



**TEXAS**  
Department of Family  
and Protective Services

**Fiscal Year 2026**  
**Annual Audit Plan**  
**Internal Audit Division**

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September 2025

# Fiscal Year 2026 Annual Audit Plan

## Background

The Internal Audit Division is an independent, objective assurance, and advisory function established within the Department of Family and Protective Services (DFPS). Internal Audit plans, develops, and performs internal audit activities, including assurance services, and advisory engagements, also referred to as non-audit or consulting services.

The Commissioner and Executive Management Team participate in the development of an annual risk assessment and audit plan that supports the evaluation and improvement of the agency's control, risk management, and governance processes. The audit plan may include services designed to address one or more of the following risk areas:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws and/or regulations

DFPS internal auditing activities are conducted in accordance with the Institute of Internal Auditor's *Global Internal Audit Standards*<sup>TM</sup> and the Government Accountability Office *Generally Accepted Government Auditing Standards* (GAGAS).

## Audit Plan Areas

### Planned Engagements

The Annual Audit Plan (AAP) identifies planned assurance and advisory engagements for FY 2026. See Table 1 on the following page.

### Advisory Services

Advisory services may be conducted as requested by Executive Management. Internal Audit has allocated 2,900 hours for advisory engagements to be performed during FY 2026. Specific consulting project areas will be determined throughout the year based on identified agency and/or divisional need and discussions with or requests from agency leadership.

### Internal Audit Projects in Progress

In addition, the Annual Audit Plan includes four internal audit projects in progress as of August 31, 2025. See Table 2 on the following pages.

## Other Internal Audit Project Areas

The Annual Audit Plan also includes other Internal Audit project areas that are allocated direct staff hours for FY 2026. See Table 3 on the following pages.

Table 1: FY 2026 Planned Engagements

Project Area	Preliminary Objectives	Agency Strategic Plan
Office of Information Security (OIS) – Privacy Controls and Awareness Advisory Engagement  <i>Carry forward from FY25 AAP</i>	Determine that DFPS privacy practices are effective and compliant.	Goal 3: Effective and Efficient Operations: Continually improve internal processes and identify areas for more efficient and effective operations.  Goal 5: Community-Based Care: Transition Texas children and family services to a community-driven system of care.
APS Tuition Reimbursement Audit	Evaluate process controls in place to ensure APS tuition reimbursements are accurate and compliant with agency policies.	Goal 2: Workforce Recruitment, Retention, and Development: Attract and retain dedicated individuals and invest in their development and wellness.  Goal 3: Effective and Efficient Operations
Consumer Affairs and Appeals Process Advisory Engagement	Perform a review of the design of controls for select Consumer Affairs and Appeals processes and identify control area weaknesses, potential gaps and associated risks.	Goal 1: Client-Centered Services: Promote the safety of children, families, and vulnerable adults.  Goal 3: Effective and Efficient Operations
Availability, Privacy and Physical Security of DFPS Data in Field Offices Advisory Engagement* <i>Carry forward from FY25 AAP, renamed and changed to advisory</i>	Determine that controls are in place to ensure the availability, privacy, and physical security of information in select DFPS field offices.	Goal 3: Effective and Efficient Operations

Project Area	Preliminary Objectives	Agency Strategic Plan
Education Training Vouchers Verification Process Audit*	Determine whether the process for verifying youth Education and Training Voucher (ETV) program eligibility is effective and working as intended to prevent unauthorized payments.	Goal 3: Effective and Efficient Operations  Goal 4: Community Relations: Partner to support and protect children, families, and vulnerable adults.
PAL Stipend Process Audit*	Assess process controls in place to ensure Preparation for Adult Living (PAL) stipend payments are made to eligible recipients.	Goal 3: Effective and Efficient Operations  Goal 4: Community Relations
FMLA Review Process and Monitoring Controls Audit*	Assess the efficiency and effectiveness of process controls in place for reviewing and monitoring employee Family and Medical Leave Act (FMLA) eligibility.	Goal 2: Workforce Recruitment, Retention, and Development  Goal 3: Effective and Efficient Operations

\* Identifies engagements that will be started based on completion of other Internal Audit (IA) projects and availability of IA resources. In addition, ongoing assessment of agency risks and changes in management priorities during the fiscal year could result in adjustments to IA planned engagements.

Table 2: FY 2026 Internal Audit Projects In-progress

Project Area	Objectives	Agency Strategic Plan
Concurrent Stages Audit  <i>Reporting</i>	Determine if the goals of Concurrent Stages are sufficiently defined, aligned and tracked to allow the agency to measure outcomes of the program.  Assess the effectiveness of Concurrent Stages guidance for adherence with established policies and procedures.  Identify causes of unfavorable outcomes of FBSS early case closures.	Goal 1: Client-Centered Services  Goal 3: Effective and Efficient Operations

Project Area	Objectives	Agency Strategic Plan
DFPS/SSCC Data Alignment Audit <i>Reporting</i>	Determine the reliability of the initial transfers of cases to SSCCs for placement, and that required plans of service for children under the care of SSCCs are timely and complete as recorded in IMPACT.	Goal 3: Effective and Efficient Operations  Goal 5: Community-Based Care
Audit of Day Care Services Process and Monitoring Controls <i>Fieldwork</i>	Assess the efficiency and effectiveness of process controls in place for authorizing, monitoring, and payment processing for day care services.  Determine whether appropriate and consistent documentation is retained to support day care service eligibility determinations in compliance with agency policies and procedures.	Goal 1: Client-Centered Services  Goal 3: Effective and Efficient Operations
Information Technology (IT) Risk Assessment <i>Planning</i>	Assess agency information technology risks by identifying risk events and potential impacts in DFPS IT environment.	Goal 3: Effective and Efficient Operations

Table 3: FY 2026 Other IA Project Areas

Project Area	Preliminary Objectives
TeamMate+ Implementation and Program Template Updates	Complete transition to the new cloud-based audit management application and update engagement program templates to support the new platform and to comply with new Internal Auditing Standards.
FY 2025 Internal Audit Annual Report	Complete an Annual Report as required by the Texas Internal Auditing Act to provide information on the assurance and consulting services and other activities of the internal audit function based on the form and content prescribed by the Texas State Auditor's Office.
Follow-up on Prior Audit Recommendations	Determine whether management actions appropriately address DFPS IA prior audit recommendations.

Project Area	Preliminary Objectives
System of Quality Management	Design and implement a system of quality management incorporating activities to comply with the new GAGAS requirements effective December 15, 2025, including the development of an engagement quality review template.
DFPS Internal Audit Self-Assessment and External Quality Assurance Review	<p>Evaluate DFPS Internal Audit function's conformance with internal auditing standards and the Texas Internal Auditing Act.</p> <p><i>Required every three years by GAO Generally Accepted Government Auditing Standards.</i></p>
Case Management Transformation Planning Project (CMTTP) Resources	The IT Audit team will provide independent advisory and assurance services to promote efficient processes and effective programs that support the acquisition, development, and deployment of a replacement case management system.
DFPS External Efficiency Audit	<p>Procure an external auditor to conduct an efficiency audit of DFPS and provide external audit coordination services.</p> <p><i>Required every four years by Texas Human Resources Code §40.045.</i></p>
Risk Assessment and Annual Audit Plan for FY 2027	Conduct an annual agency-wide risk assessment and develop the FY 2027 Annual Audit Plan.

## Internal Audit Resources

Internal Audit allocated direct staff hours available for each of the Annual Audit Plan areas as listed in Table 4. Internal Audit FY 2026 division budget includes funding for FTEs, travel, training, and other miscellaneous expenses. Due to agency reduction in discretionary spending, division budget travel funding will be significantly reduced. The IA division has appropriate information technology resources to support the IA process, including audit management software and data analytics tools.

Table 4: Allocation of Staff Direct Internal Audit Project Hours

<b>FY 2026 Engagements</b>	<b>Staff Hours</b>
<b>Available Hours</b>	<b>8,400<sup>1</sup></b>
Audit Projects In-progress (FY 2025)	1,500
Planned Assurance Engagements	1,500
Advisory Services	2,900
Other IA Project Areas	2,500

## Audit Plan Revisions

The FY 2026 Annual Audit Plan can be revised as needed to adjust for emerging issues and resource availability. Deviations from the audit plan must be documented, and significant deviations must be approved by the Commissioner. If a change is made to the annual audit plan, a copy of the amended plan must be submitted to oversight agencies during Internal Audit's annual reporting process as required per Texas Government Code Section 2201.0091.

## High-Risk Areas Not Included in the Plan

Additional high-risk areas identified from the risk assessment process are listed below and could be added to the annual audit plan as projects are completed and resources become available.

- Community-Based Care (CBC)
- Recruitment & Retention
- Work Environment
- Program Area Policies / Processes
- Network Connectivity

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<sup>1</sup> Total direct internal audit project hours based on 4 internal auditors, 1 IT auditor, 1 internal audit manager, 1 audit coordinator, 1 IT audit manager, and 1 assistant director; adjusted to account for expected vacancies in the internal audit manager and 1 internal auditor position during FY 2026; figure rounded to the nearest hundred.

## Other Internal Audit Activities

- Training & staff development (CPE)<sup>2</sup>
- Internal Audit staff meetings
- External audit coordination – Internal Audit provides an external audit liaison service that includes coordinating and providing a single point of contact for all audits of DFPS by external audit entities
- Legislative coordination

Internal Audit also participates in committees and workgroups in an advisory role, such as:

- Executive Team Meetings
- Texas Family and Protective Services Council
- IT Governance Committee
- Accessibility Workgroup
- DFPS Artificial Intelligence Center of Excellence
- Case Management Planning Project Executive Steering Committee
- ITS Monthly Project Snapshot Meetings
- Critical Projects Meetings
- State Agency Internal Audit Forum (SAIAF)

## Approval of FY 2026 Audit Plan



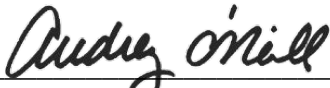
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Chance R. Watson  
Chief Audit Officer

9/19/2025

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Date



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Audrey O'Neill  
DFPS Commissioner

09/23/2025

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Date

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<sup>2</sup> Professional standards require internal auditors to obtain 40 hours of continuing professional education yearly. Additional hours have also been allocated for staff intending to sit for professional certification exams during the year.



## **Risk Assessment Methodology**

In July 2025, an agency-wide risk assessment survey was sent to all employees to submit input for the purpose of assessing risks on agency activities and functions for the risk assessment process.

The Internal Audit Division met with Executive Management and other division leadership during June-August 2025, to discuss potential risk issues for their respective divisions and gain their perspective on the agency's areas of highest risk. The results from these communications and the risk factors below were used by Internal Audit when identifying activities and functions to include in the annual audit plan:

- Governance and Culture
- Strategy and Objective Setting
- Performance
- Risk and Revision
- Information, Communication, and Reporting
- Executive Management Input and Other Considerations

Internal Auditing Standards require the Chief Audit Officer to communicate periodically to senior management on significant risk exposures, control issues, corporate governance issues, and other matters as appropriate. By communicating these high-risk areas, management has the opportunity to review and assess operations to mitigate risk. The audit plan is one of the mechanisms used to communicate risk exposures.