

An Audit Report on

# Management Controls at the Texas Commission on Jail Standards



**Office of the State Auditor**  
**Lawrence F. Alwin, CPA**

July 1995

Report No. 95-146



## OFFICE OF THE STATE AUDITOR

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July 24, 1995

Members of the Legislative Audit Committee:

Overall management control systems are in place to ensure that the Texas Commission on Jail Standards is accomplishing its mission:

- The Commission is fulfilling its major statutory functions.
- The Commission's strategic plan aligns with its mission and goals.
- The Commission's controls over performance measures, accounting functions, human resources, and management information systems are effective.

In addition, the Commission's internal controls over state payments to counties are effective and the Commission is improving controls over automated information systems.

We have provided management with the following recommendations: ensure inspections are timely; ensure payments to counties are timely; resolve the data inaccuracy problems with the Emergency Overcrowding Payment Reports for Harris County; and continue to improve automated information systems, including completing a Disaster Recovery Plan. Management concurs with these recommendations. We have included management's responses within the body of the report.

Sincerely,

A handwritten signature in black ink that reads "Lawrence F. Alwin".

Lawrence F. Alwin, CPA  
State Auditor

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## Key Points Of Report

### An Audit Report on Management Controls at the Texas Commission on Jail Standards

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July 1995

#### Key Facts and Findings

- Overall, management control systems are in place to ensure that the Commission is accomplishing its mission. The Commission has an annual operating budget of \$1 million, has 21 employees, and is expected to process over \$400 million in jail backlog payments to counties for the 1994-1995 biennium. The payments are scheduled to stop September 1, 1995.
- The Commission's internal controls over state payments to counties are effective.

#### Contact:

Mark S. Smock, CPA, Audit Manager (479-4795)

*This economy/efficiency (management control) audit was conducted in accordance with  
Government Code, §§ 321.0132 and 321.0133.*

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Section 1:

### Overall, Management Control Systems Are in Place to Ensure That the Commission Is Accomplishing its Mission

Section 1-A:

#### The Commission Is Fulfilling its Major Statutory Functions

The Commission is generally effective at carrying out statutory functions.

- Minimum standards are established for county jails. The Commission publishes and distributes *Minimum Jail Standards*, a comprehensive manual covering all statutory requirements of the Commission, to all counties that operate jails and private jail operation facilities that fall under its authority.
- The Commission is following the remedies available in the statute for dealing with counties in noncompliance with minimum jail standards. Jail overcrowding was the primary reason for 32 out of 254 counties being out of compliance with minimum jail standards at least four out of five years of inspections from 1990 to 1994. We noted that the Commission had taken statutorily authorized action against a number of noncompliant counties.
- Technical assistance is provided to counties. The Commission provides technical assistance, training and consultation, and plan review services to the required entities on a continuing basis.

- The Commission is meeting its statutory requirements to resolve complaints. The Commission keeps a categorized information file for each complaint filed with the Commission for which it has authority to resolve. Complaints are reviewed and resolved during inspections.
  - The Commission is complying with its statutory reporting requirements. The Commission is filing the required reports, and the counties are submitting required jail population reports to the Commission.
  - The Commission is meeting its personnel requirements. The Commission has developed a policies and procedures manual which addresses statutorily required employee policies and procedures, including a career ladder program and annual performance evaluations. The Commission updates this document periodically.
  - Appropriate fees are collected for inspections and plan reviews. The Commission is collecting the appropriate fees from the counties for inspection and plan review according to the statutory requirements.
  - The Commission is fulfilling its statutory requirements for county audits. (See Section 2 for information relating to county audits.)
- Inspections are not always performed on a strictly annual basis, as required by statute. Although the statute requires annual inspections, the Commission sometimes exceeds a 12-month period between

## Issues and Recommendations

inspections by as much as three months. Our review noted that 22 percent of the inspections (47 inspections of 213 reviewed) exceeded the annual inspection requirement by a few days to just over three months. The files did not indicate that the Commission's annual inspection policy has caused any significant problems. As a safeguard, however, the Commission should reassess its inspection scheduling policy.

**Recommendation:** The Commission should reassess its inspection scheduling policy and ensure that it has a mechanism in place to identify counties that exceed 12 months between inspections.

**Management's Response:** *Currently inspections are conducted on a fiscal year rather than a calendar year basis.*

*Procedures are now in place to insure that all facilities will have been inspected within a 12 month period by August 31, 1995. Effective January 1, 1996, procedures will require the scheduling and completion of inspections within each calendar year. This procedure will be closely monitored to insure compliance.*

### Section 1-B:

## The Commission's Strategic Plan Aligns with its Mission and Goals

The Commission's major statutory functions align with its mission and goals. The Commission's primary goal is to "... establish reasonable standards for the provision and operation of jails; monitor and enforce compliance with adopted standards; provide consultation, training and technical assistance to local government for achieving and maintaining compliance with adopted standards; and perform state mandates for relieving felony backlog in county jails." Each operational target goal of the Commission was traced to its mission, goals, and enabling legislation to determine alignment.

These goals are monitored and evaluated with performance measures. The Commission has established 39 performance measures related to its functions which it tracks and measures monthly. The Legislative Budget Office requires the Commission to report on 18 of these measures.

The secondary goal of the Commission is to comply with state directives on the use of historically underutilized businesses (HUBs).

Figure 1

Area of Agency Operation	Fiscal Year 1995 Appropriation	Percent of Resources
Inspection and Enforcement	\$ 247,297	30%
Audit Jail Population Costs	\$ 240,764	29%
Management Consultation	\$ 156,737	19%
Review Construction Plans	\$ 90,559	11%
Develop Jail Standards	\$ 67,339	8%
Other	\$ 23,220	3%
<b>TOTAL</b>	<b>\$ 825,916</b>	<b>100%</b>

Source: General Appropriations Act, 73rd Legislature, R.S. (1993)

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The Commission is currently exceeding the 30 percent goal set by the 72nd Legislature. According to the most recent (May 1995) status report on this goal, the Commission has issued approximately 66 percent of its contracts and purchases this year to HUB contractors.

The major functions of the Commission and the allocation of resources to these areas are shown in Figure 1 on the previous page.

Section 1-C:

### **The Commission's Controls over Performance Measures, Accounting Functions, Human Resources, and Management Information Systems Are Effective**

The Commission effectively measures and monitors its performance.

The "year-to-date performance" for fiscal year 1994 was certified as accurate for the performance measures examined. The examined performance measures were:

- Number of Annual Inspections Conducted (output measure)
- Average Cost Per Jail Inspection (efficiency measure)

In addition, the "actual performance" for fiscal year 1994 was certified as accurate for the performance measure "Number of Inmates Awaiting Transfer to TDCJ-ID" (outcome measure). See Figure 2.

The Commission's quality assurance for performance management includes a monthly evaluation of all performance measures. The Commission effectively manages its largest resource, state payments to counties. (See Section 2.)

Figure 2

### **Results of Performance Measures Review**

Related Objective or Strategy <sup>1</sup>	Description of Measure <sup>1</sup>	How Classified	Results Reported <sup>2</sup>	Certification Results*				
				C	CQ	FPC	I	N/A
<b>Agency 409 Texas Commission on Jail Standards</b>								
A.2.1	Number of Annual Inspections Conducted	Output	246.0	X				
A.2.1	Average Cost Per Jail Inspection	Efficiency	566.98	X				
A.4	Number of Inmates Awaiting Transfer to TDCJ-ID	Outcome	21,432.0	X				

**Sources:**

<sup>1</sup> General Appropriations Act, 73rd Legislature, R.S. (1993).

<sup>2</sup> Outcomes are reported for FY 1994.

All numbers are from ABEST II - Automated Budget and Evaluation System of Texas.

**\*Key for Certification Results**

C	- Certified
CQ	- Certified with Qualifications
FPC	- Factors Prevented Certification
I	- Inaccurate
N/A	- Not Applicable

## **Issues and Recommendations**

In addition, policies and procedures reviewed indicate that accounting controls and controls over human resources appear effective. Accounting controls reviewed include cash disbursements, cash receipts, cash balances, fixed assets, and travel expenditures. Human resources controls reviewed include recruitment and selection, performance appraisals, training and development, compensation and rewards, and employee relations.

The Commission's key management information systems are effective, and the flow of information is consistent with the Commission's policies and procedures. Significant information systems reviewed include statutory functions, strategic planning, performance measures, and jail backlog payments.

### **Section 2: Internal Controls over State Payments to Counties Are Effective**

Internal controls are in place to ensure that state payments to counties are accurate, and the process used to audit jail population and costs is effective. Since 1991, the Commission has been responsible for making payments to counties for jail backlog as authorized by HB 93, 72nd Legislature, 2nd C.S. (1991). These payments, which are expected to be over \$400 million for the 1994-1995 biennium, are by far the Commission's largest expenditure. In comparison, the remainder of the Commission's operating budget for the 1994-1995 biennium is approximately \$2 million. Funds for jail backlog payments to counties are appropriated to the Texas Department of Criminal Justice and administered by the Commission. These payments are scheduled to stop September 1, 1995.

For emergency overcrowding payments tested, the voucher amount for each county tested agreed with the supporting documentation and the payments were calculated accurately.

- The daily "paper ready" inmate counts for 11 of the emergency overcrowding payments tested were accurately transferred from the Monthly Emergency Overcrowding Payment Report to the Commission's data base, which is used to calculate the payment amount. (Emergency overcrowding payments are made to qualifying counties for certain inmates awaiting transfer to the Texas Department of Criminal Justice - Institutional Division.)
- The Commission has taken steps to resolve the data inaccuracy problems with the Emergency Overcrowding Payment Reports for Harris County:
  - The Commission calculates the emergency overcrowding payments from summary information on the Monthly "Paper Ready" Inmate Roster for Harris County because the information on the Monthly Emergency Overcrowding Payment Report contains inaccurate data and is unreliable.
  - The Commission has scheduled an audit for Harris County by August 31, 1995, due to this concern and other risk factors.
- Emergency overcrowding payment vouchers tested were generally approved by the end of the month following the reported month as required by the Commission's timely payment policy. One voucher was approved two days late.

## Issues and Recommendations

We tested 12 emergency overcrowding payments totaling \$8.2 million, covering the period from September 1994 through February 1995. The supporting files for each payment tested included a Monthly Emergency Overcrowding Payment Report and a Monthly "Paper Ready" Inmates Roster.

For felony backlog payments tested, the voucher amount for each county tested agreed with the supporting documentation and the payments were calculated accurately.

- Each felony backlog payment tested was in accordance with the Inmate Housing Payment Agreement or amendment to this agreement.
- Nine felony backlog payment vouchers tested were approved by the end of the next semi-monthly period as required by the Commission's timely payment policy. One voucher was approved ten days late, and two vouchers were approved two days late.
- We tested 12 felony backlog payments totaling \$1.8 million, covering the period from September 1994 through March 1995. The supporting files for each payment tested included a Transferred Inmate Maintenance Report which included the total inmate days for the semi-monthly period and the contracted rate.

The Commission's audits of county jail population and costs are effective in identifying problems with county reports and recommending feasible changes to the counties. In addition, documentation and review procedures adequately support audit findings. The Commission's audit procedures included testing a sample of the inmate

population that became "paper ready" during the audit period examined.

Due to the significance of the state payments to counties, the Commission has also contracted with an internal auditor since fiscal year 1992.

**Recommendation:** We recommend that the Commission enhance its internal controls over state payments to counties by ensuring that payments to counties are made in accordance with the Commission's timely payment policy. In addition, we recommend that the Commission resolve the data inaccuracy problems with the Emergency Overcrowding Payment Reports for Harris County.

**Management's Response:** *Processing and approval of vouchers have not been late since November 1, 1994. Delinquent vouchers were confined to a thirty day period when several changes in staff assignments were taking place. In addition, the onset of a new fiscal year impacted the timely transfer and receipt of funds.*

*Harris County Emergency Overcrowding Payment Reports contain some inconsistencies due to tracking required by the federal courts. As a result, the information system configuration within Harris County's mainframe data does not report precisely report needs for both the state and the federal court monitors. An audit of Harris County will be conducted by August 31, 1995, to resolve any outstanding discrepancies.*

## Issues and Recommendations

### Section 3:

#### The Commission Is Improving Controls over Automated Information Systems

The Commission is improving controls over automated information systems. An August 1994 internal audit report made several recommendations which the Commission has implemented, including:

- The Commission maintains a complete list of its software inventory.
- The Commission has developed a computer usage policy and included it in the Policies and Procedures Manual.
- Weekly back-up data tapes are stored off-site at the Texas State Library - Records Management Division.
- The closet is locked where the Cabletron MultiMedia Access Center and file server are located.
- The Commission has purchased and installed virus protection software for the file server and for the local hard drives.
- The Commission has purchased and installed an additional high speed printer.

The Commission has partially implemented the following recommendations included in the internal audit report:

- Purchase updated software. Incorporate costs of modernizing computer equipment in the next budget request.
- The Commission has purchased two 486 notebook computers and some

updated software.

- The rest of the network still primarily consists of 386 personal computers, including the file server. In 1994, the State Comptroller released a notice to state agencies that made recommendations for future acquisitions of computer equipment. In that notice, they recommend that computers be a minimum of a 486 machine operating at 66Mhz.
- Provide each inspector with a notebook computer and the ability to send information to Austin electronically. Inspectors should also receive training on the use of this equipment.
- One of the 486 notebook computers acquired by the Commission is being tested for feasibility by one of the inspectors.

The Commission should implement the remaining recommendations in the internal audit report, which are:

- Develop a written Disaster Recovery Plan with options. All state agencies were required to have a written Disaster Recovery Plan in place by September 1994.
- Encourage counties to use electronic means to transmit information.

Recommendation: We recommend that the Commission continue to improve its automated information systems. Specifically, we recommend that the Commission complete, follow, and monitor its prioritized computer equipment acquisition plan annually. In addition, we recommend that the

## Issues and Recommendations

Commission continue working with the Department of Information Resources to complete the Commission's Disaster Recovery Plan and for assistance with future computer hardware and software upgrades.

*Management's Response:* Consistent with budgetary constraints, equipment has been upgraded on a continuing basis. The Commission has currently requested computer equipment to update the network as recommended by the Department of Information Resources. Software upgrades are scheduled for early fiscal year 1996. This will be a continuing matter of review by management.

*Currently, only one inspector operates from a location other than the Austin office. As a result, it is envisioned that only that inspector will utilize a notebook computer. Upon installation of the new hardware, the ability for that inspector to submit information to Austin electronically will exist.*

*The Disaster Recovery Plan is being developed and should be completed by December 31, 1995.*

*Counties with the potential for electronic submission of data are encouraged to do so. However, this is not feasible for most counties at this time. Nonetheless, it will continue to be an issue at the management level by the Commission.*

## Appendix

Appendix 1:

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

#### **Objectives**

Our audit objectives were:

- To evaluate the existing management control systems within the Texas Commission on Jail Standards and to identify strengths and opportunities for improvement. The audit evaluated control systems in place as of May 1995.
- To review the Commission's financial controls over state funds used to make payments to counties for jail backlog as authorized by HB 93, 72nd Legislature, 2nd C.S. (1991).

The audit focused on answering the following questions:

- Are overall management control systems in place to ensure that the Commission is accomplishing its mission?
- Is the process used to audit jail population and costs effective, and are controls in place to ensure that state payments to counties are timely and accurate?
- Has the Commission improved controls over its automated information systems?
- Are complaints received by the Commission resolved timely and appropriately?

#### **Scope**

The scope of our audit included a review of overall management control systems,

including the areas of policy management, performance management, and information management. We also reviewed selected areas of resource management. In addition, we reviewed internal controls over state payments to counties.

Within overall management control systems, our objectives included reviewing the following areas:

- assessing how the Commission is performing its major statutory functions
- determining whether the Commission's strategic plan aligns with its mission and goals
- certifying selected performance measures
- gaining an understanding of the controls over:
  - human resources
  - cash disbursements, cash receipts, and cash balances
  - fixed assets
- assessing compliance with state travel regulations
- assessing the adequacy of complaints resolution

Within the area of payments to counties, our objective was to determine whether internal controls are in place to ensure that state payments to counties are accurate and timely by:

- reviewing policies and procedures for payments to counties
- testing a sample of payments to counties
- reviewing a sample of county audit reports

Within the area of automated information systems, our objective was to determine the implementation status of recommendations included in the August 1994 Internal Audit Report.

### Methodology

Information collected to accomplish our objectives included the following:

- Interviews with management and staff of the Texas Commission on Jail Standards
- Documentary evidence such as:
  - Selected state and federal regulations
  - 1993 General Appropriations Act (1994-1995 Biennium)
  - Automated Budget and Evaluation System of Texas reports
  - State Auditor's Office CAFE System reports
- Commission-generated data such as:
  - Internal Audit Reports (Fiscal Years 1992-1994)
  - Internal Audit Plan (Fiscal Year 1995)
  - Policies and procedures manuals
  - Minimum Jail Standards manual
  - Strategic Plan (Fiscal Years 1995-1999)
  - Requests for Legislative Appropriations (Fiscal Years 1996-1997 and 1994-1995)
  - Annual Financial Reports (Fiscal Years 1992-1994)
  - Accounting Records
  - Organizational Chart
  - Annual Inspection Reports
  - Jail Population Reports
  - County Audit Reports

- Data generated by counties which is submitted to the Commission such as:

- Monthly Emergency Overcrowding Payment Reports
- "Paper Ready" Inmates Rosters
- Transferred Inmate Maintenance Reports
- Inmate Housing Payment Agreements

Analysis techniques used:

- Review of various controls
- Trend analysis
- Analysis of comparative data

### Other Information

Fieldwork was conducted during April and May 1995. The audit was conducted in accordance with applicable professional standards, including:

- Generally Accepted Government Auditing Standards
- Generally Accepted Auditing Standards

The audit work was conducted by the following members of the State Auditor's Office staff:

- Charles P. Dunlap, Jr., CPA (Project Manager)
- Lucien E. Hughes
- Mark S. Smock, CPA (Audit Manager)
- Craig D. Kinton, CPA (Director)

Copies of this report have been distributed to the following:

## **Legislative Audit Committee**

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