

Chapter: Agency Supports and Controls
Title: Auditing

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ACA Standard(s): N/A
Statute(s): Gov't Code Chapter 2102

(a) **Policy.**

The activities performed by the Texas Youth Commission (TYC) are audited through the agency's Internal Audit Department and external oversight agencies.

(b) **General Provisions.**

- (1) TYC's Internal Audit Department is an independent and objective function that provides value added services through advocating strong corporate governance, assessing and evaluating risk, increasing controls awareness, facilitating process improvement, and promoting best practices.
- (2) Oversight agencies within the governmental structure of the State of Texas and providers of grant funding may audit TYC activities, which are considered external audits.

(c) **Procedures.**

(1) **TYC's Internal Audit Department.**

- (A) The Internal Audit Department performs audit work to comply with the requirements and directives of Government Code, Chapter 2102 and the Internal Audit Charter.
- (B) The Internal Audit Department conducts an annual systematic risk assessment of TYC for the purpose of developing or revising its scheduled work plan. The risk assessment includes input from executive management and approval of the governing board or executive commissioner if there is no board.
- (C) The Internal Audit Department will conduct audits of medical services and facilities operated by and under contract with TYC.
- (D) Routine reports of the results of work performed are made to executive management. Recommendations are made to correct any deficiencies identified. In accordance with audit standards, published audit reports shall contain the views of responsible officials, particularly management's responses to the recommendations.
- (E) In accordance with audit standards, the Internal Audit Department follows up on audit recommendations to assess and report the status of implementation. Management will be briefed on the status of implementation on a quarterly basis, and a written report will be published at year-end and distributed to the governing board, or executive commissioner if there is no board, and other appropriate oversight bodies.
- (F) Special reviews are performed to provide management assistance as approved by the governing board or the executive commissioner, such as the review of new programs or systems prior to implementation and consultation with management during design or improvement of management controls.
- (G) The Internal Audit Department shall conform to the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors, and generally accepted government auditing standards.

(2) **Biennial Review of Resources.**

Every biennium the governing board, or executive commissioner if there is no board, reviews the resources dedicated to the internal audit function and determines if adequate resources have been provided to ensure that risks identified in the annual risk assessment are adequately covered in a reasonable timeframe.

(3) **Filing and Reporting Requirements.**

(A) The Internal Audit Department will submit required reports (in accordance with the Texas Government Code) to the budget division of the governor's office, the state auditor, the Legislative Budget Board, and the Sunset Commission no later than 30 days after the date the reports are submitted to the governing board, or executive commissioner if there is no board.

(B) Results of the medical service and facility audits shall be reported on a quarterly basis to the committees of the Senate and House of Representatives with primary jurisdiction over matters concerning correctional facilities and the state auditor.

(4) **External Audits.**

(A) Audits of TYC's activities may be periodically conducted by oversight agencies (such as the Office of the State Auditor of Texas) or providers of funding (such as the Texas Education Agency). These audits are conducted based on plans developed by oversight and funding agencies.

(B) TYC management will notify and keep the Director of Internal Audit informed of external audits.

(C) TYC management shall present responses to recommendations in reports issued by oversight agencies as appropriate and ensure a copy of the final report is submitted to the Internal Audit Department.
