

An Audit Report on

# The Juvenile Probation Commission

July 2002

Report No. 02-060



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*An Audit Report on the*  
**Juvenile Probation Commission**

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## **Overall Conclusion**

The Juvenile Probation Commission (Commission) lacks an effective enforcement and monitoring system to ensure that the 168 local juvenile probation departments (departments) comply with state standards. The Commission has not sanctioned departments for continued noncompliance with standards, including key standards related to the health and safety of juveniles and minimum standards for detention and correction officers. Many of the weaknesses identified in this report have been brought to the Commission's attention in previous State Auditor's Office reports in 1996 and 1998 (see Appendix 2). These weaknesses could put at risk the health and safety of juveniles under the departments' supervision.

- Background Information**
- The Legislature created the Juvenile Probation Commission (Commission) in 1981 to bring consistency and quality to juvenile probation services in the state.
  - A nine-member appointed board oversees the Commission. The board comprises five public members, two district court judges who sit as juvenile court judges, and two county judges or commissioners.
  - The Commission serves as a conduit for distributing legislative appropriations to local juvenile probation departments (departments). It also promulgates and enforces statewide standards, certifies juvenile probation and detention officers, and provides education and training to departments.
  - Statutorily created county juvenile boards oversee the departments. Typically, all district court judges, county court judges, and statutory county court judges are among the members of the juvenile boards. The juvenile boards hire chief juvenile probation officers and make policy and budgeting decisions for the departments. In 2001, counties provided approximately 62 percent of the funds allocated for probation services and the state and federal governments provided approximately 38 percent.

Source: Juvenile Probation Commission

Biennial appropriations for locally administered juvenile probation services have grown from \$83 million in the 1994-1995 biennium to \$238 million in the 2002-2003 biennium, an increase of 186 percent. Departments that accept state funds for locally administered probation services are required to comply with state standards for providing those services.

## **Key Points**

**Weaknesses in the Commission's monitoring function allow noncompliance with juvenile probation standards to persist.**

The Commission has not developed objective criteria to define when sanctions for noncompliance with juvenile probation standards are warranted. Despite issuing repeated citations to some departments for noncompliance with juvenile probation standards, the Commission has not sanctioned departments for not correcting identified problems. These problems include standards violations such as failure to conduct criminal and sex offender background checks for detention and correction officers, failure to maintain juvenile medical and dental records, overpopulation of facilities, and inadequate staffing ratios. Our sample of the Commission's 1999 through 2001 monitoring files contained evidence that 44 percent of the departments the Commission reviewed had repeatedly violated the



*This audit was conducted in accordance with Government Code, Section 321.133.*

Lawrence F. Alwin, CPA  
State Auditor

*For more information regarding this report contact Julie Ivie, Audit Manager, at (512) 936-9500.*

same standards without receiving any penalty or sanction. Juvenile probation standards set minimum requirements for health and safety and define qualifications for correction and detention officers.

The Commission's administrative rules do not adequately ensure that the abuse and neglect provisions in its code of ethics are appropriately enforced. Unless an individual is convicted of a felony or crime that requires registration as a sex offender, the Commission allows departments to determine whether to request that an individual's certification be revoked. The Commission lacks a mechanism to prevent non-certified detention and correction officers who are designated as abuse or neglect perpetrators from having continued contact with juveniles in secure facilities. We noted one instance in which the Commission designated a non-certified detention officer as a sexual-abuse-by-contact perpetrator in three separate cases. However, after the conclusion of the Commission's investigation, this individual continued to have contact with juveniles in a secure facility.

**The Commission does not adequately identify, report, or track the results of its monitoring efforts at departments.**

The Commission's monitors have improved their documentation of departments' noncompliance with standards. However, monitors do not formally report all instances of noncompliance to the boards that oversee the departments, nor do they consistently follow up to ensure that departments implement corrective action in response to citations the Commission issues. Our review of a sample of fiscal year 2001 monitoring files revealed that the Commission did not issue citations for 56 percent of the instances of noncompliance it identified. Without full information on its compliance status, a department's board cannot completely fulfill its oversight responsibilities, particularly as they relate to health and safety issues.

**Weaknesses in its administration of contract funds hinder the Commission's ability to ensure that juvenile probation funds are allocated and used in compliance with state requirements.**

Annual independent audits at departments ensure that state contract funds are spent appropriately. However, weaknesses in the Commission's review of these audits diminish the effectiveness of this control. In addition, the Commission is not in compliance with a state statute requiring it to use current estimates of the juvenile population in its funding formula for state aid and community corrections contracts with departments. The Commission's decision not to use current estimates of the juvenile population in its funding formula prevents timely reallocation of resources based on changes in demographics.

**Coordination gaps within the Commission hinder identification and correction of standards violations.**

There is a lack of formal communication and coordination among the Commission's Field Service Monitoring division, its Abuse and Neglect Investigations unit, and its Training and Certification division. Each of these groups identifies information relevant to the Commission's oversight responsibilities, but these groups do not always forward information regarding problems to other relevant groups. A lack of internal communication

and coordination can result in situations in which violations of standards, including those related to health and safety, go uncorrected or detention and correction officers lack required training and qualifications.

**The Commission does not adequately ensure that juvenile correction officers and detention officers meet minimum qualifications for state certification.**

The Commission currently accepts departmental attestation in lieu of documentation when validating a candidate's qualifications for detention officer or corrections officer certification. The Commission's monitors issued citations for failure to comply with sex offender background check requirements in 32 percent of the personnel files tested. These violations included instances of both failure to conduct the check as well as failure to properly conduct or document the check. Although the Commission issued citations for these standards violations, monitors did not forward these instances of noncompliance to the Training and Certification division, which issues detention and correction officer certifications.

**The Commission has identified high error rates in the data that departments submit and that the Commission uses to report more than half of its key performance measures.**

The Commission's fiscal year 2001 on-site monitoring visits at departments identified significant error rates in the data departments submit to the Commission. These error rates were as high as 32 percent. The Commission uses this data to calculate and report 7 of its 12 key performance measures, including two outcome measures. The nature of the errors and the limitations of the Commission's sampling methodology prevent an exact assessment of how inaccurate the performance measures are.

**The Commission's Management Information Systems division lacks adequate documentation for systems and procedures and assigns its programmers excessive access to data.**

Although the Commission's procedures for systems development appear to be adequate to prevent disruption of business functions, they are not documented in writing. The Commission also needs to tighten its programmers' access to production data.

### ***Summary of Management's Response***

Overall, the Commission concurs with our recommendations and has begun to implement them as detailed in its responses. A summary of Commission management responses is included in Appendix 3, and management's detailed responses are included at the end of each subchapter of the report.

## ***Summary of Audit Objectives, Scope, and Methodology***

The objectives of the audit were to determine whether the Commission:

- Meets statutory requirements applicable to its monitoring functions.
- Adequately verifies data that it uses to report information to the Legislature.
- Adequately administers contract funds.

The scope of this audit included consideration of the Commission's controls over its program and fiscal monitoring reviews, contract funds administration, and adequacy of key information systems. This included reviewing and testing (1) program monitoring functions during fiscal years 1999 through 2001, (2) data integrity efforts for fiscal year 2001, (3) fiscal reviews for fiscal year 2000, and (4) the Commission's allocation and review processes for funds contracted to departments.

Our audit methodology consisted of collecting information, performing selected audit tests and other procedures, and analyzing and evaluating the results against established criteria.

Table of Results, Recommendations, and Responses	
Recommendations	Management's Response
The Commission's reluctance to impose sanctions allows repeat violations of standards. (Page 1.)	
The Commission should establish objective criteria for when to impose sanctions for violations of state juvenile probation standards. At a minimum, a department's compliance history should be one factor the Commission considers when establishing criteria for imposing sanctions for health and safety violations.	Agree
The Commission's administrative rules do not adequately ensure that designated abuse and neglect perpetrators are appropriately sanctioned. (Page 4.)	
<ul style="list-style-type: none"><li>• Amend the Texas Administrative Code to allow the Commission to initiate revocation of certification for all ethics violations involving abuse and neglect.</li><li>• Formulate criteria for imposing sanctions for departments that employ non-certified individuals who are designated as a perpetrator in a Commission abuse and neglect investigation.</li><li>• Formulate formal procedures to require appropriate Commission staff members to follow up on the certification and employment status of individuals who are designated as perpetrators in a Commission abuse and neglect investigation.</li><li>• Monitor the timeliness of the abuse and neglect function to determine whether additional staffing measurably reduces the time required to meet deadlines.</li><li>• Dedicate sufficient resources to ensure that the abuse and neglect database is updated in a timely manner.</li></ul>	Agree
The Commission does not formally report all violations of standards and does not complete monitoring reports promptly. This prevents departments' boards from completely fulfilling their oversight responsibilities and prevents departments from taking timely action to correct deficiencies. (Page 10.)	
<ul style="list-style-type: none"><li>• Operationally define which juvenile probation standards are related to health and safety. Violations of health and safety standards should be more heavily weighted when the Commission considers imposition of sanctions and conducts risk assessment for monitoring visits.</li><li>• Issue citations for and report all identified instances of noncompliance to the chief probation officer and local probation board overseeing the department.</li><li>• Establish and enforce a reasonable standard for the timeliness of issuing monitoring reports to the departments.</li><li>• Examine and address any underlying systemic reasons (for example, employee turnover, workloads, and training) that cause delays in completing and delivering monitoring reports to the departments and local juvenile probation boards.</li><li>• Consider providing the Commission board with periodic reports regarding summary trends in compliance with standards.</li></ul>	Agree
A lack of data prevents the Commission from effectively managing and assessing the effectiveness of its monitoring. This makes it difficult for the Commission to track trends in and evaluate the overall effectiveness of its monitoring efforts. It also limits the Commission's ability to select departments for monitoring based on results of past reviews. (Page 13.)	
<ul style="list-style-type: none"><li>• Use a database to compile the results of monitoring efforts. At a minimum, the database should track the elements on the Commission's citation tracking form. The database should be designed to capture the current status of any corrective action agreed to by the departments. It should also be able to provide aggregate and department level statistics on the number, type, and disposition of instances of noncompliance, regardless of whether a citation was issued. Design of the database should also consider information needs related to the Commission's risk assessment process. The Commission should also consider tracking the results of unannounced monitoring visits, findings related to abuse and neglect investigations, and suspension or revocation of officer certification.</li></ul>	Agree

Table of Results, Recommendations, and Responses	
Recommendations	Management's Response
<ul style="list-style-type: none"> <li>Clearly assign responsibility for tracking the status of citations, waivers, corrective action plans, and contested citations. The Commission's follow-up efforts should factor into the design of a database for the monitoring function described in the previous recommendation.</li> </ul> <p>A lack of objective criteria for how to verify compliance with standards results in inconsistent issuance of citations. (Page 15.)</p>	Agree
<p>The Commission should specify in its procedures how standards should be verified. The Commission should use the most reliable method for verifying departments' compliance. For example, cost per day could be verified by analyzing department billing records, and staffing ratios could be verified using payroll records.</p>	Agree
<p>The Commission's risk assessment for selecting departments for on-site monitoring no longer considers key operational factors such as compliance history. This could lead the Commission to focus its monitoring resources on departments or standards that are low-risk or overlook departments that are at a higher risk for violating significant health and safety standards. (Page 16.)</p> <ul style="list-style-type: none"> <li>Reevaluate the risk assessment methodology and incorporate operational risk factors such as compliance history.</li> <li>Use a risk assessment process to determine which departments and which areas within each department represent the highest risk.</li> </ul>	Agree
<p>The Commission does not verify whether the departments monitor their service providers. This increases the risk that the service providers will not spend funds as intended or provide agreed-upon services. (Page 18.)</p> <ul style="list-style-type: none"> <li>Ensure that the Field Service division verifies whether the departments actively monitor their service providers.</li> <li>Provide the departments with training on developing measurable, quantifiable contract terms and performance measures.</li> </ul>	Agree
<p>The Commission's fund allocation methodologies do not comply with state statute and the general appropriations act. The Commission's decision not to use current estimates of juvenile population in its funding formula prevents timely reallocation of resources based on changes in demographics. (Page 21.)</p> <ul style="list-style-type: none"> <li>Comply with the Texas Human Resources Code and use current estimates of the number of juveniles in each county in the process for allocating funds to departments.</li> <li>Comply with General Appropriations Act requirements regarding the allocation of any applicable unexpended balances.</li> </ul>	Agree
<p>The Commission does not adequately review the reasonableness of departments' budgets. As a result, some departments frequently have unexpended funds. (Page 23.)</p> <p>Strengthen the budget reasonableness review to include a review of prior years' expenditures and unit costs per service. Using the results of that review, the Commission should reassess whether the allocation amounts derived from the funding formula are reasonable for each department's needs and allocate funds accordingly.</p>	Pending LBB and GOBP opinion
<p>The Commission continues to fail to promptly review and follow up on the independent audit reports that departments submit. Reviewing these independent audits enables the Commission to determine whether departments spent funds appropriately. (Page 25.)</p> <ul style="list-style-type: none"> <li>Implement a system through which the Commission completes its reviews of independent audit reports no later than three months after the deadline for submission of these reports. This will allow the Commission to (1) ensure the departments spend funds appropriately and (2) receive appropriate refunds in a more timely manner.</li> <li>Revise audit requirements to ensure that departments separate state and local funds in the Statement of Revenues, Expenditures, and Changes in Fund Balance. After the requirement is in place, the Commission should reject independent audit reports that combine state and local funds and that prevent it from determining if a refund is due.</li> </ul>	Agree

Table of Results, Recommendations, and Responses	
Recommendations	Management's Response
<ul style="list-style-type: none"> <li>Reject independent audit reports that do not meet audit requirements, including independent audit reports that do not contain proper progressive sanction officer schedules. If a department does not submit an independent audit report that meets all requirements on or before the Commission's established timeline, the Commission should withhold funds from the department until it submits a proper independent audit report.</li> <li>Implement a thorough follow-up process for audit findings in independent audit reports. This process should include maintenance of a tracking sheet that shows all audit findings and the status of follow-up on the findings, including the ultimate disposition of the findings.</li> </ul>	Agree
The Commission's written procedures are inadequate to ensure that staff carry out fiscal operations properly. This leaves staff more likely to create informal procedures that may not be in the Commission's best interests. (Page 30.)	Agree
The Commission should develop comprehensive written policies and procedures for each area of its fiscal division, as well as for any other division within the Commission that has weaknesses similar to those of the fiscal division. The policies and procedures should provide an overall understanding of the purpose of each area's function, as well as detailed descriptions of critical steps necessary to properly carry out each function. The written procedures should also include action plans for situations that may arise when departments do not comply with the Commission's procedures and rules.	Agree
Coordination gaps within the Commission hinder identification and correction of standards violations. This can result in situations in which violations of standards, including those related to health and safety, go uncorrected or situations in which detention and correction officers lack required training and qualifications. (Page 31.)	
The Commission should establish formal procedures to ensure that all units and divisions regularly share information essential to departments' compliance with the State's juvenile probation standards.	Agree
The Commission does not adequately ensure that juvenile corrections officers and detention officers meet minimum qualifications for state certification. The Commission's monitors issued citations for failure to comply with sex offender background check requirements in 32 percent of the personnel files tested. This poses a potential risk to the well-being of juveniles in secure facilities. (Page 33.)	
<ul style="list-style-type: none"> <li>Require the Field Service division monitors to select a random, statistically representative sample of personnel files to test compliance with certification standards.</li> <li>Institute procedures to administratively suspend or revoke the certification of officers who fail to meet minimum certification standards required by the State.</li> <li>Consider imposing other administrative requirements if a department repeatedly submits for certification officers who lack minimum qualifications. For example, the Commission could require departments with poor certification compliance records to submit supporting documentation when they apply for certification or re-certification of staff.</li> </ul>	Agree Agree Agree
The Commission has identified high error rates in the data that departments submit and that the Commission uses to report more than half of its performance measures. (Page 37.)	
<ul style="list-style-type: none"> <li>Establish a comprehensive strategy for testing the integrity of data that departments submit. This strategy should include a clear objective that specifies whether the Commission's goal is to gather information on a statewide level, or whether the goal is to gather information on a departmental level. Once the objective is determined, the Commission should establish its acceptable level of accuracy. Both elements should be incorporated into the Commission's sampling methodology in order to select a statistically significant sample size that will allow the Commission to project the results of its testing to the entire population of data.</li> <li>Include the Program Type data field in data testing at the departments.</li> <li>Focus efforts on identifying the systemic problems that lead to the data errors identified during field monitor on-site testing, and dedicate resources to solving those problems to prevent future errors.</li> </ul>	Agree Agree Agree

<b>Table of Results, Recommendations, and Responses</b>	
<b>Recommendations</b>	<b>Management's Response</b>
<ul style="list-style-type: none"> <li>Determine a way to provide accurate information for the "Average Cost per Day for Intensive Supervision Programs" performance measure.</li> <li>Regularly report the results of data integrity testing during Board meetings. Also consider posting the results of this testing on the Commission's Web site in an effort to hold the departments more accountable for data integrity.</li> </ul>	Agree
<p>The Commission's Management Information Systems division lacks adequate documentation for systems and procedures and assigns its programmers excessive access to data. This could make it more difficult to support and modify automated systems and prevent programmers from making unauthorized changes to data. (Page 45.)</p> <ul style="list-style-type: none"> <li>Develop written procedures to formalize system development processes. At a minimum, written procedures should include: <ul style="list-style-type: none"> <li>Detailed system development procedures requiring sign-off from the responsible parties throughout the course of the development project.</li> <li>The development of a master plan prior to the start of a project to identify system interdependencies.</li> </ul> </li> <li>Retain system design documentation (in addition to program source code) to assist programmers in gaining an understanding of the Commission's automated systems. The Commission should develop written guidelines identifying the types of documentation programmers should retain, and these guidelines should be included into the Management Information Systems division's policies and procedures manual.</li> <li>Prevent programmers from moving programs from the test environment to production. To reduce the risk that programmers could introduce flawed programs into the production environment, an independent staff member in the Management Information Systems division should be responsible for moving all programs to the production environment. This requirement should be added to the existing policy for application development standards.</li> <li>Restrict programmers' access to production data.</li> <li>Involve the Commission's internal auditor in the system design process. The internal auditor should participate in reviewing major system development projects and general system controls.</li> </ul>	Agree

<b>Recent SAO Audit Work</b>		
<b>Number</b>	<b>Report Name</b>	<b>Release Date</b>
99-014	An Audit Report on Management Controls at the Juvenile Probation Commission	November 1998
97-002	Contract Administration at Selected State Agencies - Phase Four	September 1996

<b>Other SAO Products</b>		
<b>Number</b>	<b>Product Name</b>	<b>Release Date</b>
01-439	Legislative Summary Document	March 2001

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# **Detailed Results**

*Chapter 1*

## ***Weaknesses in the Commission's Monitoring Function Allow Noncompliance with Juvenile Probation Standards to Persist***

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The Juvenile Probation Commission (Commission) lacks an effective enforcement and monitoring system to ensure that the 168 local juvenile probation departments (departments) across the state comply with juvenile probation standards. Although the Commission has improved its documentation of departments' noncompliance with standards, the Commission has not imposed sanctions for continued noncompliance. As a result, there is increased risk that juveniles could be held in facilities at which there are health and safety issues or that they could be supervised by unqualified staff. Specifically:

- The Commission lacks objective criteria for when to impose sanctions. The Commission's current strategy for ensuring compliance relies primarily on technical assistance and voluntary compliance by departments. The Commission has been reluctant to impose sanctions on departments, even when it repeatedly cites departments for violating the same standard and failing to correct the problem. The Commission's monitoring files contain evidence of numerous instances of departments repeatedly violating the same standards without receiving any penalty or sanction.
- The Commission's administrative rules do not adequately ensure that the abuse and neglect provisions of its code of ethics are appropriately enforced. Unless an individual is convicted of a felony or crime that requires registration as a sex offender, the Commission allows departments to determine whether to request that an individual's certification be revoked. The Commission lacks a mechanism to prevent non-certified detention and correction officers who are designated as abuse or neglect perpetrators from having continued contact with juveniles in secure facilities. We noted one instance in which the Commission designated a non-certified detention officer as a sexual-abuse-by-contact perpetrator in three separate cases. However, after the conclusion of the Commission's investigation, this individual continued to have contact with juveniles in a secure facility.

*Chapter 1.1*

## ***The Commission's Reluctance to Impose Sanctions Allows Repeat Violations of Standards***

For fiscal years 1999, 2000, and 2001, the monitoring files for seven of sixteen (44 percent) departments we reviewed included evidence indicating the departments' repeated noncompliance with the same standard. These violations included both instances of noncompliance for which citations were issued and violations that the monitors disposed of through technical assistance or because the violations did not constitute a pattern of noncompliance. Noncompliance occurred at these

departments in at least two of the three years examined for one or more standards relating to:

- Sex offender background checks
- Staffing ratios
- Tuberculosis tests
- Health assessments
- Medical records
- Dental records
- Fire drill training
- Detention/correction officer training
- Population capacity
- Annual review of policies and procedures
- Officer orientation training
- Juvenile records information
- Isolation log observation information

While the Commission may suspend, revoke, or reduce a department's state funds, the Commission has invoked this type of sanction only twice during the last three years. In these two cases, the Commission temporarily withheld funds for short periods of time when departments failed to submit required audit reports and/or quarterly expenditure reports. The Commission was unable to identify any instances in which it imposed sanctions for failure to comply with juvenile probation standards, despite evidence that some departments repeatedly did not comply with standards.

The manner in which the Commission applies financial sanctions is a limited deterrent. The manner in which the Commission withholds funds only delays receipt of state funds; it does not reduce the amount of funds the departments receive. The Commission's consideration of financial sanctions includes only withholding a department's entire funding amount. Less severe alternatives, such as penalties commensurate with the severity or frequency of violations, have not been used as enforcement options.

### **Recommendation**

The Commission should establish objective criteria for when to impose sanctions for violations of state juvenile probation standards. At a minimum, a department's compliance history should be one factor the Commission considers when establishing criteria for imposing sanctions for health and safety violations.

### **Management's Response**

*TJPC concurs with the SAO findings and recommendations. The agency's standards enforcement system needs to be clarified and formalized to achieve its maximum effectiveness. Judiciously applied and individually appropriate financial and non-financial sanctions are essential elements in a broad based compliance system.*

*Historically, TJPC has used financial sanctions for standards or contractual noncompliances in very limited situations. The Commission's reluctance to impose financial sanctions for violations of standards is premised upon the agency's belief*

*that this method of achieving compliance with standards may indeed harm the very children the agency seeks to protect via the standards. For example, if a juvenile detention facility is overcrowded and houses youth in excess of the rated capacity of the facility, this is a standards violation. The county may be unable to build sufficient capacity due to its own financial constraints and the county cannot control the numbers of youth committing offenses and thus requiring detention. If TJPC levies a financial sanction against the probation department in this situation, the overcrowding issue will not be solved. In fact, the situation in the facility could be exacerbated if resources are taken away from the probation department and ultimately the facility. A suspension or termination of funding may translate into a shortage of staffing in the facility, which will not help the overcrowding and will further endanger staff and youth in the facility. A better remedy for the noncompliance in this case would be intense technical assistance and analysis from TJPC to determine the cause of the overcrowding, assistance in identifying potential solutions to ease the overcrowding, discussion between TJPC and departmental staff of other long-term solutions to the problem, and the formulation of an action plan for the department.*

*TJPC has successfully assisted many local jurisdictions in remedying noncompliances through technical assistance and negotiated action plans in some cases. In one example, a juvenile post-adjudication correctional facility, at TJPC's request, voluntarily agreed to a moratorium on further placements of youth in the facility until the standard's noncompliance issues were remedied.*

*TJPC agrees that standards compliance is essential and believes that compliance can effectively be achieved using a variety of methods such as technical assistance, educational programs/training, incentive programs and well-thought-out graduated sanctions. The agency will formulate a comprehensive formalized sanctions policy that establishes objective criteria for when to impose sanctions. The policy will include measured and appropriate responses to standards non-compliances using a variety of effective mechanisms, including financial sanctions. This policy will further consider and factor in the severity of the non-compliance, the frequency of the non-compliance, the complexity of the remedy, the probation departments' overall compliance history, and the departments' ability to achieve compliance with the standard.*

Chapter 1.2

## **The Commission's Administrative Rules Do Not Adequately Ensure That Designated Abuse and Neglect Perpetrators Are Appropriately Sanctioned**

The Commission needs to close gaps in its administrative rules and internal procedures that allow designated abuse and neglect perpetrators to (1) remain certified as detention and correction officers by the Commission and (2) continue to have contact with juveniles in secure facilities that the Commission registers. In fiscal year 2001, the Commission concluded that abuse or neglect occurred in ten separate cases. The Commission is addressing weaknesses in its disposition of abuse and neglect investigations by revising its administrative rules for detention and post-adjudication facilities. However, the proposed revisions do not adequately ensure that, in appropriate cases, a designated perpetrator is decertified and/or prevented from having further contact with juveniles. The Commission also needs to improve the overall timeliness of its abuse and neglect investigations.

The Commission strengthened its code of ethics effective September 1, 2001, by stipulating that no juvenile detention or post-adjudication, secure-correctional-facility employee be designated as a perpetrator in a Commission abuse and neglect investigation. The Commission made this change, at least in part, in response to a fiscal year 2001 situation in which an individual whom the Commission designated as a sexual-abuse-by-contact perpetrator in three separate cases remained employed after the conclusion of the Commission's investigation. However, the effectiveness of the change to the code of ethics is limited because the Commission has no authority over departments' employment decisions and has not defined any other criteria for imposing sanctions for noncompliance. As noted in Chapter 1.1, the Commission has authority to suspend, revoke, or reduce departments' state funds for failure to comply with juvenile probation standards.

In addition, in December 2001, the Commission published additional proposed changes to its rules that would require certification for all detention and correction officers. However, because the Commission relies on the departments to initiate a request to formally discipline certified officers, if a department disagrees with the Commission's finding regarding an investigation, the department can decline to initiate disciplinary action or decertification procedures. In the absence of a department's concurrence and cooperation regarding the conclusion of an investigation, the Commission has no means to ensure that the departments take appropriate disciplinary action.

The Commission does not currently require its abuse and neglect investigators to follow up with departments after the Commission concludes its investigation with a finding of reason to believe that abuse and neglect occurred. As a result, the Commission does not know whether a designated perpetrator continues to work at a facility or whether the designated perpetrator has continued contact with juveniles. In addition, as discussed in Chapter 4, the Abuse and Neglect Investigative unit does not formally notify the Training and Certification division when it designates a certified officer as a perpetrator. This hinders any action that the Training and Certification division might take regarding the designated perpetrator's certification.

Lastly, the Commission does not meet a number of deadlines defined in the Texas Administrative Code relating to abuse and neglect investigations. These include deadlines related to the timeliness of initiating an investigation, notifying pertinent parties of the results of an investigation, and notifying local law enforcement of the receipt of a complaint. The Commission cannot easily monitor its compliance with required deadlines because it does not maintain up-to-date information in its investigations database. Of the 435 incidents reported in fiscal year 2001, 189 records were not completed or updated in this database.

While heavy workloads and limited staffing hinder the Commission's ability to meet these deadlines, we also noted that potentially excessive delays occur when the Commission transcribes interview tape recordings and performs legal reviews of investigations. In fiscal year 2001, the Commission had two staff members to respond to 435 complaints. In fiscal year 2002, the Commission added two budgeted positions to the Abuse and Neglect unit, for a total of four positions. As of May 20, 2002, one position was vacant.

## Recommendations

The Commission should:

- Amend the Texas Administrative Code to allow the Commission to initiate revocation of certification for all ethics violations involving abuse and neglect.
- Formulate criteria for imposing sanctions for departments that employ non-certified individuals who are designated as a perpetrator in a Commission abuse and neglect investigation.
- Formulate formal procedures to require appropriate Commission staff members to follow up on the certification and employment status of individuals who are designated as perpetrators in a Commission abuse and neglect investigation.
- Monitor the timeliness of the abuse and neglect function to determine whether additional staffing measurably reduces the time required to meet deadlines.
- Dedicate sufficient resources to ensure that the abuse and neglect database is updated in a timely manner.

## Management's Response

*TJPC concurs with the SAO recommendations to close any remaining gaps in the agency's administrative rules and to strengthen the administrative policy, procedures and rules as they relate to child abuse and neglect cases. Prior to the SAO audit, TJPC had been working to improve and make consistent various Administrative Code provisions in this area and this effort will continue and encompass the SAO recommendations.*

*Over the last few years, the Abuse and Neglect Unit has been understaffed and experienced frequent vacancies. This has substantially contributed to the unit's inability to meet various deadlines. By July 2002, the unit will finally be fully staffed.*

*The unit will include three Investigators, one Unit Coordinator, and an Administrative Assistant devoted primarily to Abuse and Neglect. This level of dedicated resources should allow the unit to address the issues identified by the SAO as further detailed below.*

*The Commission's staff will review all applicable Texas Administrative Code Chapters (TAC 341, 343, and 344) and make recommendations to the Commission Board that the agency's administrative rules be amended to include provisions that require the Commission to initiate and complete certification suspension and/or revocation proceedings on any/all certified officers (JPO/JDO/JCO) who are designated as perpetrators of abuse, exploitation, or neglect. Given that the Commission has limited authority over local personnel decisions (i.e., local juvenile justice staff not certified as juvenile probation, detention or corrections officers), the Commission will be required to explore sanctions other than certification suspension and/or revocation for those individuals. A potential sanction would be to factor the jurisdiction's decision to continue to employ the designated perpetrator as an elevated risk in the Commission's risk assessment process. It is also important to note situations wherein a designated perpetrator has been allowed to remain in a position working with youth are the rare exception and not the rule. Counties bear the ultimate liability for their employment decisions and usually take very appropriate actions regarding these individuals. In the event that a county juvenile probation department blatantly refuses to remove a designated perpetrator who poses a significant risk to children from all contact with children, TJPC could exercise its ultimate remedy—termination of the state financial aid contract. A broad termination for cause provision routinely included in all TJPC contracts allows this if a probation department takes any action that poses a significant danger to any child being served by the department.*

*Once the aforementioned TAC review and revision process is completed, the Commission will exercise its newfound legal authority and develop formal procedures to pursue the suspension and/or revocation of an officer's certification credential if he or she has been designated as an abuse or neglect perpetrator. The Commission will examine the possibility of including the department's continued employment of designated perpetrators as a factor or variable in the Commission's risk assessment process and analyze other potential and appropriate sanctions. The Commission will institute formal procedures to monitor the status of designated perpetrators to ensure the safety of youth.*

*TJPC will implement procedures to monitor the timeliness of abuse and neglect case investigations. The Unit Coordinator will monitor each case to ensure that every effort is being made to meet appropriate timelines. However, it should be noted that closure of cases is largely dependent upon receipt of the internal investigation, law enforcement reports, and transcriptions. Delays in closing cases are frequently the result of law enforcement's or the facility/department's failure to provide required documentation.*

*TJPC will implement policies and procedures to ensure the abuse and neglect database is regularly updated in a timely manner. The Abuse and Neglect Unit will coordinate with the Management Information Systems Division to attempt to develop an electronic alert in the Abuse and Neglect database. This alert will serve as a reminder to the assigned investigator to initiate and close Priority I and Priority II*

*investigations according to prescribed timelines. In addition, the database will furnish reminders for a chronological entry reflecting weekly calls to law enforcement or departments/facilities.*

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## ***The Commission Does Not Adequately Identify, Report, or Track the Results of Its Monitoring Efforts at Departments***

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Although the Commission has improved how it documents instances of noncompliance with standards, there are still weaknesses in how it identifies, reports, and tracks standards violations. In *An Audit Report on Management Controls at the Juvenile Probation Commission* (SAO Report No. 99-014, November 1998), we reported that the Commission had not fully addressed the problems identified in past Sunset Advisory Commission (Sunset) and State Auditor's Office reviews. At that time, we made recommendations regarding improvements needed in the Commission's monitoring (see text box). Many of those same areas still need improvement, and we also found additional areas for improvement. Specifically:

### **1998 State Auditor Recommendations Regarding the Commission's Monitoring**

The Commission should:

- Improve documentation of program monitoring so that a reviewer can determine why issues are dropped or reported and whether all significant issues have been addressed.
- Ensure local departments appropriately monitor their subcontractors.
- Use a risk assessment process to determine which local departments, programs, and services should be monitored and the level of monitoring at each.

Source: *An Audit Report on Management Controls at the Juvenile Probation Commission* (SAO Report No. 99-014, November 1998)

- The Commission does not formally report all identified instances of noncompliance to local probation boards that oversee departments. In addition, the Commission does not complete monitoring reports promptly. These conditions limit departments' ability to take timely action to correct deficiencies.

- The Commission does not adequately track corrective action departments take after they receive citations and it lacks data to adequately manage its monitoring function. The lack of information on the results of monitoring prevents the Commission from tracking departments' corrective action or having information to use in its risk assessment.
- The Commission lacks objective criteria for how to verify departments' compliance with standards. This has resulted in inconsistent reviews of departments' compliance status. Some monitors, for example, verify staff-to-juvenile ratios by examining staff rosters, while other monitors use more reliable payroll records to verify ratios. This has resulted in inconsistent interpretation by Commission monitors regarding when a citation for noncompliance should be issued.
- The Commission has eliminated critical elements from the risk assessment it performs to select the departments at which it will conduct on-site monitoring. For example, the Commission does not consider a department's compliance history when it performs this risk assessment. The lack of a database containing information on compliance history hinders the Commission's ability to consider this information in its risk assessment.
- The Commission does not attempt to verify whether the departments actively monitor their contracted service providers. The Commission's monitoring policies and procedures only require the Commission's monitors to ensure that each contract contains certain contract provisions and that the local departments

gather and maintain a service provider self-reporting form. This increases the risk that the service providers will not spend funds as intended and provide agreed-upon services.

The Commission has six monitors who are responsible for determining whether the 168 departments and 108 pre- and post-adjudication facilities with which the departments contract comply with juvenile probation standards. Texas Human Resources Code, Section 141.042(d), requires the Commission to conduct annual on-site monitoring visits at each post-adjudication facility.

Chapter 2.1

### **The Commission Does Not Formally Report All Violations of Standards and Does Not Complete Monitoring Reports Promptly**

The Commission does not formally report all identified instances of noncompliance to local probation boards that oversee departments. In addition, the Commission does not complete monitoring reports promptly. These conditions prevent departments' boards from completely fulfilling their oversight responsibilities and prevent departments from taking timely action to correct deficiencies.

**The Commission does not formally report all identified instances of noncompliance to local probation boards.**

The Commission does not cite and report a significant percentage of violations of state standards. Our review of the Commission's fiscal year 2001 monitoring files at sixteen randomly selected departments revealed that the Commission did not issue citations for 56 percent of identified instances of noncompliance. These violations of standards include failure to conduct sex offender background checks, failure to maintain juveniles' medical and dental records, and overcrowding of facilities. The Commission did not include these instances of noncompliance in the formal reports it issued to the departments' chief probation officers and chairs of the departments' boards. Without full information on a department's compliance status, a department's board cannot completely fulfill its oversight responsibilities, particularly as they relate to health and safety issues.

When the Commission identified instances of noncompliance but did not formally cite a department for noncompliance, it typically disposed of these matters in the monitoring files with notations indicating that it provided technical assistance or that the violation(s) did not constitute a pattern of noncompliance. The Commission's field operations division monitors assert that the Commission has an informal, undocumented policy to not issue a citation if there was noncompliance with fewer than half of the sample items tested. While the monitors stated that this informal policy applied only to violations of standards that are not related to health and safety, the Commission does not have a policy that defines which standards are related to health and safety.

Monitors appear to have applied the Commission's informal policy to apparent health and safety related standards. For example, the information in one monitoring file we reviewed indicated that five of ten of the department's personnel files lacked documentation of the required sex offender background checks; however, the monitor

did not issue a citation for this violation. A number of other files also contained evidence of significant deficiencies in juveniles' medical, dental, and psychological records, but the monitors did not issue citations for these violations.

#### **The Commission does not complete monitoring reports promptly.**

Our review of 11 monitoring visit files from fiscal year 2001 indicated that the Commission took an average of five months to issue a formal monitoring report after the date of the site visit. Although monitors brief the departments on initial findings at the conclusion of a monitoring visit, those findings are subject to change before the formal monitoring report is issued. The lack of timely reporting by the Commission to the departments can delay corrective action. We noted, for example, that one department decertified a facility after receiving the Commission's final report. However, the Commission did not issue the monitoring report to the department until nearly eight months after the monitoring visit.

The Commission indicates it carefully reviews monitoring reports to ensure consistency in interpretation of standards. However, it appears that high turnover in monitoring positions and the lack of a formal training program for monitors contributes to the Commission's perceived need to extensively review each monitoring report. The Field Services division, which is responsible for monitoring, experienced employee turnover of approximately 25 percent in fiscal years 2000 and 2001. Training for new monitors is limited to approximately one month of on-the-job training.

### **Recommendations**

The Commission should:

- Operationally define which juvenile probation standards are related to health and safety. Violations of health and safety standards should be more heavily weighted when the Commission considers imposition of sanctions and conducts risk assessment for monitoring visits.
- Issue citations for and report all identified instances of noncompliance to the chief probation officer and local probation board overseeing the department.
- Establish and enforce a reasonable standard for the timeliness of issuing monitoring reports to the departments.
- Examine and address any underlying systemic reasons (for example, employee turnover, workloads, and training) that cause delays in completing and delivering monitoring reports to the departments and local juvenile probation boards.
- Consider providing the Commission board with periodic reports regarding summary trends in compliance with standards.

## Management's Response

*TJPC concurs with the recommendations of the SAO for improvements to the standards monitoring and enforcement system. The agency will institute a comprehensive plan to implement needed changes and systemic improvements consistent with the SAO findings. The Field Services Division of the agency has experienced the greatest degree of turnover of staff during the last 5 years. Recruitment, hiring difficulties, and retention of staff are issues that have contributed to the Division's inability to create and maintain a consistent, thorough and effective monitoring system. By August 2002, TJPC anticipates having a fully staffed Field Services Unit to begin addressing the SAO recommendations as detailed below.*

*The Commission intends to define both operationally and administratively which standards are related to health, safety and rights of juveniles. Staff will conduct a review of Texas Administrative Code (TAC), Title 37, Chapters 341, 342, 343 and 344 in an effort to determine which, if any, of the existing administrative code rules (standards) do not have a direct impact on the health, safety, and rights of juveniles. Upon completion of this review, the Commission staff will recommend to the Commission Board that standards that do not have a direct impact on the health, safety, and rights of juveniles be deleted from the Texas Administrative Code and placed in a non-mandatory "best practices" document.*

*The Commission anticipates that this review process will ultimately reduce the total number of nonessential standards that are imposed on departments/facilities, thus allowing departments/facilities to exercise a greater degree of local control over those inessential/essential areas of policy, procedure, and practice. The reduced number of mandatory standards will allow both local juvenile justice entities and the Commission to dedicate and focus their limited financial and human resources toward the implementation of standards that the Commission's Board determines to be critical to the health, safety, and rights of juveniles.*

*Effective September 1, 2002, the Commission will institute a policy, procedure and practice of reporting all identified instances of standards noncompliance to the chief probation officer (and/or the facility administrator) and juvenile board. This notification will be in writing and issued at the conclusion of each on-site monitoring visit and in the ensuing formalized monitoring report.*

*The Commission will formalize and enforce existing requirements for formalized monitoring reports to be mailed to departments within forty-five (45) days after the completion of a monitoring visit. The Field Services Division Director and the respective Unit Coordinators will monitor the aforementioned timeline via an automated tracking system. To help ensure agency compliance with this timeline, individual, unit and divisional performance will be an integral component of a formalized evaluation process. The Commission is also examining the possibility of restructuring the monitoring process to include technologies that would facilitate a quicker turnaround time for the finalized monitoring report.*

*The Commission will monitor compliance with the report distribution timeline in an effort to identify any underlying reasons why timelines might not be met. This information will be used to assess staff workload assignments and to evaluate existing process measures that may require revision to ensure timely monitoring*

*reports. The Commission will also attempt to identify and limit any non-essential duties that may contribute to monitoring report delays.*

*The Director of Field Services will provide the Commission's Executive Director written information relating to summary trends in standards compliance for distribution at each regularly scheduled board meeting.*

#### Chapter 2.2

## A Lack of Data Prevents the Commission from Effectively Managing and Assessing the Effectiveness of Its Monitoring

When the Commission does issue a citation to a department, it does not adequately track the department's corrective action to address the citation.<sup>1</sup> In addition, the Commission does not have a database to record the results of monitoring visits. The

lack of data makes it difficult for the Commission to track trends in and evaluate the overall effectiveness of its monitoring efforts. It also limits the Commission's ability to select departments for monitoring based on results of past reviews.

### The Commission's Standards Citation Tracking Form Includes Useful Information for Managing Outstanding Citations

The Commission's standards citation tracking form tracks the following information:

- Verbal notification date of the noncompliance finding
- Revised finding date
- Date the Commission mailed the monitoring report to the department
- Date the Commission received a written response from the department
- Nature of the department's response
- Whether the Commission granted the department a waiver from the standard violated
- Expiration date of the waiver

Source: Juvenile Probation Commission

### The Commission does not adequately track corrective action for cited instances of noncompliance.

For fiscal years 2000 and 2001, nine of the sixteen (56 percent) department monitoring files we reviewed did not contain a citation tracking form or contained tracking forms that were incomplete. This form includes useful information that would help the Commission monitor outstanding citations (see textbox). Without a complete up-to-date tracking form, it is not possible to tell whether the department agreed with the Commission's finding of noncompliance. The citation tracking form, however, does not explicitly provide the current status of action taken by the departments to correct the noncompliance.

Without comprehensive tracking of the results of its

monitoring visits and the departments' corrective action, the Commission cannot determine whether identified deficiencies have been corrected.

### The Commission lacks sufficient data to adequately manage the monitoring function.

The Commission currently maintains paper files on the 168 departments and 108 pre- and post-adjudication facilities that it monitors. The lack of a database to manage the monitoring function hinders the Commission's analysis of compliance trends and its evaluation of the overall effectiveness of its monitoring efforts. The Commission cannot identify, for example, how many waivers to standards it has issued or the current status of citations and departments' corrective action plans without

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<sup>1</sup> After receiving a citation, a department has three options: (1) agree to correct the deficiency, (2) apply for a temporary one-year waiver from the standard violated, or (3) contest the citation.

conducting a labor-intensive search of its paper files. The lack of a database also is a barrier to using compliance history as a component in the Commission's risk assessment process.

## Recommendations

The Commission should:

- Use a database to compile the results of monitoring efforts. At a minimum, the database should track the elements on the Commission's citation tracking form. The database should be designed to capture the current status of any corrective action agreed to by the departments. It should also be able to provide aggregate and department level statistics on the number, type, and disposition of instances of noncompliance, regardless of whether a citation was issued. Design of the database should also consider information needs related to the Commission's risk assessment process. The Commission should also consider tracking the results of unannounced monitoring visits, findings related to abuse and neglect investigations, and suspension or revocation of officer certification.
- Clearly assign responsibility for tracking the status of citations, waivers, corrective action plans, and contested citations. The Commission's follow-up efforts should factor into the design of a database for the monitoring function described in the previous recommendation.

## Management's Response

*TJPC concurs with the observations and recommendations of the SAO regarding the lack of a comprehensive and automated monitoring tracking system. The Commission has completed Phase 1 of the development of an automated database tracking system (Monitoring Information System). The system will be designed to track all incidents of standards noncompliance regardless of how the noncompliance was identified (e.g., scheduled monitoring visits, unannounced monitoring visits, abuse and neglect investigations, etc.). At a minimum, the system will include all elements contained in the Commission's citation tracking form. The system will have the ability to generate summary as aggregate data specific to individual departments/facilities, as well statewide data. The system will also be designed to complement the Commission's risk assessment process. Information specific to officer certification suspensions and revocations will be tracked by the Commission's existing certification database system maintained by the agency's Training and Certification Division.*

*TJPC will be developing comprehensive policies and procedures for monitoring citations of noncompliance and for tracking the status of all non-compliances, waivers, corrective action plans and contested citations. The Commission will reevaluate existing procedures for following-up and tracking the status of existing noncompliances. Revised procedures will require staff to be responsible for following-up on the status of said noncompliance and for ensuring that information relating to the final disposition of noncompliances be entered into the Monitoring Information System. The Unit Coordinators and the Division Director will ensure*

*compliance with internal policies as well as assist in resolving waiver requests and any contested noncompliances.*

#### Chapter 2.3

### A Lack of Objective Criteria for How to Verify Compliance with Standards Results in Inconsistent Issuance of Citations

The Commission has not developed objective criteria or standard procedures for verifying compliance with certain key standards. This has resulted in inconsistent and, at times, ineffective reviews of departments' compliance status. For example:

- The Commission's procedures for verifying departments' cost per day for diversionary placement are not clearly defined. Some of the Commission's monitors verify the cost per day by analyzing actual billing information vendors submit to the department, but other monitors refer back to the maximum cost rate allowed by the Commission in its contract with the department. Because some departments may negotiate a cost rate that is lower than the maximum allowed by their contracts, the latter procedure is unreliable.
- The Commission's procedures for verifying staff-to-juvenile ratios are not clearly defined. The Commission's monitors frequently use facility staffing rosters to verify a department's staff-to-juvenile ratios. However, because the Commission provides at least 30 days notice prior to conducting regular site visits, staff rosters are inherently susceptible to alteration. We also noted that numerous staff rosters monitors used to verify staff-to-juvenile ratios were illegible. A more reliable source document, such as payroll records, would provide better assurance that a department has complied with state standards for staff-to-juvenile ratios.

#### Recommendation

The Commission should specify in its procedures how standards should be verified. The Commission should use the most reliable method for verifying departments' compliance. For example, cost per day could be verified by analyzing department billing records, and staffing ratios could be verified using payroll records.

## Management's Response

*The Commission concurs with the findings and recommendations of the SAO. The Commission's Field Services Division will develop written monitoring guidelines that specify how individual standards are to be verified. Verification procedures will be designed to include the most reliable methods available.*

Chapter 2.4

### **The Commission's Risk Assessment for Selecting Departments for On-Site Monitoring No Longer Considers Key Operational Factors Such as Compliance History**

Beginning in fiscal year 2000, the Commission began phasing out critical elements from the risk assessment it performs to select the departments at which it will conduct on-site monitoring visits. As Table 1 shows, the Commission eliminated consideration of a department's compliance history after fiscal year 2000. The Commission eliminated other significant risk factors (such as whether a department had a new chief probation officer, whether a department served multiple counties, and whether a department was a combined adult/juvenile probation department) after fiscal year 2001.

Table 1:  
The Commission has eliminated key risk factors from its risk assessment of departments.

Risk Factors the Commission Used in Its Risk Assessment of Departments					
Fiscal Year 2000		Fiscal Year 2001		Fiscal Year 2002	
Risk Factor	Weight in Risk Assessment	Risk Factor	Weight in Risk Assessment	Risk Factor	Weight in Risk Assessment
Does the department have a new chief probation officer?	Yes - 2 No - 0	Does the department have a new chief probation officer?	Yes - 2 No - 0	Did the Commission conduct a monitoring visit in fiscal year 1998?	Yes - 0 No - 1
Is the department in a multi-county jurisdiction?	Yes - 1 No - 0	Is the department in a multi-county jurisdiction?	Yes - 1 No - 0	Did the Commission conduct a monitoring visit in fiscal year 1999?	Yes - 0 No - 1
Is the department a "dual department" (serving adults and juveniles)?	Yes - 1 No - 0	Is the department a "dual department" (serving adults and juveniles)?	Yes - 1 No - 0	Is the juvenile population in the area greater than 50,000?	Yes - 1 No - 0
What is the department's history of noncompliance with standards?	Range of 0-6 depending on extent of past noncompliance	Did the Commission conduct a monitoring visit in fiscal year 1999 or fiscal year 2000?	Yes - 0 No - 4		
Were issues identified in the fiscal year 1999 desk review of departments that did not receive on-site visits?	Range of 0-5 depending on desk review results	Funding/Number of referrals	Range of 0-3 depending on funding or number of referrals		
Information from statistical reports (frequency of late data reporting and percentage of referrals)	Range of 2-7 depending on specific statistical information				
Fiscal summary information	Range of 0-3 depending on specific fiscal information				

Source: Juvenile Probation Commission

Beginning in the 2002-2003 biennium, the Commission plans to visit each of the seven largest departments annually and plans to attempt to visit each of the remaining departments every other year. Commission management has indicated that it believes it should maintain an annual monitoring presence in the seven largest departments. In addition, the Commission revised Texas Administrative Code standards for probation officers effective September 1, 2001, and it is currently in the process of revising the Texas Administrative Code chapters for detention and correction officers. The Commission states that these revisions necessitate the need to establish a baseline of compliance with the new requirements of the Texas Administrative Code.

When the State Auditor's Office reported in 1998 that the Commission did not use a risk assessment methodology as required by the Texas Human Resources Code, Section 141.051 (1), the Commission agreed to "prioritize who as well as what will be monitored<sup>2</sup>." However, during the last three years, the Commission has steadily reduced and eliminated consideration of operational factors, such as compliance history, in its risk assessment.

Without prioritizing where, what, and when it should monitor, the Commission cannot ensure that it makes the best use of its limited monitoring resources. In addition to identifying which departments should receive the highest priority for monitoring visits, a risk assessment process could also inform the monitoring staff about particular processes that may present low or high risk within each department. Disregarding information about which departments are at highest risk for certain categories of noncompliance could lead the Commission to focus monitoring resources on departments or standards that are low-risk or to overlook departments that are at a higher risk for violating significant health and safety standards.

It is important to note that the lack of a database containing information on departments' compliance history is a barrier to using this information as a component in the Commission's risk assessment. This issue is discussed in more detail in Chapter 2.2.

## Recommendations

The Commission should:

- Reevaluate the risk assessment methodology and incorporate operational risk factors such as compliance history.
- Use a risk assessment process to determine which departments and which areas within each department represent the highest risk.

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<sup>2</sup> The lack of a formal risk assessment methodology that includes departments' compliance history was also cited in a 1996 State Auditor's Office report (*An Audit Report on Contract Administration at Selected State Agencies – Phase Four*, SAO Report No. 97-002, September 1996).

## Management's Response

*The Commission concurs with the SAO recommendation. TJPB is in agreement that a department's standards compliance history is of paramount importance in attempting to make an assessment of risk. TJPB will include compliance history data as a risk factor in all future risk assessment models to be developed. In addition to a department's compliance history, TJPB will include additional risk factors in an effort to better assess department risk. TJPB will ensure that all future risk assessment models will provide information needed to identify which departments will be monitored and the scope of the monitoring process.*

Chapter 2.5

### **The Commission Does Not Verify Whether the Departments Monitor Their Service Providers**

The Commission does not attempt to verify whether the departments actively monitor their contracted service providers. The Commission's monitoring policies and procedures only require the TJPB monitors to ensure that each contract contains certain contract provisions and that the local departments gather and maintain a service provider self-reporting form. This increases the risk that the service providers will not spend funds as intended and provide agreed-upon services.

Commission monitors review whether mandatory terms and language are included in a sample of departments' contracts with their service providers. The departments are required by statute and by their contracts with the Commission, for example, to include goals, objectives, outputs, and outcomes in service provider contracts. Such requirements can be helpful in identifying whether a juvenile is provided the correct number of counseling sessions and whether progress is made in accordance with an individual treatment plan. Departments are also required to notify providers if state funds are being spent on a contract. Service providers are not required to meet certain state standards if this provision is not included in their contracts.

Documentation in the Commission's fiscal year 2001 monitoring files indicates that a number of departments do not adequately (1) formulate objective, enforceable contracts and (2) review the provider self-reporting form. Our review of a sample of 66 service provider contracts at 16 departments indicated that:

- Sixty-eight percent of the service provider contracts lacked provisions such as the goals, outputs, and outcomes that are required by the Human Resources Code, Section 141.050 (b) and by the departments' contracts with the Commission.
- Forty-five percent of the service provider reporting forms were not signed or dated to indicate whether the department had reviewed them.
- Fifty percent of the service provider reporting forms were not submitted by the required date.

In addition, many of the provisions in the contracts between the departments and their service providers were too ambiguous to permit an objective measurement of contractor performance.

Best practices for contract administration require that service providers be monitored. Uniform Grant Management Standards, for example, specify:

Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal and state requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.<sup>3</sup>

The Commission's current contracts with departments provide insufficient assurance that departments will actively monitor their service providers. Because the Commission does not consider a department's failure to monitor its service providers to be a violation of standards, it does not issue citations when it identifies that a department has not monitored its service providers.

## Recommendations

The Commission should:

- Ensure that the Field Service division verifies whether the departments actively monitor their service providers.
- Provide the departments with training on developing measurable, quantifiable contract terms and performance measures.

## Management's Response

*TJPC concurs with the SAO recommendations related to the monitoring of service provider contracts by local juvenile probation departments. In June 2002, the Commission modified the fiscal year 2003 State Financial Assistance Contract to include the requirement that departments complete a verifiable and documented monitoring of service provider contracts on at least two (2) occasions during the state fiscal year. Compliance with this contractual requirement will be monitored by the Field Services Division. The Commission will continue the training of departments in the development, administration and monitoring of private service provider contracts.*

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<sup>3</sup> Uniform Grant Management Standards (as adopted in November 2000), Governor's Office of Budgeting and Planning, January 2001.

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## ***Weaknesses In Its Administration of Contract Funds Hinder the Commission's Ability to Ensure that Juvenile Probation Funds Are Allocated and Used in Compliance with State Requirements***

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The Commission cannot ensure that juvenile probation funds are allocated and used in compliance with state requirements. The Commission is not in compliance with a state statute requiring it to use current estimates of the juvenile population in its funding formula for state aid and community corrections contracts with departments. The Commission's decision to not use current estimates of juvenile population in its funding formula prevents timely reallocation of resources based on changes in demographics.

In addition, we identified the following weaknesses in the Commission's administration of contract funds.

- As we identified in a 1998 audit, the Commission still needs to strengthen its reviews of the reasonableness of departments' budgets. Because the Commission's budget reasonableness reviews are inadequate, departments repeatedly return unexpended funds to the Commission.
- Independent audits of departments provide the Commission with assurance that contract funds were used appropriately. However, the Commission does not review these audit reports in a timely manner and also does not follow up on all exceptions noted in the reports. These weaknesses delay the Commission's identification of refunds that departments must make to the Commission and its determination of whether contract funds were used appropriately by the departments. We identified weaknesses in the Commission's review of independent audit reports in a 1998 audit.
- The Commission lacks written procedures for many of its fiscal operations. This leaves staff more likely to create informal procedures that may not be in the Commission's best interests.

### ***The Commission's Fund Allocation Methodologies Do Not Comply with State Statute and the General Appropriations Act***

#### **Texas Human Resources Code, Section 141.081**

"The commission shall annually allocate funds for financial assistance to juvenile boards to provide juvenile services according to current estimates of the number of juveniles in each county and other factors the commission determines are appropriate."

The Commission uses 1997 population data to allocate funds for its state aid and community corrections contracts with departments. However, Texas Human Resources Code, Section 141.081, requires the Commission to use current population data for that allocation (see text box). Funds allocated through this process represent approximately 61 percent of the Commission's total appropriations.

According to the Commission, when changes are made in population data used in the allocation process, some departments will receive additional funding and some departments will receive reduced funding. Because of this, beginning in fiscal year 1998, the members

of the Juvenile Probation Commission voted to make fiscal year 1998 and fiscal year 1999 funding for basic state aid and community corrections contracts identical to the fiscal year 1997 allocation. The members of the Juvenile Probation Commission continued this policy for fiscal year 2002.

**Rider 17, Page V-33, General Appropriations Act  
(76th Legislature)**

"Unexpended Balances - Hold Harmless Provision. Any unexpended balances as of August 31, 2000 in Strategy A.1.1., Basic Probation (estimated to be \$483,516) and in Strategy A.2.1., Community Corrections (estimated to be \$857,078) above are hereby reappropriated to the Juvenile Probation Commission in fiscal year 2001 for the purpose of providing Hold Harmless funding for juvenile probation departments whose allocation would otherwise be reduced as a result of reallocations related to population shifts."

**Rider 14, Page V-34, General Appropriations Act  
(77th Legislature)**

"Unexpended Balances - Hold Harmless Provision. Any unexpended balances as of August 31, 2002 in Strategy A.1.1, Basic Probation (estimated to be \$690,112), and in Strategy A.2.1, Community Corrections (estimated to be \$932,196), above are hereby appropriated to the Juvenile Probation Commission in fiscal year 2003 for the purpose of providing Hold Harmless funding for juvenile probation departments whose allocation would otherwise be reduced as a result of reallocations related to population shifts."

Because the Commission does not use current estimates of juvenile population for funding purposes, it also does not use unexpended balances as the General Appropriations Act requires. Instead, the Commission uses unexpended balances from the basic probation and community corrections strategies to provide additional funding for faster growing counties. In fiscal year 2000, the Commission used \$1,767,965<sup>4</sup> in unexpended balances to provide additional funding to 56 departments it identified as faster growing. This, however, contradicted requirements in the General Appropriations Act regarding the redistribution of unexpended balances.

Riders in the General Appropriations Act (76th and 77th Legislatures) required the Commission to redistribute unexpended balances from the basic probation and community corrections

strategies to departments whose funding allocation would have been reduced as a result of changes in the juvenile population (see text box). While the manner in which the Commission used unexpended balances may have addressed the intent of the rider, it did not comply with the specific requirements in the rider.

## **Recommendations**

The Commission should:

- Comply with the Texas Human Resources Code and use current estimates of the number of juveniles in each county in the process for allocating funds to departments.
- Comply with General Appropriations Act requirements regarding the allocation of any applicable unexpended balances.

<sup>4</sup> Fiscal year 2000 unexpended balances came from unexpended Level 5 placement funding and several post-adjudication facilities that began operating late in the fiscal year.

## Management's Response

*TJPC concurs with the SAO recommendations. The Commission agrees that a current population estimate should be used as the basis for funding allocations. The population figures currently being used for the fiscal year 2003 allocations are the most recent available based on the 2000 Census. The agency will continue to use the most current population projection available in our allocations of funding.*

*As the SAO report states, the Commission complied with the intent of Rider No. 17 regarding utilization of unexpended balance funds. Complying with the specific language of the rider would have required 112 departments to begin fiscal year 2001 with reduced funding and a promise from TJPC that more funding would be allocated later in the year if it became available. Many of the 112 departments that would have been affected by this action are small jurisdictions with fewer financial resources and would potentially be negatively affected most by this uncertainty.*

*In fiscal year 2003, TJPC intended to utilize a similar methodology for funding the upfront losses of the slower growing departments. However, at the SAO's recommendation, TJPC has requested an opinion from the Legislative Budget Board (LBB) and the Governor's Office of Budget and Planning regarding the appropriateness of the allocation for FY 2003 in regard to Rider No. 17 of the current General Appropriations Act. The TJPC Board will act based upon the guidance received from the legislative leadership.*

### Chapter 3.2

## The Commission Does Not Adequately Review the Reasonableness of Departments' Budgets

The Commission has not resolved weaknesses in its reviews of the reasonableness of departments' budgets. In *An Audit Report on Management Controls at the Juvenile Probation Commission* (SAO Report No. 99-014, November 1998) we noted that the Commission did not have formalized procedures for determining whether the budgeted amounts were reasonable. The Commission still lacks these procedures.

Because the Commission does not adequately review budget reasonableness, departments frequently have unexpended balances. During fiscal years 1999 through 2001, 48 departments had unexpended balances in each of those three years. Of those 48 departments, 13 returned increasingly larger amounts each year. Nine of these 13 departments returned 10 percent or more of their original contract amounts in fiscal year 2001. Table 2 details the amounts each of these 13 departments returned.

Table 2

Amounts 13 Departments Returned to the Commission						
Department (County)	Amount Turned Back in Fiscal Year 1999	Amount Turned Back in Fiscal Year 2000	Amount Turned Back in Fiscal Year 2001	Fiscal Year 2001 Budget	Percentage of Fiscal Year 2001 Budget Turned Back	Total Amount Turned Back in Fiscal Years 1999-2001
Collin	\$ 10,281	\$ 18,669	\$ 74,741	\$ 1,171,883	6%	\$ 103,691
Cameron	12,682	23,433	65,519	1,166,951	6%	101,634
Childress	13,985	30,936	50,506	165,519	31%	95,247
Tom Green	8,494	16,442	70,276	684,027	10%	95,211
Jim Wells	11,660	25,473	50,190	395,706	13%	87,323
Howard	15,773	16,330	47,567	219,738	22%	79,670
Haskell	9,493	17,232	22,054	69,214	32%	48,779
Erath	4,738	7,217	29,151	200,264	15%	41,105
Coryell	3,653	15,708	21,138	375,825	6%	40,499
Kaufman	1,236	11,734	19,807	418,393	5%	32,777
Chambers	42	9,634	18,307	104,582	18%	27,983
Crosby	1,138	4,801	10,342	57,308	18%	16,281
Yoakum	344	5,409	6,095	50,205	12%	11,848
<b>Total</b>	<b>\$ 93,519</b>	<b>\$ 203,018</b>	<b>\$ 485,693</b>	<b>\$ 5,079,615</b>		<b>\$ 782,050</b>

Source: Juvenile Probation Commission

Departments submit budgets based on amounts pre-determined by the Commission's funding formula. The Commission then uses a "budget reasonableness form" that is generic to three different categories (based on county size) to determine the reasonableness of the budget line items. However, the dollar ranges on this form are too broad to effectively assess the reasonableness of each department's budget request. For example, the budget reasonableness form for a large department provides a range of \$300,000 to \$5,000,000 for salaries (the largest single budget line item) and a range of 60 to 500 for the number of juvenile probation officers.

In addition, the Commission's budget review process only determines whether the budget line items are within pre-approved limits, not whether the overall budget amount is appropriate for each department's operational needs. The Commission's review process does not include a review of the departments' expenditures from prior years or unit costs for services. Because the Commission's funding formula is the sole determinant of how much is allocated to each department, the current budget reasonableness review does not add value to the fund allocation process.

### Overview of Local Juvenile Probation Department Funding Formula

- Basic State Aid Funding
  - First tier - Each department receives \$12 for each juvenile-aged child in the county.\* The Commission uses a floor of \$5,200 and a ceiling of \$58,000 for each department. The amounts from this allocation are totaled, and the amount to be allocated in the second tier is reduced by this amount.
  - Second tier - This is an allocation based solely on the percentage of each department's juvenile-aged population as compared to the state total.
- Community Corrections Funding
  - Three-quarters of the basic community corrections funding is allocated by a two-tiered formula.
  - First tier - Each department receives \$11 for each juvenile-aged child in the local juvenile probation department.\* A ceiling of \$75,000 for each department cannot be exceeded. The amounts from this allocation are totaled, and the amount to be allocated in the second tier is reduced by this amount.
  - Second tier - This is an allocation based solely on percentage of each department's juvenile-aged population as compared to the state total.\*
  - One-quarter of the basic community corrections funding is based on each department's share of felony referrals during fiscal year 1996.

\* Based on 1997 population estimates.

Source: Juvenile Probation Department

Texas Human Resources Code, Section 141.081, allows the Commission to use "other factors" in determining how to allocate funds to the departments. However, the Commission uses only the results of the funding formula (which is based on juvenile population estimates) to allocate funds for its two largest contract types: state aid and community corrections. These two contract types represent approximately 73 percent (approximately \$67 million) of all of the Commission's contracted funds and approximately 61 percent of the Commission's total appropriations.

### Recommendation

The Commission should strengthen the budget reasonableness review to include a review of prior years' expenditures and unit costs per service. Using the results of that review, the Commission should reassess whether the allocation amounts derived from the funding formula are reasonable for each department's needs and allocate funds accordingly.

### Management's Response

*TJPC concurs with the recommendations of the SAO. The Commission is in the process of implementing a system of reviewing prior years' expenditures to supplement the current budget review process. The Commission will review historical cost data, including the most recent data once it is available, which is approximately November of each current fiscal year. The changes in the FY 2003 contract will allow the agency to review a department's expenditure information for trends, discuss the matter with local officials, and reduce funding if appropriate.*

*Additionally, the Commission will update the current "budget reasonableness form" with additional queries that will assess the reasonableness of the "unit cost" of services purchased by the local department as requested by the SAO.*

### Chapter 3.3

## The Commission Continues to Fail to Promptly Review and Follow Up On the Independent Audit Reports that Departments Submit

The Commission has not resolved weaknesses in its reviews of the independent audit reports that departments submit. Reviewing these independent audits enables the Commission to determine whether funds allocated to departments through contracts were spent appropriately. In our 1998 audit report, we noted that the Commission

was not reviewing the independent audit reports promptly. The Commission still does not review independent audit reports promptly. In addition, the Commission does not adequately follow up on the internal control weaknesses that are identified in these independent audit reports.

**The Commission does not review independent audit reports promptly.**

Fiscal year 2000 independent audit reports from 170 departments were due to the Commission no later than March 1, 2001. The annual deadline is six months after the end of the state fiscal year and three months after the deadline for the departments to spend funds for that fiscal year. The Commission's goal is to review the top 20 percent of high-risk independent audit reports within three months of the March 1 deadline. However, the Commission's documentation indicates that:

- As of June 1, 2001 (three months after the March 1 submission deadline), the Commission had reviewed only 8 of the 34 independent audit reports considered to be in the top 20 percent of high-risk independent audit reports.
- As of December 18, 2001, the Commission had reviewed only 34 percent (57) of all fiscal year 2000 independent audit reports.

The Commission's review process for independent audit reports includes reviews by its chief accountant and its chief fiscal officer. The Commission also sends a letter to

a department after it reviews that department's independent audit report. This letter details the results of the audit review, including refunds due to the Commission.

Departments do not always comply with the March 1 deadline to submit their independent audit reports. The Commission received only 68 (40 percent) of the departments' independent audit reports by March 1, 2001. By March 31, 2001, the Commission had received 133 (78 percent) of the departments' independent audit reports. Table 3 provides additional detail regarding when the Commission received the independent audit reports.

The department in Willacy County did not submit independent audit

reports for fiscal years 1999 and 2000 until February 2002. However, the Commission continued to disburse funds to this department until January 2002. The Commission resumed disbursing funds in February 2002, when it received the delinquent independent audit reports.

Table 3

Departments' Compliance with March 1 Deadline for Submitting Independent Audit Reports			
Months During Which the Commission Received Independent Audit Reports	Number of Independent Audit Reports the Commission Received	Percentage of All Independent Audit Reports the Commission Received	Running Total of the Percentage of Independent Audit Reports the Commission Received
On or Before audit due date of March 1, 2001	68	40%	40%
March 2, 2001-March 31, 2001	65	38%	78%
April 2001	18	11%	89%
May 2001	4	2%	91%
June 2001	3	2%	93%
July 2001	8	5%	98%
September 2001	1	<1%	98%
October 2001	2	1%	99%
February 2002	1	<1%	100%

Source: Juvenile Probation Commission

The Commission did not apply any sanctions when departments did not submit fiscal year 2000 independent audit reports by the deadline. During our audit, Commission management created a new policy that allows counties to submit independent audit reports as late as June 15 without being penalized through the Commission's withholding of funds.

Four of the independent audit reports the Commission did not review promptly showed that these departments owed the Commission \$119,679 in refunds. Although the Commission had identified three of these departments as within the top 20 percent of high-risk independent audit reports, the Commission did not complete its review of these three independent audit reports until after June 1, 2001.

**The Commission does not adequately follow up on independent audit reports.**

The following examples illustrate weaknesses in the Commission's follow-up on departments' independent audit reports:

- Some departments mix state and local funds within the Statement of Revenues, Expenditures, and Changes in Fund Balance within the independent audit reports. The Commission's audit requirements do not make it clear that state and local funds should be separated in the schedule. However, when state and local funds are mixed in the audit schedule, it is impossible for the Commission to compare expenditures on the schedule with its own internal records to determine whether a department owes the Commission a refund. In this situation, the Commission assumes that the departments will submit the correct refund amount if a refund is due.
- Sixteen of the fiscal year 2000 independent audit reports the Commission received did not include the required Progressive Sanction Officer schedule. Departments report any unfilled progressive sanction officer positions in this required section. Departments are required to return to the Commission funds associated with these unfilled positions. However, the Commission's unwritten policy is to accept independent audit reports that lack this schedule or contain an incorrect schedule and then notify the department that a proper schedule is still due to the Commission. The Commission then waits until its entire independent audit report review process is complete before it follows up to ensure that the departments have submitted the required schedules. However, because the Commission had not completed the independent audit report review process for fiscal year 2000 independent audit reports, as of January 2002 it still did not know the status of the missing schedules and, therefore, the status of any refunds associated with potential unfilled positions.
- The Commission's chief accountant maintains a spreadsheet to track findings reported in the internal audit reports, as well as issues or comments that relate to the review of the independent audit reports. The spreadsheet is a tracking tool to follow up on audit findings and it feeds into the identification of the top 20 percent of high-risk independent audit reports. However, the spreadsheet does not accurately reflect all findings, nor does it reflect the disposition of findings. For example:

- Of the 170 independent audit reports the chief accountant reviewed prior to our audit, we found six independent audit reports with findings that were not included on the spreadsheet. The spreadsheet also lacked documentation for 4 of the 16 missing Progressive Sanction Officer schedules.
  - The Commission’s follow-up efforts (such as phone conversations) to inquire about the resolution of audit findings are not consistently documented on the spreadsheet, and the ultimate resolution of the finding is not documented. Therefore, it is not possible to use the spreadsheet to identify all pending issues and their follow-up status.
- The Commission did not follow up on:
  - Four independent audit reports that stated the department’s internal records did not agree with expenditure information the department reported to the Commission.
  - Three independent audit reports that stated “the results of audit procedures disclosed one instance of noncompliance, which is described in the accompanying schedule of Findings and Questioned Costs,” but which did not list any findings on the Schedule of Findings and Questioned Costs.
  - One independent audit report that referenced a letter the independent auditor sent to department management sighting incomplete documentation and the use of incorrect travel rates.

We followed up on each of the three examples listed above and found no significant problems related to the reported findings. However, by not following up on these matters, the Commission leaves itself vulnerable to situations in which findings reported by the independent auditors that adversely affect the Commission will go undetected.

## **Recommendations**

The Commission should:

- Implement a system through which the Commission completes its reviews of independent audit reports no later than three months after the deadline for submission of these reports. This will allow the Commission to (1) ensure the departments spend funds appropriately and (2) receive appropriate refunds in a more timely manner.
- Revise audit requirements to ensure that departments separate state and local funds in the Statement of Revenues, Expenditures, and Changes in Fund Balance. After the requirement is in place, the Commission should reject independent audit reports that combine state and local funds and that prevent it from determining if a refund is due.
- Reject independent audit reports that do not meet audit requirements, including independent audit reports that do not contain proper progressive sanction officer schedules. If a department does not submit an independent audit report that

meets all requirements on or before the Commission's established timeline, the Commission should withhold funds from the department until it submits a proper independent audit report.

- Implement a thorough follow-up process for audit findings in independent audit reports. This process should include maintenance of a tracking sheet that shows all audit findings and the status of follow-up on the findings, including the ultimate disposition of the findings.

### **Management's Response**

*The Commission concurs with the SAO findings and recommendations. The reviews of independent audit reports submitted on behalf of the local juvenile probation departments are not completed in a timely manner. This problem is due to a lack of staff available to assign to this project. However, it is also important to note that the subjects of the audits are all political subdivisions of the state and no funds were or are in danger of being lost due to the tardiness of the reviews. However, the Commission will ensure that sufficient staff is assigned to the audit function to meet the required audit review deadlines. The Commission will complete the reviews of FY 2001 audits as soon as possible. These audits were due March 1, 2002. Beginning with the FY 2002 audits (due March 1, 2003), the Commission will implement a three-month deadline for the completion of those reviews.*

*TJPC has also instituted new stricter policies and procedures in the fiscal year 2003 contract to encourage departments to submit audits in a timely manner. Previously, a department's audit could be 90 days late before the department faced a suspension of state funding. The new policy allows only a 60 day window before financial sanctions are implemented.*

*In the FY 2003 contracts and the FY 2002 audit instructions the Commission has revised the requirements to ensure that departments separate state and local funds in the statement of revenues, expenditures and changes in fund balance. FY 2002 and later audits will be rejected if they combine state and local funds.*

*Beginning with FY 2002 audits, the Commission will reject reports that do not meet audit requirements including those that do not contain proper progressive sanction officer schedules. Additionally, if an audit report is not submitted that meets all the requirements before the established deadline, the department's funds will be held until a completed report is received by the Commission.*

*The Commission is in the process of designing a new database system to track the status of the audit process. This new management tool will track the status of all audits and audit findings, the status of the follow-up of findings, actions taken on the audit, and the ultimate disposition of the findings. This system will be completed by August 31, 2002. Agency Executive Management will receive regular and timely reports on the status of the audit review process to ensure proper adherence to required timeframes.*

Chapter 3.4

## The Commission's Written Procedures Are Inadequate to Ensure That Staff Carry Out Fiscal Operations Properly

The Commission lacks adequate written policies and procedures to guide the various functions within its fiscal division, including the funding allocation process, budget reasonable reviews, and independent audit report reviews discussed in Chapters 3.1 through 3.3.

The Commission's current procedures manual does not adequately reflect the redistribution of certain duties that occurred within the fiscal division following the addition of contract and budget staff to this division. In addition, the procedures that are documented for certain functions are too vague to give adequate guidance to staff, and they do not provide timelines and corrective action to take when the Commission determines that departments have not complied with the Commission's procedures and rules. For example, the Commission's independent audit report review procedures do not include detailed steps and timelines for action on independent audit reports that do not meet certain criteria, nor do they provide adequate guidance on how to properly follow up on findings identified in independent audit reports.

Without comprehensive written procedures, Commission staff lack adequate guidance on how to properly perform their duties. This leaves staff more likely to create informal procedures that may not be in the Commission's best interests.

### Recommendation

The Commission should develop comprehensive written policies and procedures for each area of its fiscal division, as well as for any other division within the Commission that has weaknesses similar to those of the fiscal division. The policies and procedures should provide an overall understanding of the purpose of each area's function, as well as detailed descriptions of critical steps necessary to properly carry out each function. The written procedures should also include action plans for situations that may arise when departments do not comply with the Commission's procedures and rules.

### Management's Response

*TJPC concurs with the findings and recommendations of the SAO. The Commission is in the process of writing comprehensive policies and procedures for each area of the Fiscal Division as recommended by the SAO. These should be completed by November 30, 2002.*

## ***Coordination Gaps Within the Commission Hinder Identification and Correction of Standards Violations***

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There is a lack of formal communication and coordination among the Commission's Field Service division, its Abuse and Neglect Investigations unit, and its Training and Certification division. Each of these groups identifies information relevant to the Commission's oversight responsibilities, but these groups do not always forward information regarding problems they identify to other relevant groups.

The lack of internal communication and coordination among these related functions impedes the effectiveness of the Commission's overall monitoring efforts. The standards that the Commission promulgates and monitors are designed to ensure the health and safety of the juveniles under the supervision of the departments. Failure to follow standards such as screening applicants for sex offender history and properly training officers in areas such as restraint training could result in incidents of sexual abuse or safety risks for juveniles. The following examples illustrate a need for better communication and coordination within the Commission:

- Field Service division monitors frequently identify deficiencies in certification requirements for individuals the Commission certifies. These deficiencies often include a lack of required minimum training and a lack of criminal history and sex offender background checks. However, the Field Service division monitors do not forward information on these deficiencies to the Training and Certification division, which is responsible for issuing certifications. Although the Commission maintains that its current administrative rules do not allow it to unilaterally revoke an officer's certification, under the proposed revisions to the its administrative rules the Commission will be able to revoke the certification of officers that do not meet or maintain minimum qualifications. (See Chapter 5 for additional information regarding weaknesses in the Commission's certification process).
- Abuse and neglect investigators identify noncompliance with juvenile probation standards during the course of their investigations. However, they do not always forward this information to the Field Service division for corrective action and follow-up.
- Investigators in the Abuse and Neglect Investigations unit do not forward the names of certified officers who have been designated as a perpetrator in their investigations to the Training and Certification division. As noted in Chapter 1.2, this procedural gap could result in a lack of action under the Commission's proposed revisions to its administrative rules should a department decide to not sanction a designated abuse and neglect perpetrator.

The above examples indicate the need for a more integrated, coordinated approach to the Commission's oversight responsibilities.

## **Recommendation**

The Commission should establish formal procedures to ensure that all units and divisions regularly share information essential to departments' compliance with the State's juvenile probation standards.

## **Management's Response**

*The Commission concurs with this recommendation. TJPC is currently developing a formalized intragency communication system to systematically document and notify all affected units when a noncompliance is identified. Specific policy and procedures are being developed to ensure a coordinated, agency response to these non-compliances, including comprehensive follow-up and tracking processes.*

## ***The Commission Does Not Adequately Ensure That Juvenile Corrections Officers and Detention Officers Meet Minimum Qualifications for State Certification***

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The Commission currently accepts departmental attestation in lieu of documentation when validating a candidate's qualifications for detention officer or corrections officer certification. While allowing departments to certify staff without providing documentation streamlines the certification process, the Commission needs to provide a more reasonable assurance that minimum qualifications are met and maintained. The Commission is in the process of phasing in an online certification system called Automated Certification Information System (ACIS). ACIS will improve the Commission's customer service to departments by eliminating paperwork and reducing the time it takes for individuals to receive their certification. All departments will be required to use ACIS by September 2002. The Commission's current manual and automated certification processes, however, lack controls that provide reasonable assurance that individuals certified by the Commission meet minimum standards.

The Commission allows the departments to verify that detention and correction officers meet minimum standards. Certification standards require criminal background and sex offender database checks, high school education or equivalent, and certain types of training such as CPR and restraint training. However, the Commission does not require the departments to submit evidence documenting compliance with these standards.

To verify whether certified officers meet certification requirements, the Commission's Training and Certification division relies on the reviews of personnel rosters that the Commission's monitors perform during their monitoring visits. This is the only mechanism for verifying certification requirements. Monitors pull a small, non-random sample of personnel files to review when they conduct each monitoring visit. However, monitors do not formally communicate to the Training and Certification division violations of standards that affect an individual's certification status.

A sample of 235 personnel files at all departments monitored by the Commission in fiscal year 2001 indicates that:

- 75 of the 235 (32 percent) officers certified by the Commission lacked documentation that mandatory sex offender background checks were performed<sup>5</sup>
- 9 of the 235 (4 percent) officers certified by the Commission lacked minimum education requirements
- 7 of the 235 (3 percent) officers certified by the Commission lacked required training

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<sup>5</sup> Sex offender registration database checks and criminal history checks are required only for employees hired after April 4, 1999.

Although the Commission issued citations for the above standards violations, monitors did not forward these instances of failure to meet certification standards to the Training and Certification division. When officers who supervise juveniles lack the required background checks, education, and training, a potential risk is imposed on the well-being of juveniles in secure facilities.

## Recommendations

The Commission should institute procedures to provide greater assurance that information submitted by the departments for certification purposes is accurate. Instead of requiring departments to provide documentation of compliance with certification standards, the Commission should:

- Require the Field Service division monitors to select a random, statistically representative sample of personnel files to test compliance with certification standards.
- Institute procedures to administratively suspend or revoke the certification of officers who fail to meet minimum certification standards required by the State.
- Consider imposing other administrative requirements if a department repeatedly submits for certification officers who lack minimum qualifications. For example, the Commission could require departments with poor certification compliance records to submit supporting documentation when they apply for certification or re-certification of staff.

## Management's Response

*The Commission concurs with the findings and recommendations of the SAO that more stringent policies, procedures, and monitoring processes are needed to ensure the proper certification of juvenile justice personnel. The Commission's Field Services Division will work with the agency's Research and Statistics Division, and the Training and Certification Division in order to develop and implement a system of identifying a statistically significant random sampling of certified officers for review.*

*Comprehensive policies are being written and procedures are being instituted to suspend the certification of officers who fail to meet minimum certification standards required by the state in accordance with the Administrative Procedure Act (APA). These policies should be in place September 1, 2002.*

*TJPC is developing necessary administrative requirements to be instituted if a department repeatedly submits erroneous or fraudulent certification applications or certification applications for officers who lack minimum qualifications. Such requirements may include:*

- 1) *Submission of certification information for verification;*
- 2) *Performance of additional or more comprehensive desk or field audits;*

- 3) *Providing technical assistance and training to the county;*
- 4) *Letters of documentation of the non-compliances to department management and the juvenile board; and*
- 5) *Referral to other agencies for action if deemed appropriate (i.e., local prosecutors, attorney general, etc.).*

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## **The Commission Has Identified High Error Rates in the Data that Departments Submit and that the Commission Uses to Report More Than Half of Its Performance Measures**

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The Commission uses the data departments submit to calculate 7 of its 12 key performance measures, including two of its three outcome measures. However, the Commission's testing of the data departments submit identified error rates of up to 32 percent. Because this data is used to calculate seven key performance measures, the accuracy of these performance measures and their use in decision-making is questionable.

The Commission lacks a comprehensive strategy for testing the accuracy of the data that departments are required to submit. The Commission's sample sizes are too small to assess the extent of data inaccuracy at the department level. Although its testing identified significant error rates in data submitted by departments, the Commission has not established clear objectives for its testing, including acceptable error rates and an effective process to correct systemic problems leading to data errors identified by field monitors.

### **Departments Provide Essential Information to the Commission**

Examples of the types of information that departments provide to the Commission include:

- Average cost of providing juvenile probation services
- Success rates of juvenile probation services
- Juvenile probation population statistics

Source: Juvenile Probation Commission

## **High Error Rates in the Data Submitted by Departments Make the Commission's Performance Measures Unreliable**

The Commission uses the data that departments submit to calculate seven of its key performance measures. Because the results of the Commission's data testing show how high error rates, performance measure information the Commission reports is of questionable reliability for decision-making.<sup>6</sup> Based on the Commission's testing, ten of eleven data fields in CASEWORKER<sup>7</sup> that are used to calculate key performance measures have error rates exceeding 10 percent; the highest error rate is 32 percent. In our review of the Commission's testing of case files at 45 departments, 35 departments (78 percent) had at least three errors across the eleven data fields involved in calculating performance measures. In addition, 8 of the 45

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<sup>6</sup> Based on our review of the Commission's testing results, we were not able to measure the exact error rate for each performance measure. Therefore, we were not able to quantify the degree to which the Commission's performance measures are inaccurate.

<sup>7</sup> CASEWORKER is an automated juvenile tracking and case management system provided by the Commission to all juvenile probation departments. A portion of the information in CASEWORKER is forwarded to the Commission each month to provide accurate information regarding the magnitude and nature of juvenile activity and the juvenile probation system's ability to respond.

departments (18 percent) had at least three data fields with three or more errors in each field.

Table 4 shows that the results of the Commission's testing indicate that there are high error rates associated with the data the Commission uses to calculate 7 of its 12 key performance measures (including two of its three outcome measures). Table 4 also notes that the Commission performs no testing of the Program Type data the departments submit. Therefore, the Commission has no assurance about the accuracy of one key performance measure that is calculated using this data field.

Table 4

The Commission Calculates Seven Key Performance Measures Using Data That Contains Errors		
Key Performance Measure	Data Field Reported by Departments and Used to Calculate Key Performance Measure	Data Field Error Rate Detected in Commission On-Site Monitoring Visits
Average Daily Population for Court-Ordered Probation	Supervision Begin Date	12.45%
	Supervision End Date	26.11%
	Supervision Type	2.78%
Average Daily Population for Intensive Supervision	Program Begin Date	16.06%
	Program End Date	31.91%
	Program Type	Data not tested by the Commission
Average Daily Population for Diversionary Placement	Placement Begin Date	14.81%
	Placement End Date	25.47%
	Funding Source	22.87%
Average State Cost per Juvenile Referred	Referral Date	18.01%
Average Cost per Day for Diversionary Placement	Placement Begin Date	14.81%
	Placement End Date	25.47%
	Cost per Day	26.46%
	Funding Source	22.87%
Rate of Successful Completion of Court-Ordered Probation	Supervision Type	2.78%
	Supervision Begin Date	12.45%
	Supervision End Date	26.11%
	Supervision Outcome	23.53%
Rate of Successful Completion of Deferred Prosecution	Supervision Type	2.78%
	Supervision Begin Date	12.45%
	Supervision End Date	26.11%
	Supervision Outcome	23.53%

Source: Juvenile Probation Commission

In addition to relying on data of questionable reliability to calculate seven key performance measures, the Commission is relying on inadequate data to calculate one other key performance measure. To calculate the Average Cost per Day for Intensive Supervision Programs performance measure, the Commission uses information it gathered during a fiscal year 2000 activity-based costing pilot project. However, this pilot project covered only three departments—one small, one medium, and one large. Therefore, the limited scope of the pilot project makes it difficult to make any assertions about the statewide average costs for intensive supervision. Additionally, after completing the pilot project, the Commission has continued to use the fiscal year 2000 data from this project to calculate the Average Cost per Day for Intensive Supervision Programs performance measure.

The Commission asserts that it cannot currently calculate average daily costs for intensive supervision without using an activity-based costing methodology. Therefore, it is unable to provide accurate information for this performance measure. This, in turn, reduces the usefulness of the information the Legislature has when it determines Commission appropriations.

The Texas Administrative Code, Title 37, Chapter 341, requires departments to submit accurate and timely data to the Commission. In addition, it is the Commission's responsibility to ensure that it reports accurate performance measure information. To ensure the accuracy of its performance measure information, it is crucial the Commission ensure that all problems identified by the monitors (including systemic problems) that lead to errors are corrected so that the data is reliable.

#### Chapter 6.2

### **The Commission Has Not Clearly Defined Its Objectives for Testing the Accuracy of the Data Departments Are Required to Submit**

#### **How Departments Submit Data to the Commission**

- The Commission receives data from departments in monthly extracts from the departments' case management systems.
- For their internal case management systems, departments use either CASEWORKER (a system the Commission provides free of charge) or their own case management systems.
- Regardless of the type of case management system they use, the departments are required to provide data to the Commission in the format required by the Commission's electronic data interchange specifications.
- After it receives data from the departments, the Commission stores this data on its CASEWORKER system standard query language (SQL) server.

Source: Juvenile Probation Commission

In a prior State Auditor's Office report (*An Audit Report on Management Controls at the Juvenile Probation Commission*, SAO Report No. 99-014, November 1998), we noted that the Commission neither verified the accuracy of data that departments submit nor reconciled this data with other data sources. The Commission has partially addressed that issue by testing the accuracy of a sample of data during its on-site monitoring visits. While testing has revealed significant problems with data accuracy, the Commission's sample sizes are too small to assess the extent of the problem for the entire population of data at the department level. In addition, the Commission's efforts to correct inaccurate data identified by field monitors are too limited to effectively address systemic errors.

The Commission tests the accuracy of the data departments submit to it in two ways:

- The Commission's Research and Statistics division reviews the integrity of data using electronic edit checks.<sup>8</sup>
- Monitors from the Commission's Field Services division conduct on-site monitoring visits at departments and test the accuracy of select data that departments submit to the Commission.<sup>9</sup>

The Commission's fiscal year 2001 on-site monitoring visits at departments identified significant error rates in data the departments submitted to the Commission. For example:

- Monitors tested a sample of 10 to 15 case files at each of the 45 departments they visited. All but two departments (95 percent) had at least one case file error, and 31 of the 45 departments (69 percent) had at least three case files with errors. Fourteen of those 45 departments (31 percent) had at least three errors in three or more of the case files sampled.
- Field monitors reviewed a total of 472 case files at the 45 departments. Fifty percent (239) of the case files had errors, and 21 percent (100) of the cases had three or more instances in which file documentation did not match the data the departments had submitted to the Commission. In two of the 100 case files, 22 of the 23 fields tested did not match information in the Commission's CASEWORKER system.

The Commission has not developed a comprehensive strategy for its data integrity testing that would help solve the systemic problems that lead to data errors. For example:

- The Commission has not specified whether the objective of the testing is to assess the error rate at a statewide level or at the department level. The current approach appears to be focused on the department level. However, the sample size that monitors select when they test the data is too small and is not statistically valid to assess all data at a department.
- The Commission has not established an acceptable error rate for its testing. For example, an acceptable error rate for the State Auditor's Office certification of performance measures is plus or minus five percent. At best, if the field monitors

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<sup>8</sup> When the Commission receives data extracts from departments, it stores this data in its CASEWORKER system. CASEWORKER contains edit checks to assess certain aspects of data integrity. If data include errors that are predefined by the Commission (such as an invalid referral number or an end date that occurs before a begin date), the data is rejected and returned to the local juvenile probation department for correction. The Commission applies these same edits checks to its entire CASEWORKER database once each quarter. The Commission notifies departments about errors in their data and asks them to correct the specific errors prior to the next reporting period.

<sup>9</sup> Monitors compare this data with information in hard copy case files at the departments. Staff in the Commission's Research and Statistics division review the results of this testing and follow up with departments to ensure that the specific errors the monitors found are corrected.

find no errors, ten files would provide 90 percent confidence that up to 20 percent of all case files in a county might still contain errors. Fifteen case files would provide 90 percent confidence that up to 15 percent of all case files in a county might still contain errors.

- The Commission has not established an effective process to correct data errors identified by the field monitors. Although the Research and Planning division has various procedures in place to look at systemic problems in CASEWORKER data, it does not have these procedures in place for the errors identified by field monitors. For the errors identified by the field monitors, the Research and Statistics division focuses on the specific errors found in the small samples, rather than the systemic problems that consistently cause the errors.

It is also important to note that the Commission does not consider a situation in which documentation is missing from a case file to be an error. This practice could distort the Commission's calculation of the true error rate.<sup>10</sup>

## Recommendations

The Commission should:

- Establish a comprehensive strategy for testing the integrity of data that departments submit. This strategy should include a clear objective that specifies whether the Commission's goal is to gather information on a statewide level, or whether the goal is to gather information on a departmental level. Once the objective is determined, the Commission should establish its acceptable level of accuracy. Both elements should be incorporated into the Commission's sampling methodology in order to select a statistically significant sample size that will allow the Commission to project the results of its testing to the entire population of data.
- Include the Program Type data field in data testing at the departments.
- Focus efforts on identifying the systemic problems that lead to the data errors identified during field monitor on-site testing, and dedicate resources to solving those problems to prevent future errors.
- Determine a way to provide accurate information for the "Average Cost per Day for Intensive Supervision Programs" performance measure.
- Regularly report the results of data integrity testing during Board meetings. Also consider posting the results of this testing on the Commission's Web site in an effort to hold the departments more accountable for data integrity.

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<sup>10</sup> For purposes of this report, all of the error rates discussed include the errors the Commission identified and instances in which documentation was missing from a case file.

## Management's Response

*TJPC concurs with the recommendations of the SAO and will take corrective action as detailed below:*

*The SAO noted that TJPC does not audit the “program type” field. TJPC has been auditing the “program type” only for those juveniles who receive Intensive Supervision Probation. TJPC is changing the audit procedure to include all the possible answers in the “program type” field. This change will occur in fiscal year 2003.*

*The SAO noted that the current measurement of “Intensive Supervision Probation Cost Per Day” was old and limited to three counties. TJPC’s fiscal unit is now researching the possibility of designing an electronic system that will gather this information from every department in the State.*

*TJPC is currently revising its data auditing policy and procedures. These changes, operative in fiscal year 2003, will work toward lowering the error rates currently being reported.*

*TJPC is revising its data auditing policy and procedures to address the issues raised by the SAO. These new procedures will be implemented in fiscal year 2003. The goal of the revised audit procedures will be to gather information on a department level. TJPC is responsible for receiving accurate data from each of the 168 departments in Texas. However, a statement concerning department level data accuracy has never been documented in TJPC policy. This statement will appear in the new policy and procedures.*

*The new auditing policy and procedures move the data auditing function from the Field Services Division to the Research and Statistics Division. Two staff will be designated as data monitors. Their major responsibilities will involve checking the accuracy of the data TJPC receives from the field. TJPC will base the new auditing routine upon a statistically significant sample of cases from each department.*

*These new procedures will not only generate statistically significant error rates but will also allow for more opportunities for correction of data errors. TJPC will be auditing a significantly larger number of cases per county. TJPC’s follow-up on errors found will document the correction of those errors. The new routine will also have analytical procedures that will identify systemic data issues in each county. These systemic problems will be documented and addressed in TJPC’s follow-up of the audits.*

*The new data monitors will also use their field time to reinforce another type of data monitoring that is currently being done by the Research and Statistics Division. In addition to the two currently performed tests of accuracy, there is a third major procedure that TJPC follows. This procedure is a comprehensive examination of each county’s data, separate from the initial electronic checks done by the Management Information Systems Division. The Research and Statistics Division has SPSS analytical procedures that check each county’s data on 54 potential problems. These are logical checks to ensure that the information given in one data set does not contradict information given in another data set. This comprehensive analysis examines each case of data we receive from all the departments in Texas.*

*The results of these audits are sent to the departments asking for correction of these problems. With the addition of field data monitors to the Research and Statistics Division, TJPC will be able to work more closely with the departments in correcting the systemic errors identified by this procedure.*

*The Director of Research and Statistics will provide the Commission's Executive Director written information relating to the results of data auditing for regular distribution to the TJPC board. TJPC will also research effective ways of posting the results of data auditing on the TJPC website.*

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## ***The Commission's Management Information Systems Division Lacks Adequate Documentation for Systems and Procedures and Assigns Its Programmers Excessive Access to Data***

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The Commission's Management Information Systems division has not adequately documented its system documentation and procedures. For example:

- The Commission is currently using version four of its CASEWORKER system, which was implemented in 1996. However, the Management Information Systems division has no records regarding the upgrade to that version. In addition, the division lacks documentation describing procedures for system upgrades.
- The Management Information Systems division lacks adequate written procedures to guide staff in performing certain operations. For example, programmers have promoted some portions of programs to production status. Even though the programs received proper supervisory review, programmers have the ability to control the process from beginning to end. A proper control would be to have someone else promote it to ensure the review does actually happen and to ensure that programmers are not making unauthorized changes to the programs.
- The procedures the Management Information Systems division uses to develop systems appear to be adequate. However, these procedures are not documented.

The lack of adequate systems documentation for the CASEWORKER system could make it more difficult to support and modify this system. This also makes it more difficult to fix any system problems that may arise. The absence of documented procedures creates the risk that staff could implement informal procedures that are not in the Commission's best interests. Not having documented procedures also makes it difficult to hold staff accountable for the work they perform and makes it more difficult to ensure operational continuity when there is staff turnover.

The Commission is planning to shift its CASEWORKER system from a COBOL mainframe environment to a client-server environment. The lack of written procedures and system documentation can create potential rework and limit the ability to ensure proper system development. Problems with CASEWORKER could affect both the Commission and departments that use CASEWORKER. For example, if CASEWORKER were to go offline the Commission's ability to monitor departments would be impeded. Also, programming errors in CASEWORKER could cause departments to enter erroneous data in this system.

In addition to addressing weaknesses in documentation, the Management Information Systems division needs to tighten its programmers' access to production data. Programmers have full access to view, create, change, and delete production data. Programmers' access to data typically should be limited only to test data so they can perform and test programming changes without altering production data.

## Recommendations

The Commission should:

- Develop written procedures to formalize system development processes. At a minimum, written procedures should include:
  - Detailed system development procedures requiring sign-off from the responsible parties throughout the course of the development project.
  - The development of a master plan prior to the start of a project to identify system interdependencies.
- Retain system design documentation (in addition to program source code) to assist programmers in gaining an understanding of the Commission's automated systems. The Commission should develop written guidelines identifying the types of documentation programmers should retain, and these guidelines should be included into the Management Information Systems division's policies and procedures manual.
- Prevent programmers from moving programs from the test environment to production. To reduce the risk that programmers could introduce flawed programs into the production environment, an independent staff member in the Management Information Systems division should be responsible for moving all programs to the production environment. This requirement should be added to the existing policy for application development standards.
- Restrict programmers' access to production data.
- Involve the Commission's internal auditor in the system design process. The internal auditor should participate in reviewing major system development projects and general system controls.

## Management's Response

*TJPC concurs with the recommendations of the SAO and has begun implementing the suggested changes to improve and formalize policy and procedures in the Management Information Systems Division (MIS) of the agency. The MIS Division will modify its application development procedures to include the creation of the following documents during the life cycle of an application project:*

- *Project Scope and Functional Requirements Form – documenting project overview, detailed functional requirements, systems and databases involved, validation rules, staff involved, and user sign-off.*
- *Database Diagram – visual diagram of the database structure, data fields, and data interdependencies.*
- *Data Dictionary – spreadsheet view of all data fields documenting field name, description, format, validation rules, and dependencies.*

- *System Flow Diagram – visual diagram showing the logical flow of information between application modules.*

*The MIS Division will install a separate development database server to be used by all programming staff during application development and on-going system maintenance projects. Update access to the production database server will be restricted to the MIS Director and Database Administrator. The MIS Director and Database Administrator will be responsible for moving all applications onto the production server. Existing application development procedures will be modified and documented to reflect this change.*

*TJPC will seek the review and input of its internal auditors on major system development projects and general systems controls in the MIS Division as a part of the annual audit plan.*

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# *Appendices*

## *Appendix 1*

### ***Objectives, Scope, and Methodology***

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#### *Appendix 1.1*

#### **Objectives**

The objectives of the audit were to determine whether the Juvenile Probation Commission (Commission):

- Meets statutory requirements applicable to its monitoring functions.
- Adequately verifies data that it uses to report information to the Legislature.
- Adequately administers contract funds.

#### *Appendix 1.2*

#### **Scope**

The scope of this audit included consideration of the Commission's controls over its program and fiscal monitor reviews, contract funds administration, and adequacy of key information systems. This included reviewing and testing (1) program monitoring functions during fiscal years 1999 through 2001, (2) data integrity efforts for fiscal year 2001, (3) fiscal reviews for fiscal year 2000, and (4) the Commission's allocation and review processes for providing funds to local juvenile probation departments (departments).

#### *Appendix 1.3*

#### **Methodology**

Our audit methodology consisted of collecting information, performing selected audit tests and other procedures, and analyzing and evaluating the results against established criteria.

Information collected to accomplish our objectives included the following:

- Interviews with Commission and division management staff
- Documentary and analytical evidence such as:
  - Policies and procedures for the Field Services, Fiscal, and Management Information Systems divisions
  - Applicable statutes and guidelines
  - Field services monitoring files for fiscal years 1999 through 2001
  - Fiscal year 2000 independent audit reports submitted by local departments

- Contracted funds information from the State Aid Management System

Procedures, tests, and analysis performed included the following:

- Review of fiscal years 1999 through 2001 monitoring files
- Review of fiscal year 2001 abuse and neglect monitoring files
- Review of 170 fiscal year 2000 independent audits from departments
- Review of State Aid and Community Corrections contract provisions
- Review of fiscal years 1998 through 2002 allocation of State Aid and Community Corrections contract funds
- Review of unspent fiscal year 2000 State Aid and Community Corrections funds

Criteria included the following:

- Statutory requirements
- General Appropriations Act requirements
- Texas Administrative Code standards set by the Commission
- Policies and procedures from the Field Services, Fiscal, and Management Information Systems divisions

#### Appendix 1.4

### **Other Information**

Fieldwork was conducted from November 2001 through March 2002. This audit was conducted according to applicable professional standards, including generally accepted government auditing standards. There were no significant instances of noncompliance with these standards.

The following members of the State Auditor's Office staff performed the audit work:

- John Young, MPAff (Project Manager)
- Tracy Waite (Assistant Project Manager)
- Natasha Kelly
- Robert Kiker
- Tressie Landry
- Lee Laubauch, CIA
- Richard Maxwell
- Worth Ferguson, CPA (Quality Control Reviewer)
- Julie Ivie, CIA (Audit Manager)
- Frank Vito, CPA (Audit Director)

## Appendix 2

***Comparison of Current Findings to Prior SAO Findings***

Comparison of Current Findings to Prior SAO Findings		
Prior SAO Audit Findings	Current SAO Audit Findings	
<b>SAO Report No. 97-002 Contract Administration at Selected State Agencies - Phase Four</b>	<b>SAO Report No. 99-014 An Audit Report on Management Controls at the Juvenile Probation Commission</b>	<b>SAO Report No. 02-060 An Audit Report of the Juvenile Probation Commission</b>
	<p>Finding: (Section 1-B)</p> <p>The Commission lacks measured responses to address noncompliance with standards and reporting requirements.</p> <p>Recommendation:</p> <p>The Commission should ensure that there are significant but appropriate consequences for not complying with its standards. The Commission should implement measured responses such as making a local department's eligibility to receive any new funding contingent on its compliance with the Commission's standards and requirements. Other measured responses should also be implemented so that there are feasible penalties and incentives for compliance with the Commission's standards.</p>	<p>Finding: (Chapter 1.1)</p> <p>The Commission's reluctance to impose sanctions allows repeat violations of standards.</p> <p>Recommendation:</p> <p>Establish objective criteria for when to impose sanctions for violations of state juvenile probation standards. At a minimum, a department's compliance history should be one factor the Commission considers when establishing criteria for imposing sanctions for health and safety violations.</p>
	<p>Finding: (Section 1-C)</p> <p>The Commission does not use a risk assessment methodology as required by statute.</p> <p>Recommendation:</p> <p>The Commission should complete and implement its risk-based approach to determine which local departments need to be visited each year and to determine which standards and program elements to review during visits.</p>	<p>Finding: (Chapter 2.4)</p> <p>The Commission's risk assessment for selecting departments for on-site monitoring no longer considers key operational factors such as compliance history.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Reevaluate the risk assessment methodology and incorporate operational risk factors such as compliance history.</li> <li>• Use a risk assessment process to determine which departments and which areas within each department represent the highest risk.</li> </ul>
<p>Finding: (Section 6-A)</p> <p>The Commission does not contractually require local juvenile probation departments and judicial districts to establish documented contractual agreements with subcontractors.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• The Commission should contractually require local juvenile probation departments and judicial districts to (1) establish documented contracts with all subcontractors which include the same restrictions on the use of state funds that are currently included in the Commission contracts with the juvenile probation departments and judicial districts, (2) conduct regular financial monitoring of subcontractors to ensure compliance with the provisions of the contract, and (3) impose sanctions upon subcontractors that do not comply with provisions of their contracts.</li> <li>• Add steps to its regular monitoring of juvenile probation departments and judicial districts to ensure that these entities comply with the requirements regarding subcontractors described in the preceding recommendation.</li> </ul>	<p>Finding: (Section 1-A)</p> <p>The Commission implemented a prior audit recommendation to require local departments to monitor their subcontractors by adding language to the contract requiring them to do so. However, the Commission does not confirm that monitoring occurs.</p> <p>Recommendation:</p> <p>The Commission should address the problems identified in prior reports. Specifically, the Commission still needs to ensure that local juvenile probation departments monitor subcontractors to ensure that they are adhering to the terms of their contracts.</p>	<p>Finding: (Chapter 2.5)</p> <p>The Commission does not verify whether the departments monitor their service providers.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Strengthen the terms of the Commission's contracts with the departments by specifying how frequently the departments should monitor their service providers.</li> <li>• Provide the departments with training on developing measurable, quantifiable contract terms and performance measures.</li> </ul>

Comparison of Current Findings to Prior SAO Findings		
Prior SAO Audit Findings		Current SAO Audit Findings
<b>SAO Report No. 97-002 Contract Administration at Selected State Agencies - Phase Four</b>	<b>SAO Report No. 99-014 An Audit Report on Management Controls at the Juvenile Probation Commission</b>	<b>SAO Report No. 02-060 An Audit Report of the Juvenile Probation Commission</b>
	<p>Finding: (Section 1-D)</p> <p>The Commission does not have formalized procedures for determining whether the budgeted amounts are reasonable.</p> <p>Recommendation:</p> <p>The Commission should develop a formalized system to assess the reasonableness of budget categories. This may include tracking actual expenditures by county for comparison with budget requests.</p>	<p>Finding: (Chapter 3.2)</p> <p>The Commission does not adequately review the reasonableness of departments' budgets.</p> <p>Recommendation:</p> <p>Strengthen the budget reasonableness review to include a review of prior years' expenditures and unit costs per service. Using the results of that review, reassess whether the allocation amounts derived from the funding formula are reasonable for each department's needs and allocate funds accordingly.</p>
	<p>Finding: (Section 1-D)</p> <ul style="list-style-type: none"> <li>• Independent audits are not reviewed promptly.</li> <li>• The Commission does not use the results of audits on departmental internal controls to adjust departmental risk.</li> </ul> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• The Commission should develop a formalized system for prioritizing the financial audit reviews. The Commission should review the audits of local departments that owed refunds or had internal control weaknesses the year before in time for the current information to be considered in the next year's risk assessment.</li> <li>• The Commission should implement a process to ensure that findings from the independent audits are used in the risk assessment process and tracked so that the Commission is notified when they are resolved.</li> </ul>	<p>Finding: (Chapter 3.3)</p> <p>The Commission continues to fail to promptly review and follow up on the independent audit reports that departments submit.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Implement a system through which the Commission completes its reviews of independent audit reports no later than three months after the deadline for submission of these reports. This will allow the Commission to (1) ensure the departments spend funds appropriately and (2) receive appropriate refunds in a more timely manner.</li> <li>• Implement a thorough follow-up process for audit findings in independent audit reports. This process should include maintenance of a tracking sheet that shows all audit findings and the status of follow-up on the findings, including the ultimate disposition of the findings.</li> </ul>

## Summary of Management's Responses



### TEXAS JUVENILE PROBATION COMMISSION

P.O. Box 13547, Austin, Texas 78711  
Telephone (512) 424-6700, TDD (512) 483-4000, FAX (512) 424-6717

EXECUTIVE DIRECTOR  
Vicki Spriggs

June 28, 2002

The Honorable Lawrence Alwin, CPA  
State Auditor's Office  
P.O. Box 12067  
Austin, Texas 78711

***RE: State Auditor's Report on the Texas Juvenile Probation Commission***

Dear Mr. Alwin,

Thank you for allowing our agency to respond to your most recent audit of the Texas Juvenile Probation Commission. Our overall agency response is included below and our detailed responses to each audit item are attached.

The Texas Juvenile Probation Commission (TJPC) gratefully acknowledges the many improvements to agency processes suggested by the State Auditor's Office (SAO) in this most recent audit report. Overall, TJPC concurs with the recommendations proposed by the SAO and has begun to implement these suggestions as detailed in the agency's management responses herein.

TJPC agrees that the agency's current standards monitoring and enforcement system is in need of comprehensive systemic improvements and will benefit from the key recommendations in the audit report. While TJPC is committed to implementing the suggested changes, it is important to recognize the unique relationship between TJPC and the local probation entities regulated by the Commission. The report states the agency "lacks an effective enforcement and monitoring system" and the "Commission has not sanctioned departments for continued non-compliance with standards." TJPC believes these statements are overly broad and not entirely accurate. Historically, TJPC has approached standards compliance from a non-sanctioned oriented perspective and has instead opted to encourage standards compliance through intense technical assistance and education provided to probation departments. The partnership concept between TJPC and the counties has proven effective in many situations and may indeed prove ultimately more effective than strict financial sanctions. TJPC and its governing board have long recognized that strict and punitive financial sanctions levied against a probation department may not ultimately result in standards compliance and may instead produce negative effects on the programs and

4900 North Lamar, Austin, Texas 78751

services for children and families being served. In effect, stringent financial sanctions may put the very children sought to be protected even further at risk. TJPC has utilized financial sanctions in certain limited circumstances in the past. While financial sanctions may indeed be appropriate in some situations, they must be used judiciously, with caution and as a component of a broader standards compliance program.

One significant barrier to the accomplishment of some of the SAO recommendations is the inherent at-will partnership that exists between the 168 local juvenile probation departments and TJPC. The State of Texas provides 38% of the funding in the juvenile justice system and local county governments make up the majority of the funding contributing 62% overall. For many counties, the percentage of county funding is much higher than 62%, with some counties providing almost 90% of the total funding. The concept of local control is advocated strongly by the counties and embraced by state legislative leadership as a tenet of Texas state government. While it does not diminish the Commission's need to require compliance with standards and contractual mandates associated with funding, it does create a unique tension between the agency and the counties. The at-will de-centralized nature of the partnership in many ways distinguishes TJPC's role from other state agencies and impacts upon the efficacy of its enforcement functions. The partnership concept is premised upon local control by autonomous county government units with minimal state intervention.

TJPC believes that standards compliance is and must continue to be a priority as reflected throughout the SAO recommendations. Consistently applied remedies for non-compliance and a graduated sanction system with appropriate and measured responses that continues to utilize technical assistance, education, and positive incentives for compliance will be the most effective mechanism to achieve standards compliance. With this goal in mind, TJPC is committed to implementing the recommendations of the SAO related to the standards monitoring and enforcement system and is beginning comprehensive systemic changes that will formalize the process.

TJPC concurs with the remainder of the recommendations of the SAO and is currently taking steps to implement the following processes:

Timely and effective audit reviews of juvenile probation department independent audits;

Allocation of funding to departments based upon current population figures;

Formalized and consistently applied policy and procedures related to internal communication and coordination systems between units in the agency as they relate to standards monitoring and findings;

Comprehensive interagency procedures for ensuring juvenile justice personnel meet minimum qualifications for state certification;

Comprehensive systems to improve data accuracy of probation department case data used for research and performance measure reporting; and

Thorough and accurate documentation for systems in the Management Information Systems Division and increased data access controls.

If you have any questions, please do not hesitate to contact us.

Sincerely,



Vicki Spriggs  
Executive Director

Attachments

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The Honorable Robert Junell, House Appropriations Committee  
The Honorable Rene O. Oliveira, House Ways and Means Committee

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Ms. Betsy Lake, Board Member  
Mr. William E. Miller, Board Member  
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