

Public Agenda Item # 5

Consideration of Internal Audit Reports

August 23, 2023

Tony Chavez, Director of Internal Audit

External Call Center Audit

Tony Chavez, Director of Internal Audit

Tressie Landry, Audit Manager

Jonathan Puckett, Audit Lead

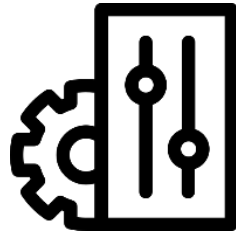
Rodney Valls, Audit Lead

Robin Hardaway, Director of Customer Benefits

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External Call Center
Overview & Objectives



Key Controls





Observations

External Call Center Objectives



ERS Call Center Overview



	External Call Center	Internal Contact Center
Primary Benefit	Staffing Flexibility	Tenured staff for complex topics
Types of inquiries	<ul style="list-style-type: none"> • Customer Service • Insurance Enrollment* • Withdrawal 	<ul style="list-style-type: none"> • Insurance – other* • ERS Retirement • Other System Services Retirement
Avg. Number of FTEs (agents only)	36 agents 	29 agents 

*Beginning May 2023 Vendor began taking certain insurance calls

ERS Call Center Overview



What members experience when they call?



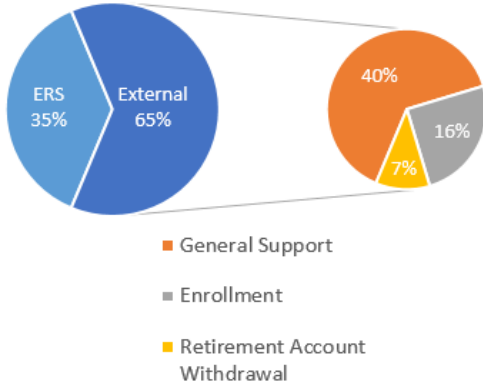
Vendor Overview



Contract began August 2020 with vendor beginning to take calls December 2020



May 2023 vendor begins taking more complex insurance calls



	Customer Interactions	Expenditures
Contract to date	684,298	\$4.13M
Monthly Average	23,885	\$142,366

External Call Center Summary Observations



SCOPE AREA	Rating	Key Controls
External Call Center Operations	Needs Improvement	<ul style="list-style-type: none">• Performance Guarantees• Training program and Final Training Testing• Call agent quality control reviews• ERS contract management QC evaluations• Call volume forecasts
Financial Management	Satisfactory	<ul style="list-style-type: none">• Billed hours reconciled to time-keeping system reports
Data Privacy	Satisfactory	<ul style="list-style-type: none">• Background checks• Security training• Software access controls

Observation: Improve annual vendor reviews with more performance indicator data. (Significant)

- Current review focuses on summary of actions & initiatives taken
- No performance results (trend analysis) of key performance indicators have been included for evaluation or discussion during annual reviews

Timeline of Improvement Initiatives



Results of Improvement Initiatives



Program Goals	Performance Indicators
Quality <ul style="list-style-type: none"> • Customer Surveys • Quality PG 	<ul style="list-style-type: none"> • Calls transferred to ERS from vendor • Quality scores by evaluation question • Frequent use of Agent help desk
Timeliness <ul style="list-style-type: none"> • Service Level • Abandoned Rate 	<ul style="list-style-type: none"> • Percent fully staffed • Attrition rate • Absenteeism rate • Average speed of answer • Percent of forecasted volume
Example:	<ul style="list-style-type: none"> • Overall agency staff wellness • Health and Wellness scorecard • Year over year comparisons

Summary



- Performance Measure data is a key indicator of the health of vendor's performance.
- Are initiatives to aid vendor's performance working?
- Including performance results would allow for an objective assessment of the effectiveness of initiatives.
- Formal presentation on results would aid in governance.

Management Response



- Develop comprehensive annual review
- Ensure key performance indicators are included

Discussion

Continuity of Operations (COOP) Audit

Tony Chavez, Director of Internal Audit

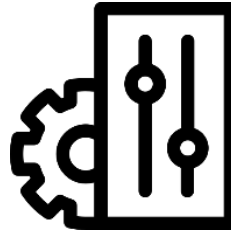
Tressie Landry, Audit Manager

Bernie Hajovsky, Director of Enterprise Planning

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COOP Overview &
Objectives



Key Controls



Observations

COOP Objectives

- Continue to serve its citizens in the event of a disaster
- Have established Plan in place



State of Texas Essential Functions* (Continuity of Government)

- Maintain law and order
- Ensure availability of emergency services
- Ensure availability of critical services (health, safety, welfare, critical infrastructure)

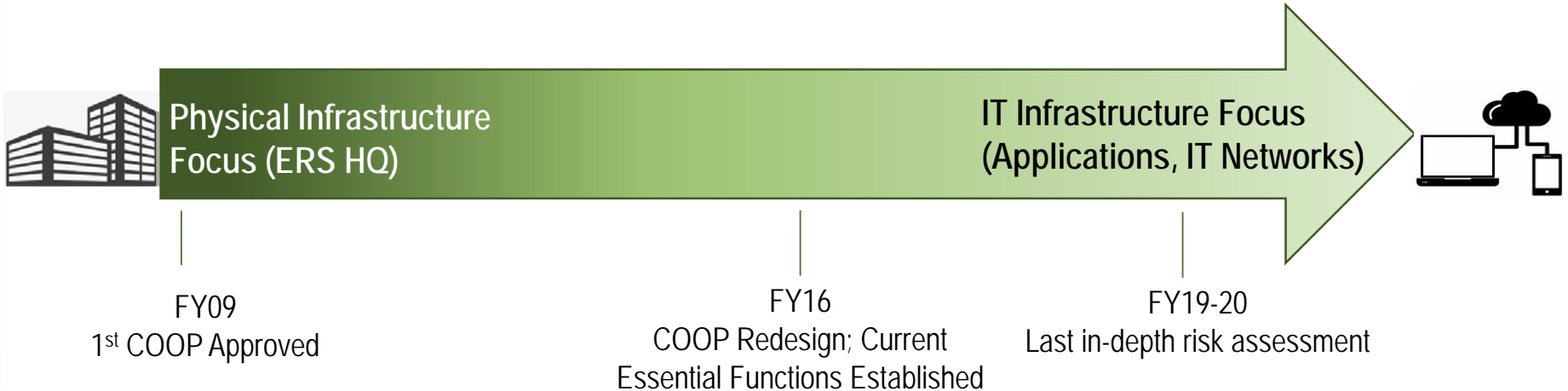
**Texas State Office of Risk Management Continuity Policy Directive*



ERS COOP Objectives



- ERS does not directly support Texas Essential Functions
- Still responsible for continuing to provide essential functions to members
- Not intended to ensure all ERS services
- Those ERS services that are both impactful and urgent



COOP Summary Observations

Scope Area	Rating	Results
COOP Development	Satisfactory	<ul style="list-style-type: none">• COOP reviewed bi-annually• COOP periodically submitted to State Office of Risk Management for periodic review• Mission essential functions appropriately identified.
COOP Maintenance	Needs Improvement	Scope of current Business Impact Analysis (BIA) should be narrowed
<ul style="list-style-type: none">• BIA utilized focused on broader entity level risks vs. event-specific risks• Limits ability to identify unique characteristics associated with each event• Impacts the effectiveness of the risk mitigation and response.		

Business Impact Analysis

(Enterprise vs. Event Risk)



	ERM (Enterprise)	COOP (Event)
Objective	Strategic: Ensure long-term success and <u>sustainability</u>	Operational (Tactical): Ensure essential functions continue in event of a "disaster"; <u>continuity</u>
Scope of Analysis	Broad view of all risks, "Big picture"	Specific events or incidents that may occur
Methodology	Risk assessment based on several risk factors including both internal and external	Specific events or incidents that may occur
Risk Factors – Event Risk	<ul style="list-style-type: none"> - Customer Service - Regulatory - Financial 	<ul style="list-style-type: none"> - Ransomware - Natural Disaster
Example	Primary Care Physician Annual Physical Vital Statistics; Bloodwork	Specialist – Allergist <ul style="list-style-type: none"> - Specialized Allergy Tests → Peanut allergy - Avoid peanuts (mitigation) - EpiPen medication (Recovery)

Summary



- Established COOP in place
- All key elements included in COOP
- Event risk analysis over key processes should be more focused for improved mitigation and response plans

Management Response



- Develop action plans for impacted business and support areas
- Create ransomware test exercises
- Align recovery time objectives (RTOs) with contract requirements for applications supporting essential functions

Discussion

Cloud Governance Audit

Tony Chavez, Director of Internal Audit

Tressie Landry, Audit Manager

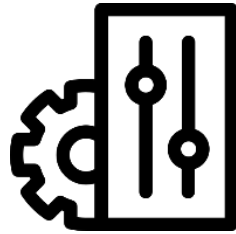
Reema Parappilly, Weaver

Chuck Turner, Chief Information Officer

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Cloud Overview



Key Controls



Observations

Cloud Overview

The objective of a cloud governance program is to ensure the effective utilization of cloud computing resources to meet an organization's business goals and objectives.

Cloud – Accessing information technology (*storage, applications*) remotely (*internet*) instead of on local infrastructure (*on-prem*)

Benefits:

- Flexibility/Scalability
- Remote Access
- Enhanced Information Security
- Reduced/timely maintenance/upgrade
- Lower costs

Cloud at ERS

1/3

Applications used by ERS are cloud based



Most ERS cloud applications are resources (not transaction processing)



Applications used by agency employees to process transactions

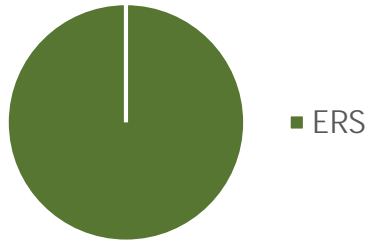


Applications used by vendors to process transactions for ERS

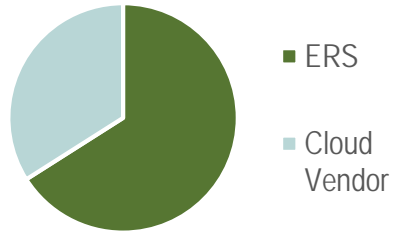
Cloud Overview – Changing Roles



ERS responsibility on premise



ERS responsibility in the cloud



Shifting of Responsibilities: Risk does not go away using the cloud, it get shifted.

Cloud Governance Summary Observations

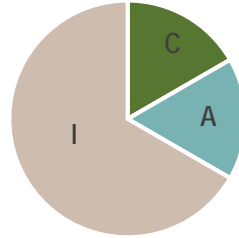


Scope Area	Rating	Key Controls
Operations	Satisfactory	<ul style="list-style-type: none">• Procurement process involves Information Systems• All new applications reviewed by Information Systems for compatibility• An inventory of cloud systems is being formalized

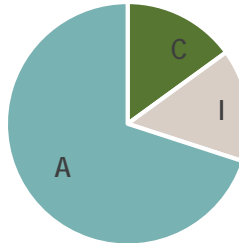
Cloud Governance Observation

Core Principle	Controls
Confidentiality	TXRAMP; SOC
Integrity	TXRAMP; SOC; Others
Availability	TXRAMP; Disaster Recovery Plans

Application A – Risk Profile



Application B – Risk Profile



Monitoring Plan

- Level 2 TXRAMP certification
- Change management controls

- Full disaster recovery plan and testing results

Summary



- Current risk is low based on types of cloud resources used
- Controls are in place to review cloud applications, improvement is needed to assess risk specific to each application

Management Response



- Complete cloud inventory
- Assess cloud applications for significance and enhanced monitoring
- Collaborate with contract managers and Office of Procurement and Contract Oversight to add risk attributes to post-procurement risk assessment
- Develop objective criteria for reviewing vendor audit reports for data security and disaster recovery

Discussion