OFFICE OF THE STATE AUDITOR



TWO COMMODORE PLAZA 206 EAST NINTH STREET, SUITE 1900 AUSTIN. TEXAS 78701

LAWRENCE F. ALWIN, CPA State Auditor

December 17, 1997

Re: Results of a Limited Program Effectiveness Audit of the Texas Workforce Commission's Communities in Schools Program

Members of the Legislative Audit Committee:

We were not able to assess the effectiveness of the Communities in Schools program due to inadequacies within the program's policies, procedures, and systems. Specifically, we found that needed performance information is either not collected or not reliable. Furthermore, the Texas Workforce Commission (Commission) is still in the process of resolving several issues noted by a 1996 internal audit.

This letter report summarizes the results of our limited program effectiveness audit of the Texas Workforce Commission's Communities in Schools program which received appropriations of \$13.6 million in fiscal year 1997. This audit was performed at the Commission's request to verify the accuracy of program effectiveness performance information submitted from local providers. We also determined if issues identified by a 1996 internal audit of the Communities in Schools program had been resolved.

During our review, we noted the need for improvements to the overall management and administration of the program which were illustrated by weaknesses in the areas of performance measure information, accounting for Communities in Schools transactions, asset management, and monitoring of local providers. These findings include:

- The Commission's policies, processes, and procedures over the collection, calculation, tracking, and reporting of performance measure data for the Communities in Schools program are not adequate to ensure the accuracy of the information. As a result, the Commission is not able to determine if the Communities in Schools program is effective in accomplishing its main goal of helping at-risk students stay in school. Thus, performance information reported to the Legislature, the Legislative Budget Board, and the National Communities in Schools Program may not be reliable. (See pages 2 and 3 of SAO Report No. 98-310 for more detail regarding these findings.)
- Controls over the Commission's accounting system do not ensure the proper accounting of the program's operating expenditures. Examples of conditions noted during our review of selected fiscal year 1996 and fiscal year 1997 Communities in Schools program expenditures include: (1) the Commission paid for Communities in Schools expenditures with funds from the incorrect fiscal year; (2) the Commission could not locate supporting documentation for

SAO Report No. 98-010

Members of the Legislative Audit Committee December 17, 1997 Page 2

fiscal year 1996 program expenditures; and (3) Commission personnel are not reimbursing the travel advance fund in a timely manner. (See pages 4 through 6 of SAO Report No. 98-310 for more detail regarding these findings.)

- The policies, procedures, and controls over fixed asset management within the Communities in Schools program are not adequate to ensure assets are properly accounted for and safeguarded (fixed assets were valued at \$257,000 for fiscal year 1997). We found that some fixed assets within the program were not included on current inventory lists, three computers on the inventory list could not be located, and the program's inventory list did not agree with the Commission's. As a result of the weaknesses detected, the risk associated with the theft, loss, damage, or misuse of assets has increased significantly. (See page 7 of SAO Report No. 98-310 for more detail regarding this finding.)
- The Commission did not perform required annual program performance reviews and Medicaid reviews for all local Communities in Schools providers during fiscal year 1997. As a result, the Commission does not have assurances that all local Communities in Schools providers are accomplishing the goals of the Communities in Schools program in an efficient and effective manner. Additionally, the Commission is not complying with its own Communities in Schools policy statements. (See pages 8 through 10 of SAO Report No. 98-310 for more detail regarding these findings.)

Issues from the 1996 internal audit that are still being resolved by the Commission include finalizing the Communities in Schools program operational plan, finalizing Commission rules for the Communities in Schools program, updating the Communities in Schools funding formula, and updating job descriptions. (See pages 11 through 13 of SAO Report No. 98-310 for more detail regarding these findings.)

The Commission has communicated its agreement with the audit details and recommendations; in many instances the Commission has begun corrective action to resolve the issues noted. (See page 1 of SAO Report No. 98-310 for the Commission's written response and page 14 for the Commission's corrective action plan.)

Our objective was to conduct a limited program effectiveness of the Communities in Schools program. The scope of our audit included verifying the accuracy of program effectiveness performance information submitted from local providers. An additional objective was to determine if weaknesses identified by the 1996 internal audit of the Communities in Schools program have been resolved.

Members of the Legislative Audit Committee December 17, 1997 Page 3

The enclosed copy of SAO Report No. 98-310 contains our complete audit findings and recommendations. It also contains the full text of the Commission's response.

We encourage the Commission to continue its improvement efforts within the Communities in Schools program until accountability control systems, processes, and procedures have been fully developed, implemented, and are working as intended. Our Office will continue to monitor the Commission's progress on the full implementation of the audit recommendations.

If you require additional information regarding this audit, please contact Frank Vito, Audit Manager, at 479-4700.

Sincerely,

Lawrence F. Alwin, CPA

State Auditor

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enclosure

cc: Ms. Fran Carr, CPA, Director of Internal Audit, Texas Workforce Commission

Memorandum

TO: Mr. Mike Sheridan, Executive Director - Texas Workforce Commission

FROM: Frank N. Vito, CPA, Audit Manager - State Auditor's Office

DATE: December 17, 1997

SUBJECT: Detailed Findings From a Limited Program Effectiveness Audit of the Texas

Workforce Commission's Communities in Schools Program

We have included the following attachments to provide additional details on the Limited Program Effectiveness Audit of the Texas Workforce Commission's Communities in Schools Program:

Attachment A: Texas Workforce Commission's Response

Attachment B: Audit Findings, Detailed Audit Results, and Recommendations



Bill Hammond, Chairman
Commissioner Representing Employer
T.P. O'Mahoney
Commissioner Representing Labor
Diane D. Representing the Public
Commissioner Representing the Public

Mike Sheridan Executive Director

December 5, 1997

Mr. Lawrence F. Alwin, CPA State Auditor

Two Commodore Plaza

206 East Ninth Street, Suite 1900

Austin, Texas 78701

Dear Mr. Alwin:

Thank you for responding to our request to conduct an audit of the Communities In Schools program. We appreciate your timely response and thoroughness of the audit work performed. We have reviewed your audit report and agree with your findings and recommendations.

We have already implemented changes to address some of your recommendations. In addition, the individual departments having responsibility for the remaining deficiencies noted in your report have developed a plan detailing the corrective actions to be taken. The attached action plan contains a description of the actions taken and a timeline of actions to be taken. Our Internal Audit Division will follow-up on a monthly basis to determine the status of the proposed corrective actions. The Internal Auditor will forward the status of the corrective actions to your office each month.

Again, we thank you for your assistance.

Sincerely,

Mike Sheridan
Executive Director

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Attachment

101 E. 15th St. ★ Austin, Texas 78778-0001 ★ 512-463-2222 Relay Texas: 800-735-2989 (TDD) ★ 800-735-2988 (Voice)

Equal Opportunity Employer/Programs (recycled paper

See Attachment C for the Commission's Corrective Action Plan

| Audit Finding | Detailed Audit Results | Recommendations |
|--|--|---|
| Program Effectiveness Performance Measures Should Be Accurate and Reliable The Texas Workforce Commission's (Commission) policies, processes, and procedures over the collection, calculation, tracking, and reporting of performance measure data are not adequate to ensure the accuracy of performance information. As a result, the Commission is not able to determine if the Communities in Schools (CIS) | Supporting documentation for the four internal program performance measures tested was not complete. Besides having incomplete data, the Commission does not verify the accuracy of data reported from the local CIS providers. CIS program reviews of local CIS providers noted that data was not entered correctly into the Communities in Schools Case Management System (CISCMS) database. Internal performance measures reviewed included: | The Commission should: Implement regular testing of data accuracy by comparing source documentation against data entered into the CISCMS database Simplify service codes to capture information that is useful to the state office or necessary for national and state reports |
| Program is effective at accomplishing its goal of helping at-risk students stay in school. In attempting to verify the accuracy of performance measures, the ideal system would have included adequate collection, input, calculation, and reporting controls that would ensure the accuracy of the results. A statewide summary report for the performance measures should be supported by documentation such as individual local CIS provider results, detailed reports showing the population for each measure, and actual input forms used to enter the performance data. | Percentage of seniors graduating from high school Percentage of participants completing the school year Percentage of participants with improved attendance Percentage of participants with improved behavior | Develop monthly reports for the internal measures at the state level including separate reports for each local CIS provider Communicate the results of performance measure reports to upper management and all local CIS providers Provide training to local CIS entities on the proper coding of the student intake forms Review controls over and verify performance information during level CIS mentitoring visits. |
| | | |

plan

| Audit Finding | Detailed Audit Results | Recommendations |
|--|--|--|
| Ensure Performance Measures Reported to the Legislative Budget Board (LBB) Are Accurate and Reliable The performance measure information reported to the LBB relating to the number of students participating in the CIS program is not accurate and reliable for fiscal years 1996 and 1997. Without reliable performance information, the Commission cannot accurately assess program performance. Complete, accurate, and reliable performance information is a primary tool for measuring and monitoring progress towards achieving program goals. | The "number of students participating in the CIS program" reported to the LBB for fiscal years 1996 and 1997 varies from the "number of students participating in the CIS program" reported in the CISCMS database. For fiscal year 1996, the variance was 5.59 percent or 1,640 students. For fiscal year 1997, the data was incomplete. The performance measure data reported to the LBB did not include data from one local CIS provider for the third and fourth quarters of fiscal year 1997. In fiscal year 1996, this entity represented between 1.6 percent and 1.7 percent of the total CIS participants (27,708 students) reported by the Commission. | The Commission should ensure the performance measure data reported to the LBB is complete, accurate, and reliable. Since the CISCMS database is the source for the results reported to the LBB for the CIS program, the recommendations for the program effectiveness performance measures apply to all LBB measures. |
| Update Performance Measure Definition The definition for the performance measure reported to the LBB regarding the administrative cost per CIS participant does not include the administrative costs of the local CIS providers. While CIS personnel have modified the performance measure definition, the Commission still needs to meet with the LBB to obtain approval for the new definition. | The Commission's 1996 internal audit of the CIS program showed that if local CIS administrative costs were taken into consideration, the total administrative cost per participant reported in fiscal year 1995 would have increased from the \$39 reported to \$188 per participant. Since the definition has not been updated, the results reported for fiscal years 1996 and 1997 are inaccurate. The measure was only capturing administrative expenditures of the CIS state office without the administrative costs of the local CIS providers. | The Commission should work with the LBB to update the definition for the performance measure regarding administrative cost per CIS participant to include the administrative costs of the local CIS providers. |

| Audit Finding | Detailed Audit Results | Recommendations |
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| Ensure CIS Expenditures Are Paid on Time With Funds From the Correct Fiscal Year The Commission is not complying with | Examples noted where expenditures were not paid on time and/or using funds from the wrong fiscal year and funding period include: | The Commission should ensure CIS expenditures are paid in a timely manner using funds from the correct fiscal year. |
| state accounting guidelines because it does not ensure that CIS expenditures are paid in a timely manner using funds from the correct fiscal year. As a result, the Commission may be misstating program expenditures for a given fiscal year. During our review of selected fiscal year 1996 and fiscal year 1997 | Fiscal year 1997 CIS funds totaling \$3,000.00 were used to pay for a fiscal year 1995 expenditure for a speaker to provide training in August 1995. The Commission received the invoice for services rendered in September 1995 but paid the invoice in August 1997, two | |
| expenditures for the CIS program, we noted a number of examples where the Accounting Department did not pay expenditures in a timely manner and/or used funds from the wrong fiscal year and funding period. | years after the services were provided. • Fiscal year 1996 funds totaling \$600.00 were used to pay for a 1995 expenditure for a speaker to provide training in June and July 1995. The Commission had on file a past-due invoice dated February 1996. The | |
| Expenditures should be paid using funds from the same fiscal year in which the service was provided. Additionally, Texas Government Code, Chapter | Commission paid the invoice in May 1996, 10 months after the service was provided. | |
| 2251, states that payment by a governmental entity is overdue on the 31st day after the receipt of the invoice. | The Commission was not prompt in reimbursing local CIS providers for Medicaid expenditures. Reimbursement requests for Medicaid Administrative Claims, totaling | |
| By using fiscal year 1997 funds to pay for previous fiscal year expenditures, the Commission has misapplied funds specially appropriated for fiscal year 1997. | \$46,190.81, were received from CIS local providers in April and May 1997. The Commission processed the reimbursements in September 1997, approximately four to five months after quarterly invoices were received. | |

Attachment B: Audit Findings, Detailed Audit Results, and Recommendations (continued)

| Audit Finding | Detailed Audit Results | Recommendations |
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| Accounting Records for 1996 Expenditures Could Not Be Located The Commission could not locate accounting records for a number of 1996 CIS administrative expenditures. Supporting documentation for several fiscal year 1996 expenditures totaling \$5,656.50 (3 percent of total administrative operating expenditures for fiscal year 1996) could not be located by the Accounting Department. As a result, it is not possible to determine if the expenditures were appropriate, necessary and reasonable or complied with state and Commission guidelines. Additionally, supporting documentation is necessary to ensure expenditures are properly authorized, reviewed for the right quantity and amount, and to ensure the expenditures for operating activities are legitimate and used appropriately. | Examples of unsupported expenditures noted during our review of selected fiscal year 1996 and fiscal year 1997 disbursements include: • \$1,669.00 for guest speaker/training - Total guest speaker/training expenditures for the fiscal year were \$42,860.54. • \$1,903.00 for furniture and equipment - Total furniture and equipment expenditures for the fiscal year were \$2,797.08. • \$1,500.00 for other professional services. Total other professional services expenditures for the fiscal year were \$1,954.23. | The Commission should review existing processes and procedures for maintaining accounting records and implement the necessary changes to ensure accounting records are maintained properly in the future. |

| Audit Finding | Detailed Audit Results | Recommendations |
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| Reimburse the Travel Advance Fund in a Timely Manner The Commission should ensure personnel reimburse the travel advance fund in a timely manner. According to the State of Texas Travel Allowance Guide, a state agency may establish a travel advance fund to advance funds to a state employee for the employee's projected travel expenses. A state agency may also advance funds to a state employee for projected travel expenses only if the expenses are incurred during travel that requires overnight stay outside the employee's designated headquarters. If a state employee received a travel advance that is greater than the reimbursable expenses incurred, the employee must promptly reimburse the fund for the difference. The Commission's Administrative Series Fiscal Manual, Volume 5, Section 2.1.5, states if an employee received an overpayment for travel expenses, the employee will reimburse the State for the overpayment immediately. | During our review of selected fiscal year 1996 and fiscal year 1997 travel expenditures for the CIS program, we noted six instances totaling \$929.15 in which employees were past due three months or more in reimbursing the travel advance fund. Two of the employees who did not reimburse the travel advance fund in a timely manner were CIS personnel. Four of the six employees were personnel in other departments within the Commission. Two of the employees who did not reimburse the travel advance fund are no longer employed with the Commission. The amount still owed by these two employees totals \$159.67. Travel expenditures for fiscal years 1996 and 1997 totaled \$49,148.00 and \$31,402.99, respectively. | The Commission should review current policies and procedures over the travel advance fund to determine why existing procedures do not work. In addition, the Commission should develop and implement new travel advance fund procedures and monitor to ensure employees reimburse the travel advance fund in a timely manner. |

| Audit Finding | Detailed Audit Results | Recommendations |
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| Asset Management Controls Are Not Adequate The policies, procedures, and process controls that are used to safeguard the assets at the Commission are not adequate. As a result of the weaknesses detected, the risk associated with the theft, loss, damage, or misuse of assets has increased significantly. Fixed assets were valued at \$257,000 for fiscal year 1997. The State Property Accounting System Policy and Procedure Manual states each agency is responsible for ensuring that assets are tracked and secured in the manner that is most likely to prevent the theft, loss, damage, or misuse of assets. Agencies must know where all assets are located at all times, should have a method for locating any inventory item whether on-site or off-site under their control, and should be able to locate a given item upon request. Each agency must have a written policy about checking out property and require each employee to sign for any property when it is checked out. | Examples of conditions noted during our testing of assets for the CIS program that reflect the lack of adequate controls include: • The Commission's property management inventory list, the Commission's accounting (SAS) system inventory list, and the CIS program's inventory list do not reconcile. • Property found within the CIS program was not included on the inventory lists. • Three computers on the CIS internal inventory list could not be located. • Responsibility for assets was not assigned to the CIS program manager. CIS personnel performed an asset reconciliation once the opportunities for improvement were discovered. | The Commission should develop, document, implement, and enforce policies and procedures that provide for the following: Compliance with the State Property Accountability Policies and Procedures Strict internal controls—written authorization should be required for all receipts, issuances, transfers, and withdrawals of fixed assets Training for all employees on the accountability of property Communication of the policies and procedures to all employees within the Commission Policies and procedures that are carried out as intended and corrective actions that are taken when needed Periodic review of the established policies and procedures to determine whether they are still applicable and necessary |

| Audia Findina | Detailed Audit Desuite | Decommendations |
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| Audit Finding | Detailed Audit Results | Recommendations |
| 1997 Annual CIS Program Reviews Were Not Performed as Required The Commission did not perform annual CIS program reviews of all local CIS providers during fiscal year 1997; therefore, it was not complying with its CIS policy statements. As a result, the Commission does not have assurances that all local CIS providers are efficiently and effectively accomplishing the goals of the CIS program, which are to decrease the dropout rate among at- risk youths and spend state and federal dollars appropriately. The CIS policy states the CIS state office shall conduct at least one annual on- site visit to each local CIS provider. During fiscal year 1997, CIS staff reviewed 3 of the 22 local CIS providers. | During fiscal year 1997, the Commission contracted with a total of 22 local providers to administer the CIS program. Contracted amounts for fiscal year 1997 totaled \$12,434,349.91. Only three of these local providers were reviewed in fiscal year 1997. CIS personnel noted significant problems at the three local CIS providers that were reviewed during fiscal year 1997. Conditions noted included noncompliance with the CIS contract; weaknesses with controls over human resources, accounting, planning and budgeting; and inappropriate use of state and federal funds. Specific examples included: • A provider billed the Commission \$1,929.89 more than what was recorded in the provider's accounting system. • A provider purchased VCRs and TVS for \$758.32 without following the bid process. | The Commission should develop monitoring processes to provide the Commission assurances that local CIS providers are accomplishing the goals of the CIS program efficiently and effectively and that state and federal funds are spent appropriately. Annual program reviews of local CIS providers should be performed as required by the Commission's CIS monitoring procedures, or the Commission should modify the requirement to conform to the risk-based approach for identifying entities for review. The risk-based approach is currently being developed by Commission personnel. |
| 1997 CIS Medicaid Reviews Were Not Performed as Required The Commission did not perform annual CIS Medicaid reviews as required during fiscal years 1996 and 1997. As a result, the Commission does not have assurances that Medicaid CIS subrecipients are adhering to contract agreements. In addition, the Commission is in noncompliance with the Medicaid Monitoring and Oversight Plan with the Texas Health and Human Services Commission (HHSC). | Due to the number of deficiencies identified at one provider, the Commission gave notice of intent to suspend funds to that provider. The Commission has an agreement with HHSC whereby the Commission contracts with local CIS providers to administer the Medicaid Administrative Claiming Program. The Commission reimburses the providers for allowable expenditures on a quarterly basis. According to the Commission's Medicaid Monitoring and Oversight Plan with HHSC, the Commission is required to perform reviews of each Medicaid CIS subrecipient. During fiscal year 1997, the Commission provided reimbursements to 14 local providers totaling \$68,369.40. The Commission reviewed only 4 of the 14 CIS subrecipients receiving Medicaid funds. | The Commission should comply with the Medicaid Monitoring and Oversight Plan with the Health and Human Services Commission that requires the Commission to ensure that all subrecipients receiving federal Medicaid funds are reviewed each year as required by the plan. |

| Audit Finding | Detailed Audit Results | Recommendations |
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| Local CIS Providers Have Not Submitted Corrective Action Plans for Fiscal Monitoring Reviews Local CIS providers have not submitted corrective action plans for three of six fiscal monitoring reviews performed during fiscal year 1997. As a result, the Commission may not have assurances that deficiencies identified during the reviews are corrected. | The Commission performs annual financial reviews of the local CIS providers and issues a report for each review performed. The objective of a financial review is to determine the following: Whether applicable federal, state, and agency requirements were met Whether adequate accounting procedures were in effect | The Commission should ensure all local CIS providers comply with fiscal monitoring policies and procedures for submitting corrective action plans for findings noted during fiscal monitoring reviews. |
| The Commission's Fiscal Monitoring Resolution Procedures require contractors (CIS providers) to provide an initial response to monitoring findings within 30 calendar days from the date the contractor receives the Commission's report. If the response is unacceptable, the contractor is required to perform additional corrective action and submit follow-up responses every 30 days until all findings have been resolved. | Whether program costs were supported by proper documentation The Commission performed six fiscal monitoring reviews during fiscal year 1997. As of August 31, 1997, three of the six local CIS providers had not submitted corrective actions plans. The Commission completed the reviews and provided the results to the three providers in November 1996, January 1997, and February 1997. | |
| Local CIS Providers Did Not Comply With State Reporting Requirements for Fiscal Year 1997 The Commission has not received required independent CPA audit reports for 2 of the 25 local CIS providers for fiscal year 1996. As a result, the providers are not complying with state and federal reporting requirements. The Commission's Fiscal Monitoring Resolution Procedures require all Commission subrecipients subject to the Single Audit Act Amendments of 1996 and Office of Management and Budget Circular (OMB) Circular A-133 to have an annual independent CPA audit report completed and submitted to the Commission for review and resolution within the specified time frame. This requirement is noted in the | According to Commission personnel, the Commission granted an extension for these two providers; however, these reports still have not been received. These reports were due by February 28, 1997, the state due date. The purpose of the A-133 audit is to determine if the local CIS providers presented their financial statements in accordance with Generally Accepted Accounting Principles and Government Auditing Standards. Since the reports have not been received, the Commission does not have assurances in these areas. | The Commission should ensure all local CIS providers comply with state and federal reporting requirements for A-133 audits. Additionally, the Commission should develop enforcement policies and procedures and sanctions for noncompliance with state and federal guidelines. |

providers.

Commission's contract with local CIS

| Audit Finding | Detailed Audit Results | Recommendations |
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| Finalize the CIS Operational Action Plan The CIS program does not have an operational plan. Program personnel are in the process of developing a draft plan for the CIS program which outlines how program objectives will be accomplished. Without clearly established operational plans, operations may not focus on desired results, resources may not be used effectively, and actions may not satisfy mandated responsibilities. While goals were established and performance measures were created in the draft, not all critical strategies were addressed. Opportunities for improvement with short- and long-range planning were identified by the 1996 internal audit of the CIS program. According to management's response to the finding, the estimated completion date for an operational plan was January 1997. | The following observations and recommendations were noted during a cursory review of the draft operational plan (plan): The two goals identified in the plan and their associated performance measures should identify how the CIS program will provide services to satisfy key program components. The organization of the plan should flow from the key program components to the development of two goals: program replication and excellence in student programs. Additionally, the plan should flow from the key program components to the performance measures for these goals and the actions to accomplish these goals. The plan should specify the individuals responsible for implementing the plan. | The Commission should ensure CI goals link to their strategies, actions link to their goals, and performance measures identify whether or not goals are being accomplished. The plan should identify the individuals responsible for accomplishing the goals through their actions. The CIS state office should also consider using the long-range plans being developed by the local CIS providers to develop a statewide long-range plan for the CIS program. In addition, a system should be established to periodically review and revise these plans to ensure that objectives are met and that program activities are addressing mandated requirements. |
| Finalize Commission Rules for CIS Program The rules for implementing the Memorandum of Understanding (MOU) between the Commission and the Texas Education Agency (TEA) have not been finalized and approved. The MOU was finalized in June 1997. Without finalized rules, there are no specific guidelines for the state CIS coordinator in determining funding allocation methods, establishing limits on budgetary cost categories and performance standards. The Labor Code Section 305.013(c) states that the TEA and the Commission shall adopt rules to implement the MOU and shall update the MOU and rules | The Commission has prepared a draft of the rules; however, the draft does not include the funding formula that takes into consideration the financial resources of local CIS districts. The 1996 internal audit of the CIS program noted that rules for the CIS program had not been developed and approved. According to management's response to the finding, the estimated completion date for the plan was January 1, 1997. Our follow-up of this finding identified that these rules still have not been finalized and approved. | The Commission should comply with the Labor Code for developing rules for the implementation of the Memorandum of Understanding between the Commission and the Texas Education Agency. |

annually.

| Audit Finding | Detailed Audit Results | Recommendations |
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| Update the CIS Funding Formula The current funding formula used by the CIS program does not include all required information and is not in compliance with the Labor Code. This formula is used in reducing grant per campus funding in the five-year Funding Plan and does not include the financial resources of local CIS providers. Without the inclusion of local financial resources, the CIS program is not in compliance with Labor Code Section 305.021(b). Labor Code Section 305.021(b) states: To determine participation in the second year of the 1996-1997 state fiscal biennium and subsequently, | The 1996 internal audit of the CIS program noted the funding formula used in reducing grant per campus funding in the five-year Funding Plan did not appear to consider the financial resources of individual CIS districts as required by the Labor Code. At that time, the state CIS coordinator planned to continue funding CIS programs on a per- campus basis. The formula used generated a total contract amount for each city based on individual campus funding for administrative, participant, and total quality management categories. An internal audit report noted it appeared certain programs had greater availability of funding resources than other programs, some of which were located in remote areas. | The Commission should update the current funding formula to include the financial resources of local CIS providers as required by the Labor Code. |
| the state coordinator shall implement a formula for the funding of Communities in Schools campuses that reduces, over a five-year period beginning September 1, 1996, the funds annually contributed by the state to an amount not less than 50 percent of the amount contributed by the state for funding of the program in the first year of the 1996-1997 state fiscal biennium. The formula must consider the financial resources of individual communities and school districts. | According to management's response to the finding, the state coordinator would revise the funding plan to include the evaluation and consideration of other sources of funding available for individual programs as required by the Labor Code. Our follow-up of this finding identified that a revised formula has not been developed. | |

Audit Findings, Detailed Audit Results, and Recommendations (concluded)

| Audit Finding | Detailed Audit Results | Recommendations |
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| Ensure CIS Specialists Receive Training The training necessary to operate the Communities in Schools Case Management System (CISCMS) has not been provided for all specialists and their backups. As a result, the CIS program risks the disruption of critical automated functions. Knowledge and documentation of procedures in reporting data necessary to determine the achievement of CIS goals and objectives is critical. Specialists and their backups should be able to readily produce and provide reported data to program management and other interested parties. Knowledgeable backups to the specialists minimize the risk of disrupting mission-critical automated functions of the CIS program. | The CISCMS database is a central depository of information for the CIS program. An example of information maintained in the database is the performance information submitted from local CIS entities. Documentation provided by program personnel showed the following results: • 4 of the 22 local CISCMS specialists had not received training • 12 of 22 backups had not received training • There is no trained backup for the state CISCMS specialist CIS personnel immediately provided training to CISCMS specialists once the opportunity for improvement was noted. | The Commission should provide training necessary to operate the Communities in Schools Case Management System (CISCMS) for all specialists and backups at both the local CIS providers and the state office. |
| Update CIS Job Descriptions Job descriptions for the CIS program do not include required performance standards which are intended to define and substantiate employee performance. As a result, the CIS program is not in compliance with the Commission's human resources policies and procedures for preparing job descriptions. The Commission's Performance Planning and Review Process delegates the responsibility of developing job descriptions for all positions to each program within the Commission. The 1996 internal audit of the CIS program noted job descriptions or performance standards had not been provided to outline responsibilities for CIS program employees. | While the essential job functions have been identified for all CIS personnel and positions, not all job descriptions (six of nine) specify the performance standards which define and substantiate each employee's level of performance. The job descriptions that do not comply with the Commission's human resources policies and procedures include the: - Assistant State Coordinator - Planner I - Management Auditor I (two positions) - CIS-CMS Coordinator - Program Support Assistant In addition, the following positions do not have job descriptions: - Management Auditor I (two positions) - System Support Specialist III/IV - Administration Technician II-IV - Planner I | The Commission should update job descriptions to include performance standards necessary to define and substantiate employee performance. Additionally, the Commission should develop job descriptions for the five positions. These recommendations should be implemented in accordance with the Commission's Performance Planning and Review Process. |

| Audit Finding | Correction Action | Estimated Date of Completion |
|--|--|-------------------------------|
| Program Effectiveness Performance Measures Should Be Accurate and Reliable | The CIS State Office hired a qualified CISCMS Specialist to manage and coordinate data associated with CIS performance measures. The following CISCMS actions planned for implementation during FY 1998 should address the accuracy of data issue: | |
| | Develop a new CISCMS application to better capture program data. | 1. September 1, 1998 |
| | Determine the data needed to assure accurate and reliable performance measurement. | 2. September 1, 1998. |
| | 3. Revise the data collection forms and the CISCMS codes to conform to the CIS service model. Will provide more complete, accurate and consistent data to the State Office. | 3. Completed November 7, 1997 |
| | Develop Quality Assurance Reports for the CIS State Office to send to the local programs for corrective action. | 4. January 20, 1998 |
| | Develop Quality Assurance Reports for the CIS Local Office to correct problematic data before submission to the State Office. | 5. February 25, 1998 |
| | 6. Develop a process to insure local programs submit data to the State Office timely. Assess appropriateness of deadlines and determine causes of restrictions in the flow of information to provide means for improvement. | 6. Completed November 7, 1997 |
| | 7. Correct and close the 1996-1997 program year data. | 7. December 17, 1997 |
| | Develop a year-end evaluation report for the 1996-1997 program year. | 8. December 17, 1997 |

| Audit Finding | Correction Action | Estimated Date of Completion |
|--|---|---|
| | 9. Update the CISCMS Users Manual to reflect changes to the CISCMS codes and forms. | 9. May 31, 1998 |
| | 10. Implement training of local CIS program staff on the use of the new CISCMS forms, code revisions and application. | 10. Training began October 29, 1997. Follow-up training will be scheduled as needed. |
| | 11. Develop a disaster recovery program for CISCMS data stored at the State Office. | 11. July 30, 1998 |
| | Develop standardized reporting formats to be distributed to the local CIS programs. | 12. April 30, 1998 |
| | 13. Develop an efficient archival and retrieval data warehousing process for program data. | 13. Three years |
| | 14. The CISCMS Specialist will develop a Technical Support Management System. | 14. June 30, 1998 |
| Ensure Performance Measures Reported to the Legislative Budget Board (LBB) are Accurate and Reliable | Problems with the accuracy of the data were related to the problem discussed above. The plan above will resolve the accuracy issue with the data reported to the LBB. | See above |
| Update Performance Measure Definition | The CIS State Office has proposed changes to the measure, which have been reviewed and approved by the Quality Assurance Department. The Director for Planning will convey these proposed changes to the LBB for its consideration. | December 1997. If accepted by the LBB, the changes will be incorporated in the Commission's first quarter report to the LBB for fiscal year 1998, which is due in January 1998. |
| Ensure CIS Expenditures are Paid on Time With Funds from the Correct Fiscal Year | The Accounting Department will improve communication of policies regarding timing of payments and funding sources with accounting staff. Noncompliance with these procedures will not be allowed. | Completed December 2, 1997 |
| | The CIS State Coordinator has implemented a procedure which ensures upon receipt of an invoice for goods or services, an F-7 payment document will be prepared within 3-5 working days and forwarded along with other required supportive documentation to TWC's accounts payable section for processing. | |

| Audit Finding | Correction Action | Estimated Date of Completion |
|---|--|-------------------------------------|
| Accounting Records for 1996 Expenditures Could Not Be Located | The Accounting Department records indicate that the unlocated documents were all archived at the State Library. Accounting has added additional review procedures to ensure that every archive listing is complete and accurate prior to the Library's collection. Accounting will also work with the State Library to ensure that TWC records requests are returned complete and filed correctly by the Library. The CIS State Coordinator will maintain copies of supporting documentation for all goods or services received. | Completed December 2, 1997 |
| Reimburse the Travel Advance Fund in a Timely Manner | TWC will explore eliminating the travel advance policy. Alternative methods will be explored to assist employees with travel expenses, such as direct billing and increased use of corporate credit cards. In the interim, we will strengthen our advance collection procedures to decrease our receivable time. We have currently collected four of the six past due accounts and have an agreement with the two individuals who no longer work at the Commission for payment. | January 15, 1998 |
| Asset Management Controls Are Not Adequate | TWC's Property Management Division has rewriting the Commission's Property Management Policies and Procedures. The Administration Division is in the process of strengthening asset management controls. We plan to create a separate unit dedicated to asset management. This unit will be led by a manager who will have the authority and responsibility for developing and implementing a strong asset management function. The CIS State Coordinator has scheduled a meeting with TWC's Property Management Division to discuss specific requirements, procedures, controls and responsibilities for maintaining assets at the cost center level. The CIS State Office will initiate steps to implement these policies and | January 1, 1998 January 31, 1998 |

| Audit Finding | Correction Action | Estimated Date of Completion |
|---|--|------------------------------|
| 1997 Annual CIS Program Reviews Were Not Performed as Required | CIS staff were not able to perform an annual review of each of the CIS local providers due to staff turnover and budget constraints. On September 1, 1997, program monitoring responsibilities were transferred to the Commission's Monitoring Department. | Completed and Ongoing |
| | The Monitoring Department has developed and implemented a risk assessment methodology for all programs administered by the Commission, including CIS. This assessment helps identify those programs, contractors, and program-areas that present the highest risk to the Commission. Our monitoring efforts will be focused on these high-risk areas, programs, and contractors. An annual monitoring plan is prepared to ensure that the entities/areas of highest risk are monitored frequently, thus ensuring fiscal and programmatic accountability. | |
| | The current CIS policy is being modified to conform to the risk based approach being used by the Monitoring Department. The CIS State Office will continue to provide program evaluation and technical assistance to local CIS providers using a risk and needs assessment of all twenty-two local CIS programs. | |
| | The CIS State Coordinator will meet regularly with the Commission's Monitoring Department on a regular basis to share and exchange information and findings of local CIS programs. The meetings will focus on providing assurances that local CIS programs are in compliance with contractual agreements; the programs are operating efficiently and effectively; and state and federal funds are spent appropriately. | |

| Audit Finding | Correction Action | Estimated Date of Completion |
|--|---|--|
| 1997 CIS Medicaid Reviews Were Not Performed as Required | CIS staff were not able to perform an annual review of each of the CIS local providers due to staff turnover and budget constraints. On September 1, 1997, program monitoring responsibilities were transferred to the Commission's Monitoring Department. The Monitoring Department will comply with the agreement made with the Health and Human Services Commission that requires the review of all subrecipients receiving federal Medicaid funds. The | Completed and ongoing |
| | Monitoring Department will conduct these reviews each year to comply with the program plan. | |
| Local CIS Providers Have Not Submitted Corrective Action Plans for Fiscal Monitoring Reviews | Two of the three entities identified have submitted corrective action plans to the Commission. These plans were not submitted within the 30 days currently required by our procedures. We are reviewing our procedures to determine the most effective way to provide oversight and ensure corrective action has taken place. | We will be performing an on-site review of the third entity during the week of January 12, 1998, and will follow-up on the previous issues to determine what corrective action has been taken. |
| | The two entities that have submitted their action plans have taken steps to resolve the issues noted during our site reviews. | |
| Local CIS Providers Did Not Comply With State Reporting Requirements for Fiscal Year 1997 | The Commission does have a process for ensuring all local CIS providers comply with state and federal reporting requirements for A-133 audits. The Monitoring Department tracks each provider's compliance with the A-133 audit requirements. Providers who have not complied with the applicable requirements are routinely notified to encourage their compliance. The sanction policy being developed by the Commission includes appropriate levels of enforcement actions for these types of contract violations. | Completed |
| | There were two CIS providers that were granted extensions on their audit reports. We received the audit report for one of these entities on October 15, 1997, and are currently reviewing its contents. The second provider has engaged a CPA to conduct the audit, and the CPA has assured us that we will receive the audit no later than January 31, 1998. | |

| Audit Finding | Correction Action | Estimated Date of Completion |
|--|--|---|
| Finalize the CIS Operational Action Plan | The CIS State Office completed a detailed draft action plan and have received comments and suggestions from TWC management for improving presentation of the document. The CIS State Coordinator is currently making changes and updates to the action plan. | Revised draft will be complete for the Commissioners' review by February 1, 1998. |
| Finalize Commission Rules for CIS Program | The Commissioners responded to staff questions regarding the CIS rules during the December 2, 1997, hearing. CIS Rules are on the agenda for action December 16, 1997. | December 16, 1997 |
| Update the CIS Funding Formula | Accounting is assisting in writing the Funding Formula to be included in the Rules above. | December 16, 1997 |
| Ensure CIS Specialists Receive Training | The CIS State Office completed its first-round training of all CISCMS Specialists and backups in April 1997. In addition, the CIS State Office followed up with a second-round of training for CISCMS Specialists and backups on October 29, 1997. The CIS state Office currently has a trained CISCMS Specialist and a backup. The CIS State Office will maintain evidence of all training activities performed for local CIS programs by keeping training rosters and/or sign-in sheets of participants who are trained. | Completed October 29, 1997 |
| Update CIS Job Descriptions | The CIS State Coordinator has completed and submitted job descriptions for all current budgeted positions within the CIS State Office as of November 13, 1997. Performance standards for each job description are currently being developed. | January 31, 1998 |