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FY 2021 Internal Audit Annual Report October 2021



TEXAS JUVENILE JUSTICE DEPARTMENT

October 29, 2021

The Honorable Greg Abbott, Governor
The Legislative Budget Board
State Auditor's Office
Texas Juvenile Justice Board
Camille Cain, TJJD Executive Director

Attached is the Fiscal Year 2021 Annual Internal Audit Report from the Texas Juvenile Justice Department's Office of Internal Audit. This report is provided in accordance with the Texas Internal Auditing Act requirements for internal auditors to prepare and distribute an annual report of accomplishments and activities and complies with the guidelines set forth by the State Auditor's Office.

The Office of Internal Audit (OIA) completed audit work and provided management with information and analyses to assist in initiating improvements to operations and to strengthen internal controls. In addition to audit work, Internal Audit provided advice and assistance on governance, risk management, and internal controls. Agency management actively engages the Department as they continue to work toward more efficient and effective processes in the agency.

Internal Audit staff continues to be active in the local internal audit community through participation in the State Agency Internal Audit Forum (SAIAF), the Austin Chapter of the Institute of Internal Auditors (IIA), and the Information Systems Audit and Control Association (ISACA). Staff also continue to attend training courses offered by the State Auditor's Office and other local trainers and work toward professional certification.

If you have any questions, please contact me at (512) 739-8387.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eleazar Garcia".

Eleazar Garcia, CIA, CRMA
Chief Auditor

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**I. COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015:
Posting of the Internal Audit Plan, Internal Audit Annual Report, and Other
Audit Information on the Internet Web Site**

Internal Audit will ensure submission of the Annual Report to the oversight entities by November 1st, 2021, the posting of the Fiscal Year (FY) 2022 Internal Audit Plan upon Board approval and the FY2021 Internal Audit Annual Report on the Texas Juvenile Justice Department's internet web site. The reports will be submitted to the agency's Webmaster for inclusion in the Internal Audit page of the Agency's internet website.

A summary of the Recommendations for the issues identified during audits included in the FY2021 Audit Plan can be found in Exhibit A attached at the end of the Annual Report.

II. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2021

Below is the status of audits included in the FY 2021 audit plan:

Audit No.	Report Date	Report Title	Status
21-1A	8/2021	McLennan County State Juvenile Correctional Facility Audit	Audit Report Issued - Aug. 2021 Board
21-5	11/2021	Workers' Compensation Audit	Audit Report Will be Issued – November 2021 Board
21-6	6/2021	Juvenile Supervision Officer/Juvenile Probation Officer Certification Audit	Audit Report Issued - June 2021 Board
21-7	6/2021	Legislative Division Use of TEA Student Data	Audit Report Issued - June 2021 Board
21-8	1/2022	Regionalization Audit	Carryover to FY 2022 Audit Plan
21-1B	Pending	Facility Audit	Carryover to FY 2022 Audit Plan
21-9	Pending	Abuse, Neglect, and Exploitation Audit	Carryover to FY 2022 Audit Plan
21-10	Pending	Legislative Updates and Implementation Audit	Carryover to FY 2022 Audit Plan

- The 21-7 Legislative Division Use of TEA Student Data consulting project was added to the plan as a result of a signed agreement between the Texas Education Agency and the TJJD Legislative and Reporting Division which requires Internal Audit to review safeguards in place over the TEA student data. This will continue to be an ongoing annual review.
- Results to the audits are reported within each audit report which is approved by the Board and submitted to the TJJD Board, TJJD, State Auditor's Office, Governor's Office – Budget and Policy Division, and Legislative Budget Board.

III. CONSULTING ENGAGEMENTS AND NON-AUDIT SERVICES COMPLETED

Consulting Services:

Activity	Key Results
Consulting Project: Legislative Reporting Division Use of TEA Student Data (21-7) issued June 2021	Consulting project to determine if agency is in compliance with the "Access to Confidential Information Agreement" entered into between TEA and TJJD. The scope included review of access, transfer, storage, protection, and destruction of confidential TEA student data. Report issued June 2021.
Policy Review	Review policies and offer input and guidance on thoroughness, controls, and feasibility.
Executive Team	The Chief Auditor is a member of the Executive Team and as such attends meetings and provides input.
Ad Hoc Consultation with Management and Staff	Discuss ideas and concerns and provide advice as needed by agency staff.
COVID Discussions and TJJD Updates	Chief Auditor and Deputy Chief Auditor are members and attend meetings on weekly basis.

IV. EXTERNAL QUALITY ASSURANCE REVIEW (PEER REVIEW)

The most recently completed External Quality Assurance Review was conducted using the State Agency Internal Audit Forum's Peer Review Process. It was completed February, 2019 by David Cuevas, Audit Manager for the Office of Court Administration, and Priscilla Salomon, Assistant Director Internal Audit Division for Texas Comptroller of Public Accounts.

Overall Opinion

(excerpt from final report – page 2)

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

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

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

V. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2022

The proposed fiscal year 2022 Audit Plan will be presented to the TJJD governing board on November 5, 2021 for approval. Any recommended changes will be updated and forwarded as required.

Texas Juvenile Justice Department Proposed Fiscal Year 2022 Audit Plan Based on 7700 Available Hours

Audit Projects		
Mandatory		Contract Review*
Facility Audit		Yes
Legislative Division Use of TEA Student Data		
Texas Administrative Code (TAC) 202		
Discretionary		
Construction		Yes
Criminal Justice Information Security (CJIS)		
Carryover Projects from FY 2021		
Facility Audit		Yes
Legislation Update and Implementation		
Regionalization		
Workers' Comp		
Abuse, Neglect, and Exploitation		Yes
Other Projects		
Annual Risk Assessment and Audit Plan		
Annual Internal Audit Report		
Annual Internal Quality Assurance		
Follow Up/Verification Prior Audit Recommendations		
TeamMate Migration		
Ad-Hoc Consulting		
External Quality Assurance Review – Reciprocating Services		

*The passage of Senate Bill 65 added additional requirements to Texas Government Code Chapter 2102, Texas Internal Auditing Act, to consider methods for ensuring compliance with Contract processes and controls and for monitoring agency contracts. Internal Audit already includes review of applicable contracts in the course of conducting audits under the audit plan and will continue to do so.

There were 15 high-risk areas identified in this year's risk assessment. We expect to include 11 of the 15 in the current audit plan with five of the areas being incorporated into facility audits conducted in accordance with Texas Human Resources Code Section 203.013. Risks numbers 2, 4, 8, and 11 have recent audit findings from the FY 2021 audit plan. High-risk auditable units identified for FY 2022 are as follows:

Rank	Auditable Unit	Last Audited - Fiscal Year
1	Case Management	2020
2	IT Security Management	2021
3	Staff Development & Training	2019
4	Human Resource Administration	2021
5	IT General Controls	2020
6	Construction and Maintenance	2010
7	Contracts	2019
8	Dorm Living/Control & Supervision	2021
9	IT Data Management	2020
10	Risk Management	2014
11	Safety and Security/Physical Security	2021
12	Education	2018
13	Treatment	2019
14	Employment Benefits	2020
15	Governance	2019

Risk Assessment Methodology

Internal Audit utilized input from Board members, agency staff, auditor judgment, and historical data and identified the auditable units to be included in the risk assessment. The units were ranked based on seven risk factors which included the safety and welfare of the youth, safety and welfare of the staff, impact on communities, data reliability, safeguarding of assets, compliance with laws and regulations, and recent and/or significant changes. Each unit's risk factor was scored on a five-point scale with low risks being one, medium risks being three, and high risks receiving five points. Additionally, areas identified by Board members, Executive Management, and the Chief Auditor were also weighted and included in the final scoring. The units were ranked and a distribution level obtained to identify the high risks for the agency. After consideration of statutorily required audit work and audit history, consideration for leave, training requirements, and other responsibilities, and estimated available hours for FY 2022 of 7700 hours, the proposed audit plan for FY 2022 was developed.

VI. EXTERNAL AUDIT SERVICES

The following external audit services were procured or were ongoing in Fiscal Year 2021:

	External Audit Service	Focus of Review	Status
1	Texas State Auditor's Office	Classification Audit of IT Positions for Article V Agencies	Completed September 2020
2	Texas Comptroller of Public Accounts	Duplicate Payment Audit	Completed September 2020
3	Texas Comptroller of Public Accounts	Post Payment Audit	Ongoing
4	Texas Comptroller of Public Accounts	Overpayment Recovery Audit	Completed September 2021
5	Texas Department of Public Safety	TCIC Audit (HR)	Ongoing
6	Texas Department of State Health Services	Stronger Than Yesterday Grant Program	Completed May 2021

VII. REPORTING SUSPECTED FRAUD AND ABUSE

To comply with the fraud reporting requirements of Section 7.09, page IX-37, the General Appropriations Act (86th Legislature), and the investigation coordination requirements of Texas Government Code, Section 321.022, the Texas Juvenile Justice Department has taken the following actions:

- Currently, suspicions of fraud, waste, and abuse that have been reported to TJJD have been processed through the Office of Inspector General. The Chief Inspector General coordinated fraud investigations and information as needed with the Special Investigation's Unit of the State Auditor's Office in accordance to Texas Government Code, Section 321.022.
- The TJJD internet homepage <http://www.tjjd.texas.gov/Default.aspx> contains a direct link to the TJJD Abuse Hotline webpage for reporting fraud and includes a direct reference to the State Auditor's Office (SAO) hotline and webpage for reporting Fraud, Waste, and Abuse as follows:

“Report suspected fraud, waste, or abuse of state resources occurring at a Texas state agency, college, or university to the [Texas State Auditor's Office](#) at 1-800-TX-AUDIT and to the [TJJD Office of Inspector General](#) at 1-866-477-8354.”

- In addition, the TJJD Employee Handbook, Section III Reporting Illegal Activities includes references to reporting suspected fraud to SAO and a link to their website.

Exhibit A
Recommendations for FY 2021 Audit Plan Projects

Project Code	Project Name	Recommendation	Recommendation Status
21-1A	McLennan County State Juvenile Correctional Facility Audit	Deputy Executive Director of State Services should ensure: <ul style="list-style-type: none"> A. Facility management monitors dorms for cleanliness and youth behavior as part of routine dorm visits. B. Superintendent reports on observations in a quarterly report. C. Youth Sick Call Requests are maintained in the pods of each dorm for confidential youth access. 	Underway
21-1A	McLennan County State Juvenile Correctional Facility Audit	Chief Financial and Operating Officer should collaborate with the Deputy Executive Director of State Services to ensure: <ul style="list-style-type: none"> A. Overtime policies meet expectation and includes a process for documented approval of unscheduled overtime. B. Facility management implements and monitors in accordance to policy. 	Planned
21-1A	McLennan County State Juvenile Correctional Facility Audit	The Deputy Executive Director for State Services should: <ul style="list-style-type: none"> A. Implement formal oversight on the use of body-worn cameras to include activation and deactivation of cameras. B. Formally document monitoring expectations and the required forms for the reviews. C. Ensure approved TJJD forms are not changed for different uses. 	Underway
21-1A	McLennan County State Juvenile Correctional Facility Audit	The Chief Information Officer should ensure: <ul style="list-style-type: none"> A. Procedures are formally documented for managing location and status of body-worn cameras. B. Inventory records are maintained for any future device refreshes. 	Underway

Project Code	Project Name	Recommendation	Recommendation Status
		C. Periodic inventories are conducted to account for devices and statuses, starting with one at the conclusion of this audit.	
21-1A	McLennan County State Juvenile Correctional Facility Audit	The Chief Information Officer should ensure: A. Access levels to Axon Evidence.com are aligned to user needs. B. There is a process established and implemented for monitoring appropriate access rights, to include removal of terminated employees.	Underway
21-6	Juvenile Supervision Officer and Juvenile Probation Officer Certification Audit	The Director of Juvenile Justice Training Academy (JJTA) should ensure: A. Policy is updated to require proper and consistent completion of the Ineligible Employee List to ensure the County's ICIS portal properly reflects officer eligibility. B. A periodic review is performed to ensure revoked officer certifications appear on the Ineligible Employee List (County's ICIS view). C. Retroactive updates are made to the Ineligible Employee List for prior revoked certifications.	Underway
21-6	Juvenile Supervision Officer and Juvenile Probation Officer Certification Audit	Director of JJTA should ensure: A. Procedures are formally documented for reporting TJJD performance measures of certified officers. B. Perform a review to ensure dummy accounts are not included in reporting to Legislative Reporting and Statistics for the next report.	Planned
21-6	Juvenile Supervision Officer and Juvenile Probation Officer Certification Audit	The Director of JJTA should collaborate with the Director of Probation Services to: A. Determine if a framework for processing applications for officer certifications is necessary. B. Determine the acceptable timeframe for processing applications. C. Document the framework within procedural guidelines.	Planned

Project Code	Project Name	Recommendation	Recommendation Status
21-6	Juvenile Supervision Officer and Juvenile Probation Officer Certification Audit	The Director of JJTA should collaborate with other agency divisions to address trends identified in this audit.	Planned
21-6	Juvenile Supervision Officer and Juvenile Probation Officer Certification Audit	Director of JJTA should evaluate responses to the survey and determine needed actions.	Planned