

TEXAS DEPARTMENT OF CRIMINAL JUSTICE

INTERNAL AUDIT DIVISION

ANNUAL REPORT

for

Fiscal Year 2013

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Texas Department of Criminal Justice

Brad Livingston
Executive Director

October 31, 2013

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

Dear Ladies and Gentlemen:

A report on the activity of the Internal Audit Division of the Texas Department of Criminal Justice is attached. This report fulfills the requirements of the Texas Internal Auditing Act (Government Code, Chapter 2102) and provides the content prescribed by the *State Auditor's Office Fiscal Year 2013 Guidelines for Submitting and Posting the Internal Audit Annual Report*. Our audit work for fiscal year 2013 focused on reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, regulations, contracts and policies. The information in this report is intended to assist state decision makers in their efforts to improve accountability and increase the effectiveness and efficiency of state government.

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

Sincerely,

Scott Hornung, CPA
Director, TDCJ Internal Audit Division

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

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

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

Statutory Requirement:

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

Texas Board of Criminal Justice Policy:

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

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

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

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

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

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

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

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

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

As audits from the fiscal year 2014 Annual Audit Plan are completed, the results will be compiled in a table that will be used to update the posting required for the fiscal year 2014 annual report. The table will include the finding statement from the report, the recommendations from the report that address the finding, and management's response for corrective action and will be produced in the following steps.

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

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
I. Compliance with House Bill 16 – Continued

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

II. Internal Audit Plan for Fiscal Years 2011, 2012 and 2013

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The table begins with audits that were on the fiscal years 2011 and 2012 plan, but were ongoing and a report had not been issued when the 2012 annual report was prepared. Audits on the 2011 plan begin with 11, audits on the 2012 plan begin with 12, and audits on the 2013 plan begin with a 13.

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1122	Rehabilitation Programs Division Substance Abuse Treatment Programs	Complete	01/10/13	1,806 hours	N/A
1202	Facilities Division Major Work Request Process	Complete	04/17/13	1,355 hours	N/A
1203	Reentry and Integration Division Medically Recommended Intensive Supervision	Complete	01/22/13	1,806 hours	N/A
1208	Parole Division District Parole Officer Training Academy	Complete	04/09/13	1,355 hours	N/A
1209	Administrative Review and Risk Management Use of Force Review	Complete	05/29/13	903 hours	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1210	Information Technology Division Offender Telephone System	Complete	03/22/13	1,204 hours	N/A
1211	Manufacturing and Logistics Division Fleet Data Management	Complete	04/26/13	903 hours	N/A
1212	Correctional Institutions Division Security Threat Group Management	Complete	12/13/12	452 hours	N/A
1213	Correctional Institutions Division Support Services	Complete	06/14/13	903 hours	N/A
1216	Information Technology Division Information System Security	Complete	03/08/13	903 hours	N/A
1218	Rehabilitation Programs Division Volunteer Services	Complete	11/20/12	1,204 hours	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1220	Correctional Institutions Division Offender Protection Investigations	Complete	10/03/12	1,204 hours	N/A
1301	Health Services Division Quality of Care	Ongoing	N/A	3 Staff / 6 Months	N/A
1302	Business and Finance Division Construction Contract Development Facilities Division Engineering	Ongoing	N/A	2 Staff / 3 Months	N/A
1303	Correctional Institutions Division Food Service Inventory Management and Health and Safety Compliance	Ongoing	N/A	2 Staff / 4 Months	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1304	Manufacturing and Logistics Division Texas Correctional Industries Graphics Division – Print Shop Operations	Complete	07/16/13	2 Staff / 3 Months	N/A
1305	Manufacturing and Logistics Division Warehousing and Supply – Reliability of the Inventory Management System	Complete	09/03/13	3 Staff / 4 Months	N/A
1306	Business and Finance Commissary and Trust Fund Warehouse – Reliability of Inventory Records	Complete	03/08/13	3 Staff / 3 Months	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1307	Correctional Institutions Division Offender Drug Testing Parole Division Drug and Alcohol Testing	Ongoing	N/A	1 Staff / 4 Months	N/A
1308	Correctional Institutions Division Key Control	Complete	05/29/13	2 Staff / 3 Months	N/A
1309	Information Technology Division Information System Security – Lotus Notes	Ongoing	N/A	1 Staff / 4 Months	N/A
1310	Windham School District Library Services	Ongoing	N/A	3 Staff / 3 Months	N/A
1311	Business and Finance Division Cashier Services' Processing of Receipts	Complete	08/19/13	2 Staff / 3 Months	N/A
1312	Board of Pardons and Paroles Voting Process	Deleted	N/A	3 Staff / 4 Months	The Board of Pardons and Paroles did not take action to approve the audit.

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1313	<p>Reentry and Integration Division</p> <p>Continuity of Care Follow Up</p> <p>Health Services Division</p> <p>Office of Mental Health Monitoring and Liaison Follow Up</p>	Ongoing	N/A	2 Staff / 3 Months	N/A
1314	<p>Information Technology Division</p> <p>System Development Life Cycle</p> <p>Corrections Tracking System Follow Up</p> <p>Community Justice Assistance Division</p> <p>Community Supervision Tracking System Follow Up</p>	Ongoing	N/A	1 Staff / 3 Months	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1315	Correctional Institutions Division Unit Mailrooms Follow Up	Ongoing	N/A	3 Staff / 3 Months	N/A
1316	Parole Division Compliance with Sex Offender Caseload Requirements	Ongoing	N/A	2 Staff / 3 Months	N/A
1317	Board of Pardons and Paroles Institutional Parole Offices Follow Up	Deleted	N/A	3 Staff / 3 Months	The Board of Pardons and Paroles did not take action to approve the audit.
1318	Correctional Institutions Division Tool Control Follow Up	Ongoing	N/A	2 Staff / 3 Months	N/A
1319	Parole Division Annual Reporting Status and Early Release from Supervision Follow Up	Ongoing	N/A	1 Staff / 2 Months	N/A

Texas Department of Criminal Justice Internal Audit Division Annual Report for Fiscal Year 2013
 II. Internal Audit Plan for Fiscal Years 2011, 2012, and 2013 – Continued

Audit No.	Audit/Report Title	Status	Report Date	Project Budget ¹	Explanation for Deviation
1320	Private Facility Contract Monitoring /Oversight Division Substance Abuse Services Payments	Ongoing	N/A	2 Staff / 3 Months	N/A
1321	Facilities Division Accuracy of Utility Billings	Ongoing	N/A	3 Staff / 5 Months	N/A
1322	Texas Department of Criminal Justice Internal Audit Division Self Study	Ongoing	N/A	1 Staff / 2 Months	N/A
1323	Internal Audit Division Action Plan Tracking	Ongoing	N/A	1 Staff / 1 Month	N/A
1324	Walkthroughs Various	Ongoing	N/A	N/A	N/A

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

III. Consulting Services and Nonaudit Services Completed

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Report No.	Report Date	Name of Report	High Level Consulting Engagement / Non-audit Service Objective(s)	Observations / Results and Recommendations
<p>1222</p> <p>(Return to Table of Contents)</p>	10/09/12	Action Plan Tracking	<p>At the request of the Executive Director we obtained action plans for Internal Audit Division and State Auditor's Office audits completed in fiscal years 2001 through 2009.</p>	<p>We prepared, and provided to the Executive Director, a chart summarizing the status of the recommendations based on the information contained in the action plans.</p> <p>As requested, Agency management provided up-to-date action plans for all audits completed through our August 1, 2013 cutoff date. Audits completed subsequent to August 1, 2013 will be included in our next update. The reported status of each recommendation contained on the action plans was based on management's assertions and has not been verified through follow-up audit activities.</p> <p>As this project was not an audit it was not performed in accordance with the International Standards for the Professional Practice of Internal Auditing or with Government Auditing Standards.</p>

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

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

EXECUTIVE SUMMARY

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

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

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

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

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

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

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

OPINION AND RECOMMENDATIONS

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

Conformity Rating

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

The framework describes these categories as follows:

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

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

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

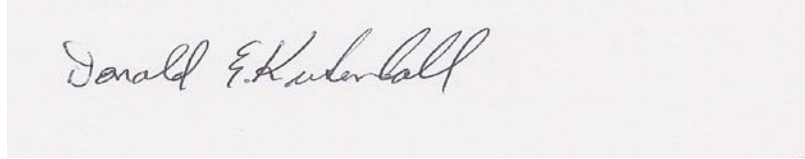
Opportunities and innovative practice suggestions which we believe will enhance conformity with the *Standards and GAGAS* and further improve the effectiveness of the IA Activity are listed below.

INNOVATIVE PRACTICE SUGGESTIONS FOR CONSIDERATION BY THE IA ACTIVITY

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

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

Respectfully,

A rectangular area containing a handwritten signature in black ink. The signature is written in a cursive style and reads "Donald E. Kirkendall".

Donald E. Kirkendall, CIA
Project Manager

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

V. Internal Audit Plan for Fiscal Year 2014 [\(Return to Table of Contents\)](#)

The following table is our Fiscal Year 2014 Annual Audit Plan as presented to and approved by the Texas Board of Criminal Justice on August 23, 2012. Beginning in Fiscal Year 2013 we began budgeting resources to audits based on number of staff and calendar days rather than on audit hours.

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

Our risk assessment methodology is based on the Committee of Sponsoring Organization’s (COSO) Internal Control Integrated Framework. Each of the five components of the COSO framework are evaluated and point values are assigned as follows.

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

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

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

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

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

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

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

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

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

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

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
1401	<p>Office of the Inspector General</p> <p>Evidence Control</p> <p>Staff: 1 Start Date: 09/01/13 End Date: 11/30/13</p>	<p>The Office of the Inspector General investigates allegations of misconduct or criminal violations on the part of TDCJ employees; criminal violations occurring on TDCJ property; and, allegations of excessive or unnecessary use of force. The identification, collection, and preservation of physical evidence are critical functions, as evidence serves as the basis for the appropriate resolution of investigative matters.</p> <p>To ensure the integrity of evidence, the Office of the Inspector General has developed procedures designed to properly and lawfully preserve, package, record, account for, handle and store all property and evidence recovered or turned in to the department. Management requested and we have scheduled this audit.</p>	<p>1. To determine the Office of the Inspector General’s compliance with evidence control procedures.</p>
1402	<p>Business and Finance Division</p> <p>Public Funds Investment Act</p> <p>Windham School District</p> <p>Public Funds Investment Act</p> <p>Staff: 1 Start Date: 10/01/13 End Date: 11/30/13</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 \$19 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>1. To determine whether the Texas Department of Criminal Justice and the Windham School District are in compliance with the Public Funds Investment Act.</p>

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

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<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>	
1403	<p>Parole Division</p> <p>Summons Issuance</p> <p>Staff: 2 Start Date: 09/01/13 End Date: 11/30/13</p>	<p>Texas Government Code section 508.251 requires a hearing before the Board of Pardons and Paroles for an offender accused of a violation of the conditions of parole or mandatory supervision. The Parole Division’s investigation of a violation determines whether a summons may be issued requiring the offender to appear at a hearing, or issuance of a pre-revocation warrant to take an offender into custody until the hearing.</p> <p>The determination of whether a summons may be issued is governed by Parole Division Policy and Operating Procedure 4.1.1. This directive specifies six criteria that must be met including the offender must have been on supervision for three or more years and charged with committing an administrative violation of supervision. In addition, the investigation considers the previous violations and the severity of the current violation in the determination for summons issuance. If all criteria are met and the investigation determines the offender is not a threat to public safety, a summons may be issued. Approximately 3,000 summons are issued per year.</p> <p>Management requested and we have scheduled this audit.</p>	<p>1. To determine whether summons issuance is in compliance with Parole Division policies and procedures.</p>

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

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
1404	<p>Information Technology Division</p> <p>Data Management – Offender Information Management System</p> <p>Staff: 3 Start Date: 09/01/13 End Date: 12/31/13</p>	<p>The Texas Department of Criminal Justice (TDCJ) maintains a large amount of data contained in financial, offender, and human resource databases. This information is utilized internally for managerial decisions and increasingly information is being shared with external users through the development of network systems. The strategic success of both the TDCJ and other agencies is dependent on the management of these data systems.</p> <p>Data management is concerned with the completeness, accuracy, and validity of data throughout the cycle of input, processing, and storage. In addition to the importance of quality data to operations, auditing standards require, as a part of most audits, an assessment of the reliability of computer processed data to determine whether computer processed data is sufficiently reliable to answer our audit objectives. These assessments may provide recommendations to improve data management.</p> <p>One of the agency’s most significant information systems is the web-based, real-time, Offender Information Management System (OIMS). This system supports the selection of offenders for parole, the supervision of offenders released on parole, and the revocation of parole for those offenders who violate the conditions of their release.</p> <p>The data within OIMS is input through various interfaces with TDCJ mainframe applications or is directly entered by individual users such as District Parole Officers. These computerized files include information related to: offender demographics, conditions of release imposed by the Texas Board of Pardons and Paroles, participation in treatment, collection of restitution and fees, victims, substance abuse testing, and summaries of contacts with supervising parole officers.</p>	<p>1. To determine the completeness, accuracy, and validity of data maintained within the Offender Information Management System.</p>

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

Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<p>As information within the system is used to make critical decisions in the agency’s achievement of its mission, its reliability is significant.</p> <p>Management requested and we have scheduled this audit.</p>	
1405	<p>Correctional Institutions Division</p> <p>Compliance with the Administrative Segregation Placement and Review Procedures</p> <p>Health Services Division</p> <p>Monitoring Health Evaluations of Offenders in Segregation</p> <p>Staff: 4 Start Date: 09/01/13 End Date: 12/31/13</p>	<p>There are occasions within a correctional setting when it becomes necessary to administratively segregate offenders in order to preserve the safety and security of both offenders and staff. The Texas Department of Criminal Justice (TDCJ) policy, Administrative Directive – 03.50, <i>Administrative Segregation</i>, directs the TDCJ to develop an <i>Administrative Segregation Plan</i> which establishes uniform rules and regulations to guide staff in both the conditions and procedures relating to offenders housed in Administrative Segregation.</p> <p>The highest-ranking security supervisor on duty may place an offender in security detention when the offender is an immediate threat to the physical safety of other offenders or staff. The unit level Administrative Segregation Committee conducts a due process hearing within seven days that may result in a decision to assign the offender to Administrative Segregation. All decisions regarding assignment to and release from Administrative Segregation require final confirmation by the State Classification Committee.</p> <p>The Administrative Segregation Committee provides ongoing monitoring of offenders to determine the need for continued assignment to Administrative Segregation. In addition, State Classification Committee members provide oversight of the offender’s status by regularly visiting units to conduct periodic reviews of offenders assigned to Administrative Segregation.</p> <p>In addition, health care contractors at the unit level perform a medical evaluation and authorize placement in segregation if it is determined the offender has not</p>	<ol style="list-style-type: none"> 1. To evaluate the Correctional Institutions Division’s compliance with Administrative Segregation placement, review, and release procedures contained in the <i>Administrative Segregation Plan</i>. 2. To determine whether Health Services Division’s monitoring activities provide reasonable assurance that offenders in Administrative Segregation receive required medical, mental health, and dental services from contract health care providers.

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<p>been diagnosed as having a serious mental health illness or other health condition. Health care contractors continue to monitor the offender’s medical and mental health condition while in segregation. The TDCJ’s Health Services Division monitors to ensure health care contractors provide offenders confined in segregation provide required medical, mental health, and dental services.</p> <p>Management requested and we have scheduled this audit.</p>	
1406	<p>Business and Finance Division</p> <p>Performance Measure Reporting</p> <p>Staff: 4 Start Date: 12/01/13 End Date: 03/31/14</p>	<p>The Strategic Planning and Performance Budgeting System is a mission- and goal-driven, results-oriented system that combines strategic planning and performance budgeting into the State’s appropriations process. It was adopted in 1991 and is used as a resource in making state funding decisions based on whether state agencies are accomplishing expected results.</p> <p>Agencies establish performance projections as part of their biennial appropriations requests. The Legislative Budget Board (LBB) and Governor’s Office of Budget and Planning and Policy use performance measures when making funding recommendations to the Legislature and Governor.</p> <p>The Legislature determines which key measures and what performance targets will be included in the general appropriations bill. Agencies report quarterly and annual information regarding actual performance for measures contained in the General Appropriations Act to the LBB through the Automated Budget and Evaluation System of Texas (ABEST). The Legislative Budget Board and the Governor’s Office of Budget Planning and Policy monitor agency expenditures and actual performance and compare these to appropriation limitations and performance targets.</p> <p>Management requested and we have scheduled this audit.</p>	<ol style="list-style-type: none"> 1. To determine whether the agency is accurately reporting performance information in the Automated Budget and Evaluation System of Texas. 2. To determine whether the agency has adequate control systems over the collection, calculation, and reporting of its performance measures.

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
1407	<p>Parole Division</p> <p>Restitution Collection</p> <p>Staff: 3 Start Date: 12/01/13 End Date: 03/31/14</p>	<p>Restitution is a court ordered payment by an offender to the victim for financial loss sustained as a result of a crime. Parole Division Policy and Operating Procedure 3.1.6, <i>Fees/Restitution/Post Secondary Education Reimbursement/Collection</i>, establishes procedures for the collection of restitution while on supervision.</p> <p>A supervising parole officer investigates the offender’s financial obligations and identifies any non-essential expenses the offender can eliminate to determine the maximum amount the offender can pay toward his restitution obligation. The officer creates a budget with the offender and monitors monthly payments until restitution is paid in full. The offender is required to pay the full amount of restitution in the least amount of time possible.</p> <p>Management requested and we have scheduled this audit.</p>	<ol style="list-style-type: none"> 1. To determine whether financial budgets for the payment of restitution by offenders on supervision are established in a consistent manner. 2. To determine whether parole officers are consistent in enforcing strategies to collect restitution payments in accordance with the offender’s financial budget.
1408	<p>Community Justice Assistance Division</p> <p>Risk Assessment Process</p> <p>Staff: 4 Start Date: 01/01/14 End Date: 03/31/14</p>	<p>The Community Justice Assistance Division (CJAD) distributes funds to 121 local community supervision and correction departments (CSCDs). A CSCD applies for funding by submitting a community justice plan (CJP) to TDCJ-CJAD. The CJP outlines a CSCD’s existing programs and services and may request funding for new programs and services.</p> <p>After funds are distributed, CJAD reviews the budgets and programs of CSCDs and any vendors the departments contract with for services. These reviews include: compliance reviews to determine whether a CSCD is complying with laws, division standards, etc., performance reviews of programs funded by state aid, special reviews for various purposes as needed, contract monitoring, fiscal audits of a CSCD’s expenditures, and reviews of audits conducted by independent certified public accountants.</p>	<ol style="list-style-type: none"> 1. To determine whether the CJAD’s risk assessment instrument considers and weights factors appropriately to identify and schedule reviews to provide effective monitoring.

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
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		To provide assurance the division’s resources are used most effectively, the CJAD developed a risk assessment instrument to identify and prioritize the most significant reviews to be performed. Management requested and we have scheduled this audit.	
1409	<p>Windham School District</p> <p>Recreation Programs</p> <p>Staff: 3 Start Date: 12/01/13 End Date: 03/31/14</p>	<p>Administrative Directive – 07.33, <i>Organization, Administration, and Responsibilities of the TDCJ Offender Recreation Program</i>, requires the TDCJ to provide recreation programs for incarcerated offenders. The programs are administratively organized under the supervision of the Windham School District. The Windham School District is responsible for the coordination of financial needs, the development and issuance of policies and procedures, and technical oversight of the recreation program.</p> <p>The Recreation Program is funded with state appropriated funds generated from the sale of commissary items. In fiscal year 2012, the TDCJ, through a memorandum of understanding, provided the Windham School District \$4.3 million for recreational programs.</p> <p>This funding helped ensure the required recreational equipment was available at each prison, state jail, private facility, and intermediate sanction facility. To direct the program the Windham School District developed the <i>Recreation Program Procedures Manual</i> which provides administrative requirements for the operation of the program.</p> <p>Management requested and we have scheduled this audit.</p>	<ol style="list-style-type: none"> To determine whether the Windham School District ensures facilities possess the required recreational equipment. To determine whether unit level documentation is in compliance with the <i>Recreation Program Procedures Manual</i>.
1410	Board of Pardons and Paroles	The 81st Legislature transferred the Institutional Parole Offices from the Texas Department of Criminal Justice to the Texas Board of Pardons and Paroles effective September 1, 2009. At management’s request we conducted a fiscal	
			1. To determine the status of corrective action taken in response to audit 1106.

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	<p>Follow up to Institutional Parole Offices</p> <p>Staff: 2 Start Date: 01/01/14 End Date: 03/31/14</p>	<p>year 2011 audit (1106) of the Institutional Parole Offices. That audit evaluated the reliability of case summaries and the efficiency of the process to complete a case summary from identification of an offender for parole (or mandatory supervision) consideration, through provision of the case summary to a voting panel.</p> <p>That audit concluded processes were effective to ensure case summaries were completed; however, management’s expectations for the reliability of case summaries were not quite met and opportunities existed to improve the efficient processing of case summaries through increased use of the Offender Information Management System.</p> <p>We have scheduled this follow up audit.</p>	
1411	<p>Correctional Institutions Division</p> <p>Correctional Training and Staff Development</p> <p>Staff: 3 Start Date: 03/01/14 End Date: 05/31/14</p>	<p>The Correctional Training and Staff Development Department within the Correctional Institutions Division is tasked with ensuring correctional staffs receive the information and skills necessary to perform their duties safely and effectively.</p> <p>There are five programs offered by the Correctional Training and Staff Development Department. The programs include: Pre-Service Training Program for newly hired correctional officer; Annual In-service training for uniformed and non-uniformed staff; Leadership training for employees in supervisory positions; specialized training courses; and, ancillary training courses.</p> <p>In fiscal year 2012 the Correctional Training and Staff Development Department provided:</p> <ul style="list-style-type: none"> • 4,653 employees with 200 hours of Pre-Service instruction in 137 Academies; 	<p>1. To determine whether Correctional Training and Staff Development is efficient in providing training courses to agency employees.</p>

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
		<ul style="list-style-type: none"> • 29,588 employees with 40 hours of annual In-Service instruction; • 1,750 employees with management and leadership training in various courses; • 2,177 employees instruction in a range of specialized courses; and, • 3,014 clerical and support staff and field training staff with various training courses. <p>Management requested and we have scheduled this audit.</p>	
1412	<p>Parole Division</p> <p>Release Certificates</p> <p>Staff: 3 Start Date: 04/01/14 End Date: 06/30/14</p>	<p>The Huntsville Placement and Release Unit (HPRU) processes Parole and Mandatory Supervision release certificates for execution to offenders released from the Correctional Institutions Division. Parole Division Policy and Operating Procedure 2.4.1, <i>Release from Texas Department of Criminal Justice – Correctional Institutions Division</i>, provides guidance for printing, tracking, and processing release certificates.</p> <p>The Correctional Institutions Division’s Classification and Records Department schedules all releases. The HPRU staff monitors the release schedule to ensure all required documents are printed and available on the offender’s date of release. Depending on release location, other Parole Division or Board of Pardons and Paroles staff review the documents with the offender and obtain the appropriate signatures prior to their release.</p> <p>In fiscal year 2012 over 40,000 offenders were released to parole supervision. Management requested and we have scheduled this audit.</p>	<p>1. To evaluate the efficiency of the process to prepare parole documents for offenders released from the TDCJ’s facilities.</p>
1413	<p>Reentry and Integration Division</p>	<p>Without a valid driver’s license or state identification card, offenders face significant reentry barriers, such as driving, applying for employment, or applying for state or federal benefits. To ensure offenders have the appropriate</p>	<p>1. To determine whether the Verification and ID Processing Unit is effective in obtaining</p>

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	<p>Verification and ID Processing</p> <p>Staff: 2 Start Date: 04/01/14 End Date: 06/30/14</p>	<p>documents at the time of release to obtain a driver’s license or state identification card, the Reentry and Integration Division initiated several activities. These included applying for certified birth certificates from the Department of State Health Services for all eligible offenders scheduled for release within 12 months and applying for replacement social security cards from the Social Security Administration for offenders scheduled for release within six months. In fiscal year 2012, 8,920 birth certificates and 21,416 social security cards were requested.</p> <p>To further the likelihood offenders obtain a state identification card, the 81st Legislature amended Texas Government Code Section 501.015(a) to require the Texas Department of Criminal Justice (TDCJ) to provide an offender with a personal identification certificate (card) obtained under Section 501.0165. The TDCJ, Department of State Health Services, and Department of Public Safety continue to work on establishing an electronic process for issuing a state identification card for all eligible releasing or discharging offenders. In fiscal year 2012, 34,942 offenders’ records were reviewed to identify those eligible for identification card renewal or issuance.</p> <p>Management requested and we have scheduled this audit.</p>	<p>and delivering birth certificates, social security cards, and state identification cards to eligible offenders prior to their release.</p>
1414	<p>Correctional Institutions Division</p> <p>Laundry Operations</p> <p>Staff: 3 Start Date: 04/01/14 End Date: 06/30/14</p>	<p>All offenders are to be provided access to clean clothing at least three times per week with offender workers being provided clean clothing daily. In addition to washing offender clothing, linens, and bath towels, laundry services are provided for employees. These services include employee uniforms and protective equipment at no charge and washing a limited number of personal items for a monthly fee.</p> <p>To fulfill these responsibilities there is typically a laundry operation for each facility. Managers of these individual operations ensure the ordering of supplies</p>	<ol style="list-style-type: none"> 1. To determine whether unit laundry operations utilize resources efficiently. 2. To determine whether unit laundry operations comply with the Laundry and Necessities Procedures Manual.

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		Justification	Objectives
		and the maintenance of equipment to ensure there is no disruption in operations. Management requested and we have scheduled this audit.	
1415	Business and Finance Division Capital Assets Staff: 3 Start Date: 04/01/14 End Date: 06/30/14	<p>The Comptroller of Public Accounts established tracking and reporting requirements for capital assets through the State Property Accounting (SPA) System. That system defines capital assets as those items with an initial individual cost of \$5,000 or more and established the accounting categories for classifying capital assets.</p> <p>The agency’s fiscal year 2012 Annual Financial Report reported the value of capital assets (net of depreciation) of over \$1.2 billion dollars. The major categories of capital assets included 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 desk top and portable computers.</p> <p>We last conducted an audit of capital assets in fiscal year 2003 and reported capital asset records were reliable and the agency was compliant with laws and regulations related to capital assets. We have scheduled a cyclical audit of this function.</p>	<ol style="list-style-type: none"> 1. To evaluate the reliability of capital asset reporting in the State Property Accounting System. 2. To determine whether the agency is in compliance with State Property Accounting System requirements related to capital assets.
1416	Information Technology Division	The Communications Department monitors contracted services of the agency’s telephone systems used in daily operations and the offender telephone system, a	<ol style="list-style-type: none"> 1. To determine the status of corrective taken in response to

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	<p>Follow Ups to Telecommunications Network and Offender Telephone System</p> <p>Staff: 2 Start Date: 04/01/14 End Date: 06/30/14</p>	<p>pay for use system provided to the offender. We have audited both operations in prior years.</p> <p>Telephone services for agency operations are provided by 190 telephone systems servicing approximately 25,000 instruments throughout the state. These services are provided by a network of hardware devices, transmission facilities, and software supported by a contract provider.</p> <p>We conducted a fiscal year 2011 audit (1107) of this function and found records were not sufficiently reliable to determine whether requests for assistance with telephone networks and requests for cabling were completed within the stated performance objectives.</p> <p>The Offender Telephone System was established in September 2008. Services are provided by a contracted vendor, who provides for installation, operation, and maintenance of the system. The contract specifies detailed requirements for all aspects of the system such as security and access requirements.</p> <p>We conducted an audit in fiscal year 2012 (1210) and concluded the activities in place to monitor vendor compliance with contractual performance requirements could be improved.</p> <p>We have scheduled this follow up audit.</p>	<p>audit 1107.</p> <p>2. To determine the status of corrective action taken in response to audit 1210 related to the monitoring of vendor compliance with contractual performance requirements.</p>
1417	<p>Business and Finance Division</p> <p>Grant Administration</p> <p>Staff: 2</p>	<p>Recipients of grant funds are required to comply with all grant terms and conditions and to promote sound financial management. Within the TDCJ, divisions prepare and submit grant applications. When a grant is awarded, the Business and Finance Division receives the funds and establishes the necessary program accounts to identify and classify grant expenditures. The division that received the grant is responsible for complying with the grant requirements and</p>	<p>1. To determine whether the agency has adequate accounting controls to ensure grant expenditures are identified and accurately reported.</p>

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Assignment Schedule	Division/ Audit Title/ Resources	Audit Summary	
		Justification	Objectives
	Start Date: 06/01/14 End Date: 08/31/14	reporting on performance. In fiscal year 2012 the agency received approximately \$14.3 million in state and federal grants. Management requested and we have scheduled this audit.	2. To determine whether the agency is accurately reporting grant performance data to the awarding agency.
1418	Human Resources Division Position Classification Review Staff: 3 Start Date: 06/01/14 End Date: 08/31/14	<p>The State Position Classification Plan provides a generic job description and a salary range for each job title the agency uses. Personnel Directive 93, <i>Employee Classification</i>, requires, with limited exceptions, supervisors to ensure an employee’s duties remain within the employee’s current position classification. However, as a result of changes in operational objectives, it may at times be necessary to revise an employee’s duties.</p> <p>In these instances the supervisor must request, through executive management, for the Human Resources Division to conduct a position classification review. The position classification review evaluates the nature of the job duties and recommends the appropriate classification.</p> <p>The Employee Classification Program is also required to review each of the TDCJ’s position descriptions at least once every five years. To accomplish this objective they may initiate a spot position classification review at any time to verify the position is appropriately classified.</p> <p>Management requested and we have scheduled an audit of this program.</p>	1. To evaluate the efficiency of the position classification reviews process. 2. To determine whether position classification reviews are conducted in conformance with Personnel Directive 93.
1419	Parole Division Intermediate Sanction Facility Placements	An Intermediate Sanction Facility (ISF) is a fully-secured facility used for short-term incarceration of offenders who violate the conditions of their parole or mandatory supervision. Offenders are eligible for placement in an ISF as a result of a Board of Pardons and Paroles Action for ISF placement pursuant to a	1. To evaluate the efficiency of Intermediate Sanction Facility placements.

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		Justification	Objectives
	<p>Staff: 3 Start Date: 07/01/14 End Date: 08/31/14</p>	<p>revocation hearing.</p> <p>Upon receipt of the Board of Pardons and Paroles Action for ISF placement, the Parole Division’s Central Coordination Unit (CCU) arranges the transportation and placement of offenders into the ISF with the Regional ISF Coordinators responsible for administratively processing offenders approved for ISF placement. The term of confinement for an offender to be placed at an ISF as the result of a revocation hearing begins the date of the Board action and ranges between 60 and 180 days. The agency maintains four ISF’s with a total capacity of 2,377 beds.</p> <p>Management requested and we have scheduled this audit.</p>	
1420	<p>Board of Pardons and Paroles</p> <p>Accessibility of Case Summary Data</p> <p>Staff: 4 Start Date: 07/01/14 End Date: 08/31/14</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 prepared in one of three different formats depending on the incarceration history of the offender, and are used by voting panels in making parole release decisions. The resources expended to prepare a case summary vary by the format of the summary.</p> <p>For offenders who were incarcerated in the TDCJ prior to December 2008 a paper based summary is prepared. The offender interview is transcribed and printed combined with photocopies of required documentation and physically transported to the voting panel. The voting panel accesses the information in book-like form and turn pages through the summary.</p> <p>For offenders that were initially incarcerated in the TDCJ after November 2008 an electronic case summary is prepared. In these cases the relevant documents have been scanned and the imaged document is available on the voting panels’ personal computers. An institutional parole officer enters data directly to the file</p>	<p>1. To determine whether the information contained within various case summary formats can be accessed in an efficient manner.</p>

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		<p>during the offender interview and the completed file is transferred electronically. The voting panel accesses the information by point and click and the computer retrieves the documents for viewing.</p> <p>In April of 2010, a program was implemented that created a hybrid case summary that included an electronic portion supplemented with the customary paper file. In these cases the paper portion of the file was transported to the voting panels and utilized in combination with the electronic file.</p> <p>Almost 80,000 case summaries are prepared and presented to the Board annually for use in making parole decisions. We have scheduled this audit.</p>	
1421	<p>Internal Audit Division</p> <p>Action Plan Tracking</p>	<p>In response to a request from the executive director to report the status of action plans for recommendations made by the State Auditor’s Office and by the Internal Audit Division, we request management provide updated action plans on a semi-annual basis. Beginning in fiscal year 2004, in an effort to improve the effectiveness of our actions and expand the scope of our follow up activities, we included a project to actively collect updated action plans from management.</p> <p>We will continue our efforts to collect updated action plans from management.</p>	<p>1. To monitor the status of the implementation of action plans developed in response to audits conducted by the State Auditor’s Office and the Internal Audit Division.</p>
1422	<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>1. 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 Internal Audit Division did not use any External Audit Services during FY 2013.

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

Actions taken to implement the requirements of:

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

This section of the Appropriations Act states:

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

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

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

- Included a link on the TDCJ website homepage to report Waste, Fraud, and Abuse.

[Call Toll-Free Number to Report Waste, Fraud, and Abuse of TDCJ Resources](#)

This link provides information on reporting of waste, fraud, and abuse and provides the toll free phone numbers of the TDCJ Office of the Inspector General, Crime Stoppers and the State Auditor's Office hotline. This link also includes a link to the State Auditor's Office website for fraud reporting.

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

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

- Included in Executive Directive 02.02 - Fraud Prevention, Detection, and Reporting, a section on Reporting Suspected Fraud that includes reference to the State Auditor's Office and the SAO Hotline. As

required by ED-02.02 a copy of the policy is to be provided to every newly hired employee during their orientation.

2) Texas Government Code, Section 321.022

This section of the Texas Government Code states:

COORDINATION OF INVESTIGATIONS

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