



TEXAS DEPARTMENT OF CRIMINAL JUSTICE

INTERNAL AUDIT DIVISION

ANNUAL REPORT

for

Fiscal Year 2017

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Texas Department of Criminal Justice

Bryan Collier
Executive Director

October 31, 2017

TO: The Honorable Greg Abbott, Governor
Ms. Ursula Parks, Director, Legislative Budget Board
Mr. Ken Levine, Director, Sunset Advisory Commission
Ms. Lisa Collier, CPA, First Assistant State Auditor

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 2017 Guidelines for Submitting and Posting the Internal Audit Annual Report and Periodic Internal Audit Reports*. 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

A handwritten signature in black ink, appearing to read "Chris Cirrito".

Chris Cirrito, CIA, CGAP, CFE
Director, TDCJ Internal Audit Division

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

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Dr. Clint Carpenter, Windham School District Superintendent

Purpose: 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 Texas Government Code 2102.015 ([Return to Table of Contents](#))

Section 2102.015 of the Texas Government Code requires state agencies and higher education institutions to post certain information on their internet websites. 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 website.

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 2017.

The final column titled, *Actions Taken*, satisfies the updating requirements for part (e). It presents management's self-reported status of implementation for the recommendation. It has been the

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
I. Compliance with Texas Government Code 2102.015 – Continued

Internal Audit Division’s practice for many years to require management to provide updated status reports twice a year for all open 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 a current status of open recommendations from management. The updates received in August of each year will be utilized in the Actions Taken section of the table.

II. Internal Audit Plan for Fiscal Years 2015, 2016, and 2017

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The table begins with an audit that was on the fiscal year 2015 plan, but was ongoing and a report had not been issued when the 2016 annual report was prepared. Additionally, it includes audits on the fiscal year 2016 plan which were ongoing when the 2016 annual report was issued. Audits on the 2015 plan begin with 15, audits on the 2016 plan begin with 16, and audits on the 2017 plan begin with 17.

Audit No.	Audit/Report Title	Status	Report Date	Explanation for Deviation
1518	Parole Division Sex Offender Caseload	Complete	11/29/16	N/A
1602	Correctional Institutions Division Unit Supply	Complete	4/4/17	N/A
1605	Parole Division Interstate Compact	Complete	10/25/16	N/A
1606	Rehabilitation Programs Division Post-Secondary Education Programs	Complete	2/8/17	N/A
1607	Correctional Institutions Division Offender Off-Unit Transports	Complete	4/4/17	N/A
1608	Windham School District Information Security – Access Controls	Complete	10/13/16	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 II. Internal Audit Plan for Fiscal Years 2015, 2016, and 2017 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Explanation for Deviation
1609	Administrative Review and Risk Management Division Offender Grievance	Complete	4/7/17	N/A
1610	Executive Administrative Services Records Retention	Complete	5/30/17	N/A
1611	Rehabilitation Programs Division Civil Commitment	Complete	2/3/17	N/A
1612	Business and Finance Division Annual Financial Reporting	Complete	11/22/16	N/A
1613	Correctional Institutions Division Key Control Follow-up	Complete	1/13/17	N/A
1614	Information Technology Division Software Licensing	Complete	2/13/17	N/A
1615	Office of the Inspector General Evidence Control Follow-up	Complete	9/30/16	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
II. Internal Audit Plan for Fiscal Years 2015, 2016, and 2017 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Explanation for Deviation
1616	Reentry and Integration Division Verification and Identification Processing Follow-up	Complete	1/13/17	N/A
1701	Parole Division Restitution Collection Follow-up	Complete	6/9/17	N/A
1702	Windham School District Recreation Programs Follow-up	Complete	8/2/17	N/A
1703	Business and Finance Division Victim Restitution System	Complete	6/9/17	N/A
1704	Human Resources Division Position Classification Review Follow-up	Complete	7/28/17	N/A
1705	Information Technology Division Information Systems Security – Texas Administrative Code Chapter 202	Ongoing	N/A	N/A
1706	Executive Administration Ethics Programs	Ongoing	N/A	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
II. Internal Audit Plan for Fiscal Years 2015, 2016, and 2017 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Explanation for Deviation
1707	Reentry and Integration Division Continuity of Care	Ongoing	N/A	N/A
1708	Windham School District Application Processing	Complete	6/26/17	N/A
1709	Board of Pardons and Paroles Hearings	Ongoing	N/A	N/A
1710	Correctional Institutions Division Unit Entry and Search Procedures	Ongoing	N/A	N/A
1711	Victim Services Division Victim Impact Statements	Ongoing	N/A	N/A
1712	Human Resources Division Correctional Officer Application Processing	Ongoing	N/A	N/A
1713	Business and Finance Division eCommDirect	Ongoing	N/A	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
II. Internal Audit Plan for Fiscal Years 2015, 2016, and 2017 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Explanation for Deviation
1714	Information Technology Division Office of Incident Management Continuity of Operations Planning	Ongoing	N/A	N/A
1715	Parole Division Absconder Identification Follow-up	Ongoing	N/A	N/A
1716	Facilities Division Unit Maintenance	Ongoing	N/A	N/A

III. Consulting Services and Nonaudit Services Completed

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Report No.	Report Date	Name of Report	Objective(s)	Observations / Results and Recommendations
1717	10/2/17	Action Plan Tracking	At the request of the Executive Director, we obtained action plans for Internal Audit Division and State Auditor's Office audits.	<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 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 [\(Return to Table of Contents\)](#)

TDCJ QA Report

EXECUTIVE SUMMARY

In July 2016, Inquisitor Group conducted a Quality Assessment (QA) of the Internal Audit Division (IAD) of the Texas Department of Criminal Justice (TDCJ). The principal objectives of the QA were to assess the IAD's conformity to The IIA *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*, evaluate the IAD'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 \$3.4 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 IAD 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 IAD, 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 IAD 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 IAD is staffed with 22 employees including the Director, Deputy Director and two managers.

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

We found many positive aspects about the IAD. 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 IAD 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.

TDCJ QA Report

- 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.
- Conducting post audit surveys to solicit input from management on the audit process and audit results.
- Taking IAD staff members to TBCJ meetings for information and education.

OPINION AND RECOMMENDATIONS

In our opinion, the IAD "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 IAD also conforms to GAGAS. Thus, overall the IAD "generally conforms" to the International Standards for the Professional Practice of Internal Auditing and to GAGAS. In addition the team found that the IAD "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 IAD are listed below.

TDCJ QA Report

INNOVATIVE PRACTICE SUGGESTIONS FOR CONSIDERATION BY THE INTERNAL AUDIT DIVISION

1. Develop a more efficient methodology for documenting background research work in engagement audit planning and train staff on the new process.(Standard 2200)
2. Enhance the existing risk assessment model to include all IT risks both on the annual assessment and on individual audit engagements. Identify audit areas that would benefit from the use of technology-based audit software and apply where appropriate during audit engagements. (1210.A3,,2120, 2130)
3. The Audit Director is working diligently to purchase automated audit software and should continue those efforts. The audit department will be much more productive and will produce a much more efficient management operation in the department. . A similar recommendation appeared in the 2007 and 2013 TDCJ Internal Audit Division peer review reports.(2030)
4. Coordinate the review and approval of the Internal Audit Charter by the TBCJ Audit and Review Committee at least annually. Revise it as necessary to ensure it remains accurate and incorporate the recent revisions to the IIA Standards. Revise the Internal Audit Charter to include the recently added mandatory guidance promulgated by The IIA. (1000).
5. Look for opportunities to assist other divisions adopt best practices or their own audit and audit-like activities. While IA should not conduct training of other auditors, there may be an opportunity to invite other auditors to general audit skills training.(leading practice)
For example:
 - Participation by IA as a presenter in the Executive Leadership Forum
 - Invite other auditors to skill training courses presented by or for IAD.

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

Respectfully,


Donald E. Kirkendall, CIA
Project Manager

Team Members:

Julie Watermolen, CIA, CPA CFE, CISA, CGFM
David MacCabe, CIA, CGAP, CRMA
Elliott Flood, CIA, CPA, CFE

V. Internal Audit Plan for Fiscal Year 2018 [\(Return to Table of Contents\)](#)

The following table is our Fiscal Year 2018 Annual Audit Plan as presented to, and approved by, the Texas Board of Criminal Justice on August 25, 2017. 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. 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. Each of the five components of the COSO framework are evaluated and point values are assigned as follows.

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, we include 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 of an area that, in our opinion, has less risk.

The division began transitioning to an alternative risk assessment model in late 2017. This model continues to utilize the COSO principal but utilizes a more condensed scoring approach with additional latitude for judgment in scoring. The revised methodology will be presented in next year's annual report.

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 2017

V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
1801	<p>Business and Finance</p> <p>Windham School District</p> <p>Public Funds Investments</p> <p>Start Date: 09/01/17 End Date: 12/01/17</p>	<p>The Texas Department of Criminal Justice operates an account system of offenders’ money. This money is held in trust for the offender’s use while incarcerated. In total, these trust funds have historically averaged approximately \$20 million and the agency invests these funds in short-term, liquid investments.</p> <p>The Windham School District operates 12 months a year, but they are funded monthly over the nine month school year by the Texas Education Agency. The funds not immediately necessary for operations have historically averaged approximately \$10 million and are invested in short-term, secure, liquid investments.</p> <p>The State Auditor’s Office performs a legislatively mandated bi-annual statewide audit of these investments and we anticipate they will request our assistance in the performance of that audit.</p> <p>Therefore, as in prior years, we have included this audit in our proposed plan.</p>	<p>To determine whether the Texas Department of Criminal Justice and the Windham School District are in compliance with the Public Funds Investment Act.</p>
1802	<p>Correctional Institutions Division</p> <p>Classification and Records Quality Control</p> <p>Start Date: 10/01/17 End Date: 01/31/18</p>	<p>The Classification and Records Department, comprised of various sections, is responsible for creating the initial offender record and maintaining information relevant to an offender’s incarceration. Information maintained in these files is used to calculate time served and track changes to time earning status that affects an offender’s parole eligibility date, mandatory release date, and discharge date.</p> <p>The Classification and Records Department utilizes various quality control mechanisms to ensure offender sentencing and judgment information is accurately recorded and maintained. In addition, we observed in prior audits that quality control is an ongoing process throughout an offender’s incarceration. For example, each individual that accesses an offender’s record</p>	<p>To determine the effectiveness of quality control measures to ensure offender sentencing and judgment information recorded in the electronic offender record is accurate.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017

V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<p>during their incarceration may identify and subsequently correct errors not identified during the creation of the initial record.</p> <p>Classification and Records management reported receiving 50,507 offender commitment packets and 12,139 sentencing or commitment related documents from external sources during fiscal year 2016.</p>	
1803	<p>Correctional Institutions Division</p> <p>Food Service Follow up</p> <p>Start Date: 09/01/17 End Date: 11/30/17</p>	<p>Food Service Departments on the units provide offenders access to wholesome meals that meet their nutritional, medical, and religious needs. In addition to meeting the needs of the offender population, the department is responsible for providing some meals at no cost to agency employees.</p> <p>We conducted a fiscal year 2013 audit of this function and found records were not sufficiently reliable to determine whether unit food service inventories were efficiently managed to meet agency feeding objectives. It was also our opinion that unit kitchens were not always compliant with Food Service’s procedures related to health and safety.</p>	To determine the status of actions taken in response to audit 1303.
1804	<p>Board of Pardons and Paroles</p> <p>Case Summaries Follow up</p> <p>Start Date: 10/01/17 End Date: 11/30/17</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>We conducted a fiscal year 2015 audit of this function and found the Board of Pardons and Paroles was efficient in creating case summaries and the information contained in the case summary was readily available to voting members. We also found a case summary was completed for each offender identified for parole, case summaries were completed in a timely manner after being assigned to an officer, and the process to prepare a case summary appeared reasonable. However, case summaries were not always submitted to</p>	To determine the status of actions taken in response to audit 1520.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017

V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<p>the Board prior to or on the offender’s parole eligibility date.</p> <p>In addition, case summaries presented data in the same sequence or file location, files were labeled for easy identification of content, and electronic response times were appropriate. However, we observed, and the voting members we interviewed expressed, difficulty navigating and locating documents in the newly implemented electronic document imaging system.</p> <p>We recommended management take steps to ensure case summaries are completed and submitted to the Board prior to the offender’s parole eligibility date and coordinate with the TDCJ Information Technology Division to develop formal training on the use of the electronic document imaging system.</p> <p>Management requested this follow up audit.</p>	
1805	<p>Facilities Division</p> <p>Environmental Branch - Hazardous Materials Storage</p> <p>Start Date: 12/01/17 End Date: 03/31/18</p>	<p>A hazardous substance is a substance or mixture of substances that is toxic, corrosive, flammable, combustible, an irritant, or a strong sensitizer, or that generates pressure through decomposition, heat, or other means, if the substance or mixture of substances may cause substantial personal injury or substantial illness during or as a proximate result of any customary or reasonably foreseeable handling or use. Due to the nature of these substances, they must be adequately stored, inventoried, and access should be tightly controlled.</p> <p>Many TDCJ operations may involve the use and storage of hazardous substances. These operations might include, but not be limited to, agricultural and manufacturing operations, vehicle fleet operations, construction and maintenance, waste water treatment plants, etc.</p>	To determine the extent to which bulk hazardous materials are adequately safeguarded.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
1806	<p>Business and Finance Division</p> <p>Capital Assets Follow up</p> <p>Start Date: 12/01/17 End Date: 02/28/18</p>	<p>The Comptroller of Public Accounts established tracking and reporting requirements for capital assets through the State Property Accounting System. That system defines capital assets as those items with an initial individual cost of \$5,000 or more and establishes the accounting categories for classifying capital assets. The major categories of capital assets include buildings and building improvements, furniture and equipment, facilities and other improvements, and vehicles.</p> <p>The Comptroller also recognizes a sub-category of capital assets referred to as controlled assets. These assets have a valuation less than the capitalization threshold and are not included as capital assets in the Annual Financial Report. However, due to their high-risk nature, they are required to be reported through the State Property Accounting System, and include such items as weapons, cameras, and desktop and portable computers.</p> <p>We conducted a fiscal year 2014 audit of this function and found capital asset reporting in the State Property Accounting System was generally reliable. However, improvements could be made in the timeliness of the creation and deletion of associated records.</p> <p>In addition, we found the agency was generally compliant with most of the State Property Accounting System requirements we tested. However, improvements could be made in reporting missing property to the Texas Comptroller of Public Accounts and the Office of the Attorney General and maintaining acquisition source documentation as required.</p>	<p>To determine the status of actions taken in response to audit 1415.</p>
1807	<p>Correctional Institutions Division</p> <p>Manufacturing,</p>	<p>To ensure unit security in accordance with American Correctional Association Standards, Administrative Directive 03.19, <i>Control of Tools/Sensitive Items</i>, establishes procedures to provide accountability for all tools utilized in unit</p>	<p>To determine the status of actions taken in response to audit 1318.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	<p>Agribusiness, and Logistics Division</p> <p>Windham School District</p> <p>Tool Control Follow up</p> <p>Start Date: 12/01/17 End Date: 02/28/18</p>	<p>operations.</p> <p>Procedures require operations to identify and mark tools, maintain perpetual inventories, comply with check out and return procedures, and ensure tools are properly stored and unauthorized access is prevented. The directive also outlines notification requirements when tools are discovered missing or damaged.</p> <p>We conducted a fiscal year 2011 audit of this topic and identified instances of non-compliance with Administrative Directive 03.19 that exceeded management’s tolerable rate, tool inventory records were not sufficiently reliable, and the departments in our sample did not always obtain the unit warden’s approval prior to a tool purchase. We conducted a follow up to this audit in fiscal year 2013 and noted an increase in the rate of compliance for some policy requirements that did not meet management’s tolerable rate in the prior audit. However, we identified issues that continued to impact the reliability of tool inventory records. Therefore, we have scheduled this additional follow up audit.</p>	
1808	<p>Prison Rape Elimination Act Ombudsman</p> <p>Correctional Institutions Division</p> <p>Office of the Inspector General</p> <p>Safe Prisons – PREA</p>	<p>Executive Directive 03.03 states the agency “shall be vigilant in establishing a safe environment for staff and offenders at all secure correctional facilities.” To this end the directive appoints the Director of the Correctional Institutions Division as the Safe Prisons Coordinator and requires establishment the <i>Safe Prisons Plan</i> to ensure every effort is made to maintain a safe and secure environment for staff and offenders.</p> <p>The <i>Safe Prisons Plan</i> provides strategies to prevent and limit acts of offender on offender aggression or violence. The plan outlines procedures for staff to take if an act allegedly occurred. These procedures include intervention and investigation of all alleged acts. The legal system or the offender disciplinary</p>	<p>To determine whether resources are efficiently utilized to ensure timely and appropriate investigation of safe prisons related complaints.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017

V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	<p>Coordination</p> <p>Start Date: 12/01/17 End Date: 03/31/18</p>	<p>system is used to prosecute sustained acts of illegal or prohibited behavior by an offender. Comprehensive records of all allegations of offender aggression or violence are maintained.</p> <p>In accordance with Section 501.172 of the Texas Government Code, the Prison Rape Elimination Act (PREA) Ombudsman coordinates the agency's efforts to eliminate sexual abuse and sexual harassment of offenders in TDCJ correctional facilities. The PREA Ombudsman serves as an independent office to review and/or conduct administrative investigations of allegations of sexual abuse and sexual harassment, as well as provide a point of contact for elected officials, the public, and offenders to report allegations of sexual abuse and sexual harassment, or inquire about issues related to the PREA.</p> <p>Additionally, the Office of the Inspector General's Investigations Department is dedicated to conducting prompt and thorough investigations of alleged or suspected employee administrative misconduct or criminal violations committed on property owned or leased by the TDCJ. Through administrative and criminal investigations, OIG investigators identify criminal violations and serious staff misconduct.</p> <p>Management requested this audit.</p>	
1809	<p>Manufacturing, Agribusiness, and Logistics Division</p> <p>Livestock Operations</p> <p>Start Date: 04/01/18 End Date: 07/31/18</p>	<p>The TDCJ Livestock Program is comprised of a commercial beef cow herd and stocker operation, a broodmare and horse developmental operation, laying hen operation, farrow-to-finish swine operation, as well as feed production facilities.</p> <p>The beef cattle operation currently has an inventory of over 10,000 head of breeding age females. Heifer calves not suitable for the heifer development program and steer calves are marketed on a national level through video sales. Beef cattle sales account for 80% of all outside sales in Agriculture.</p>	To determine the reliability of livestock program inventory information.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<p>The Agribusiness Department maintains a horse herd in excess of 1,400 head. With the exception of approximately 146 head of stock horses, the balance is devoted for security purposes. Security horses are used by Correctional Officers for outside work squads and the canine program. A 111 head broodmare herd is kept at the Goree Unit for breeding purposes.</p> <p>An average of 265,000 laying hens produced 5.1 million dozen eggs at a cost below current egg prices. Six units maintain laying operations, producing 168,000 eggs per day, all of which are consumed within the food service department of this agency.</p> <p>The pork production of this agency is totally integrated from farrowing to-fork. Five separate unit farrowing facilities breed, farrow, and wean pigs which are then finished at one of several feeding operations, adding value to these market age pigs. Extensive records are kept throughout this operation to measure performance and efficiency, including sow performance and carcass evaluations. An average of 18,200 head of swine are in inventory.</p>	
1810	<p>Correctional Institutions Division</p> <p>Health Services Division</p> <p>Seriously Mentally Ill Offenders</p> <p>Start Date: 03/01/18 End Date: 06/30/18</p>	<p>Occasionally, it is necessary to house offenders in a more restrictive environment in order to ensure safe and secure facility operations. Historically, this placement has been known as Administrative Segregation. The American Correctional Association recently adopted numerous updated standards related to housing offenders in a restricted environment. Under the adopted standards, restrictive housing is defined as placement that requires an offender to be confined to a cell at least 22 hours per day for the safe and secure operation of the facility. These standards include definitions of various types of restrictive housing and a prohibition against housing offenders with serious mental illness in extended restrictive housing (i.e. more than 30 days).</p>	<p>To evaluate the effectiveness of agency efforts to identify seriously mentally ill offenders in restrictive housing environments, place them in applicable programs, and track behavioral and housing outcomes.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017

V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<p>The TDCJ operates several programs for mentally ill offenders in need of specialized, security based housing. These include: the Mental Health Therapeutic Diversion Program at the Hughes and Michael units; the Program for Aggressive Mentally Ill Offenders and the Chronically Mentally Ill Program at the Clements unit; and, the Administrative Segregation Intermediate Care Program at the Lewis unit. In addition, outpatient mental health services are available at each unit housing this type of offender.</p> <p>This is a management requested audit.</p>	
1811	<p>Parole Division</p> <p>Pre-release Placement Investigations</p> <p>Start Date: 04/01/18 End Date: 06/30/18</p>	<p>An offender approved for release to parole or mandatory supervision must have an appropriate release plan in place. The Parole Division Review and Release Processing Section, in coordination with the applicable District Parole Office, ensures offenders have appropriate approved release plans, to include halfway house placement if needed.</p> <p>Pre-release placement investigations are received electronically by the District Parole Office when a plan is placed on the computer system prior to an offender's release from the Correctional Institutions Division. The plans are assigned to parole officers who make contact with proposed sponsors and determine whether the home is consistent with parole conditions and is conducive for supervision.</p>	To determine the efficiency of conducting pre-release placement investigations.
1812	<p>Executive Administrative Services</p> <p>Information Technology Division</p>	<p>The 71st Legislature mandated the development of the Criminal Justice Information System, an integrated system conceptualized to share criminal justice information between the Department of Public Safety, the Texas Department of Criminal Justice, local law enforcement, the courts, and other organizations. The agency's component of the statewide Criminal Justice Information System was named the Corrections Tracking System.</p>	To determine the status of actions taken in response to SAO audit 16-025.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	Correctional Institutions Division Community Justice Assistance Division Criminal Justice Information System Follow up Start Date: 03/01/18 End Date: 06/30/18	The Texas State Auditor’s Office conducted a fiscal year 2016 audit of this system and found areas where accuracy and oversight of TDCJ maintained records could be improved. Agency management has been actively implementing the recommendations from this audit and expect completion no later than August 31, 2017.	
1813	Windham School District Financial Information Start Date: 06/01/18 End Date: 08/31/18	The Windham School District is funded approximately \$60 million annually. The district prepares numerous financial statements for inclusion in the TDCJ Annual Financial Report. Management implemented a new accounting system September 1, 2015 and has requested we conduct an audit of the reliability of information within the system.	To determine the reliability of Windham School District financial information.
1814	Information Technology Division Project Management Start Date: 06/01/18 End Date: 08/31/18	In the TDCJ, information technology projects can include developing and deploying new software applications, deploying new computer hardware, upgrading the agency’s network infrastructure, and other similar initiatives related to the use of information resources. In general, information technology projects involve a higher level of effort, risk, and complexity than more routine requests for technology related services. One of the key ways to help ensure successful completion of information technology projects is to follow standard project management practices	To evaluate the effectiveness of the agency’s information technology project management functions.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		throughout the project life cycle. These practices are generally divided into five logical process groups: initiation; planning; executing; monitoring and controlling; and, closing.	
1815	Facilities Division Contract Oversight Start Date: 06/01/18 End Date: 08/31/18	<p>The Facilities Division provides a full range of facility management services to the Texas Department of Criminal Justice including: facility planning; design; construction; maintenance; and, environmental quality assurance and compliance. The Facilities Division Project Administration Department provides support for both the design and construction phases of project management. This department administers project schedules and monitors construction performance as it relates to the established schedules. Additional responsibilities include the management of construction projects, to include quality assurance of work performed by internal or contracted methods.</p> <p>The agency was budgeted \$60 million for construction/maintenance projects over the 2016-2017 biennium. As of June 13, 2017, more than \$32 million had been expended and additional projects were either planned or ongoing.</p> <p>Management requested this audit.</p>	To evaluate the effectiveness of efforts to ensure vendor performance meets contract requirements.
1816	Business and Finance Division Vendor Payments Start Date: 06/01/18 End Date: 08/31/18	<p>The TDCJ procures over \$1 billion annually in goods and services using requisitions, purchase orders, and contracts. Payment processing ensures purchase orders or contracts exist to support a vendor’s invoice and documentation exists to support the goods and services were received. The Contracts and Procurement <i>Requisitioner’s Manual</i> outlines responsibilities for agency employees involved in this process.</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</p>	To determine whether payments to vendors are appropriate.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017

V. Internal Audit Plan for Fiscal Year 2018 – Continued

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		received.	
1817	<p>Internal Audit Division</p> <p>Action Plan Tracking</p> <p>Start Date: 09/01/17 End Date: 08/31/18</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>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>
1818	<p>Walk Throughs</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>To assist in the development of future audit plans by increasing our knowledge of unaudited areas of the agency.</p>

VI. External Audit Services

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The TDCJ, through delegated authority from the State Auditor's Office, employed the American Correctional Association to conduct audits of compliance with the Prison Rape Elimination Act. The Internal Audit Division did not use any external audit services during fiscal year 2017.

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 (84th 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, the 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, the 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, *Coordination of Investigations with the State Auditor*, 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 audit reports issued between September 1, 2016 and August 31, 2017.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
1518	Parole Division Sex Offender Caseload	11/29/16	<p>Finding: Parole Division staff were generally compliant with the offender registration process contained in Parole Division Policy and Operating Procedure 3.6.4, <i>Sex Offender Registration Program</i>.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Parole Division management should consult with the Office of General Counsel to determine the appropriateness of basing future offender registration verification dates on their most recent verification date. 2. Parole Division management should continue to reinforce timely review and confirmation of information in the DPS sex offender registry. <p>Follow up Conclusion: Parole Division management made substantial progress in implementing actions in response to Audit 1316. One of the five recommendations was fully implemented, three were substantially implemented, and one was incomplete/ongoing.</p>	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.</p> <p>Management submitted action plans consistent with the remaining actions needed. Actions have been reported as complete.</p>
1602	Correctional Institutions Division Unit Supply	4/4/17	<p>Finding: Information was not sufficient to allow conclusive evaluation of unit supply operations. However, there were indications efficiency could be improved.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> A. Laundry, Food, and Supply management should develop standards for the provisions that should be included in unit level procedures 	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			<p>for unit supply operations.</p> <p>B. Correctional Institutions Division management should continue to work with the Business and Finance Division Budget Department to provide guidance for regional directors and regional business managers regarding documentation and justification requirements for budget transfers between units and develop a mechanism to identify trends related to the causes associated with these transfers.</p> <p>C. Upon implementation of standardized procedures and identifying the causes for budget transfers between units, Laundry, Food, and Supply management should work with regional directors, regional business managers, and the Business and Finance Division Budget Department to use the information obtained to reevaluate initial unit budgets.</p> <p>D. Laundry, Food, and Supply management should update the operational review checklist to ensure unit level procedures are consistent with the standards incorporated in the unit supply procedures manual and evaluate compliance with unit supply procedures.</p>	
1605	<p>Parole Division</p> <p>Interstate Compact</p>	10/25/16	<p>Finding: Staff were not always compliant with Parole Division procedures related to the processing of interstate compact offenders.</p> <p>Recommendations:</p> <p>A. Parole Division management should periodically communicate district parole office responsibilities related to compact offenders.</p>	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			<p>B. Parole Division management should revise PD/POP 3.10.4, <i>Supervision Procedures for Interstate Compact Offenders</i>, to more clearly define circumstances that require a violation report. Upon completion of the revision, management should develop a mechanism to track potentially significant violations at the district parole office level and monitor for timeliness of reporting.</p> <p>C. Parole Division management should discontinue the practice of submitting the violation on a progress report when the timeframe for a violation report has been exceeded.</p>	
1606	<p>Rehabilitation Programs Division</p> <p>Post-Secondary Education</p>	2/8/17	<p>Finding 1: The Rehabilitation Programs Division was compliant with agency policies related to offender eligibility; however, processing of the offender waitlist and documentation related to offender completions could be improved.</p> <p>Recommendation 1:</p> <p>A. Management should consider revising the program language related to the <i>Business Wait List</i> and determining the amount of time an offender will have on supervision upon release.</p> <p>B. Management should streamline the placement process to allow Operations Department staff to effectively select offenders to be enrolled based on the offender's <i>Projected Release Date</i>.</p> <p>C. Management should ensure the receipt of <i>Achievement Reports</i> from colleges and universities is tracked and monitored to ensure</p>	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			<p>completion in a timely manner and define a timeframe related to verifying the <i>Achievement Reports</i> for accuracy.</p> <p>Finding 2: The Rehabilitation Programs Division was generally effective in providing appropriate course offerings. However, improvements could be made.</p> <p>Recommendation 2:</p> <p>A. Management should review current college requirements regarding the proposed class schedule and evaluate whether each requirement is necessary.</p> <p>B. Management should consider expanding the vocational programs currently offered for female offenders.</p> <p>Finding 3: The billing monitoring process was not effective to ensure college and university billings were in conformance with contractual requirements.</p> <p>Recommendation 3:</p> <p>A. Management should ensure tuition and fees are charged in accordance with the agreed upon schedule established in each corresponding contract.</p> <p>B. Management should ensure authorization is documented on the <i>Post-Secondary Education Reimbursement Authorization Form</i> for all offenders utilizing those funds to pay for programming prior to bill payment.</p>	

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			<p>C. Management should ensure weekly reconciled attendance rosters are received from colleges within 10 days after completion and utilize these rosters to assist in verifying offenders included on the billing were enrolled and attending as of the official class certification date.</p> <p>D. Management should ensure billings are appropriately processed to comply with timeliness requirements.</p>	
1607	<p>Correctional Institutions Division</p> <p>Offender Off Unit Transports</p>	4/4/17	<p>Finding: Management’s expectations for compliance with security procedures for off unit transports were generally met. However, we identified two additional issues not directly related to compliance management should address.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Correctional Institutions Division management should revise the Security Review Checklist for transfer officers to ensure it contains sufficient methodology to evaluate security procedures at public hospitals. 2. Correctional Institutions Division management should continue their efforts to resolve issues with the <i>Off-Site Medical Offender Tracking Database</i>. In the interim, reporting requirements should be clearly communicated to staff. 3. Correctional Institutions Division management should consider including identification requirements in off unit transport security 	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as ongoing with full implementation by October 2017.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			procedures.	
1608	Windham School District Information Security – Access Controls	10/13/16	Finding: The Windham School District Division of Information Technology was generally effective in managing user access and adherence to password requirements. However, there were opportunities to improve consistency of user access through standardization and maintenance of security groups and user profiles. Recommendations: A. Windham School District management should, to the extent possible, create standardized security groups and user profiles for position types and document approvals when exceptions are necessary. This should include maintaining or modifying profiles when the need arises. B. Windham School District management should create a mechanism to track and remove the former profiles at the end of the contingency period for employees transferring within the district.	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.
1609	Administrative Review and Risk Management Division Offender Grievance	4/7/17	Finding: The agency was compliant with Administrative Directive - 03.82, <i>Management of Offender Grievances</i> , effective in identifying and resolving issues, and generally effective in facilitating the flow of information between units and agency leaders. Recommendations: A. Management should consider updating policy to include allowing	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			additional processing time for step 2 grievances. B. The Administrative Review and Risk Management Division should consult with report users to modify reports consistent with user needs.	
1610	Executive Administrative Services Records Retention	5/30/17	Finding 1: The TDCJ <i>Records Retention Schedule</i> was approved by the Texas State Library and Archives Commission and generally contained all applicable records. Recommendation 1: Management should continue their efforts to ensure the TDCJ <i>Records Retention Schedule</i> includes all agency documents. Finding 2: Management of agency records could be improved. Recommendation 2: A. Executive Administrative Services should develop procedures to ensure complete records management plans. B. Executive Administrative Services should coordinate with the Administrative Review and Risk Management Division to include methodology to evaluate compliance with records management requirements in Operational Review checklists. In addition, Executive Administrative Services should work with each TDCJ division to ensure the respective division has a process in place to monitor records management.	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as ongoing with full implementation by June 2019.

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

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			Finding 3: Records storage could be improved. Recommendation 3: Agency management should develop a mechanism to periodically evaluate records storage areas to ensure records are adequately safeguarded.	
1611	Rehabilitation Programs Division Civil Commitment	2/3/17	Finding: The Rehabilitation Programs Division was compliant with Executive Directive – 07.22, <i>Identifying and Referring Sex Offenders Subject to Civil Commitment as Sexually Violent Predators</i> . Recommendation: Rehabilitation Programs Division management should work with the Information Technology Division to develop an updated tool (e.g. database) to screen offenders for civil commitment eligibility.	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.
1612	Business and Finance Division Annual Financial Reporting	11/22/16	Finding: The Business and Finance Division was compliant with applicable reporting requirements. Recommendation: Business and Finance Division management should develop procedures manuals for each type of financial report.	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
1613	Correctional Institutions Division Key Control Follow up	1/13/17	Follow up Conclusion: It was our opinion management made significant progress in the implementation of actions agreed to in the prior audit. Of the five recommendations made, three were fully implemented, one was substantially implemented and one was incomplete/ongoing.	Management submitted action plans consistent with the remaining actions needed. Actions are reported as complete.
1614	Information Technology Division Software Licensing	2/13/17	Finding: The agency’s management of software licenses could be improved. Recommendations: <ol style="list-style-type: none"> 1. The Information Technology Division should assume centralized management of all agency licensed software. 2. The agency software manager or appropriate designee should utilize the recently purchased software management tool to scan all networked computers to identify licensed software. 3. Information Technology Division management should develop a procedure to identify software not detected by the software management tool. 4. The agency software manager should document their approval of software installation. 5. Information Technology Division management should develop 	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as ongoing with full implementation by December 2017.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			<p>procedures to recover, reuse, and dispose of licensed software.</p> <p>6. The agency software manager should conduct software audits as required, to include identifying licensed software not in use.</p>	
1615	<p>Office of the Inspector General</p> <p>Evidence Control Follow up</p>	9/30/16	<p>Follow up Conclusion: It was our opinion management made progress in the implementation of corrective actions from the prior audit. We found management’s expectations were met for submissions to crime labs and evidence storage; however, improvements could be made in the remaining areas.</p>	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.</p>
1616	<p>Reentry and Integration Division</p> <p>Verification and Identification Follow up</p>	1/13/17	<p>Follow up Conclusion: Management made significant progress in the implementation of corrective actions from the prior audit. However, additional efforts were needed to ensure offenders received identification documents at the time of release.</p>	<p>Management submitted action plans consistent with the remaining actions needed. Actions are reported as complete.</p>
1701	<p>Parole Division</p> <p>Restitution Collection Follow up</p>	6/9/17	<p>Management made progress in the implementation of corrective actions from the prior audit. One of the four recommendations made in the prior audit was fully implemented and three were substantially implemented.</p>	<p>Management submitted action plans consistent with the remaining actions needed. Action is ongoing with full implementation expected by October 2017.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
1702	Windham School District Recreation Programs Follow up	8/2/17	Follow up Conclusion: It was our opinion corrective actions were delayed due to significant turnover in the positions responsible for implementation.	Management submitted action plans consistent with the remaining actions needed. Actions have been reported as ongoing with full implementation by November 2017.
1703	Business and Finance Division Victim Restitution System	6/9/17	Finding: Victim contact information maintained in the Victim Restitution System was generally reliable. Recommendations: A. Management should update task procedures to require staff review source documentation for easily recognizable errors. This should include consulting with Parole Division management to resolve occurrences when the frequency of clerical errors increases. B. Management should periodically instruct staff to refresh their knowledge of the task procedures related to updating the <i>Victim Restitution System</i> .	Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.
1704	Human Resources Division Position	7/28/17	During the original follow-up audit completed in December 2016, we determined management had not yet completed the actions agreed to in the original audit. Agency management committed to expediting implementation of corrective action and requested we conduct additional procedures in July 2017. As a result, we performed a review	Additional follow up procedures were conducted and the actions needed were determined to be substantially implemented.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
 VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
	Classification Review Follow up		<p>of additional actions completed by management and, based on these changes, it was our determination that all four recommendations were substantially implemented at this time.</p> <p>However, no position classification reviews have been requested or initiated subsequent to the original follow-up. Therefore, it is too soon to determine if the corrective action implemented by management will result in timely reviews. We will continue communicating with management and determine the need for additional follow-up work when developing future annual audit plans.</p>	
1708	<p>Windham School District</p> <p>Application Processing</p>	6/26/17	<p>Finding: Improvements could be made to help ensure efficiency of Windham School District’s process to hire teachers.</p> <p>Recommendations:</p> <p>A. Management should develop standard operating procedures for processing and selecting applicants for teaching positions. Additionally, management should establish timeframes for the process and include them in the procedures.</p> <p>B. Management should consider updating the checklist to include screening of qualifications and a supervisory review should be conducted for the selected applicant.</p> <p>C. Management should update job descriptions and ensure they are reviewed annually for accuracy. Additionally, management should consider developing individual job descriptions for each teaching</p>	<p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as ongoing with full implementation by August 2018.</p>

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2017
VIII. Texas Government Code Sections 2102.015 (d) and (e) Update – Continued

Audit No.	Audit Title	Report Date	Finding Statements and Recommendations	Actions Taken as of 08/31/17
			position. D. Management should develop a tool to track the hiring process and monitor against timeframes established in recommendation A.	