



# FISCAL YEAR 2022 ANNUAL AUDIT REPORT

October 31, 2022

## OUR MISSION

*The mission of the Internal Audit Division 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.*

## AUDIT TEAM

Renee Russell, CIA, CGAP  
*Deputy Chief Audit Executive*

Kristy Bailey, CIA, CGAP  
*Director, Support Services*

Charlotte Jeffcoat, CIA, CGAP  
*Director, Audit Services*

Cheryl Foreman, JD, CIA, CRMA  
*Audit Manager*

To: Sarah Hicks  
Governor's Office Budget and Policy Division

Christopher Mattsson  
Legislative Budget Board

Internal Audit Coordinator  
Texas State Auditor's Office

A report on the activity of the Internal Audit Division of the Texas Board 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 2022 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,

Chris Cirrito, CIA, CFE, CGAP  
Chief Audit Executive  
Texas Board of Criminal Justice  
Texas Board of Pardons and Paroles  
Windham School District

xc: Members, Texas Board of Criminal Justice  
Bryan Collier, Texas Department of Criminal Justice  
David Gutierrez, Texas Board of Pardons and Paroles  
Kristina Hartman, Windham School District

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# INTRODUCTION

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## *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.

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## *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 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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## COMPLIANCE WITH TEXAS GOVERNMENT CODE 2102.015

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Section 2102.015 of the Texas Government Code requires state agencies and higher education institutions to post certain information on their internet websites. The Texas Board of Criminal Justice (TBCJ) 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 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 the 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 TBCJ Internal Audit Division will begin compiling the information into the prescribed format. 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, 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 2022. 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.

## FISCAL YEAR 2021 AND 2022 ANNUAL AUDIT PLANS

The table provided below includes audits performed during fiscal year 2022 as well as audits on the fiscal year 2021 plan which were ongoing when the 2021 annual report was issued. Additionally, the Annual Audit Plan for Fiscal Year 2022 was modified. The change reflected the removal of three audits due to a need to conduct work in other areas. These included 2210 *Inmate Safety Training*, 2212 *Freight Transportation*, and 2213 *Minimum Qualification Screening*. The TBCJ was advised of this modification at their meeting on October 14, 2022.

| AUDIT No. | AUDIT/REPORT TITLE  | STATUS   | REPORT DATE | EXPLANATION FOR DEVIATION |
|-----------|---|----------|-------------|---------------------------|
| 2108      | <i>Farm Shop Equipment Repairs</i><br>Manufacturing, Agribusiness, and Logistics Division   | Complete | 02/02/2022  | N/A                       |
| 2111      | <i>Unit Schedules</i><br>Business and Finance Division  | Ongoing  | N/A         | N/A                       |
| 2113      | <i>Action Plan Follow Up and Tracking</i><br>Internal Audit Division  | Ongoing  | N/A         | N/A                       |
| 2201      | <i>Risk Based Monitoring and Fraud Awareness Consultation</i><br>Administrative Review and Risk Management Division   | Complete | 10/05/2022  | N/A                       |
| 2202      | <i>Corrections Information Technology System Consultation</i><br>Information Technology Division  | Complete | 10/05/2022  | N/A                       |
| 2203      | <i>Public Funds Investment</i><br>Business and Finance Division<br>Windham School District  | Complete | 12/29/2021  | N/A                       |
| 2204      | <i>Employment Services</i><br>Reentry and Integration Division  | Ongoing  | N/A         | N/A                       |
| 2205      | <i>Security Equipment</i><br>Correctional Institutions Division<br>Information Technology Division  | Ongoing  | N/A         | N/A                       |
| 2206      | <i>Student Contact Hour Tracking</i><br>Windham School District   | Complete | 08/25/2022  | N/A                       |
| 2207      | <i>Program Referrals</i><br>Parole Division   | Ongoing  | N/A         | N/A                       |
| 2208      | <i>Legal Opinions</i><br>Office of the General Counsel  | Complete | 10/21/2022  | N/A                       |
| 2209      | <i>Community-Based Contracts</i><br>Private Facility Contract Monitoring and Oversight Division   | Ongoing  | N/A         | N/A                       |
| 2211      | <i>ISF/SAFPF Probationer Placements and Removals</i><br>Community Justice Assistance Division<br>Correctional Institutions Division<br>Rehabilitation Programs Division | Ongoing  | N/A         | N/A                       |
| 2216      | <i>Action Plan Follow Up and Tracking</i><br>Internal Audit Division  | Ongoing  | N/A         | N/A                       |

## CONSULTING SERVICES AND NONAUDIT SERVICES COMPLETED

| NAME OF REPORT   | OBJECTIVE(S)   | OBSERVATIONS/RESULTS AND RECOMMENDATIONS  |
|--|--|---|
| <p><b>Project Number: 2201</b></p> <p><i>Risk Based Monitoring and Fraud Awareness Consultation</i></p> <p>Report Date: 10/05/2022</p> | <p>To provide advice related to determining whether monitoring activities cover the most important areas and consider fraud risk and whether monitoring methodology identifies areas in need of management action.</p> | <p>This project focused on providing agency staff training related to risk and fraud. We conducted 22 training sessions with 378 participants.</p>  |
| <p><b>Project Number: 2202</b></p> <p><i>Corrections Information Technology Consultation</i></p> <p>Report Date: 10/05/2022</p>        | <p>To provide advice regarding risks and internal controls during efforts to implement the Corrections Information Technology System.</p>  | <p>During fiscal year 2022 we continued our work related to the joint efforts between the Texas Department of Criminal Justice and the Texas Board of Pardons and Paroles to image parole case files. During the project we worked with both agencies to identify risks and internal controls to project success, participated in key project meetings, and provided relevant advice.</p> <p>Collectively, the agency and Microsoft have yet to fully agree on a final scope for the project, communications between TDCJ and Microsoft are often fragmented and difficult to navigate, and the agency has struggled with project management and resource dedication (i.e., man hours, subject matter experts, etc.). This has resulted in a need to temporarily pause the project to clarify scope, reevaluate the project schedule, and realign resources.</p> <p>In response to risk, the agency modified the contract with Gartner Inc. to provide expanded advisory services and made changes to its project management team. Further, it is our observation cooperation and communication between the agency and Microsoft is improving and we are optimistic the project will ultimately be successful. However, the project will not be completed within the original agreed upon timeframe and timeliness of completion remains at risk.</p> |

# IV. EXTERNAL QUALITY ASSURANCE REVIEW

Texas Department of Criminal Justice – Internal Audit Division  
External Quality Assurance Review – August 2019

## Overall Opinion

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Department of Criminal Justice Internal Audit Division receives a rating of "Pass/Generally Conforms" and is in compliance with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

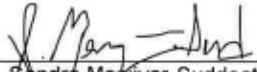
We found that the Internal Audit Division is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff members are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Internal Audit Division is well managed internally. In addition, the Department has effective relationships with the Board and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers Internal Audit a useful part of the overall agency operations and finds that the audit process and report recommendations add value and help improve the agency's operations.

The Internal Audit Division has reviewed the results of the peer review team's work and has accepted them to be an accurate representation of the Department's operations.


## Acknowledgements

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, Internal Audit staff, the Chairman and the Audit and Review Committee Chairman of the Board, the Executive Director, and the senior managers who participated in the interview process. We would also like to thank each person who completed surveys for the quality assurance review. The feedback from the surveys and the interviews provided valuable information regarding the operations of the Internal Audit Division and its relationship with management.

  
Sandra Mejivar-Suddeath  
Director of Internal Audit  
Texas Department of Motor  
Vehicles  
SAIAF Peer Review Team Leader

09/09/2019

Date

  
Eleazar Garcia  
Chief Auditor  
Texas Juvenile Justice Department  
SAIAF Peer Review Team Member

9/9/19

Date

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# FISCAL YEAR 2023 ANNUAL AUDIT PLAN

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The following table is our Fiscal Year 2023 Annual Audit Plan as presented to, and approved by, the Texas Board of Criminal Justice on August 26, 2022.

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.

## **I. Purpose**

The Internal Audit Division’s methodology for developing an annual risk-based audit plan is based on the Committee of Sponsoring Organization’s *Integrated Framework* and the Government Accountability Office’s *Assessing Internal Controls in Performance Audits* (Publication OP-4.14).

## **II. Procedures**

### **A. Identification of the Audit Universe**

The Audit Universe is a list of all auditable activities. The audit universe is based on organizational charts, but activities may be identified through other sources. These sources are reviewed on an ongoing basis to ensure the universe is complete and accurate and may include the following:

1. Agency Strategic Plan;
2. Agency Budget;
3. Management Presentations at board meetings;
4. Policy and Procedure manuals;
5. Input from management;
6. Legislative Implementation Plans; and,
7. Fraud Self-Assessment, Continuity of Operations, and Enterprise Risk Management exercises.

### **B. Quantifying Risk and Exposures**

The audit universe is monitored on an ongoing basis. As events occur that potentially impact the risk associated with a specific auditable activity, the activity is scored or re-scored using the following framework:

1. Impact is the extent to which a risk event might affect the enterprise. Impact is



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presented in terms of the three COSO objectives and is weighted as 30% of overall ranking. The three components will provide a score reflecting impact risk.

The framework sets forth three categories of objectives, which allow organizations to focus on separate aspects of internal control. These distinct but overlapping categories (a particular objective can fall under more than one category) address different needs and may be the direct responsibility of different individuals. The three categories can also indicate what is to be expected of internal control. When scoring, the auditor should be cognizant of inherent risk associated with the subject matter. This scoring should **not** take into consideration knowledge the auditor may have of internal control in the area.

These objectives include and have been weighted in COSO objectives scoring as follows (staff may also use 2 or 4 to indicate judgement between the set categories):

**30% Reporting Objectives:** Pertain to internal and external financial and nonfinancial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, standard setters, or the entity's policies.

- 5 Should be given if the reporting is to external entities such as the federal government, governor's office, legislature, Comptroller of Public Accounts, or State Auditor's Office. In addition, should be given if internal reporting may cause management to make poor decisions that would be severe in terms of impact on the agency mission.
- 3 Given in cases in which internal reporting may cause poor decisions with a moderate impact on operations.
- 1 No reporting or little impact on operations.

**45% Operational Objectives:** Pertain to the effectiveness and efficiency of the entity's operations, including operational and financial performance goals and safeguarding assets against loss.

- 5 Deficiencies would have a significant impact on operations. For example, the operational objective is directly related to human safety and/or secure operation of facilities.
- 3 Deficiencies would have a moderate impact on operations. The operational objective is not related to human safety and/or secure operations of facilities and/or serves a support role.
- 1 Deficiencies would have a limited impact on operations. Minor supporting role.

**25% Compliance Objectives:** Pertain to adherence to laws and regulations to which the entity is subject.



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- 5 Mandate in federal or state law, Texas Administrative Code, Board Policy, or a significant Executive Directive.
  - 3 Mandate is found in agency Administrative Directives and/or significant operating procedures (e.g. Security Memorandums, operational plans, etc.).
  - 1 Departmental procedures not directly tied to higher level mandates.
2. Likelihood is the possibility that a given event or consequence will occur. Measuring likelihood includes consideration of the application of control activities and is indicative of residual risk: Weighted as 70% of overall ranking.

40% **Control Environment:** The control environment is the set of standards, processes and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control and expected standards of conduct. There are five principles relating to Control Environment:

- a. The organization demonstrates a commitment to integrity and ethical values.
- b. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- c. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- d. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- e. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

The auditor should consider all of the above factors and any other knowledge about the control environment and use their respective judgment to score between 1 (strong environment) and 5 (weak environment).

25% **Process Complexity:** Indicates the degree to which processes are difficult to perform and require a high degree of specialized knowledge and capability.

- 5 The process is very complex and requires a high degree of staff capability, knowledge, etc.
- 3 The process is complex and requires a moderate level of capability and knowledge.
- 1 Not complex and does not require a great deal of capability and knowledge.

20% **Historical Problems:** Indicates the degree to which problems within the function are known to the auditors. This may include, but not be limited to, red flags, past performance, legislative inquiry, negative media, etc.

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- 5 Problems are known to be significant and to have occurred within two years. Poor performance found in prior audits. Negative, recent interaction with legislature and/or media. Negative State Auditor's Office reports have been issued. Recent red flags exist.
- 3 Moderate problems are known or problems occurred longer than two years ago. Problems may have occurred but there is evidence of corrective action.
- 1 Minor problems or no known issues exist.

15% **Degree of Change:** This factor is used to evaluate turnover in key positions and/or changes in operational responsibilities, and organizational realignments.

- 5 High turnover in key positions, assignment of operational responsibilities not previously conducted, significant organizational restructuring.
- 3 Moderate turnover in key positions, assignment of operational responsibilities not previously conducted but within the realm of experience of the area, minor organizational restructuring.
- 1 Stable.

### III. Developing Audit Objectives

The Internal Audit Division must assess and make appropriate recommendations for improving governance, risk management, and control processes within the agency. Recommendations are derived from audit objectives identified during audit plan development.

Audit objectives are designed to assess the risk identified during plan development. Risk is defined as the possibility of an event occurring that will have an impact on the achievement of objectives. The effect of these risks on the organization can be categorized as a failure to ensure:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and,
- Compliance with policies, plans, procedures, laws, regulations, and contracts.

Key audit objectives are usually to provide senior management and the board with assurance and information to help them accomplish the organization's objectives. To support these objectives audit recommendations may:

- Promote appropriate ethics and values;
- Ensure effective organizational performance management and accountability;
- Ensure organizational objectives support and align with the agency's mission; or,
- Promote continuous improvement in the internal control system.

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# FISCAL YEAR 2023 ANNUAL AUDIT PLAN

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## **IV. Overall Risk Assessment**

Overall risk assessment is determined by summing all risk factor scores and applying the scoring guidelines to determine low, moderate, or high risk. Due to the maturity of management processes in place, we do not automatically quantify an auditable activity as “high risk”. Instead we evaluate the audit universe on an ongoing basis and assign the top third as being of higher risk.

## **V. Input from Senior Management and the Texas Board of Criminal Justice**

Input to the annual audit plan is formally solicited from senior management and the Texas Board of Criminal Justice. This solicitation includes a request being sent to the Board for their input. In addition, a series of meetings with Division Directors (and their staff, if present) to discuss the Catalog of Auditable Activities will result in an email (with attachments if necessary) being sent to the Division Director confirming any planned audits in their division. This communication will be the method used to document the discussions with Division Directors as to the level of risk associated with the identified activities.

Audit requests by a single person will be given a score of 1, with points being added for each successive request in the same area. Scores will be added to pre-request scoring outcomes and weighted as follows:

- 20% Desire communicated by a Department head within auditable activity;
- 30% Desire communicated by Division Director; or a Board of Pardons and Paroles member; or,
- 50% Desire communicated by TBCJ member, TDCJ Executive or Deputy Executive Director, or SAO requests a joint audit.

## **VI. Legislative Mandate**

Based on a legislative mandate an audit will be scheduled.

## **VII. Auditor Judgment**

Activities with the highest scores will be reviewed for inclusion on the proposed Annual Audit Plan, identification for continued monitoring and consideration in future audit periods, or an adjustment in score to a more appropriate relative ranking. This review will consider such factors as:

- the availability of audit staff with the requisite knowledge, skills, and disciplines;
- time frames for implementation of remedial actions as a result of prior audits;
- reorganizations;
- extent and frequency of audits in the area;
- the score of an activity relative to the scores of other activities; or,

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- the potential to obtain operating benefits from the audit.

This review will also consider potential cyclical audits of areas with high inherent risk but low residual risk.

## **VIII. Communication and Approval**

Subsequent to the compilation of the requests by the various Division Directors and the risks identified by Audit Management judgment, a proposed Annual Audit Plan will be prepared and reviewed with the Executive Director and the Deputy Executive Director to solicit their input. Subsequent to those discussions the Annual Audit Plan will be submitted to the Board Office by their established deadline. Once submitted, Audit Management will personally review the proposed plan with the Chairman of the Board. At this time, the Board Office will then submit the proposed plan to the full Board to allow for their review. After their review, each Board Member is personally briefed by Audit Management on the proposed Annual Audit Plan.

In addition, a meeting with the State Auditor's Office risk assessment team is conducted to ensure duplication of efforts is minimized and audit work is coordinated.

The proposed Annual Audit Plan is presented to the Audit and Review Committee of the Texas Board of Criminal Justice at the board meeting prior to the start of the fiscal year; typically in August. The presentation to the Audit and Review Committee should include a discussion of the potential for completion of the proposed Annual Audit Plan and a discussion of resource requirements. In addition, higher risks that are not likely to be covered by the plan should be discussed to ensure the committee is aware of the activities that will not be audited.

Typically, the approval of the Annual Audit Plan and the associated risk assessment incorporates a provision allowing the Director of Internal Audit to perform work outside the audit plan if the changes are merited in the judgment of the Internal Audit Director and the deviations are based on an updated risk analysis and documented as required by the Act.

# FISCAL YEAR 2023 AUDIT PLAN

| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS  | JUSTIFICATION   | OBJECTIVE   |
|----------------|---|---|---|
| 2301           | <p><b>Corrections Information Technology System Consultation</b></p> <p><i>Information Technology Division</i></p> <p>Project Hours: As needed.</p> | <p>At the close of the 87<sup>th</sup> Legislative Session, the TDCJ was appropriated \$24.2 million in funding for fiscal years 2022 and 2023 to modernize the current legacy mainframe system. The new cloud-based Corrections Information Technology System (CITS) will replace 41 legacy applications, 96 stand-alone Access databases, and will integrate business intelligence applications such as digital dashboards, data analytics, and ad-hoc reporting.</p> <p>We will assist management by providing non-audit advisory services during agency efforts to implement the new system. As such, we have evaluated this consultation and do not believe it will interfere with nor compromise our objectivity and ability to maintain independence to conduct future audits in this area.</p>  | <p>To provide advice regarding risks and internal controls during efforts to implement the Corrections Information Technology System.</p> <p>At the request of the TBCJ Chairman, this consultation will include an additional focus on information systems security.</p> |
| 2302           | <p><b>Parole Division Workforce Culture</b></p> <p><i>Parole Division</i></p> <p>Project Hours: 2,460</p>   | <p>Corporate culture shapes attitudes and behaviors in wide-ranging and durable ways. Cultural norms within an agency define what is encouraged, discouraged, accepted, or rejected within an agency and can have a positive influence on performance. Culture is driven primarily by tone at the top and agency Personnel Directive – 10, <i>Workforce Diversity</i>, lists agency goals which would support a positive culture to include:</p> <ul style="list-style-type: none"> <li>• Creating a positive environment that promotes personal and professional development and attracts new talent;</li> <li>• Promoting policies, programs, and procedures that value diversity and individual dignity;</li> <li>• Encouraging education about diversity, the development of supportive workplace relationships with others, and leading by example when making decisions related to the workplace;</li> <li>• Removing barriers hindering progress; and,</li> <li>• Developing leadership that empowers all employees to reach their full potential while contributing to the agency’s mission.</li> </ul> | <p>To evaluate the effectiveness of processes to ensure mental health assessments occur as required and treatments prescribed by the provider are delivered to the inmate.</p>  |

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| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS  | JUSTIFICATION  | OBJECTIVE   |
|----------------|---|--|---|
|                |   | Larger divisions within an agency may possess their own subcultures within the larger agency culture. The agency’s Parole Division has offices located throughout the state, employs 1,774 Parole Officers, 239 Unit Supervisors, and Parole Supervisors supervised by five regional directors.  |   |
| 2303           | <p><b>Mental Health Assessments</b></p> <p><i>Health Services Division</i></p> <p>Project Hours: 3,280</p>                    | <p>Correctional Managed Healthcare Policy E-35.2 <i>Mental Health Evaluation</i> requires inmates with potential mental health needs receive a comprehensive mental health evaluation completed by a qualified mental health professional within 14 days of a referral, request, or identification of mental health need.</p> <p>A mental health evaluation is an assessment of an inmate’s presenting problem to formulate a diagnostic impression and determination of treatment/intervention needs. This includes documentation of historical information such as mental health treatment and psychosocial background. It also includes a current mental status exam and suicide risk assessment. Psychometric testing may be conducted to assess personality, intellectual ability, and coping abilities. Based on these assessments, various treatments will be prescribed for the inmate by a qualified mental health provider.</p> <p>This audit was requested by agency management and the Texas Board of Criminal Justice and will be conducted as a joint effort with the university healthcare providers.</p> | To evaluate the effectiveness of processes to ensure mental health assessments occur as required and treatments prescribed by the provider are delivered to the inmate. |
| 2304           | <p><b>Inmate Releasing Process</b></p> <p><i>Reentry and Integration Division</i></p> <p><i>Correctional Institutions</i></p> | <p>During the COVID-19 global pandemic the agency transitioned to a decentralized releasing process in which certain inmates releasing to parole supervision may be released from their unit of assignment rather than transported to a centralized releasing location.</p> <p>The Reentry and Integration Division (RID) employs 147 institutional case managers who are responsible for ensuring the inmate receives the</p>   | To evaluate the efficiency of inmate release processing from correctional facilities.   |

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| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS  | JUSTIFICATION   | OBJECTIVE  |
|----------------|---|---|--|
|                | <p><i>Division</i></p> <p><i>Parole Division</i></p> <p>Project Hours: 4,100</p>  | <p>appropriate identification documents (e.g. social security card, birth certificate, etc.), processing release paperwork, arranging transportation, and ultimately releasing the inmate from the facility. The RID Program Guidelines and Processes – 02.03, <i>Release Processing</i>, details the process and RID employee responsibilities. While RID staff are typically the last agency employees to interact with an inmate prior to and during release, the process requires coordination and cooperation from other divisions to include the Correctional Institutions Division and the Parole Division. From January to May 2022, the agency released 16,411 inmates.</p>  |  |
| 2305           | <p><b>Inmate Transport Vehicles</b></p> <p><i>Manufacturing, Agribusiness and Logistics Division</i></p> <p><i>Correctional Institutions Division</i></p> <p>Project Hours: 3,280</p> | <p>The agency conducts scheduled transports of inmates for a variety of reasons to include intake from county facilities, off-site medical appointments, housing movements, etc. The Manufacturing, Agribusiness and Logistics Division is responsible for overseeing scheduled inmate transports as well as the procurement and repair of all agency vehicles.</p> <p>The Offender Transportation Department is headquartered in Huntsville with seven hub offices located in Abilene, Amarillo, Beeville, Gatesville, Huntsville, Rosharon, and Tennessee Colony. The department completed 13,825 inmate transports through June of fiscal year 2022. This department also operates six mechanical shops which are utilized for vehicle maintenance and repair of 418 inmate transport vehicles including buses, security vans, etc. This audit was requested by the Board of Criminal Justice.</p> | <p>To evaluate the effectiveness of efforts to repair and maintain transport vehicles.</p>                                 |
| 2306           | <p><b>Structural Integrity of Secure Facilities</b></p> <p><i>Facilities Division</i></p> <p>Project Hours: 4,100</p>   | <p>The Texas Department of Criminal Justice operates 88 secure correctional facilities which were constructed between approximately 27 and 173 years ago. The Facilities Division is tasked with maintaining and repairing the facilities to support the safe and secure operation of the units.</p> <p>The division provides a full range of facility management services including</p>  | <p>To determine the effectiveness of efforts to identify and correct structural deficiencies impacting the security of</p> |



# FISCAL YEAR 2023 AUDIT PLAN

| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS   | JUSTIFICATION  | OBJECTIVE  |
|----------------|--|--|--|
|                |  | <p>facility planning, engineering, construction, maintenance, and environmental quality assurance and compliance. The division consists of 1,157 employees (e.g. maintenance personnel, engineers, architects, environmental specialists, etc.) that ensure these various services are prioritized and completed appropriately, within available budget. Maintenance employees are also located at each correctional facility to provide long range and day-to-day maintenance as required to keep the facilities secure and in proper working condition, 24 hours a day, 365 days a year.</p> <p>The agency is dependent upon the legislature for funding to repair and maintain facilities. For the fiscal year 2022 and 2023 biennium the agency requested \$649.8 million to complete necessary repairs and facilities maintenance projects and received \$151.3 million in funding. This funding included approximately \$105.5 million for projects over \$50,000 such as roof repairs, fire alarm installation, etc., and \$45.8 million for routine maintenance and projects under \$50,000.</p> | correctional facilities.   |
| 2307           | <p><b>Criminal Case Disposition</b></p> <p>Office of Inspector General</p> <p>Project Hours: 1,476</p> | <p>The Texas Board of Criminal Justice created the Office of the Inspector General (OIG) to serve as the primary law enforcement and investigative entity of the Texas Department of Criminal Justice (TDCJ). The OIG is an independent office that reports to the Texas Board of Criminal Justice, with the Inspector General reporting directly to the chairman of the board. The OIG investigators are certified peace officers, as authorized by Texas Code of Criminal Procedures, Article 2.12 and licensed by the Texas Commission on Law Enforcement.</p> <p>The OIG investigates allegations of criminal activity and misconduct that have an impact on TDCJ programs, personnel, and resources and subsequently refers cases to the appropriate prosecuting authority for consideration.</p>   | To determine the effectiveness of processes to render a disposition for criminal cases in which an investigation supports the pursuit of criminal charges. |

# FISCAL YEAR 2023 AUDIT PLAN

| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS   | JUSTIFICATION   | OBJECTIVE   |
|----------------|--|---|---|
| 2308           | <p><b>Accounts Payable</b></p> <p><i>Business and Finance Division</i></p> <p>Project Hours: 1,968</p>   | <p>The agency’s Accounts Payable Section is organized under the Accounting and Business Services Department of the Business and Finance Division and is responsible for processing payments in compliance with Federal, State, and agency rules and regulations. The Accounts Payable Section is divided into two sections: Payment Services and Invoice Services.</p> <p>The agency procures over \$1 billion annually in goods and services using purchase orders and contracts. Accounts Payable ensures that a three-way match occurs by comparing the purchase order/contract, invoice, and goods/services. This validation must be performed, and the payment complete, within the terms of the contract or the 30-day timeframe established by the legislature.</p>  | <p>To evaluate the effectiveness of processes to pay vendors for goods or services received.</p>  |
| 2309           | <p><b>Investigation of Sexual Assault Allegations</b></p> <p><i>Prison Rape Elimination Act Ombudsman</i></p> <p><i>Correctional Institutions Division</i></p> <p>Project Hours: 2,624</p> | <p>The Prison Rape Elimination Act (PREA) is a federal law established to provide for the analysis of the incidence and effects of prison rape in federal, state, and local institutions and provide information resources, recommendations, and funding to protect individuals from prison rape.</p> <p>When an allegation of inmate sexual assault or sexual harassment is reported on a correctional facility it is investigated at the unit level by trained PREA investigators and documented electronically in the Safe Prisons PREA Automated Network System. The completed investigation is subsequently reviewed by the Safe Prisons/PREA Management Office for completeness and appropriateness of the investigation outcome. The PREA Ombudsman office then reviews investigations for compliance with applicable PREA standards.</p> <p>From January through May 2022, the PREA Ombudsman received 4,435 PREA related inquiries and the Safe Prisons/PREA Management Office completed 1,001 investigations.</p> | <p>To determine the effectiveness of efforts to investigate sexual abuse and sexual harassment of inmates in correctional facilities.</p> |

## FISCAL YEAR 2023 AUDIT PLAN

| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS   | JUSTIFICATION  | OBJECTIVE   |
|----------------|--|--|---|
| 2310           | <p><b>Case Summaries</b></p> <p><i>Board of Pardons and Paroles</i></p> <p>Project Hours: 1,968</p>        | <p>Institutional Parole Officers (IPOs) are agents of the Texas Board of Pardons and Paroles responsible for preparing inmate information for consideration by the board when the inmate becomes eligible for release to parole or mandatory supervision. An IPO's primary responsibility during the parole review process is the completion of a detailed <i>Case Summary</i> which is a comprehensive review of an inmate's criminal history, as well as behavior prior to and during incarceration. The <i>Case Summary</i> is based on official records and information reported by the inmate during various interviews. The members of the Texas Board of Pardons and Paroles use the <i>Case Summary</i> as the main tool in deciding whether to grant parole to an inmate.</p> <p>The Texas Board of Pardons and Paroles reported 77,575 case summaries were prepared in Fiscal Year 2021 and 52,892 summaries have been completed during the current fiscal year, as of June 2022.</p> <p>This audit was requested by the Board of Pardons and Paroles.</p> | <p>To evaluate the efficiency of processes to create case summaries.</p>  |
| 2311           | <p><b>Emerging Risks</b></p> <p><i>Various Divisions</i></p> <p>Project Hours: As needed.</p>              | <p>In an effort to be responsive to ever changing risk, we have set aside hours to conduct audits of topics within the Texas Department of Criminal Justice, the Windham School District, and/or the Board of Pardons and Paroles, as needed.</p>  | <p>To perform audits of emerging risks.</p>   |
| 2312           | <p><b>Various Walk Throughs</b></p> <p><i>Internal Audit Division</i></p> <p>Project Hours: As needed.</p> | <p>Conducting walk throughs of functional areas enables the Internal Audit Division 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> |

# FISCAL YEAR 2023 AUDIT PLAN

| PROJECT NUMBER | PROJECT TITLE, DIVISION(S) & PROJECT HOURS  | JUSTIFICATION  | OBJECTIVE   |
|----------------|---|--|---|
| 2313           | <p><b>Action Plan Follow Up and Tracking</b></p> <p><i>Internal Audit Division</i></p> <p>Project Hours: As needed.</p> | <p>We track implementation of audit recommendation action plans on an ongoing basis and determine if or when implementation verification is required. Based on our assessment, we perform audit follow up review and or testing, as needed. This project encompasses our efforts for the review and tracking of those audit recommendations and their implementation status.</p> | <p>To determine the status of implementation for audit recommendations.</p> |

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## EXTERNAL AUDIT SERVICES

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The TDCJ, through delegated authority from the State Auditor's Office, contract an outside vendor for audits of compliance with the Prison Rape Elimination Act. The Internal Audit Division did not use any external audit services during fiscal year 2022.

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# REPORTING SUSPECTED FRAUD AND ABUSE

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## 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

## REPORTING SUSPECTED FRAUD AND ABUSE

- (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 policy has been updated to require the Internal Audit Director coordinate with the State Auditor's Office to provide routine updates of potential fraud.



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## TEXAS GOVERNMENT CODE 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, 2021 and August 31, 2022. This report also covers those audits which were completed during the fiscal year but the report was finalized between September 1 and October 31, 2022.

# TEXAS GOVERNMENT CODE 2102.015 UPDATE

| AUDIT  | FINDINGS AND RECOMMENDATIONS  | ACTIONS TAKEN AS OF<br>10/31/23  |
|--|---|--|
| <p><b>Audit 2108</b></p> <p><i>Farm Shop Equipment Repairs</i></p> <p>Manufacturing, Agribusiness, &amp; Logistics Division</p> <p>Report Date: 02/02/22</p> | <p><b>Finding:</b> Processes were not well designed to track, monitor, or ensure repairs to farm shop equipment were cost effective and data utilized to monitor fuel burning equipment total repair costs was not sufficiently reliable.</p> <p><b>Recommendations:</b></p> <p>A. Manufacturing, Agribusiness and Logistics management should research the feasibility of continuing current operations with the existing fleet of equipment, alternative methods to replacing equipment, and the cost-effectiveness of continuing to repair aging tractors.</p> <p>B. Manufacturing, Agribusiness and Logistics division management should develop:</p> <p style="margin-left: 20px;">I. A method to track single repairs to equipment;</p> <p style="margin-left: 20px;">II. A reliable monitoring mechanism to track lifetime tractor repair costs; and,</p> <p style="margin-left: 20px;">III. A procedure to determine when repairs to a piece of equipment exceed a tolerable threshold and should be replaced rather than repaired.</p> | <p>Management submitted action plans consistent with the recommendations made in this report. Actions are reported as complete.</p>  |
| <p><b>Audit 2113 – 2005</b></p> <p><i>Employee Clearances Audit Follow-Up</i></p> <p>Human Resources Division</p> <p>Report Date: 02/02/22</p>               | <p><b>Finding:</b> Recommendation 2A – Ongoing</p> <p><b>Recommendation:</b> Human Resources management should continue to evaluate resources dedicated to agency clearances.</p> <p><b>Finding:</b> Recommendation 2B – Fully Implemented</p> <p><b>Recommendation:</b> No further action needed.</p> <p><b>Finding:</b> Recommendation 2C – Ongoing</p> <p><b>Recommendation:</b> Human Resources management should reiterate the importance of utilizing the fax coversheet to ensure applications are complete prior to forwarding it to the Human Resources Division Clearance Area.</p>   | <p>Management submitted action plans consistent with the recommendations made in this report. Recommendation one is reported as complete, Recommendation two was completed during the follow-up and recommendation three is in progress.</p> |
| <p><b>Audit 2203</b></p> <p><i>Public Funds Investments</i></p> <p>Business &amp; Finance Division</p>   | <p><b>Finding:</b> While a WSD employee had been involved with investment activities since December 2019, the employee had not signed an Investor Certification of Ethical Understanding until October 8, 2021.</p> <p><b>Recommendation:</b> Windham School District management should ensure all persons involved in investment activity for the WSD sign the Investor Certification of Ethical Understanding prior to</p>  | <p>Management submitted action plans consistent with the recommendations made in this report. Both recommendations have been implemented and closed.</p>   |

# TEXAS GOVERNMENT CODE 2102.015 UPDATE

| AUDIT   | FINDINGS AND RECOMMENDATIONS   | ACTIONS TAKEN AS OF<br>10/31/23   |
|---|--|---|
| <p>Windham School District</p> <p>Report Date: 12/29/21</p>   | <p>conducting any investment related activity.</p> <p><b>Finding:</b> Approved Financial Institution documentation for WSD was not created and signed by the investment committee for fiscal years 2020 and 2021. Therefore, a list of qualified brokers authorized to engage in investment transactions with WSD was not reviewed, revised, and adopted, at least annually, as required. However, we noted the qualified brokers have not changed in several years.</p> <p><b>Recommendation:</b> Windham School District management should ensure a list of qualified brokers authorized to engage in investment transactions with the WSD is reviewed, revised, and adopted by the investment committee, at least annually.</p> |   |
| <p><b>Audit 2206</b></p> <p><i>Windham School District Student Contact Hour Tracking</i></p> <p>Windham School District</p> <p>Report Date: 08/25/2022</p>        | <p><b>Finding:</b> Manual processes to track student contact hours in the Windham School District’s academic and career and technical education programs were effective. However, efficiency could be improved with the implementation of an automated system.</p> <p><b>Recommendation:</b> Windham School District management should consider purchasing or developing an automated technology, such as an automated attendance system allowing students to scan in and out with their ID cards to increase the efficiency of tracking student contact hours.</p>  | <p>Management submitted action plans consistent with the recommendation made in this report. Actions are reported as in progress.</p> |
| <p><b>Audit 2208</b></p> <p><i>Legal Opinions</i></p> <p>Office of General Counsel</p> <p>Report Date: 10/21/22</p>   | <p><b>Finding:</b> Processes to track requests for legal opinions were effective. However, efficiency could be improved with the implementation of a new case management system.</p> <p><b>Recommendation:</b> The Office of the General Counsel management should consider identifying and purchasing an off-the-shelf case management tracking system or work with Information Technology Division to develop an in-house solution.</p>  | <p>Management submitted action plans consistent with the recommendation made in this report. Actions are reported as in progress.</p> |
| <p><b>Audit 2216-1808</b></p> <p><i>Safe Prisons/PREA Coordination Audit Follow-Up</i></p> <p>Correctional Institutions Division</p> <p>PREA Ombudsman Office</p> | <p><b>Finding:</b> Recommendation 1B – Substantially Implemented</p> <p><b>Recommendation:</b> Correctional Institutions Division management in coordination with the PREA Ombudsman Office should work with the Information Technology Division to address the SPPANS programming limitations to allow:</p> <ul style="list-style-type: none"> <li>• unit investigators to submit responses and acknowledge requests in SPPANS to automatically notify reviewers once requested actions are completed; and,</li> </ul>  | <p>Management submitted action plans consistent with the recommendation made in this report. Actions are reported as in progress.</p> |

# TEXAS GOVERNMENT CODE 2102.015 UPDATE

| AUDIT   | FINDINGS AND RECOMMENDATIONS  | ACTIONS TAKEN AS OF<br>10/31/23  |
|---|---|--|
| Report Date: 10/20/22   | <ul style="list-style-type: none"> <li>regional directors to document reviews within SPPANS.</li> </ul>   |  |
| <b>Audit 2216-1908</b><br><br><i>Uniformed Employee Time Records Audit Follow-Up</i><br><br>Human Resources Division<br><br>Report Date: 04/01/22 | <p><b>Finding:</b> Recommendation 1 – Ongoing</p> <p><b>Recommendation:</b> The Human Resources Division in coordination with the Information Technology Division should continue implementing the pilot program, utilizing the TimeScan and agency TIME systems to replace manual time reporting processes.</p> <p><b>Finding:</b> Recommendation 2 - Substantially Implemented</p> <p><b>Recommendation:</b> Human Resources Division in coordination with the Information Technology Division should continue implementing the pilot program, utilizing the TimeScan and agency TIME systems to simplify the timekeeping process and eliminate the PERS 534.</p> | Management submitted action plans consistent with the recommendations made in this report. Both recommendations are reported as in progress. |