



# **TEXAS DEPARTMENT OF CRIMINAL JUSTICE**

## **INTERNAL AUDIT DIVISION**

### **ANNUAL REPORT**

**for**

**Fiscal Year 2014**

Scott Hornung, CPA – Director  
Lynda Brackett, CIA, CGAP – Deputy Director  
Christopher W. Cirrito, CIA, CFE – Audit Manager  
Mindy Pilgrim, CIA, CGAP – Audit Manager



## Texas Department of Criminal Justice

Brad Livingston  
Executive Director

October 31, 2014


TO: The Honorable Rick Perry, Governor  
Members, Legislative Budget Board  
Members, Sunset Advisory Commission  
Mr. John Keel, CPA, State Auditor

Dear Ladies and Gentlemen:

A report on the activity of the Internal Audit Division of the Texas Department of Criminal Justice is attached. This report fulfills the requirements of the Texas Internal Auditing Act (Government Code, Chapter 2102) and provides the content prescribed by the *State Auditor's Office Fiscal Year 2014 Guidelines for Submitting and Posting the Internal Audit Annual Report and Periodic Internal Audit Reports*. Our audit work for fiscal year 2014 focused on reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, regulations, contracts and policies. The information in this report is intended to assist state decision makers in their efforts to improve accountability and increase the effectiveness and efficiency of state government.

We appreciate the opportunity to participate in this program. For additional information concerning this report, please contact me at (936) 437-7100.

Sincerely,

  
Scott Hornung, CPA  
Director, TDCJ Internal Audit Division

xc: Members, Texas Board of Criminal Justice  
Brad Livingston, TDCJ Executive Director

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Our mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

Internal Audit Division  
Scott Hornung, CPA, Director  
[www.tdcj.texas.gov](http://www.tdcj.texas.gov)

2 Financial Plaza, Suite 525  
Huntsville, Texas 77342

(936) 437-7100  
Fax (936) 437-2821

**Purpose of the Internal Audit  
Division Annual Report:**

To provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts.

**Statutory Requirement:**

In accordance with Chapter 2102 of the Government Code the internal auditor shall prepare an annual report and submit the report before November 1 of each year to the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, the state agency's governing board, and the agency administrator. The State Auditor shall prescribe the form and content of the report, subject to the approval of the Legislative Audit Committee.

**Texas Board of Criminal Justice Policy:**

In accordance with Board Policy 14.02 the Director of the Internal Audit Division shall annually report to the Board on the activities of the preceding year.

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## I. Compliance with House Bill 16 [\(Return to Table of Contents\)](#)

House Bill 16 (83rd Legislature, Regular Session) amended Chapter 2102, Texas Government Code, by adding Section 2102.015, which requires state agencies and higher education institutions, as defined in the bill, to post certain information on their Internet Web sites. The TDCJ Internal Audit Division will follow the procedures below to ensure compliance with posting requirements.

**Texas Government Code Section 2102.015 (b) (1)** requires posting of the agency's internal audit plan approved as provided by section 2102.008.

The Annual Internal Audit Plan is developed in the spring and summer of each fiscal year and presented to the Texas Board of Criminal Justice for approval at either the July or August board meeting. Upon approval, the plan will be posted to the agency's web site no later than September 1st of each year.

**Texas Government Code Section 2102.015 (b) (2)** requires posting of the agency's annual report required under section 2102.009.

The State Auditor's Office provides guidance to state agencies and higher education institutions for the preparation of the annual report in September of each year. Upon receipt of those instructions the TDCJ Internal Audit Division will begin compiling the information into the prescribed format. The annual report will be provided to the agency's executive administration and the Texas Board of Criminal Justice in mid-October. Upon approval from the board chairman the report will be distributed as required and posted to the agency's web site.

**Texas Government Code Sections 2102.015 (d) and (e)** require entities to update the posting with:

- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report; and,
- A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report.

To comply with this reporting requirement we have added Chapter VIII to this report. That Chapter is titled, *Texas Government Code Sections 2102.015 (d) and (e) Update*, and consists of a table, which includes every audit report issued in fiscal year 2014. The first two columns include the audit number and title. The next two columns satisfy the requirements of part (d); the first titled *Finding Statement*, contains the topic finding statements from the report. If the report is a follow up audit, we provided the general opinion related to implementation status.

The next column titled, *Recommendations*, present the recommendations the Internal Audit Division provided for the finding. If the report is a follow up audit, we provided any modified recommendations we may have made to complete actions in the original report.

The final column titled, *Actions Taken*, satisfies the updating requirements for part (e). It will present management's self-reported status of implementation for the recommendation. It has been the Internal Audit Division's practice for many years to require management to provide updated status reports twice a year for all open Internal Audit recommendations.

To ensure a current status of the actions taken by management is reported in this table, the Internal Audit Division will continue to request from management a current status of open recommendations. The updates received in August of each year will be utilized in the management responses section of the table.

The report is provided to the agency's executive administration and the Texas Board of Criminal Justice in mid-October 2014. Upon approval from the board chairman the report will be distributed as required and posted to the agency's web site.

## II. Internal Audit Plan for Fiscal Years 2013 and 2014

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The table begins with audits that were on the fiscal years 2013 plan, but were ongoing and a report had not been issued when the 2013 annual report was prepared. Audits on the 2013 plan begin with 13, and audits on the 2014 plan begin with 14.

| Audit No. | Audit/Report Title   | Status   | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|--|----------|-------------|-----------------------------|---------------------------|
| 1301      | <b>Health Services Division</b><br><br>Quality of Care   | Complete | 3/12/14     | 3 Staff /<br>6 Months       | N/A                       |
| 1302      | <b>Business and Finance Division</b><br><br>Construction Contract Development<br><br><b>Facilities Division</b><br><br>Engineering | Complete | 1/20/14     | 2 Staff /<br>3 Months       | N/A                       |
| 1303      | <b>Correctional Institutions Division</b><br><br>Food Service Inventory Management and Health and Safety Compliance                | Ongoing  | N/A         | 2 Staff /<br>4 Months       | N/A                       |
| 1305      | <b>Manufacturing and Logistics Division</b><br><br>Warehousing and Supply – Reliability of the Inventory Management System         | Complete | 09/03/13    | 3 Staff /<br>4 Months       | N/A                       |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title   | Status   | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|--|----------|-------------|-----------------------------|---------------------------|
| 1307      | <b>Correctional Institutions Division</b><br><br>Offender Drug Testing<br><br><b>Parole Division</b><br><br>Drug and Alcohol Testing   | Complete | 09/25/13    | 1 Staff / 4 Months          | N/A                       |
| 1309      | <b>Information Technology Division</b><br><br>Information System Security – Lotus Notes  | Complete | 04/10/14    | 1 Staff / 4 Months          | N/A                       |
| 1310      | <b>Windham School District</b><br><br>Library Services   | Complete | 09/24/13    | 3 Staff / 3 Months          | N/A                       |
| 1313      | <b>Reentry and Integration Division</b><br><br>Continuity of Care Follow Up<br><br><b>Health Services Division</b><br><br>Office of Mental Health Monitoring and Liaison Follow Up | Complete | 09/30/14    | 2 Staff / 3 Months          | N/A                       |



Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title  | Status   | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|---|----------|-------------|-----------------------------|---------------------------|
| 1314      | <b>Information Technology Division</b><br><br>System Development Life Cycle<br><br>Corrections Tracking System Follow Up<br><br><b>Community Justice Assistance Division</b><br><br>Community Supervision Tracking System Follow Up | Complete | 02/28/14    | 1 Staff / 3 Months          | N/A                       |
| 1315      | <b>Correctional Institutions Division</b><br><br>Unit Mailrooms Follow Up   | Complete | 09/27/13    | 3 Staff / 3 Months          | N/A                       |
| 1316      | <b>Parole Division</b><br><br>Compliance with Sex Offender Caseload Requirements  | Complete | 11/16/13    | 2 Staff / 3 Months          | N/A                       |
| 1318      | <b>Correctional Institutions Division</b><br><br>Tool Control Follow Up   | Complete | 01/14/14    | 2 Staff / 3 Months          | N/A                       |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title   | Status   | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|--|----------|-------------|-----------------------------|---------------------------|
| 1319      | <b>Parole Division</b><br><br>Annual Reporting Status and Early Release from Supervision Follow Up       | Complete | 09/09/13    | 1 Staff / 2 Months          | N/A                       |
| 1320      | <b>Private Facility Contract Monitoring /Oversight Division</b><br><br>Substance Abuse Services Payments | Complete | 12/31/13    | 2 Staff / 3 Months          | N/A                       |
| 1321      | <b>Facilities Division</b><br><br>Accuracy of Utility Billings   | Complete | 10/31/13    | 3 Staff / 5 Months          | N/A                       |
| 1323      | <b>Internal Audit Division</b><br><br>Action Plan Tracking   | Complete | 09/04/13    | 1 Staff / 1 Month           | N/A                       |
| 1324      | <b>Walkthroughs</b><br><br>Various   | Complete | N/A         | N/A                         | N/A                       |
| 1401      | <b>Office of the Inspector General</b><br><br>Evidence Control   | Complete | 05/14/14    | 1 Staff / 3 Months          | N/A                       |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title   | Status   | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|--|----------|-------------|-----------------------------|---------------------------|
| 1402      | <b>Business and Finance Division</b><br><br>Public Funds Investment Act<br><br><b>Windham School District</b><br><br>Public Funds Investment Act | Complete | 12/31/13    | 1 Staff/<br>1 Month         | N/A                       |
| 1403      | <b>Parole Division</b><br><br>Summons Issuance   | Complete | 04/22/14    | 2 Staffs/<br>3 Months       | N/A                       |
| 1404      | <b>Information Technology Division</b><br><br>Data Management – Offender Information Management System   | Ongoing  | N/A         | 3 Staffs/<br>4 Months       | N/A                       |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title   | Status   | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|--|----------|-------------|-----------------------------|---------------------------|
| 1405      | <p><b>Correctional Institutions Division</b></p> <p>Compliance with the Administrative Segregation Placement and Review Procedures</p> <p><b>Health Services Division</b></p> <p>Monitoring Health Evaluations of Offenders in Segregation</p> | Ongoing  | N/A         | 4 Staffs/<br>4 Months       | N/A                       |
| 1406      | <p><b>Business and Finance Division</b></p> <p>Performance Measure Reporting</p>   | Complete | 06/13/14    | 4 Staffs/<br>4 Months       | N/A                       |
| 1407      | <p><b>Parole Division</b></p> <p>Restitution Collection</p>  | Ongoing  | N/A         | 3 Staffs/<br>4 Months       | N/A                       |
| 1408      | <p><b>Community Justice Assistance Division</b></p> <p>Risk Assessment Process</p>   | Ongoing  | N/A         | 4 Staffs/<br>3 Months       | N/A                       |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title   | Status  | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation  |
|-----------|--|---------|-------------|-----------------------------|--|
| 1409      | <b>Windham School District</b><br>Recreation Programs                                    | Ongoing | N/A         | 3 Staffs/<br>4 Months       | N/A  |
| 1410      | <b>Board of Pardons and Paroles</b><br>Follow up to Institutional Parole Offices         | Deleted | N/A         | 2 Staffs/<br>3 Months       | The Board of Pardons and Paroles voted not to have this audit performed. |
| 1411      | <b>Correctional Institutions Division</b><br>Correctional Training and Staff Development | Ongoing | N/A         | 3 Staffs/<br>3 Months       | N/A  |
| 1412      | <b>Parole Division</b><br>Release Certificates   | Ongoing | N/A         | 3 Staffs/<br>3 Months       | N/A  |
| 1413      | <b>Reentry and Integration Division</b><br>Verification and ID Processing                | Ongoing | N/A         | 2 Staffs/<br>3 Months       | N/A  |
| 1414      | <b>Correctional Institutions Division</b><br>Laundry Operations                          | Ongoing | N/A         | 3 Staffs/<br>3 Months       | N/A  |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued

| Audit No. | Audit/Report Title   | Status  | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation  |
|-----------|--|---------|-------------|-----------------------------|--|
| 1415      | <b>Business and Finance Division</b><br>Capital Assets   | Ongoing | N/A         | 3 Staffs/<br>3 Months       | N/A  |
| 1416      | <b>Information Technology Division</b><br>Follow Ups to Telecommunications Network and Offender Telephone System | Ongoing | N/A         | 2 Staffs/<br>3 Months       | N/A  |
| 1417      | <b>Business and Finance Division</b><br>Grant Administration   | Ongoing | N/A         | 2 Staffs/<br>3 Months       | N/A  |
| 1418      | <b>Human Resources Division</b><br>Position Classification Review  | Ongoing | N/A         | 3 Staffs/<br>3 Months       | N/A  |
| 1419      | <b>Parole Division</b><br>Intermediate Sanction Facility Placements  | Ongoing | N/A         | 3 Staffs/<br>2 Months       | N/A  |
| 1420      | <b>Board of Pardons and Paroles</b><br>Accessibility of Case Summary Data  | Deleted | N/A         | N/A                         | The Board of Pardons and Paroles voted not to have this audit performed. |

**Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014**  
**II. Internal Audit Plan for Fiscal Years 2013 and 2014 – Continued**

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| Audit No. | Audit/Report Title   | Status  | Report Date | Project Budget <sup>1</sup> | Explanation for Deviation |
|-----------|--|---------|-------------|-----------------------------|---------------------------|
| 1421      | <b>Internal Audit Division</b><br><br>Action Plan Tracking | Ongoing | N/A         | 1 Staff/<br>1 Month         | N/A                       |
| 1422      | <b>Walk Throughs</b><br><br>Various                        | Ongoing | N/A         | N/A                         | N/A                       |

<sup>1</sup> Beginning in Fiscal Year 2013 we began budgeting resources to audits based on number of staff and calendar days rather than on audit hours.

### III. Consulting Services and Nonaudit Services Completed

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| Report No.  | Report Date | Name of Report       | High Level Consulting Engagement / Non-audit Service Objective(s)   | Observations / Results and Recommendations  |
|---|-------------|----------------------|---|---|
| <p><b>1323</b></p> <p><a href="#">(Return to Table of Contents)</a></p> | 09/04/13    | Action Plan Tracking | <p>At the request of the Executive Director we obtained action plans for Internal Audit Division and State Auditor's Office audits completed in fiscal years 2001 through 2013.</p> | <p>We prepared, and provided to the Executive Director, a chart summarizing the status of the recommendations based on the information contained in the action plans.</p> <p>As requested, Agency management provided up-to-date action plans for all audits completed through our August 1, 2013 cutoff date. Audits completed subsequent to August 1, 2013 will be included in our next update. The reported status of each recommendation contained on the action plans was based on management's assertions and has not been verified through follow-up audit activities.</p> <p>As this project was not an audit it was not performed in accordance with the International Standards for the Professional Practice of Internal Auditing or with Government Auditing Standards.</p> |



## IV. External Quality Assurance Review [\(Return to Table of Contents\)](#)

The Inquisitor Group was engaged to conduct an External Quality Assurance Review in FY 2013. The following is the Executive Summary from their report.

### EXECUTIVE SUMMARY

In July 2013, Inquisitor Group conducted a Quality Assessment (QA) of the Internal Audit Division (IA Activity) of the Texas Department of Criminal Justice (TDCJ). The principal objectives of the QA were to assess the IA Activity's conformity to The IIA *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*, evaluate the IA Activity's effectiveness in carrying out its mission (as set forth in its charter and expressed in the expectations of executive management), and identify opportunities to enhance its management and work processes, as well as its value to the TDCJ's management.

The TDCJ operates state prisons, state jails, parole services, and provides funding and certain oversight of community supervision (previously known as adult probation). The Department has an annual budget of over \$3.1 billion. The TDCJ views its mission as providing public safety, promoting positive change in offender behavior, reintegrating offenders into society, and assisting victims of crime.

In accordance with Texas Board of Criminal Justice (TBCJ) Policy 14.02, the IA Activity is overseen by the Board of Criminal Justice. The Board of Criminal Justice Chairman has appointed an Audit and Review Committee which reviews issues related to the IA Activity, including the development and recommendation for full Board approval of the annual Audit Plan and the appointment, dismissal and evaluation of the Chief Audit Executive. (CAE)

The mission of the IA Activity is to assist Agency administrators by furnishing independent analyses, appraisals, and recommendations concerning the adequacy and effectiveness of the Agency's system of internal control procedures and the quality of performance in carrying out assigned responsibilities. The IA Activity is staffed with 21 employees including the Director, Deputy Director and two managers.

In preparation for the QA, the IA Activity completed an advanced preparation package and provided detailed documentation about the IA Activity. The on-site work included interviews with TDCJ executives and the TBCJ Audit and Review Committee Chair, the State Auditor and staff of the IA Activity. In addition, we reviewed the IA Activity's risk assessment and audit planning processes, audit tools, methodologies, engagement and staff management processes, and a representative sample of the IA Activity's working papers and audit reports.

We found many positive aspects about the IA Activity. TDCJ's senior management enthusiastically supports the CAE as evidenced by interviews. Also, based on our interviews, document reviews, and observations, we noted that the IA Activity uses a number of "Best Practices" in its audit operations and administration. These include:

- Adopting an appropriate Internal Audit charter based on state mandates, the *Standards* and GAGAS to ensure independence through organizational placement and access to information.
- Using and evaluating internal control processes based on the Committee of Sponsoring Organizations (COSO) model to perform a comprehensive evaluation of risk.
- Obtaining management and TBCJ input on the development of the Annual Audit Plan to ensure audits are performed that will be useful to management and the Board.
- Using a user-friendly report format with an Executive Summary to summarize audit findings and conclusions as well as provide management comments and action plans.
- Performing an ongoing risk assessment to identify emerging issues and providing timely audits for the benefit of the TDCJ.

## OPINION AND RECOMMENDATIONS

*In our opinion, the IA Activity “Generally Conforms” to both the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards.*

### Conformity Rating

The IIA QA framework provides a system for rating conformity to the *International Standards for the Professional Practice of Internal Auditing (Standards)*, which consists of three categories: generally conforms, partially conforms, and does not conform.

The framework describes these categories as follows:

- “Generally conforms” means that an internal audit activity has a charter, policies, and processes that are judged to be in accordance with the *Standards*, but some opportunities for improvement may exist.
- “Partially conforms” means that practices were noted that are judged to deviate from the *Standards*, but they did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
- “Does not conform” means that deficiencies in practices were judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

The *Standards* are divided into two primary subsets: *Attribute Standards* and *Performance Standards*. ***The QA team rates the TDCJ Internal Audit Division as “generally conforms” to the Attribute Standards and the Performance Standards. Because the GAGAS and IIA Standards***

*are very similar, we used a crosswalk tool to ensure that the IA Activity also conforms to GAGAS. Thus, overall the IA Activity “generally conforms” to the International Standards for the Professional Practice of Internal Auditing and to GAGAS. In addition the team found that the IA Activity “generally conforms” to the IIA Code of Ethics.*

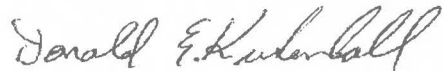
Opportunities and innovative practice suggestions which we believe will enhance conformity with the *Standards and GAGAS* and further improve the effectiveness of the IA Activity are listed below.

### **INNOVATIVE PRACTICE SUGGESTIONS FOR CONSIDERATION BY THE IA ACTIVITY**

1. Develop a set of metrics for FY 2014 similar to the FY 2013 goals and monitor performance against goals. The CAE should periodically brief the Audit Committee on the goal achievement with an explanation for significant variances. (1320, 2060)
2. Augment IA Activity IT expertise through staff training as well as consultant support to ensure that greater IT knowledge, skills and competencies are applied during risk assessments, audit planning, audit field work. (1210,1230,2030)
3. Enhance IT audit skills by contracting with qualified vendors and co-sourcing IT audit projects. (2120, 2130)
4. Evaluate the Audit Management System software offerings in the market place and purchase the product that best meets the needs of the IA Activity. Implementing audit management software can provide significant improvements in document management, annual audit plan risk assessment, and audit management and scheduling functions, and improve overall audit services to the TDCJ. (Leading Practice)
5. Track audit hours to have an early warning system for when an audit may be getting off track. If automated audit workpaper software is implemented, this will be greatly facilitated.(Leading Practice)
6. Review and approve the Internal Audit Charter at least annually and revise it as necessary to ensure it remains accurate. Incorporate the recent revisions to the Standards and the GAGAS. (1000)
7. Update the IA Activity audit manual to assure that auditors have current standards and practice information to use during the conduct of audits. (2040)

The details concerning these issues begin on page 4 of this report.

Respectfully,



Donald E. Kirkendall, CIA  
Project Manager

Team Members:  
Kenneth Clarke, CGFM  
David MacCabe, CIA, CGAP, CRMA  
Elliott Flood, CIA, CPA, CFE

## V. Internal Audit Plan for Fiscal Year 2015 [\(Return to Table of Contents\)](#)

The following table is our Fiscal Year 2015 Annual Audit Plan as presented to and approved by the Texas Board of Criminal Justice on August 22, 2014. Beginning in Fiscal Year 2013 we began budgeting resources to audits based on number of staff and calendar days rather than on audit hours.

All audits that in our opinion were ranked “high” risk are included on the plan.

The first step in the risk assessment process is the identification of the audit universe. We review and update this universe on an ongoing basis and are diligent to ensure areas of the agency that monitor and manage contracts are identified in our universe. In addition, our identification of the audit universe for Information Technology includes functions listed in Title 1, Texas Administrative Code, Chapter 202.

Our risk assessment methodology is based on the Committee of Sponsoring Organization’s (COSO) Internal Control Integrated Framework. Each of the five components of the COSO framework are evaluated and point values are assigned as follows. This framework is applicable to evaluate risks in all agency functions; therefore, the process described below is applied to contract management and Information Technology functions identified in the audit universe.

The **Control Environment** defines the inherent risks to not achieving objectives and the elements of the organization, which influence the control consciousness of personnel. A maximum of 40 points are assigned to this category based on the auditor’s judgment of significance and sensitivity, susceptibility, red flags, integrity and ethics, competence, board interactions, management philosophy and operating style, organizational structure, assignment of authority, and human resource policies and practices.

**Risk assessment** is the management process of establishing objectives, identifying and analyzing the relevant risks to achievement of the objectives, and determining how those risks should be managed and evaluated as conditions change. This area is assigned a maximum of 10 points based on the auditor’s judgment of how the activity’s objectives align with the agency’s, how well activity level objectives are linked to agency-wide goals, how well mechanisms work to identify risks from external and internal sources, and mechanisms that anticipate, identify, and react to events.

**Control activities** are the broad range of activities management creates to help ensure directives are carried out and ultimately objectives are achieved. As these activities arise from the risk assessment process, 15 points are also assigned to this area based on the auditor’s judgment of whether the activities are based in policies that are linked to objectives, whether control resources expended address the risks identified, and whether there are adequate controls over information systems. The judgments related to control activities are based on whether the design of the control system appears adequate, whether controls are operating as intended, and whether there is compliance with the control activities.

For the discharge of management responsibilities, **information** must be identified and captured, and **communication** must be timely and in a useable format. This critical function is assigned a maximum of 20 points based on the auditor’s judgment of the mechanisms to design, implement, and monitor systems that identify, capture, process, and report timely, relevant, and accurate information. In addition, an assessment of communication processes that permeate the organization horizontally/vertically, internally/externally, and formally/informally.

To evaluate the effectiveness of internal control systems they must be **monitored**. The results of monitoring provide a basis for taking corrective actions to improve the effectiveness of the control system. Monitoring processes are assigned a maximum point value of 15 based on the auditor’s judgment of on-going monitoring processes, separate evaluations, and how deficiencies are reported.

The sum of these five areas is a maximum of 100 points, which is divided into thirds to define the following risk levels: 0 to 33 points is low risk; 34 to 66 points is moderate risk; and, 67 to 100 points is high risk.

We also solicit input from management and add points for audit requests they make. We add 30 points for a request from the Texas Board of Criminal Justice or the Executive Director, 20 points for a request from a division director, and 10 points for a request from a departmental manager.

Note that we do not change risk ranges after receiving management requests; therefore, anything that in our opinion was high risk before a management request remains high risk. This ensures that no area we determine to be high risk is displaced because of a management request by an area that in our opinion has less risk.

In the table below, projects are listed in the sequence they are planned to be assigned.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
V. Internal Audit Plan for Fiscal Year 2015 – Continued

| Assignment Schedule | Division/ Audit Title/ Resources  | Audit Summary   |  |
|---------------------|---|---|--|
|                     |   | Justification   | Objectives   |
| 1501                | <p><b>Private Facility Contract Monitoring/Oversight Division</b></p> <p>Halfway Houses</p> <p>Staff: 3<br/> Start Date: 09/01/14<br/> End Date: 11/30/14</p> | <p>The TDCJ has contracts for seven privately operated halfway house facilities. These contracts total over \$23 million per year to provide 1,848 beds. These beds are available for offenders immediately released from prison on parole or mandatory supervision or from an Intermediate Sanction Facility. In addition, in specific circumstances, upon referral from field parole staff, an offender may be placed in a halfway house.</p> <p>The Private Facility Contract Monitoring/Oversight Division is responsible for monitoring halfway house operations for compliance with contractual requirements. Contracts are designed to ensure both public safety and the health and safety of the offender residents. The Private Facility Contract Monitoring/Oversight Division provides on-going communication between the agency and the contracted representatives.</p> <p>Management requested and we have scheduled this audit.</p> | <p>1. To determine whether monitoring procedures are effective to identify, communicate, and resolve instances of vendor non-conformance with halfway house contract requirements.</p>   |
| 1502                | <p><b>Administrative Review and Risk Management</b></p> <p>Monitoring and Standards</p> <p>Staff: 3<br/> Start Date: 09/01/14<br/> End Date: 11/30/14</p>     | <p>The mission of the Administrative Review and Risk Management Division’s Monitoring and Standards Department is to monitor TDCJ facilities to ensure operations are in accordance with agency policies and procedures, court orders, and nationally accepted standards established by the American Correctional Association (ACA). The department uses two programs to perform this monitoring: an internal system of Operational Review; and, an external accreditation by the ACA.</p> <p>Internally, the Operational Review program provides agency managers with performance measures of unit and departmental operational effectiveness. Each state-operated unit has a designated operational review sergeant that conducts a review every six months. In addition, every three years a division level operational review is conducted by functional area proponents (from either</p>   | <p>1. To evaluate the efficiency of the Monitoring and Standards Department’s efforts to ensure units operate in accordance with agency policies and procedures, court orders, and nationally accepted standards.</p> <p>2. To evaluate the effectiveness of the Monitoring and Standards Department’s efforts to ensure units operate in accordance with agency</p> |

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|                     |   | Justification  | Objectives   |
|                     |   | <p>divisional or regional headquarters locations). These reviews are conducted at both state and privately operated units.</p> <p>Externally, the ACA accreditation process provides an independent assessment of agency achievement of industry standards every three years. Once accredited, all programs and facilities submit annual certification statements to the ACA. In addition, each facility undergoes a re-accreditation process. In the interim period the unit maintains and improves upon its compliance levels through ongoing efforts of unit, regional, and central office coordinators.</p> <p>Management requested and we have scheduled this audit.</p>  | <p>policies and procedures, court orders, and nationally accepted standards.</p> |
| 1503                | <p><b>Business and Finance Division</b></p> <p>Agribusiness Land and Minerals Economist</p> <p>Staff: 3<br/> Start Date: 09/01/14<br/> End Date: 11/30/14</p> | <p>Texas Government Code 497.112 requires a cost-effectiveness analysis of all agricultural programs annually. The Agribusiness, Land and Minerals Department prepares the Cost Analysis Summary Book each calendar year as their assertion of the financial performance of agricultural operations.</p> <p>We last audited this information in fiscal year 2004 (0420). The opinion expressed in that audit was because Agribusiness did not reconcile the Cost Analysis Summary Book to the Lonestars Accounting System and because identified costs were not captured or allocated appropriately to the Enterprise summaries we sampled, the Cost Analysis Summary Book may not be a reliable presentation of Agribusiness financial performance. As a result the Cost Analysis Summary Book as a report of cost-avoidance may be inaccurate.</p> <p>Management requested and we have scheduled this audit.</p> | <p>1. To evaluate the reliability of Agribusiness financial information.</p>     |
| 1504                | <p><b>Community Justice Assistance Division</b></p>   | <p>In Texas, 122 local Community Supervision and Corrections Departments supervise approximately 396,000 adult offenders sentenced to probation or</p>   | <p>1. To determine the status of corrective action taken in</p>                  |



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|                     | <p>Diversion Program Grants</p> <p>Staff: 2<br/> Start Date: 09/01/14<br/> End Date: 10/31/14</p> | <p>pretrial supervision. The departments are overseen by criminal district and county court-at-law judges. The departments are eligible for state funding if they meet the standards of operation and planning set by the Community Justice Assistance Division.</p> <p>The division distributes two types of funding: formula funding (funding allocated for basic supervision and community corrections), and grant funding (competitive awards for diversion programs based on merit and performance). To receive state funding, Community Supervision and Corrections Departments must submit a Community Justice Plan to the division on March 1st of every even numbered year.</p> <p>The Community Justice Plans outline the Community Supervision and Corrections Departments’ existing programs and services and may request funding for new programs and services. To distribute grant funding, the Community Justice Assistance Division evaluates how well programs meet the needs of defined target populations of offenders and what other funding the departments already receive.</p> <p>We scheduled a fiscal year 2012 audit (1205) of the Community Justice Assistance Division’s process to review and approve discretionary grant funding; however, we deferred that audit when the State Auditor’s Office initiated a similar audit.</p> <p>The State Auditor’s Office issued a report in fiscal year 2013 (13-004) that provided recommendations to ensure consistency in the evaluation criteria used to award grants and to modify financial and program monitoring activities to provide increased assurance that local departments spend funds from diversion program grants as intended.</p> <p>Management requested and we have scheduled this follow-up audit.</p> | <p>response to the State Auditor’s Report 13-004.</p> |

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| 1505                | <p><b>Parole Division</b></p> <p>Absconder Identification</p> <p>Staff: 3<br/> Start Date: 12/01/14<br/> End Date: 02/28/15</p>             | <p>An offender is alleged to have committed a violation of absconding supervision when they: fail to make an initial report to a parole office upon release from a detention facility; fail to report as scheduled after the initial report and cannot be located for the purpose of supervision; or fail to attend a scheduled hearing by summons after being provided proper notification. After the parole officer becomes aware the offender has absconded, a violation report must be submitted for a warrant issuance decision.</p> <p>Parole Division Policy and Operating Procedure 4.1.1 directs the efforts required of the parole officer to locate the offender prior to submission of a violation report and establishes the timeframes for the submission of the violation report. Management reported as of April 1, 2014, there were 11,299 parole absconders.</p> <p>Management requested and we have scheduled this audit.</p> | <p>1. To evaluate the effectiveness of the process to identify absconders.</p>                                       |
| 1506                | <p><b>Correctional Institutions Division</b></p> <p>Release Functions</p> <p>Staff: 4<br/> Start Date: 12/01/14<br/> End Date: 02/28/15</p> | <p>The Release Section of the Classification and Records Office is responsible for processing records of offenders scheduled for release from prison due to parole, mandatory supervision (regular and discretionary), and discharge. The process for releasing offenders includes: comparing offense paper records with computer records, verifying DNA and HIV testing was performed; conducting detainer and warrant checks; and checking time calculations and release dates before the offender was released. In addition, they provided support for the release of offenders sentenced to and released from State Jails.</p> <p>State Jail offender records are maintained at the unit of assignment and the offenders are released directly from each unit. The process of releasing offenders from a State Jail is similar to releasing them from a prison unit;</p>   | <p>1. To determine whether offenders scheduled for release are processed in accordance with agency requirements.</p> |

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|                     |   | however, the steps are the responsibility of State Jail Classification staff.<br><br>Management requested and we have scheduled this audit.  |   |
| 1507                | <b>Rehabilitation Programs Division</b><br><br>DNA Collection<br><br>Staff: 2<br>Start Date: 12/01/14<br>End Date: 02/28/15 | Section 411.148 of the Texas Government Code requires the TDCJ to collect deoxyribonucleic acid (DNA) samples from offenders incarcerated in or under parole supervision. Each DNA specimen collection is preserved, recorded, and sent to the Texas Department of Public Safety for scientific analysis and maintenance in the DNA database.<br><br>Administrative Directive 03.17, <i>Offender DNA Specimen Collection</i> , documents the agency’s procedures to comply with this law and outlines responsibilities of the various agency divisions and departments involved in the collection and reporting process. As of March, a total of 16,763 specimens have been collected in fiscal year 2014.<br><br>We have scheduled this audit.  | 1. To evaluate agency compliance with Administrative Directive 03.17, <i>Offender DNA Specimen Collection</i> . |
| 1508                | <b>Human Resources</b><br><br>Equal Employment Opportunity<br><br>Staff: 3<br>Start Date: 12/01/14<br>End Date: 02/28/15    | The agency maintains a continuing commitment to its zero tolerance for discrimination in the workplace, including sexual harassment. The agency’s zero tolerance policy also applies to all forms of intimidation, hostility, offensive behavior, and retaliation.<br><br>At management’s request, we performed a fiscal year 2005 audit (0531) of the Equal Employment Opportunity section to determine the section’s compliance with state and federal law and agency policies. We also evaluated the effectiveness of agency policy and procedures to ensure alleged violations of those rules were accepted and investigated efficiently, and the effectiveness of the policy and procedures to inform employees about their rights to bring | 1. To determine the EEO Section’s compliance with agency policies relating to Equal Employment Opportunity.     |

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|                     |   | Justification  | Objectives  |
|                     |   | <p>forward EEO allegations. We made recommendations to revise policies and procedures, ensure all entities involved in the investigation process were aware of their roles and responsibilities, and consider development of an independent reprimanding authority to conduct disciplinary hearings of discrimination of sexual harassment</p> <p>We performed a follow up audit in fiscal year 2007 (0701) and found management had made significant progress in implementing corrective actions.</p> <p>Because of the sensitivity of this issue, we have scheduled this cyclical audit.</p>   |   |
| 1509                | <p><b>Office of the Inspector General</b></p> <p>Office of the Inspector General Training Academy</p> <p>Staff: 3<br/> Start Date: 12/01/14<br/> End Date: 02/28/15</p> | <p>As the Office of the Inspector General (OIG) is the primary investigative and law enforcement entity for the Texas Department of Criminal Justice, officers are required to be licensed peace officers. Investigator trainees that do not possess a license when hired are required to complete an outside contracted academy that meets the Texas Commission on Law Enforcement requirements of a minimum of 640 hours to prepare them for the licensing examination. The Texas Commission on Law Enforcement administers the examination and issues the license.</p> <p>New-hire investigator trainees also attend the six-week OIG academy. In addition, to maintain a license, the Texas Commission on Law Enforcement requires 40 hours of continuing education training every 24 months. It is the officer’s responsibility to obtain those hours; however, the OIG maintains a tracking system and helps officers obtain training through the academy or from outside sources.</p> <p>Management requested and we have scheduled this audit.</p> | <p>1. To determine compliance with the Office of the Inspector General’s and Texas Commission on Law Enforcement’s training requirements for licensed peace officers.</p> |
|                     |   |  |   |

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|                     |   | Justification  | Objectives  |
| 1510                | <p><b>Information Technology Division</b></p> <p>Video Conferencing</p> <p>Staff: 2<br/> Start Date: 12/01/14<br/> End Date: 02/28/15</p>                       | <p>Videoconferencing is the combination of video and audio equipment to provide two or more locations the ability to communicate "face-to-face". This equipment allows TDCJ employees to participate in executive/administrative meetings and employee trainings without the expense of travel. The equipment also allows offenders to attend court proceedings without the security risks of transporting offenders and it expands continuing education/training opportunities. The Videoconferencing section of the Communications Department provides this service to TDCJ and operates 64 sites distributed throughout the state.</p> <p>Management requested and we have scheduled this audit.</p>  | <p>1. To determine whether videoconferencing is utilized effectively.</p>   |
| 1511                | <p><b>Community Justice Assistance Division</b></p> <p>Fiscal Management – CSCD Insurance</p> <p>Staff: 3<br/> Start Date: 03/01/15<br/> End Date: 05/31/15</p> | <p>In 2003, the 78<sup>th</sup> Legislature recognized the service to the state provided by employees and retired employees of community supervision and corrections departments (CSCDs) by extending to them and their dependents the same life, accident, and health benefit coverage provided to state employees, retired employees, and their dependents.</p> <p>Since CSCD employees are special purpose district employees, the Employees Retirement System (ERS) could not collect the employee's and employer's contributions to the group benefit program from the Comptroller as they do for state employees. Therefore, the ERS requested the TDCJ develop a methodology to enroll these employees in the system, collect their contributions, and forward those monies to the ERS.</p> <p>The Community Justice Assistance Division's Accounting Unit was delegated the responsibility to oversee this program. For fiscal year 2014, the TDCJ was appropriated just over \$51 million to fund group benefits for employees and retired employees of CSCDs.</p> <p>We conducted a fiscal year 2006 audit (0618) of the effectiveness of processing</p> | <p>1. To evaluate the accuracy of processing health insurance payments to the Employee Retirement System for CSCD employees and retirees.</p> |

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|                     |  | Justification  | Objectives   |
|                     |  | <p>the payments associated with CSCD employees and retirees in the group benefits program for state employees. We also conducted a follow up audit in fiscal year 2008 (0815).</p> <p>Management requested and we have scheduled this cyclical audit.</p>  |  |
| 1512                | <p><b>Parole Division</b></p> <p>Detainers</p> <p>Staff: 3<br/> Start Date: 03/01/15<br/> End Date: 05/31/15</p> | <p>A detainer is an administrative order imposed by an agency empowered by law to take an offender into its custody once released from another agency. When an offender being paroled from the TDCJ is released to another agency based on a detainer from that agency the Texas Board of Pardons and Paroles may impose special condition “D” as a condition of parole or mandatory supervision. Upon release from the detaining agency special condition “D” requires the offender to report to the Parole Division.</p> <p>The Parole Division Central Coordination Unit (CCU) provides support services to Field Operations related to monitoring the Detainer/Deportation caseload, until the case is officially closed. Parole Division Policies and Operating Procedures 3.2.9 and 4.3.8 include detainer processes for offenders under active supervision or located at Substance Abuse Felony Punishment and Intermediate Sanction facilities. Authorities must notify the CCU of active detainers or Immigration and Customs Enforcement deportation orders.</p> <p>In Fiscal Year 2013, 10,780 detainers were processed by the Parole Division.</p> <p>Management requested and we have scheduled this audit.</p> | <p>1. To determine whether the Parole Division Central Coordination Unit is effective in monitoring the Detainer/Deportation caseload.</p> |
| 1513                | <p><b>Correctional Institutions Division</b></p>   | <p>A security threat group (STG) is any group of offenders that the TDCJ determined poses a threat to the physical safety of other offenders, staff, or the public due to the organization and activities of the group. The STG</p>  | <p>1. To determine the reliability of security threat group records.</p>   |

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|                     | <p>Security Threat Group</p> <p>Staff: 4<br/> Start Date: 03/01/15<br/> End Date: 05/31/15</p>  | <p>Management Office recognizes 12 security threat groups. In addition, the TDCJ monitors offenders affiliated with miscellaneous street gangs.</p> <p>At the unit level, intense efforts are expended to identify potential STG members and gather sufficient evidence to seek approval of the offender as a suspected or confirmed security threat group member. Approval actions are progressive through the unit warden, Regional Security Threat Group Coordinator, and Security Threat Group Management Office; denials may occur at any level.</p> <p>The STG Management Office monitors the activities of security threat groups and their members. The STG Management Office provides oversight, training and technical support for the unit level staff who gather information on the activities of security threat group members.</p> <p>As of March 31, 2014, there were 8,180 offenders confirmed as a member and 1,798 suspected members of one of the recognized STGs.</p> <p>Management requested and we have scheduled this audit.</p> | <p>2. To determine the efficiency of the approval process for suspected and confirmed security threat group members.</p> |
| 1514                | <p><b>Business and Finance Division</b></p> <p>Payment Processing</p> <p>Staff: 3<br/> Start Date: 03/01/15<br/> End Date: 05/31/15</p> | <p>The TDCJ procures over \$1 billion annually in goods and services using requisitions, purchase orders, and contracts. Payment processing ensures that purchase orders or contracts exist to support a vendor’s invoice and that documentation exists to support the goods and services were received. This validation must be performed and the payment completed within the vendor’s credit agreement or the 30-day timeframe established by the Legislature.</p> <p>In addition to these transactions, departments and units utilize procurement cards to purchase goods and services at the local level. In these cases, the department and unit confirms the purchase was authorized and the goods received. Payment processing then ensures prompt payment to the credit card</p>   | <p>1. To determine the effectiveness of the Payment Processing Section in making payments to vendors.</p>                |

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|                     |  | company.<br><br>Management requested and we have scheduled this cyclical audit.   |   |
| 1515                | <b>Rehabilitation Programs Division</b><br><br>Individual Treatment Plan<br><br>Staff: 4<br>Start Date: 03/01/15<br>End Date: 07/31/15 | <p>Texas Government Code section 508.152 requires the department to establish an individual treatment plan (ITP) for each offender admitted to the institutional division. The plan is required to include a record of the inmate’s institutional progress, the results of any assessment of the inmate, the dates the inmate must participate in subsequent assessments, and a prioritized list of all of the treatment and programming needs of the inmate.</p> <p>To ensure each inmate is receiving appropriate services, each facility is required to establish a case management committee. The committee must include an employee that provides rehabilitation and reintegration services, an employee that provides vocational or educational services, an employee that provides medical or mental health care treatment, and a representative from a volunteer faith-based organization.</p> <p>At least once in every 12-month period, the department shall review each inmate’s ITP to assess the inmate’s institutional progress and revise or update the plan as necessary. The department is required to submit the plan to the Board of Pardons and Paroles at the time of the board’s consideration of the inmate’s case for release.</p> <p>The over-arching objective of these inter-agency efforts is to reduce recidivism by promoting positive offender behavioral change. Management requested and we have scheduled this audit.</p> | <ol style="list-style-type: none"> <li>1. To determine whether individual treatment plans are maintained in conformance with Texas Government Code section 508.152 requirements.</li> <li>2. To determine whether evaluation plans for the various programs measure the effectiveness of the program to achieve behavioral modification objectives.</li> <li>3. To determine whether offenders are placed in programs in conformance with their individual treatment plan priorities.</li> <li>4. To determine whether the inmate’s complete and current individual treatment plan is available to the Board of Pardons and Paroles at the time of the board’s consideration of the inmate’s</li> </ol> |



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|                     |   |  | <p>case for release.</p> <p>5. To determine whether the record of the inmate's institutional progress provides reliable data to measure the effectiveness of the individual treatment plan to achieve behavioral modification objectives.</p> |
| 1516                | <p><b>Community Justice Assistance Division</b></p> <p>Financial Management Reporting</p> <p>Staff: 2<br/> Start Date: 06/01/15<br/> End Date: 08/31/15</p> | <p>Local community supervision and corrections departments submit community justice plans that describe how they will spend state funds they receive through the Community Justice Assistance Division. In fiscal year 2014, the TDCJ budgeted nearly \$300 million to be distributed to the local departments. To simplify financial oversight, the Community Justice Assistance Division created a web-based system for local departments to submit budget information and quarterly financial reports.</p> <p>This system provides the CJAD with current information of the local department's conformance with their community justice plans and facilitates the division's preparation of the biennial legislative appropriation requests. The request includes all financial information related to the programs and services described in each community justice plan.</p> <p>In total, there are 122 community supervision and corrections departments that submit community justice plans. The combined legislative appropriations request for these departments must be completed and submitted with the TDCJ's request in accordance with the established schedule.</p> | <p>1. To determine whether the web-based budget and quarterly financial reporting system is designed to ensure local departments provide complete and accurate information.</p>   |

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|                     |  | Management requested and we have scheduled this audit.  |   |
| 1517                | <p><b>Correctional Institutions Division</b></p> <p>Heat-Related Precautions</p> <p>Staff: 4<br/> Start Date: 06/01/15<br/> End Date: 08/31/15</p> | <p>During the summer months, the incident of heat-related illnesses rises. To ensure employees are notified of heat awareness and the prevention of temperature extreme injury, staffs are provided unit-based training. Training is also provided through Pre-Service and In-Service training sessions. Work assigned offenders are provided training through department supervisors and non-work assigned offenders are notified of heat awareness via dayroom bulletin boards and/or other common use areas (e.g., <i>The Echo, Offender Orientation Handbook</i>).</p> <p>Administrative Directive 10.64 establishes guidelines to assist unit administration in adapting offender work assignments to temperatures in the work environment that cannot be controlled by the agency.</p> <p>Management requested and we have scheduled this audit.</p>  | <p>1. To determine unit compliance with agency regulations related to promotion of awareness of heat-related illnesses and the implementation of precautions during extreme heat conditions.</p>  |
| 1518                | <p><b>Parole Division</b></p> <p>Sex Offender Caseload</p> <p>Staff: 2<br/> Start Date: 06/01/15<br/> End Date: 08/31/15</p>                       | <p>Texas Government Code section 508.186 may require a parole panel impose as a condition of parole or mandatory supervision that a releasee required to register as a sex offender under Chapter 62 Code of Criminal Procedure, register under that chapter. Parole Division Policy and Operating Procedure 3.6.4 established the procedures for sex offender registration by an offender who had a reportable conviction, deferred adjudication, or adjudication for a sex offense. Upon release from prison, Intermediate Sanction Facility, or county jail, or prior to moving to a new location, the offender must report to the designated local law enforcement authority and provide proof of identity and residence.</p> <p>In addition, the Parole Division’s Sex Offender Program provides specialized treatment and supervision of sex offenders. Sex offenders are managed using the</p> | <p>1. To evaluate the Parole Division’s compliance with the sex offender registration process contained in Parole Division Policy and Operating Procedure 3.6.4, <i>Sex Offender Registration Program</i>.</p> <p>2. To determine the status of corrective taken in response to audit 1316.</p> |

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|                     |  | <p>Containment Approach model. The aim of this approach is to improve system wide management by holding the offender accountable for the harm caused by sexual abuse. Offenders are identified and supervised on a sex offender caseload if they have a current or prior sex offense conviction, admitted to having committed sexually deviant behavior, or as required by special conditions imposed by the Texas Board of Pardons and Paroles.</p> <p>We conducted an audit in fiscal year 2013 (1316) and concluded evidence was not always sufficient to support parole officers made the number of monthly supervision contacts with sex offenders that were required in policy. We also noted the Offender Information Management System (OIMS) was not sufficiently reliable to report sex offenders’ participation in treatment programs, and using the OIMS alone may lead to an incorrect conclusion regarding sex offender program participation.</p> <p>Management requested and we have scheduled this follow-up audit.</p> |   |
| 1519                | <p><b>Administrative Review and Risk Management</b></p> <p>Use of Force Review Follow Up</p> <p>Staff: 2<br/> Start Date: 06/01/15<br/> End Date: 08/31/15</p> | <p>The Texas Department of Criminal Justice’s <i>Use of Force Plan</i> states, “there are occasions within a correctional setting when it becomes necessary for staff to use force in order to achieve the compliance of an offender or to maintain a safe and secure environment for offenders and staff.” The <i>Use of Force Plan</i> is designed to prevent unnecessary or excessive uses of force.</p> <p>The <i>Use of Force Plan</i> also provided guidance for categorizing use of force incidents and required reports of minor uses of force to be filed and maintained at the unit level. Incidents meeting the definition of major uses of force were to be reported to and reviewed by the unit warden and the appropriate regional reviewer. After their review the report was to be forwarded to the Administrative Review and Risk Management Division’s Administrative Monitor for Use of Force.</p>  | <p>1. To determine the status of corrective action made in audit 1209 to improve compliance with use of force reporting and reviewing requirements.</p> |

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|                     |  | Justification  | Objectives   |
|                     |  | <p>We conducted a fiscal year 2012 audit (1209) of use of force and found that although use of force incidents were generally reported and reviewed, the use of force packets in our sample did not always demonstrate compliance with reporting and reviewing requirements. We provided recommendations for management to consider modifying reporting documentation, clarifying documentation instructions, developing unit-level training, and revising monitoring activities.</p> <p>We have scheduled this follow up audit.</p>   |  |
| 1520                | <p><b>Board of Pardons and Paroles</b></p> <p>Case Summaries</p> <p>Staff: 3<br/> Start Date: 06/01/15<br/> End Date: 08/31/15</p> | <p>Case summaries contain a wide array of information related to an offender’s criminal history, institutional adjustment, victim impact, etc. The summaries are used by voting panels in making parole release decisions.</p> <p>At management’s request we conducted a fiscal year 2011 audit (1106) of the Institutional Parole Offices. That audit evaluated the reliability of case summaries and the efficiency of the process to complete a case summary from identification of an offender for parole (or mandatory supervision) consideration, through provision of the case summary to a voting panel.</p> <p>That audit concluded processes were effective to ensure case summaries were completed; however, management’s expectations for the reliability of case summaries were not quite met and opportunities existed to improve the efficient processing of case summaries through increased use of the Offender Information Management System.</p> <p>At that time case summaries were prepared in one of three different formats depending on the incarceration history of the offender. The resources expended to prepare a case summary and the reliability of the resulting summary varied by</p> | <ol style="list-style-type: none"> <li>1. To evaluate the efficiency of the process to create a case summary.</li> <li>2. To determine whether the information contained in the case summary is readily available to voting panels.</li> </ol> |

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|                     |   | Justification   | Objectives   |
|                     |   | <p>the format of the summary.</p> <p>Since that audit the board has worked to standardize the case summary. Full implementation of the new summary is expected to be completed in the spring of 2015. As almost 80,000 case summaries are prepared and presented to the board annually for use in making parole decisions, management has requested we perform this audit.</p>  |  |
| 1521                | <p><b>Internal Audit Division</b></p> <p>Action Plan Tracking</p> | <p>In response to a request from the executive director to report the status of action plans for recommendations made by the State Auditor’s Office and by the Internal Audit Division, we request management provide updated action plans on a semi-annual basis. Beginning in fiscal year 2004, in an effort to improve the effectiveness of our actions and expand the scope of our follow up activities, we included a project to actively collect updated action plans from management.</p> <p>We will continue our efforts to collect updated action plans from management.</p> | <p>1. To monitor the status of the implementation of action plans developed in response to audits conducted by the State Auditor’s Office and the Internal Audit Division.</p> |
| 1522                | <p><b>Walk Throughs</b></p> <p>Various</p>                        | <p>Conducting walk throughs of functional areas enables us to update our risk analysis on a regular basis and ensures attention to those areas of the agency that would not otherwise be reviewed.</p>  | <p>1. To assist in the development of future audit plans by increasing our knowledge of unaudited area of the agency.</p>  |

## **VI. External Audit Services**

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The Internal Audit Division did not use any External Audit Services during FY 2014.

## VII. Reporting Suspected Fraud and Abuse [\(Return to Table of Contents\)](#)

### Actions taken to implement the requirements of:

#### 1) Fraud Reporting: Article IX, Section 7.09, the General Appropriations Act (83rd Legislature, Conference Committee Report)

This section of the Appropriations Act states:

**Sec. 7.09. Fraud Reporting.** A state agency or institution of higher education appropriated funds by this Act, shall use appropriated funds to assist with the detection and reporting of fraud involving state funds, as follows:

- (a) By providing information on the home page of the entity's website on how to report suspected fraud waste and abuse involving state resources directly to the State Auditor's Office. This shall include, at a minimum, the State Auditor's fraud hotline information and a link to the State Auditor's website for fraud reporting; and

✓ **To implement (a) of Section 7.09, TDCJ has:**

- Included a link on the TDCJ website homepage to report Waste, Fraud, and Abuse to the State Auditor's Office website for fraud reporting
- Included in each edition of the agency's monthly newsletter, *Criminal Justice Connections*, instructions to report waste, fraud, and abuse.

These communications provide information on reporting of waste, fraud, and abuse and provide the toll free phone numbers of the TDCJ Office of the Inspector General, Crime Stoppers and the State Auditor's Office hotline.

- (b) By including in the agency or institution's policies information on how to report suspected fraud involving state funds to the state auditor.

✓ **To implement (b) of Section 7.09, TDCJ has:**

- Included in Executive Directive 02.02 - Fraud Prevention, Detection, and Reporting, a section on Reporting Suspected Fraud that includes reference to the State Auditor's Office and the SAO Hotline. As required by ED-02.02 a copy of the policy is to be provided to every newly hired employee during their orientation.

2) **Texas Government Code, Section 321.022**

This section of the Texas Government Code states:

COORDINATION OF INVESTIGATIONS

- (a) If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the department or entity.
  - (b) The state auditor, in consultation with state agencies and institutions, shall prescribe the form, content, and timing of a report required by this section.
  - (c) All records of a communication by or to the state auditor relating to a report to the state auditor under Subsection (a) are audit working papers of the state auditor.
- ✓ **To implement this statute TDCJ has:**
- Developed Executive Directive 14.03 which includes reference to the reporting of incidents involving the loss, misappropriation, misuse, or other fraudulent or unlawful conduct that have occurred in relation to the operation of the TDCJ to the State Auditor's Office. To fulfill these reporting requirements the TDCJ Office of the Inspector General coordinates with the State Auditor's Office to provide routine updates of potential fraud.



## VIII. Texas Government Code Sections 2102.015 (d) and (e) Update

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**Texas Government Code Sections 2102.015 (d) and (e)** require entities to update the posting with:

- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report; and,
- A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report.

The table below provides the required update for fiscal year 2013 and 2014 audit reports issued between September 1, 2013 and August 31, 2014.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

| Audit No.                               | Report Date | Audit Title   | Finding Statement and Recommendations  | Actions Taken  |
|---|-------------|---|--|--|
| 1301<br><a href="#">TableofContents</a> | 03/12/2014  | Health Services Division's Quality of Care Monitoring | <p><b>Finding 1:</b> The Health Services Division's quality of care monitoring was effective to provide comprehensive oversight of the health care providers' contractual requirements.</p> <p><b>Recommendation 1:</b></p> <p>Management should revise the Chronic Disease Quality of Care Audit standard operating procedure to reflect the frequency desired.</p>   | <p><b>Fully Implemented:</b><br/>02/12/14</p> <p>The standard operating procedure for Chronic Disease Quality of Care Audit was appropriately revised.</p> |
| 1301<br>Cont.                           |             |   | <p><b>Finding 2:</b> The Health Services Division reported the list and status of corrective actions to the Correctional Managed Health Care Committee and the Texas Board of Criminal Justice through the division's <i>Quarterly Monitoring</i> and <i>Health Services Division Medical Directors' Reports</i>. The reports were complete and accurate with the exception of the results related to Intake Mental Health Evaluation Audits.</p> <p><b>Recommendation 2:</b></p> <p>A. Health Services Division management should document the parameters for the expected content and procedures for compiling the <i>Quarterly Monitoring Report</i>.</p> | <p><b>Fully Implemented:</b><br/>2/18/14</p>   |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

| Audit No.     | Report Date | Audit Title | Finding Statement and Recommendations   | Actions Taken  |
|---------------|-------------|-------------|---|--|
| 1301<br>Cont. |             |             | <p>B. Management should enhance procedures to ensure the accuracy of information in the <i>Quarterly Monitoring Report</i>.</p> | <p>The TDCJ Health Services Division Director and the Chairperson for the Correctional Managed Health Care Committee documented the required content that is to be reported in the Quarterly Monitoring Report. The TDCJ Health Services Division Director of Clinical Administration provides training for new supervisors and department heads regarding the content they are required to submit for the Quarterly Monitoring Report.</p> <p><b>Fully Implemented:</b><br/>12/16/14</p> <p>A process was developed to provide source documents, save source documents in a secure electronic folder, and validate source documents to reported data.</p> |

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2014  
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

| Audit No.                               | Report Date | Audit Title                       | Finding Statement and Recommendations  | Actions Taken  |
|---|-------------|-----------------------------------|--|--|
| 1301<br>Cont.                           |             |                                   | <p><b>Finding 3:</b> The agency appropriately applied the health care services fee.</p> <p><b>No Recommendations were provided for this finding.</b></p>   |  |
| 1302<br><a href="#">TableofContents</a> | 01/21/2014  | Construction Contract Development | <p><b>Finding:</b> Management distributed Solicitation Notices and ensured apparent responsive bidders were qualified. However, management’s expectations for the timeliness of bidding and awarding a construction contract were not achieved.</p> <p><b>Recommendations:</b><br/> <b>A.</b> Contracts and Procurement Department management should re-evaluate the performance expectations established for this audit and communicate those expectations.</p> | <p><b>Fully Implemented:</b><br/>1/29/14</p> <p>The Contracts and Procurement Department re-evaluated the performance expectations and documented and communicated those expectations to staff. A method to track the timelines of processing construction contract requisitions was established and will be utilized by administrators during vendor responsibility</p> |















































































