheduled hours calculated for audits, follow up reviews, external audit coordination, and special projects including consulting and advisory services for FY 2012.

Planned Internal Audit Activities

The Texas Internal Auditing Act requires state agencies to conduct a program of internal auditing that includes an annual audit plan that is prepared using risk assessment techniques and that identifies the individual audits to be conducted during the year. Additionally, the program should include periodic audits of the agency's major systems and controls, including:

- (1) accounting systems and controls;
- (2) administrative systems and controls; and
- (3) electronic data processing systems and controls.

Scopes of audits can be financial, compliance, economy and efficiency, effectiveness or may be investigative in nature.

The Internal Audit Plan of Activities includes results from the risk assessment and input from Division Directors and the Executive Director. Hours budgeted for projects are best estimates. Many unforeseeable factors can increase or decrease total hours allotted to a project.

Due to limited resource hours, Internal Audit cannot address, review, or monitor every risk. It is important that the Executive Director and the Board understand the limitations of the audit coverage and the attendant risk for areas not audited.

Risk Assessment Process for FY2012

Auditable units are key activities and processes performed by the agency and were determined by reviewing the agency's Strategic Plan, the agency's FY2012 Budget, organization charts, applicable governing statutes, and interviews.

External Quality Assurance Review (Peer Review)

DIR's Internal Audit function is due for an External Quality Assurance or Peer Review in 1 year. According to the Institute of Internal Auditors (IIA), an external assessment should be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.

According to the Government Auditing Standards (GAS), Audit organizations should have an external quality control review completed within three years from the date the first audit begins in accordance with these standards. After the issuance of the review, a subsequent external quality control review should occur once every three years.

DIR's Annual Internal Audit Report

List of Audits Completed

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
11-102	5/2012	Data Center Services Invoicing Process	To determine if the Data Center Financial Administration (DFA) is appropriately processing and validating service provider invoices sent to Data Center customer agencies.	<p>DFA has not enhanced their policies and procedures to include specific steps that would guide an employee to accomplish invoice validation tasks or identify where to find the data associated to those tasks. The lack of detailed and current procedures can lead to inaccurate and inconsistent invoice validation processing and monitoring by employees. This also leaves the employee with no written guidance to perform their tasks.</p> <p>The DFA should enhance their policies and procedures to include detailed steps for employees to accomplish their duties. These steps should include the purpose for the step, detailed procedures to perform the step, the attachments to the invoice or documentation that are involved, the names of reports used in the validation step, and where those reports can be located. These steps should be able to be followed by new employees. Also, DFA should update the procedures whenever a change in the vendor contract affects a policy or procedure.</p>	Incomplete/Ongoing	Ensures that objectives of the program are achieved.

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
11-102				<p>After DFA receives the Enterprise invoice from the vendor, DFA performs steps on their invoice validation checklist to determine if the vendor has correctly invoiced customer agencies for Data Center usage. The checklist requires DFA to verify and reconcile data on the vendor invoice. Although IA determined that DFA does periodically update the checklist, the checklist steps performed are not well documented, and lacked evidence of supervisory review or approval of the work performed. In addition, without verifying or reconciling the data, invoicing errors could go undetected causing incorrect billing to customer agencies.</p> <p>DFA should annually perform a review to determine whether invoice validation checklist steps continue to be relevant, require modification, or should be removed. DFA should document the reason for the validation steps (including details of the tests to be performed), record the results, and location of the test work. Additionally, a supervisor should review and sign that the step is complete and performed accurately.</p>	Incomplete/Ongoing	Ensures that state agencies do not pay for services that are not received..
11-102				<p>A major component of the vendor invoice is the Resource Unit (RU), which is used to determine what DCS participating agencies are charged by the vendor for services. The purpose of the RU Validation process is to validate the volume and charges on the monthly enterprise invoice and to ensure that the vendor keeps the supporting documentation. The vendor is responsible for maintaining and retaining complete and accurate records of the supporting documentation for all charges to customer agencies. Additionally, they are responsible for providing to DCS sufficient information to validate the service volumes and associated charges. Many RU validations were years behind the schedule established with the vendor. RU supporting documentation needs to be available in order for DFA to verify the vendor charges. If DFA doesn't verify the charges or request supporting documentation, then invoice errors might go undetected and become more difficult to verify and correct.</p>	Incomplete/Ongoing	Ensures that state agencies do not pay for services that are not received.

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
				<p>In order to validate the charges on the Enterprise Invoice and ensure that supporting documentation is retained, all Resource Units should be consistently and appropriately validated by DFA employees. Additionally, there should be DFA supervisory review and approval of the DFA employee's work before a DIR dispute is logged, to verify that the employee adequately documented the issues and obtained supporting information.</p>		
11-102				<p>A component of the Vendor invoice is the Total Charge to DIR for each RU. The Total Charge is mathematically calculated during the invoicing process. These Total Charge component amounts are listed on schedules within the Vendor contract and are an agreement between DIR and the vendor in Formal Correspondence 321 (source data). There is no evidence that DFA compares the amounts in the Enterprise invoice excel spreadsheet with the source data in Formal Correspondence 321 to verify that the agreed volumes and base charges embedded within the Enterprise spreadsheet are correct. The IA test work did not reveal any differences between the amounts on the invoice and Formal Correspondence 321; however without validation with the source data, the customer agencies invoices may be incorrect. DFA should design the invoice validation checklist steps to achieve the goal of verifying that the Base Charge input data is the same as the data from the Formal Correspondence 321 for volumes and base charges. DFA should also establish procedures where the checklist steps are well documented on the validation checklist.</p>	Incomplete/Ongoing	Ensures that state agencies do not pay for services that are not received..

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
11-102				<p>We found that the internal DIR dispute resolution process was reasonable. However, in some cases, customer agencies were somewhat dissatisfied with the process because some disputes were taking a long time to resolve.</p> <p>We recommend that the DFA or DIR conduct periodic customer surveys to gauge customer satisfaction with DCS dispute processes and note areas for improvements. A questionnaire could be developed and distributed annually to a sample of customer agency staff members who are directly involved with disputes. This would allow the DIR to focus on improvements in the dispute process, some of which may be easily carried out within DIR or with the Vendor.</p>	Incomplete/Ongoing	Helps ensure customer satisfaction and prompt dispute resolution.
11-102				<p>IA discovered that during the audit period, several agencies had their invoices changed to deduct accounts receivables, which were outstanding disputes. The deduction was made to reflect the total amount minus the aging receivable as a courtesy to the customer agencies. These changes by DFA adjust what the agency owes on the original invoice on the web portal. However, there was no evidence of supervisory review or approval of these changes to the invoice.</p> <p>Although IA found no evidence of manual adjustment errors, IA recommends that all invoices manually changed by DFA be reviewed for accuracy and approved by a supervisor. Also, we recommend that this approval be documented and stored on a shared drive with the invoice.</p>	Incomplete/Ongoing	Ensure accurate invoices submitted to agencies.
11-104	8/2012	Finance and Accounting Reconciliation	The purpose of the audit was to determine if the Chief Financial Office Division's (CFOD), Accounting and Finance sections are reconciling the appropriate accounts necessary to ensure that the DIR financial records are correct.	CFOD has procedures for some reconciliation processes, but most do not exist. Currently, CFOD does not have any current reconciliation procedures associated with the new accounting system, CAPPs. The DAS management confirmed that current procedures were lacking in regards to reconciliations primarily due to the implementation of the CAPPs and the inability of the CAPPs to provide required reports to perform the reconciliations. CFOD is continuing to work with the CPA to implement the needed CAPPs functionality to enable the implementation of applicable reconciliations.	Incomplete/Ongoing	Ensures accurate financial reporting.

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
				<p>The CFOD concurs with the recommendation to update our reconciliation procedures, including those related to the new CAPPs system. As stated by IA, the CFOD has a new leadership team that is taking the necessary actions to improve accounting and finance operations. The CFOD team is continuing to work with CPA staff to identify needed changes within CAPPs. In addition, the CFOD is updating and documenting new reconciliation processes.</p>		
11-104				<p>The listing of account reconciliations provided by the CFOD did not include the reconciliation of the accounts receivable for the Data Center Services (DCS). IA obtained the DCCS1 AR Collections Reconciliation report from DIR accounting section (DAS) and compared each agency's accounts receivable balance on this report with the aging receivable balance listed on a copy of the invoice sent to the DCS agencies. IA identified discrepancies comparing the balances between the two documents and these discrepancies had not been researched or reconciled by DAS. No formal reconciliation documentation was available but only transactional documentation of outstanding accounts receivable amounts were provided to IA.</p>	Incomplete/Ongoing	Ensures that records and statements are correct.

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
				<p>The CFOD concurs with the recommendation to have DAS conduct a reconciliation of the Data Center accounts receivable activity. As part of the transition process to new DCS vendors, all accounts receivable balances are being evaluated and reconciled. Going forward DAS will perform monthly DCS reconciliations. DAS will ensure that appropriate documentation is maintained to demonstrate evidence of completion and review/approval by management.</p>		
11-104				<p>Prior to September 1, 2011, DAS used CDI as its internal accounting system. On September 1, 2011, DIR converted to the CPA "Centralized Accounting and Payroll/Personnel System (CAPPS)." DIR is required to reconcile CAPPS accounting information with the CPA's "Uniform Statewide Accounting System"3 (USAS). During the CAPPS implementation, DAS was not provided with reports necessary to reconcile CAPPS to USAS. The Comptroller's Office continues to have difficulty providing DAS with source documentation to identify the exceptions. Without this reconciliation, there is a risk that DIR accounts could be out-of-balance and any differences in account balances could go undetected. IA recommends that DAS work closely with the Comptroller's Office to complete the development of standard reports needed to reconcile CAPPS and USAS. Additionally, DAS should develop and train staff to create CAPPS reports using the reporting and analysis SAP Business Objects software available on the CAPPS portal.</p>	Incomplete/Ongoing	Ensures accurate financial reporting.

Report No.	Report Date	Name of Report	High-level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented)	Fiscal Impact/ Other Impact
11-104				<p>In 2011, IA released a report on the Information and Communication Technology Cooperative Contracts (ICT) program called Contract Establishment and Monitoring Process. In that report, IA recommended that the ICT program contact vendors monthly if the administrative fee is not timely submitted or paid correctly. Since that report, ICT created an exception report of sales to fees but The CFOD has not researched the amounts identified on the exception report to determine why there are differences between the expected revenue and the actual revenue received. The CFOD, at times, cannot determine which ICT contract should receive credit for the payment when a vendor has multiple contracts since the vendor does not send a remittance advice to DIR along with their payment.</p> <p>The CFOD should allocate staff to complete the research to clear amounts received that do not match the expected amount from vendors. They should also establish procedures notifying the ICT program of any outstanding balances of administrative fees due DIR from ICT vendors.</p>	Incomplete/Ongoing	Ensures the state receives all revenue from vendors for ICT sales.

Definitions of implementation status are as follows:

- Fully Implemented: Successful development and use of a process, system, or policy to implement a prior recommendation.
- Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.
- Incomplete/Ongoing: Ongoing development of a process, system, or policy to address a prior recommendation.
- Not Implemented: Lack of a formal process, system, or policy to address a prior recommendation

List of Consulting Engagements and Non-audit Services Completed

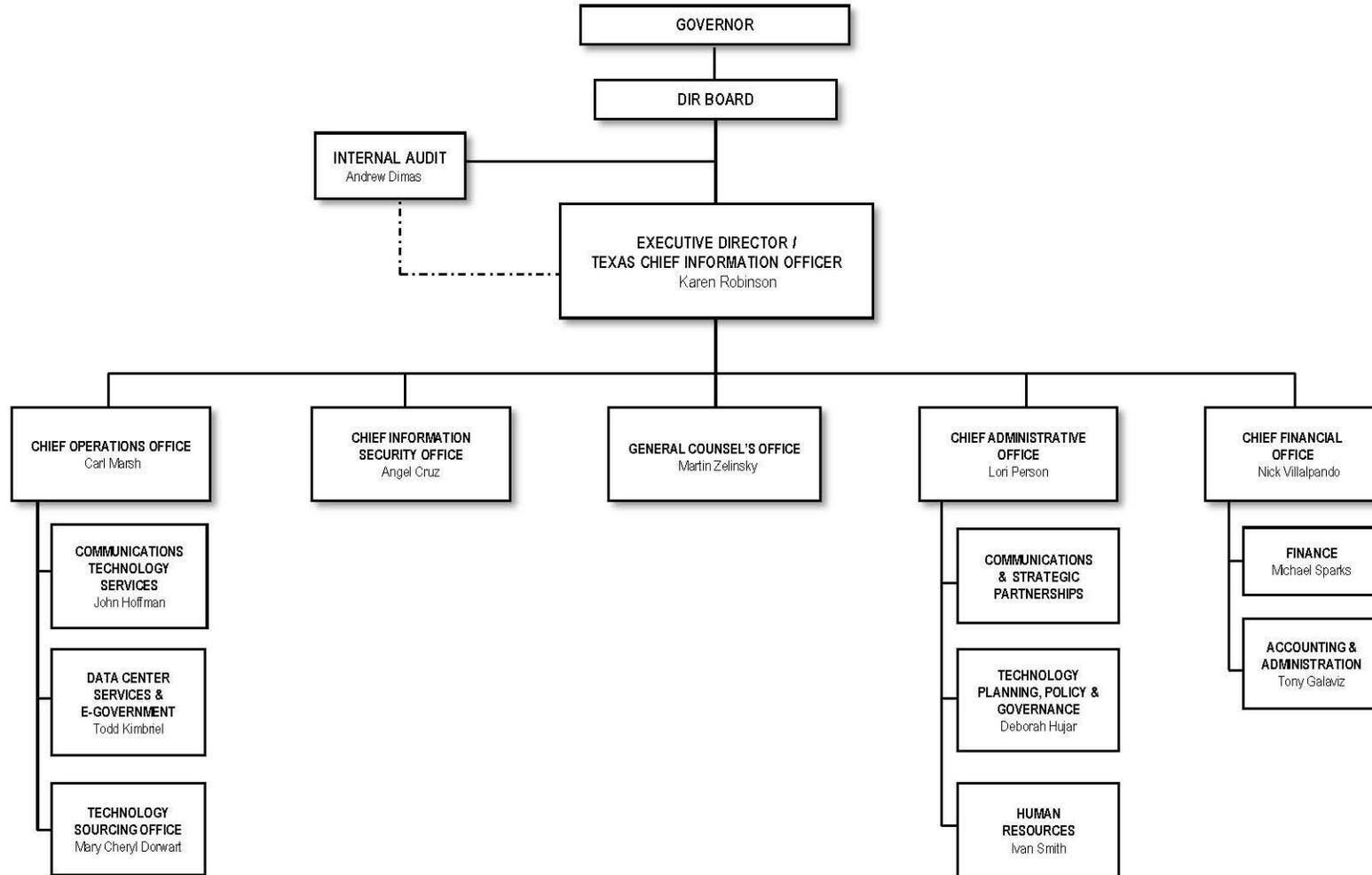
Audit No.	Date	Name	High-level Consulting Engagement/Non-audit Service Objective(s)	Observations/ Results and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with Brief Description If Not Yet Implemented ²	Fiscal Impact/ Other Impact
		Sunset Recommendation Follow-up Tracking.	Monitored and follow-up of Sunset Commission Recommendations.	IA continues to follow-up on outstanding issues.	Ongoing follow-up	N/A
		ICT state audit follow-up	Coordinated communication between the division and the SAO on follow-up. Advised management during the process.	Follow-up continues.	Ongoing follow-up.	N/A
		External Auditor Activity.	Coordinated with external auditors during contracted audit activities for Texas.gov.	Texas.gov report was issued.	Ongoing follow-up	N/A
		External Auditor Activity	Coordinated with external auditors during contracted performance audit of telecommunication operations involving DIR's Communications Technology Service Division. (Note: Sunset Commission Recommendation)	Report issued.	Ongoing follow-up	N/A

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- Not Implemented: Lack of a formal process, system, or policy to address a prior recommendation.

TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR)

Organization Chart

July 2012



Report on Other Internal Audit Activities

Activity	Impact
Internal Audit reviewed SSAE 16 reports for Texas.gov and Data Center Services vendor.	Compliance with the contract.
Internal Audit department participated in continuing education activities as required by the Standards.	Internal Audit employs three certified auditors who each require 40 hours of continuing education annually.
Internal Audit was the intergovernmental liaison between other State agencies' audit functions.	Improved the public perception of DIR.

Internal Audit Plan for Fiscal Year 2013

13-100	Audit Projects:	Hours
13-101	Governance – Data Center Services & e-Government	360
13-102	General Ledger – Chief Financial Office	360
13-103	Enterprise Contract Management – Technology Sourcing Office	360
13-104	Service Delivery Project Management – Data Center Services & e-Government	360
13-105	Chief Information Security Office	360
13-106	IT Production Delivery	325
13-107	Technology Policy – Chief Administrative Office	325
13-200	Reserved for Management Requested Audits:	0
13-300	Monitoring Projects:	
13-301	Data Center & e-Government Activity	150
13-302	Technology Sourcing Office	150
13-303	Communications Technology Services Division Activity	150
13-304	DIR Information Security Office Activity	200
13-305	Audits from Outside Auditors	250
13-306	Follow-up on Past IA Audit Recommendations	240
13-307	Follow-up on SAO Recommendations	240
13-400	Board & ED Special Projects	
13-401	Reserved For Board Projects	100
13-402	IA Administration	100
13-403	IA Management Communication	300
13-500	Other projects (required by law and auditing standards):	
13-501	Continuing Professional Education	120
13-502	Annual Internal Audit Report	120
13-503	Annual Risk Assessment Process for 2014	300
Total Hours		5070

External Audit Services Procured in Fiscal Year 2012

DIR Request for External Audit Services			
Auditor	DIR Area	Audit Description	Audit Begin Date
KPMG	CTS (Tex-An NG)	Communications and Technology Services Performance Audit	5/2012
KPMG	E-Government (Texas.gov)	Texas.gov agreed upon procedures engagement.	6/2012
Request for Information from Outside Auditors			
Auditor	DIR Area	Audit Description	Audit Begin Date
DSHS internal audit review of the eHARS (Electronic HIV AIDS Reporting System) Registry, eHARS Audit 2011-18	Data Center	<p>To determine whether the DSHS data is adequately protected commensurate with its criticality and data classification, specifically focusing on the “protection of agency confidential information”. Will include the review of the eHARS application and includes a review of:</p> <ul style="list-style-type: none"> • Limited physical security controls (not to include Data Center review), • The authentication and access mechanisms and controls for the application and database (including input, processing, output and maintenance), • The authentication and access mechanisms and controls for the server, scripts, interfaces, APIs, etc • The operations, and monitoring (including DMZ) • The security configuration and confirm compliance with DSHS and HHSC policy, and TAC, • The change management process and procedures (may combine with configuration management) • The existence of an adequate backup schedule, backup testing cycle, recovery strategies (business continuity) and disaster recovery • The account management practices and verify currency of accounts; <p>The audit plan is to perform limited physical and logical security reviews for the following contracted HIV Surveillance locations:</p> <ol style="list-style-type: none"> 1. The Austin Travis County Health and Human Services Department; and 2. The Dallas County Health and Human Services Department. 	9/2011

<p>(SAO) has notified DIR that SAO is currently conducting An Audit of Home Health Services in the Texas Health Steps Program.</p>	<p>Data Center</p>	<p>The audit objective is to determine whether the Health and Human Services Commission (HHSC) and the Department of State Health Services (DSHS) have controls in place to help ensure that home health providers enrolled in the Texas Health Steps program are:</p> <ul style="list-style-type: none"> • Qualified according to applicable policies and procedures • Monitored for accurate and appropriate service delivery • Sanctioned or removed from provider rolls as appropriate 	<p>1/2012</p>
<p>(SAO) has notified DIR that SAO is currently conducting an audit of the Texas Department of Assistive and Rehabilitative Services (DARS) RehabWorks System.</p>	<p>Data Center</p>	<p>The audit objectives are to determine whether:</p> <ul style="list-style-type: none"> • The Department has developed and implemented the ReHabWorks system in a manner to help ensure achievement of intended goals within anticipated time frames and budgets. • There are controls in the ReHabWorks system to help ensure current and future functionality, completeness, and security for the Division for Rehabilitative Services and the Division for Blind Services.selected information technology controls at selected health and human services agencies operate to protect state information technology assets. 	<p>1/2012</p>
<p>(SAO) has notified DIR that SAO is currently conducting an audit of the Texas Parks and Wildlife Department (TPWD) Performance Measures.</p>	<p>Data Center</p>	<p>The audit objectives are to determine whether:</p> <ul style="list-style-type: none"> • The Parks and Wildlife Department (Department) is accurately reporting its performance measures to Automated Budget and Evaluation System of Texas (ABEST). • The Department has adequate controls in place over the collection, calculation, and reporting of its performance measures. <p>Nine (9) measures will be audited. Data for several of the measures are kept in separate IT systems, including but not limited to: Prism, Trip Sheet, License Sale System (LSS), and Business Information System.</p>	<p>1/2012</p>
<p>SAO) has notified DIR that SAO is currently conducting an audit of the Texas Department of Criminal Justice.</p>	<p>Data Center</p>	<p>The audit objectives are as follows:</p> <ol style="list-style-type: none"> 1. Determine whether the Department of Criminal Justice’s (Department) Community Justice Assistance Division (CJAD) has processes and controls that are designed and operating to help ensure that community supervision corrections departments use diversion funds in accordance with approved community justice plans and grant agreements. 2. Determine whether the CJAD makes diversion grant funding decisions in accordance with established policies and procedures. <p>The key systems identified for audit include the Community Supervision Tracking System-Intermediate System (CSTS-ISYS), which is part of the Corrections Tracking System (CTS).</p>	<p>2/2012</p>
<p>Microsoft audit of DSHS installed MS SQL Database server licenses. Using Unified Logic</p>	<p>Data Center</p>	<p>Microsoft audit of installed MS SQL Database server licenses. Microsoft has engaged Unified Logic (rep. Andrew Ireland) to conduct a system-wide scan of all DSHS servers to identify number/type of licenses. The discovery will include the number of processors running the applicable software and/or number of database users, so both SAs and DBAs will be involved. Scripts will be used where appropriate, executed by TtT.</p>	<p>3/2012</p>

<p>Texas Commission on Environmental Quality (TCEQ) Audit 12-501 Information Technology Asset Management Audit</p>	<p>Data Center</p>	<p>The Primary Objective of this Audit is to ensure appropriate configuration management practices are followed when deploying infrastructure hardware into the production environment.</p>	<p>2/2012</p>
<p>Texas Commission on Environmental Quality (TCEQ) Audit 12-503 Network and Data Security Audit.</p>	<p>Data Center</p>	<p>The Primary Objective of this Audit is to determine the extent to which controls over network and data security help ensure confidentiality, integrity, and availability of data traveling over the network.</p>	<p>2/2012</p>
<p>Texas Higher Education Coordinating Board (THECB) Financial Audit by KPMG</p>	<p>Data Center</p>	<p>The Primary Objective of this Audit is to verify financial controls. This is a standard financial audit conducted annually.</p>	<p>3/2012</p>
<p>Department of Family and Protective Services (DFPS) Annual Foster Care Audit</p>	<p>Data Center</p>	<p>The primary objective of this audit is to perform on-site financial audits of selected residential foster care contractors by verifying that the selected contractors are spending federal and state funds on required services that promote the well-being of foster children in their care.</p>	<p>3/2012</p>
<p>State Auditor's Office Audit – Texas State Board of Plumbing Examiners</p>	<p>Data Center</p>	<p>Objectives: 1) Determine whether the Board is accurately reporting its performance measures to the Automated Budget and Evaluation System of Texas (ABEST) 2) Determine whether the Board has adequate control in place over the collection, calculation, and reporting of its performance measures.</p>	<p>4/2012</p>
<p>Health & Human Services Commission, Office of Family Services - Business Services has notified DIR that it has contracted with CliftonLarsonAllen to perform the 2012 SSAE 16 Audit for the Electronic Benefits Transfer (EBT) System.</p>	<p>Data Center</p>	<p>The SSAE 16 Type II audit for the Electronic Benefit Transfer system of the State of Texas will address the operational effectiveness of the controls from September 1, 2011 through August 31, 2012. IBM's control environment description and related control activities supplied for this audit are an integral part of the EBT description of controls and must be supplied by IBM for the period between September 1, 2011 and April 30, 2012.</p>	<p>4/2012</p>
<p>CliftonLarsonAllen- perform the 2012 SSAE 16 Audit for the Electronic Benefits Transfer (EBT) System.</p>	<p>Data Center</p>	<p>Audit to include tests of specific controls to obtain evidence of their effectiveness in meeting the related control objectives and other procedures that the auditors consider necessary to express an opinion. Address the operational effectiveness of the controls from September 1, 2011 through August 31, 2012.</p>	<p>4/2012</p>

SAO Audit of Performance Measures at the Department of Transportation (TxDOT)	Data Center	<ul style="list-style-type: none"> • To verify the accuracy of, and evaluate trends in, selected performance measures that the Department uses; and • To determine whether the Department has adequate control systems over the collection, calculation, and reporting of its performance measures 	5/2012
Department of State Health Services Audit of Initial Assessment of the Texas Birth Defects Registry System	Data Center	<p>- DSHS System Risk Assessment requires Data Center Services answers to the following questions:</p> <p>Item B1a. How often are tape backups made of the database servers DSHS-SAVHRIDB1P and DSHS-SAVHRIDB2P?</p> <p>Item B4k. Are records kept documenting the removal of data, including the date, description of the item(s) and serial number(s), inventory number(s), the process and sanitization tools used or the method of destruction, and the name and address of the organization to which the equipment was transferred:</p> <p>Item C5. Are backups of mission critical data stored off-site in a secure, environmentally safe, locked facility that is accessible only to authorized state representatives?:</p> <p>Item C28. Is the building fire emergency preparedness plan available for review by the authorized personnel.</p>	5/2012
Audit of Federal Compliance under OMB Circular A-133 audit will be conducted by two teams; one led by KPMG on behalf of the State Auditor’s Office (SAO) and the second team will be led by the SAO.	Data Center	<p>Scope is focused on general controls and application level controls for the various systems that handle federal funds for 10 agencies.</p> <ul style="list-style-type: none"> • Department of State Health Services (DSHS) • Health and Human Services Commission (HHSC) • Department of Assistive and Rehabilitative Services (DARS) • Department of Family and Protective Services (DFPS) • Texas Higher Education Coordinating Board (THECB) • Texas Workforce Commission (TWC) • Texas Education Agency (TEA) • Department of Aging and Disability Services (DADS) • Texas Parks and Wildlife Department (TPWD) • Texas Commission on Environmental Quality (TCEQ) 	6/2012
SAO Audit for the fiscal year 2012 statewide financial audit - TWC.	Data Center	<p>Objective of the audit is to issue an opinion on the Comprehensive Annual Financial Report for the State of Texas for fiscal year 2012, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.</p> <p>performing interim control testing from June 25th, 2012 to August 31st, 2012 related to TWC's Unemployment Insurance Tax and Benefits systems. These systems are on the TWC mainframe, which is hosted in the Austin Data Center.</p>	7/2012
DIR Audit of “Payment Card Industry (PCI) Certification Review” for Texas.gov.	Data Center	<p>The certification review will verify Texas.gov compliance with the PCI Data Security Standard. This will involve a review of systems, controls, processes and people that have direct or indirect contact with credit card data.</p>	8/2012

<p>Department of State Health Services - Microsoft will be using a third party – Unified Logic, to conduct a compliance audit of SQL Server Licenses.</p>	<p>Data Center</p>	<p>Unified Logic will conduct system-wide SCCM scans of all DSHS servers to identify number/type of licenses.</p>	<p>8/2012</p>
<p>SAO Audit of the HHSC Premium Payables System</p>	<p>Data Center</p>	<p>The objective of the audit is to issue an opinion on the Comprehensive Annual Financial Report for the State of Texas for fiscal year 2012, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Agency selected is HHSC</p>	<p>8/2012</p>

Reporting Suspected Fraud and Abuse

Actions taken to implement the requirements of:

- **Fraud Reporting.** Article IX, Section 17.05, the General Appropriations Act.
- **Reporting Requirements.** Article XII, Section 5(c), the General Appropriations Act (81st Legislature).
- Texas Government Code, Section 321.022.

No suspected fraud and abuse to report.