

# **Fiscal Year 2018 Annual Audit Plan**

## **Texas Department of Criminal Justice Internal Audit Division**



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|                |   | Justification   | Objectives  |
| <b>1801</b>    | <p><b>Business and Finance</b></p> <p><b>Windham School District</b></p> <p>Public Funds Investments</p> <p>Start Date: 09/01/17<br/>End Date: 12/01/17</p> | <p>The Texas Department of Criminal Justice operates an account system of offenders' money. This money is held in trust for the offender's use while incarcerated. In total, these trust funds have historically averaged approximately \$20 million and the agency invests these funds in short-term, liquid investments.</p> <p>The Windham School District operates 12 months a year, but they are funded monthly over the nine month school year by the Texas Education Agency. The funds not immediately necessary for operations have historically averaged approximately \$10 million and are invested in short-term, secure, liquid investments.</p> <p>The State Auditor's Office performs a legislatively mandated bi-annual statewide audit of these investments and we anticipate they will request our assistance in the performance of that audit.</p> <p>Therefore, as in prior years, we have included this audit in our proposed plan.</p> | <p>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>                     |
| <b>1802</b>    | <p><b>Correctional Institutions Division</b></p> <p>Classification and Records Quality Control</p> <p>Start Date: 10/01/17<br/>End Date: 01/31/18</p>       | <p>The Classification and Records Department, comprised of various sections, is responsible for creating the initial offender record and maintaining information relevant to an offender's incarceration. Information maintained in these files is used to calculate time served and track changes to time earning status that affects an offender's parole eligibility date, mandatory release date, and discharge date.</p> <p>The Classification and Records Department utilizes various quality control mechanisms to ensure offender sentencing and judgment information is accurately recorded and maintained. In addition, we observed in prior audits that quality control is an ongoing process throughout an offender's</p>   | <p>1. To determine the effectiveness of quality control measures to ensure offender sentencing and judgment information recorded in the electronic offender record is accurate.</p> |

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|                |   | <p>incarceration. For example, each individual that accesses an offender's record during their incarceration may identify and subsequently correct errors not identified during the creation of the initial record.</p> <p>Classification and Records management reported receiving 50,507 offender commitment packets and 12,139 sentencing or commitment related documents from external sources during fiscal year 2016.</p>  |   |
| <b>1803</b>    | <p><b>Correctional Institutions Division</b></p> <p>Food Service Follow up</p> <p>Start Date: 09/01/17<br/>End Date: 11/30/17</p> | <p>Food Service Departments on the units provide offenders access to wholesome meals that meet their nutritional, medical, and religious needs. In addition to meeting the needs of the offender population, the department is responsible for providing some meals at no cost to agency employees.</p> <p>We conducted a fiscal year 2013 audit of this function and found records were not sufficiently reliable to determine whether unit food service inventories were efficiently managed to meet agency feeding objectives. It was also our opinion that unit kitchens were not always compliant with Food Service's procedures related to health and safety.</p>                        | <p>1. To determine the status of actions taken in response to audit 1303.</p> |
| <b>1804</b>    | <p><b>Board of Pardons and Paroles</b></p> <p>Case Summaries Follow up</p> <p>Start Date: 10/01/17<br/>End Date: 11/30/17</p>     | <p>Case summaries contain a wide array of information related to an offender's criminal history, institutional adjustment, victim impact, etc. The summaries are used by voting panels in making parole release decisions.</p> <p>We conducted a fiscal year 2015 audit of this function and found the Board of Pardons and Paroles was efficient in creating case summaries and the information contained in the case summary was readily available to voting members. We also found a case summary was completed for each offender identified for parole, case summaries were completed in a timely manner after being assigned to an officer, and the process to prepare a case summary</p> | <p>1. To determine the status of actions taken in response to audit 1520.</p> |

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|                |  | <p>appeared reasonable. However, case summaries were not always submitted to the Board prior to or on the offender's parole eligibility date.</p> <p>In addition, case summaries presented data in the same sequence or file location, files were labeled for easy identification of content, and electronic response times were appropriate. However, we observed, and the voting members we interviewed expressed, difficulty navigating and locating documents in the newly implemented electronic document imaging system.</p> <p>We recommended management take steps to ensure case summaries are completed and submitted to the Board prior to the offender's parole eligibility date and coordinate with the TDCJ Information Technology Division to develop formal training on the use of the electronic document imaging system.</p> <p>Management requested this follow up audit.</p> |   |
| <b>1805</b>    | <p><b>Facilities Division</b></p> <p>Environmental Branch<br/>- Hazardous Materials Storage</p> <p>Start Date: 12/01/17<br/>End Date: 03/31/18</p> | <p>A hazardous substance is a substance or mixture of substances that is toxic, corrosive, flammable, combustible, an irritant, or a strong sensitizer, or that generates pressure through decomposition, heat, or other means, if the substance or mixture of substances may cause substantial personal injury or substantial illness during or as a proximate result of any customary or reasonably foreseeable handling or use. Due to the nature of these substances, they must be adequately stored, inventoried, and access should be tightly controlled.</p> <p>Many TDCJ operations may involve the use and storage of hazardous substances. These operations might include, but not be limited to, agricultural and manufacturing operations, vehicle fleet operations, construction and maintenance, waste water treatment plants, etc.</p>  | <p>1. To determine the extent to which bulk hazardous materials are adequately safeguarded.</p> |

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| <b>1806</b>    | <p><b>Business and Finance Division</b></p> <p>Capital Assets Follow up</p> <p>Start Date: 12/01/17<br/>End Date: 02/28/18</p> | <p>The Comptroller of Public Accounts established tracking and reporting requirements for capital assets through the State Property Accounting System. That system defines capital assets as those items with an initial individual cost of \$5,000 or more and establishes the accounting categories for classifying capital assets. The major categories of capital assets include buildings and building improvements, furniture and equipment, facilities and other improvements, and vehicles.</p> <p>The Comptroller also recognizes a sub-category of capital assets referred to as controlled assets. These assets have a valuation less than the capitalization threshold and are not included as capital assets in the Annual Financial Report. However, due to their high-risk nature, they are required to be reported through the State Property Accounting System, and include such items as weapons, cameras, and desktop and portable computers.</p> <p>We conducted a fiscal year 2014 audit of this function and found capital asset reporting in the State Property Accounting System was generally reliable. However, improvements could be made in the timeliness of the creation and deletion of associated records.</p> <p>In addition, we found the agency was generally compliant with most of the State Property Accounting System requirements we tested. However, improvements could be made in reporting missing property to the Texas Comptroller of Public Accounts and the Office of the Attorney General and maintaining acquisition source documentation as required.</p> | <p>1. To determine the status of actions taken in response to audit 1415.</p> |
| <b>1807</b>    | <p><b>Correctional Institutions Division</b></p>   | <p>To ensure unit security in accordance with American Correctional Association Standards, Administrative Directive 03.19, <i>Control of Tools/Sensitive Items</i>, establishes procedures to provide accountability for all tools utilized in unit operations.</p>   | <p>1. To determine the status of actions taken in response to audit 1318.</p> |

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|                | <p><b>Manufacturing, Agribusiness, and Logistics Division</b></p> <p><b>Windham School District</b></p> <p>Tool Control Follow up</p> <p>Start Date: 12/01/17<br/>End Date: 02/28/18</p>   | <p>Procedures require operations to identify and mark tools, maintain perpetual inventories, comply with check out and return procedures, and ensure tools are properly stored and unauthorized access is prevented. The directive also outlines notification requirements when tools are discovered missing or damaged.</p> <p>We conducted a fiscal year 2011 audit of this topic and identified instances of non-compliance with Administrative Directive 03.19 that exceeded management’s tolerable rate, tool inventory records were not sufficiently reliable, and the departments in our sample did not always obtain the unit warden’s approval prior to a tool purchase. We conducted a follow up to this audit in fiscal year 2013 and noted an increase in the rate of compliance for some policy requirements that did not meet management’s tolerable rate in the prior audit. However, we identified issues that continued to impact the reliability of tool inventory records. Therefore, we have scheduled this additional follow up audit.</p> |  |
| 1808           | <p><b>Prison Rape Elimination Act Ombudsman</b></p> <p><b>Correctional Institutions Division</b></p> <p><b>Office of the Inspector General</b></p> <p>Safe Prisons – PREA Coordination</p> | <p>Executive Directive 03.03 states the agency “shall be vigilant in establishing a safe environment for staff and offenders at all secure correctional facilities.” To this end the directive appoints the Director of the Correctional Institutions Division as the Safe Prisons Coordinator and requires establishment the <i>Safe Prisons Plan</i> to ensure every effort is made to maintain a safe and secure environment for staff and offenders.</p> <p>The <i>Safe Prisons Plan</i> provides strategies to prevent and limit acts of offender on offender aggression or violence. The plan outlines procedures for staff to take if an act allegedly occurred. These procedures include intervention and investigation of all alleged acts. The legal system or the offender disciplinary system is used to prosecute sustained acts of illegal or prohibited behavior by an offender. Comprehensive records of all allegations of offender aggression or violence are maintained.</p>   | <p>1. To determine whether resources are efficiently utilized to ensure timely and appropriate investigation of safe prisons related complaints.</p> |

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|                | <p>Start Date: 12/01/17<br/>End Date: 03/31/18</p>   | <p>In accordance with Section 501.172 of the Texas Government Code, the Prison Rape Elimination Act (PREA) Ombudsman coordinates the agency's efforts to eliminate sexual abuse and sexual harassment of offenders in TDCJ correctional facilities. The PREA Ombudsman serves as an independent office to review and/or conduct administrative investigations of allegations of sexual abuse and sexual harassment, as well as provide a point of contact for elected officials, the public, and offenders to report allegations of sexual abuse and sexual harassment, or inquire about issues related to the PREA.</p> <p>Additionally, the Office of the Inspector General's Investigations Department is dedicated to conducting prompt and thorough investigations of alleged or suspected employee administrative misconduct or criminal violations committed on property owned or leased by the TDCJ. Through administrative and criminal investigations, OIG investigators identify criminal violations and serious staff misconduct.</p> <p>Management requested this audit.</p> |  |
| <b>1809</b>    | <p><b>Manufacturing, Agribusiness, and Logistics Division</b></p> <p>Livestock Operations</p> <p>Start Date: 04/01/18<br/>End Date: 07/31/18</p> | <p>The TDCJ Livestock Program is comprised of a commercial beef cow herd and stocker operation, a broodmare and horse developmental operation, laying hen operation, farrow-to-finish swine operation, as well as feed production facilities.</p> <p>The beef cattle operation currently has an inventory of over 10,000 head of breeding age females. Heifer calves not suitable for the heifer development program and steer calves are marketed on a national level through video sales. Beef cattle sales account for 80% of all outside sales in Agriculture.</p> <p>The Agribusiness Department maintains a horse herd in excess of 1,400 head. With the exception of approximately 146 head of stock horses, the balance is devoted for security purposes. Security horses are used by</p>   | <p>1. To determine the reliability of livestock program inventory information.</p> |

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

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|                |  | <p>Ill Program at the Clements unit; and, the Administrative Segregation Intermediate Care Program at the Lewis unit. In addition, outpatient mental health services are available at each unit housing this type of offender.</p> <p>This is a management requested audit.</p>   |   |
| 1811           | <p><b>Parole Division</b></p> <p>Pre-release Placement Investigations</p> <p>Start Date: 04/01/18<br/>End Date: 06/30/18</p>   | <p>An offender approved for release to parole or mandatory supervision must have an appropriate release plan in place. The Parole Division Review and Release Processing Section, in coordination with the applicable District Parole Office, ensures offenders have appropriate approved release plans, to include halfway house placement if needed.</p> <p>Pre-release placement investigations are received electronically by the District Parole Office when a plan is placed on the computer system prior to an offender's release from the Correctional Institutions Division. The plans are assigned to parole officers who make contact with proposed sponsors and determine whether the home is consistent with parole conditions and is conducive for supervision.</p> | <p>1. To determine the efficiency of conducting pre-release placement investigations.</p> |
| 1812           | <p><b>Executive Administrative Services</b></p> <p><b>Information Technology Division</b></p> <p><b>Correctional Institutions Division</b></p> <p><b>Community Justice Assistance Division</b></p> | <p>The 71st Legislature mandated the development of the Criminal Justice Information System, an integrated system conceptualized to share criminal justice information between the Department of Public Safety, the Texas Department of Criminal Justice, local law enforcement, the courts, and other organizations. The agency's component of the statewide Criminal Justice Information System was named the Corrections Tracking System.</p> <p>The Texas State Auditor's Office conducted a fiscal year 2016 audit of this system and found areas where accuracy and oversight of TDCJ maintained records could be improved. Agency management has been actively implementing the recommendations from this audit and expect completion no later than August 31, 2017.</p>   | <p>1. To determine the status of actions taken in response to SAO audit 16-025.</p>       |

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|                | Criminal Justice Information System Follow up<br><br>Start Date: 03/01/18<br>End Date: 06/30/18                    |   |   |
| 1813           | <b>Windham School District</b><br><br>Financial Information<br><br>Start Date: 06/01/18<br>End Date: 08/31/18      | The Windham School District is funded approximately \$60 million annually. The district prepares numerous financial statements for inclusion in the TDCJ Annual Financial Report. Management implemented a new accounting system September 1, 2015 and has requested we conduct an audit of the reliability of information within the system.   | 1. To determine the reliability of Windham School District financial information.                     |
| 1814           | <b>Information Technology Division</b><br><br>Project Management<br><br>Start Date: 06/01/18<br>End Date: 08/31/18 | <p>In the TDCJ, information technology projects can include developing and deploying new software applications, deploying new computer hardware, upgrading the agency's network infrastructure, and other similar initiatives related to the use of information resources. In general, information technology projects involve a higher level of effort, risk, and complexity than more routine requests for technology related services.</p> <p>One of the key ways to help ensure successful completion of information technology projects is to follow standard project management practices throughout the project life cycle. These practices are generally divided into five logical process groups: initiation; planning; executing; monitoring and controlling; and, closing.</p> | 1. To evaluate the effectiveness of the agency's information technology project management functions. |

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| <b>1815</b>    | <p><b>Facilities Division</b></p> <p style="padding-left: 40px;">Contract Oversight</p> <p>Start Date: 06/01/18<br/>End Date: 08/31/18</p>        | <p>The Facilities Division provides a full range of facility management services to the Texas Department of Criminal Justice including: facility planning; design; construction; maintenance; and, environmental quality assurance and compliance. The Facilities Division Project Administration Department provides support for both the design and construction phases of project management. This department administers project schedules and monitors construction performance as it relates to the established schedules. Additional responsibilities include the management of construction projects, to include quality assurance of work performed by internal or contracted methods.</p> <p>The agency was budgeted \$60 million for construction/maintenance projects over the 2016-2017 biennium. As of June 13, 2017, more than \$32 million had been expended and additional projects were either planned or ongoing.</p> <p>Management requested this audit.</p> | <p>1. To evaluate the effectiveness of efforts to ensure vendor performance meets contract requirements.</p> |
| <b>1816</b>    | <p><b>Business and Finance Division</b></p> <p style="padding-left: 40px;">Vendor Payments</p> <p>Start Date: 06/01/18<br/>End Date: 08/31/18</p> | <p>The TDCJ procures over \$1 billion annually in goods and services using requisitions, purchase orders, and contracts. Payment processing ensures purchase orders or contracts exist to support a vendor's invoice and documentation exists to support the goods and services were received. The Contracts and Procurement <i>Requisitioner's Manual</i> outlines responsibilities for agency employees involved in this process.</p> <p>In addition to these transactions, departments and units utilize procurement cards to purchase goods and services at the local level. In these cases, the department and unit confirms the purchase was authorized and the goods received.</p>  | <p>1. To determine whether payments to vendors are appropriate.</p>  |

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| <b>1817</b>           | <p><b>Internal Audit Division</b></p> <p>Action Plan Tracking</p> <p>Start Date: 09/01/17<br/>End Date: 08/31/18</p> | <p>In response to a request from the executive director to report the status of action plans for recommendations made by the State Auditor’s Office and by the Internal Audit Division, we request management provide updated action plans on a semi-annual basis. Beginning in fiscal year 2004, in an effort to improve the effectiveness of our actions and expand the scope of our follow up activities, we included a project to actively collect updated action plans from management.</p> <p>We will continue our efforts to collect updated action plans from management.</p> | <p>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> |
| <b>1818</b>           | <p><b>Walk Throughs</b></p> <p>Various</p>   | <p>Conducting walk throughs of functional areas enables us to update our risk analysis on a regular basis and ensures attention to those areas of the agency that would not otherwise be reviewed.</p>  | <p>1. To assist in the development of future audit plans by increasing our knowledge of unaudited areas of the agency.</p>   |