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An Audit Report on

**Community Justice Assistance
Division Diversion Program
Grants at the Department of
Criminal Justice**

September 2012
Report No. 13-004

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Overall Conclusion

The Community Justice Assistance Division (Division) within the Department of Criminal Justice (Department) cannot demonstrate that its process for awarding Diversion Program grants is based on consistent evaluation criteria. The Division provided a total of \$215 million in Diversion Program grants to local community supervision and corrections departments (local departments) in the 2010-2011 biennium (see Appendix 2 for additional details).

Local departments submit community justice plans when they apply for Diversion Program grants. Those plans outline projected program outputs and outcomes. The Division assigned a score to each local department's community justice plan for the 2012-2013 biennium. However, Division documentation indicated that the amounts of Diversion Program grants the Division actually awarded were based on performance information for the local departments that was not incorporated into those scores.

The Division also should improve its financial and program monitoring to ensure that local departments spend funds from Diversion Programs grants as intended. Specifically:

- **Financial Monitoring.** The Division's financial monitoring of local departments relies primarily on reviewing the reports from audits of financial statements and compliance-related information that external auditors conduct at local departments. However, the Division's guidance and checklist for those audits do not contain sufficient detail. In addition, the Division does not consistently review the reports from those audits in a timely manner or follow up to determine whether local departments correct issues identified in those audits.
- **Program Monitoring.** The Division conducts its own program monitoring at local departments. Its program monitoring includes reviewing local departments' compliance with special grant conditions. However, the Division does not determine whether local departments' performance output and outcome reports

Background Information

The Department of Criminal Justice's Community Justice Assistance Division (Division) administers community supervision (or adult probation) in Texas. Offenders on community supervision serve their sentences in the community rather than in prison. According to the Division, 407,000 offenders are on community supervision.

The Division provides funding to local community supervision and corrections departments (local departments). One of the funding streams is state Diversion Program grants that the Division awards to selected local departments for programs that are alternatives to incarcerating offenders. Examples of those programs include residential substance abuse programs and sex offender programs.

The Division reported that it had 81 full-time equivalent employees during fiscal year 2010 and 75 full-time equivalent employees during fiscal year 2011 (see Appendix 4 for an organizational chart). Its operating budget (excluding grant funds) was \$3,811,935 for fiscal year 2010 and \$3,595,982 for fiscal year 2011.

are accurate, and it does not have an adequate risk assessment to select local departments at which to perform program monitoring.

The Division also should improve its monitoring of available funds to ensure that it maximizes the use of Diversion Program grants. The Division awarded a one-time grant that enabled it to retain Diversion Program grant funds that it otherwise would have been required to return to the State's General Revenue Fund. Specifically, on the next-to-last day of the 2010-2011 biennium (August 30, 2011), the Division:

- Awarded the Tarrant County Community Supervision and Corrections Department a one-time Diversion Program Grant for \$2,400,000.
- Requested that the Tarrant County Community Supervision and Corrections Department not spend the \$2,400,000 and refund that amount to the Division during the subsequent fiscal year.

The Tarrant County Community Supervision and Corrections Department refunded the \$2,400,000 to the Division in December 2011, which enabled the Division to have use of those funds during the subsequent biennium. Through this process, the Division was able to avoid the appropriation limitation by moving funds from one biennium to the next biennium.

Auditors communicated other, less significant issues to the Department separately in writing.

Summary of Management's Response

The Department and the Division agreed with the recommendations in this report.

Summary of Information Technology Review

Auditors reviewed general controls over the Division's Integrated Database and Actual Program Outputs (APO) system, which are the information technology systems that the Division uses to track local departments' budget information, quarterly financial reports, and program performance.

Auditors also reviewed general controls over information technology systems at the Dallas County Community Supervision and Corrections Department and the Harris County Community Supervision and Corrections Department (see Appendix 3 for additional details). This included the financial systems those local departments used to track expenditure data and case management systems those local departments used to track offender data.

Summary of Objectives, Scope, and Methodology

The objectives of this audit were to determine:

- Whether the Division has processes and controls that are designed and operating to help ensure that local departments use diversion funds in accordance with approved community justice plans and grant agreements.
- Whether the Division makes diversion grant funding decisions in accordance with established policies and procedures.

The scope of this audit was fiscal years 2008 through 2011 (funding years 2008 through 2013) for Diversion Program grant funding decisions and fiscal years 2010 and 2011 for monitoring of Diversion Program grant funds. The scope also covered activities for fiscal years 2010 and 2011 at the Dallas County Community Supervision and Corrections Department and at the Harris County Community Supervision and Corrections Department.

The audit methodology included collecting and reviewing information that the Division used to make Diversion Program funding decisions and that it used to monitor those funds, reviewing the Division's policies and procedures and applicable state laws and regulations, conducting interviews with Division management and staff, and reviewing and analyzing general controls over the Division's Integrated Database and the Actual Program Outputs system database.

Auditors assessed the reliability of the data the Division used to make funding decisions, which consisted of various spreadsheets, fiscal year 2010 and 2011 payment schedules, a financial risk assessment and associated tracking log, and a program risk assessment and associated tracking log. Auditors determined that the data was sufficiently reliable for purposes of this audit.

Auditors also visited two local departments to test selected Division monitoring procedures. Those local departments were the Dallas County Community Supervision and Corrections Department and the Harris County Community Supervision and Corrections Department. Auditors selected those local departments based on the grant amounts, number of diversion programs, and amount of contracted services.

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Detailed Results

Chapter 1

The Division Should Award Diversion Program Grants Based on Consistent Evaluation Criteria

The Community Justice Assistance Division (Division) within the Department of Criminal Justice (Department) cannot demonstrate that its process for awarding Diversion Program grants is based on consistent evaluation criteria. The Division provided a total of \$215 million in Diversion Program grants to local community supervision and corrections departments (local departments) for the 2010-2011 biennium (see Appendix 2 for additional details).

Community Justice Plans

To apply for Diversion Program grant funds, each local department submits a community justice plan that includes the following:

- A description of programs and a budget for those programs.
- Target population.
- Program milestones.
- Projected program output/outcomes.

Source: The Division's 2012-2013 biennium instructions for community justice plans.

Local departments submit community justice plans when they apply for Diversion Program grants. Those plans outline projected program outputs and outcomes (see text box for additional details). The Division assigned a score to each local department's community justice plan for the 2012-2013 biennium. However, Division documentation indicated that the amounts of Diversion Program grants the Division actually awarded were based on performance information for the local departments that was not incorporated into those scores. According to the *State of Texas Contract Management Guide*, "grant applications should be scored using a scoring matrix to evaluate the grant application...Recommendations for grant funding must be documented and based on the scoring results."

The Division's funding procedures for the 2010-2011 biennium stated that the local departments would receive the same amount of funding as the prior year, regardless of the score the Division assigned to each department's community justice plan. The Division improved that process for the 2012-2013 biennium by adding performance-based evaluation criteria to its grant evaluation process. Examples of the performance-based evaluation criteria the Division included were the percentage of successful completions from a program and the cost per offender in the program. However, auditors could not determine whether the amounts of Diversion Program grants the Division awarded for the 2012-2013 biennium were based on the scores the Division assigned to each local department's community justice plan. Division documentation indicated that the amounts of Diversion Program grants the Division actually awarded were based on performance information that was not incorporated into those scores.

The Division asserted that the award amounts were based on multiple evaluation criteria including the community justice plan score, the budget score, and other performance information such as the percentage of successful

completions and the average cost of successful completion of the applicable program. The final award amounts for the 2012-2013 biennium were determined during meetings that Division management held.

Additionally, the Division did not inform all local departments of all evaluation criteria before the local departments submitted their community justice plans. The Division's instructions to the local departments did not specify the evaluation criteria the Division would use. The *State of Texas Contract Management Guide* states that "the solicitation document must advise the respondents how a proposal will be evaluated."

Without using consistent evaluation criteria or providing the evaluation criteria to the local departments:

- The amounts of Diversion Program grants the Division awards may not meet the needs of the local departments.
- Diversion Program grants may not be distributed to the most effective programs.

The Division should ensure that it uses accurate data to make funding decisions.

Program output data in the Actual Program Outputs (APO) system and offender-level data in the Intermediate System (ISYS) that the Division uses to make Diversion Program grant funding decisions may not be accurate.

The local departments enter annual performance data into the APO system. They also enter offender-level data into case management systems, and that data is subsequently transmitted to ISYS. The Division also receives data on monthly offender totals from the local departments and enters that data into a database. The Division compiles the data from those three sources and then uses it to score local departments' community justice plans and make funding decisions. However, data in the APO system and ISYS may not be accurate. For example, the Harris County Community Supervision and Corrections Department explained to auditors that the data on outputs that it submitted to the APO system was inflated, and the Dallas County Community Supervision and Corrections Department could not provide support for totals it had entered into the APO system. Division management also stated that offender-level data in ISYS was not accurate.

If the Division does not ensure that data from those sources is accurate, that increases the risk that funding decisions could be based on inaccurate data and that funding may not meet the needs of local departments.

Recommendation for the Department

The Department should ensure that the Division develops evaluation criteria for awarding Diversion Program grants and submits that criteria to the Office of the Governor and the Legislative Budget Board for review and comment before the Division determines the amounts of Diversion Program grant funds it will award.

Management's Response from the Department

Agree. The evaluation criteria will be submitted to the Office of the Governor and the Legislative Budget Board for review and comment before the Division makes the grant awards. The target date for implementation is November 15, 2012.

Recommendations for the Division

The Division should:

- Develop evaluation criteria and distribute those criteria to local departments before the local departments submit their community justice plan submissions and request Diversion Program grants.
- Develop a process to ensure that it (1) includes all evaluation criteria in its scoring of local departments' community justice plans and (2) uses the scores it assigns to local departments' community justice plans as the primary factor for determining Diversion Program grant amounts.
- Incorporate information in its grant evaluation criteria that would allow the Division to award Diversion Program grant funds to the most effective programs at local departments.
- Coordinate with local departments to ensure that the performance data in the APO system and offender-level data in ISYS is accurate.

Management's Response from the Division

Develop evaluation criteria and distribute those criteria to local departments before the local departments submit their community justice plan submission and request Diversion Program grants.

Agree. The division will review the current evaluation criteria in collaboration with the Community Justice Plan (CJP) Committee comprised of Community Supervision and Corrections Departments (CSCDs)

representatives. The Division Director shall be responsible for implementing the corrective action. Evaluation criteria will be distributed to give the CSCDs opportunity to utilize the criteria when submitting CJP amendments/addendums prior to the division's funding decisions for FY14-15. The target date for implementation is December 31, 2012. Note, the next opportunity for CSCDs to submit another CJP is March 1, 2014.

Develop a process to ensure that it (1) includes all evaluation criteria in its scoring of local departments' community justice plans and (2) uses the scores it assigns to local departments' community justice plans as the primary factor for determining Diversion Program grant amounts.

Agree. The division will ensure that the CJP review process includes all evaluation criteria and that the values assigned to individual programs are the primary factor used to determine program grant amounts. The Division Director shall be responsible for implementing the process that will ensure that all evaluation criteria and scores are used when determining grant funding requests. Use of secondary factors, such as ensuring some diversity of funding statewide, will be documented. The target date for implementation is April 15, 2013.

Incorporate information in its grant evaluation criteria that would allow the Division to award Diversion Program grant funds to the most effective programs at local departments.

Agree. The division will continue improvement on the currently implemented evidence-based review of grant funded programs to evaluate their effectiveness while continuing work with the local departments to ensure the data is reliable and accurate for use in the grant cycle. The Division Director shall be responsible for implementing the information necessary to award grant funds to effective programs. The target date for implementation is October 1, 2013.

Coordinate with local departments to ensure that the performance data in the APO system and offender-level data in ISYS is accurate.

Agree. The division will continue to coordinate with local departments to ensure proper and accurate reporting of program data to the Actual Program Outputs (APO) system and to the Intermediate System (ISYS). This action item is directly linked to CSCD CJP submission and grant decisions, as referenced in the previous recommendation. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is October 1, 2013. Once this target date is achieved the APO system will be eliminated.

The Division Should Improve Its Monitoring to Ensure That Local Departments Use Diversion Program Grant Funds in Accordance with Their Grant Agreements and Community Justice Plans

Financial Monitoring. The Division's financial monitoring of local departments relies primarily on audits of financial statements and compliance-related information that external auditors conduct at local departments. However, the Division does not:

Financial Statement and Compliance-related Audits

Local departments are required to submit the report from the financial statement and compliance-related audit to the Division by March 31 of each year. The audit is conducted by a certified public accountant and includes an audit of the local department's financial statements and a compliance checklist.

- Provide detailed audit guidance and checklists for the audits conducted at local departments. Although the Division provides certain information and checklists, that information is not sufficiently detailed to ensure that auditors complete comprehensive and consistent reviews of local departments' information.
- Consistently review reports from local departments' audits of financial statements and compliance-related information in a timely manner.

- Verify whether local departments implement corrective actions when reports from audits of financial statements and compliance-related information identify issues.

Program Monitoring. The Division conducts its own program monitoring at local departments. Its program monitoring includes reviewing local departments' compliance with special grant conditions. However, the Division does not:

- Determine whether local departments' performance output and outcome reports are accurate.
- Have an adequate risk assessment to select local departments at which to perform program monitoring and focus on the local departments with the highest risk of non-compliance.
- Verify whether local departments comply with their community justice plans.
- Verify whether local departments implement corrective actions when program monitoring reviews identify problems.

Sanctions. The Division does not have a schedule of sanctions that it can impose on local departments for noncompliance with the terms of their Diversion Program grant agreements, the Division's *Financial Management Manual*, or the Division's *Contract Management Manual* and does not impose such sanctions.

The Division Does Not Perform Adequate Financial Monitoring of Local Departments

Summary of Rider 80, Pages V-27 and V-28, the General Appropriations Act (81st Legislature)

Rider 80 required the Department to provide local departments with \$4,375,000 in fiscal year 2010 and \$8,750,000 in fiscal year 2011 for salary increases for community supervision officers and direct care staff. Those individuals were to receive a 3.5 percent salary increase in fiscal year 2010 and an additional 3.5 percent salary increase in fiscal year 2011.

The Division relies primarily on external auditors' audits of financial statements and compliance-related information to ensure that local departments spend Diversion Program grant funds as intended.

In fiscal years 2010 and 2011, the Division reviewed reports from the local departments' audits of financial statements and compliance-related information. The Division also performed desk reviews of information regarding funds that local departments received for salary increases through a General Appropriations Act rider (see text box for additional details). The majority of those desk reviews were completed in fiscal year 2011. The funds for salary increases represented 8 percent of Diversion Program funds for the 2010-2011 biennium (see Table 1).

Table 1

Summary of Diversion Program Funds ^a Fiscal Years 2010 and 2011			
Source of Funds	Amount of Funds and Percent of Total		
	Fiscal Year 2010	Fiscal Year 2011	Totals
Rider 80, pages V-27 and V-28, the General Appropriations Act (81st Legislature)	\$ 7,261,664 (7%)	\$ 10,693,973 (10%)	\$ 17,955,637 (8%)
All other Diversion Program funds	\$ 98,934,164 (93%)	\$ 98,452,691 (90%)	\$197,386,855 (92%)
Totals	\$106,195,828	\$109,146,664	\$215,342,492

^a Amounts do not include Battering Intervention Prevention Program funding (see Appendix 2 for information on Battering Intervention Prevention Program funding).

Source: The Division's payment schedule for fiscal years 2010 and 2011.

The procedures for the desk reviews that the Division performed on information regarding funds that local departments received for salary increases included steps to verify whether the local departments used the funds for qualifying positions. It is important for the Division to monitor local departments' expenditures of Diversion Program grant funds to ensure that local departments spend those funds on allowable, necessary, and reasonable items. Local departments receive Diversion Program grant funds in quarterly payments, rather than on a cost-reimbursement basis.

The issues discussed below indicate that relying on reports from audits of financial statements and compliance-related information should not be the primary form of monitoring the local departments' expenditures.

The Division's audit guidance and checklist for local departments does not contain sufficient detail.

The audit guidance and checklist the Division provides to local departments for their audits of financial statements and compliance-related information do not include detailed information that describes the audit work to be performed. This impairs the Division's ability to ensure that external auditors conduct audit work that is sufficient to identify and address compliance issues at local departments. For example:

- The checklist includes a requirement that states "[The Division's] policies regarding contracts with vendors have been followed, which includes maintaining a Contract Monitoring Plan (policy) to monitor vendor payments and compliance with contracts." The Dallas County Community Supervision and Corrections Department did not have a monitoring plan that stated its policies and procedures for monitoring its contractors; however, the report from its audit did not note a deficiency in that area. Without a more detailed requirement, the Division cannot determine the extent of the compliance testing that an external auditor performed.
- The director of the Cherokee County Community Supervision and Corrections Department was indicted for theft from the local department that allegedly occurred during fiscal year 2008. However, the log that the Division uses to track information about audits of financial statements and compliance-related information specified that the report from that local department's audit was "ok." While the Cherokee County Community Supervision and Corrections Department did not receive Diversion Program grant funds, the Division monitors all funds in the same way; therefore, incidents such as the alleged theft could occur at a local department that receives Diversion Program grant funds.

The Division does not consistently review reports from local departments' audits of financial statements and compliance-related information in a timely manner.

The Division's procedures to review the reports from local departments' audits of financial statements and compliance-related information align with its audit guidance. The Division also completed its review procedures for all 14 reviews tested. However, the Division did not always complete the reviews within the required time frames. The Division's policies and procedures required the Division to review the reports within 6 months of receipt for the fiscal year 2008 audits and within 10 months of receipt for the fiscal year 2009 audits. However, the Division did not start reviewing 46

percent of the fiscal year 2008 audit reports and 47 percent of the fiscal year 2009 audit reports until after the required time period. The Division started reviewing one fiscal year 2008 audit report 515 calendar days (approximately 17 months) after receiving the audit report. It started reviewing one fiscal year 2009 audit report 640 calendar days (approximately 21 months) after receiving the audit report.

Effective April 2010, the Division updated its policies and procedures to increase the time to complete a review of a report from an audit of financial statements and compliance-related information from a maximum of 6 months to a maximum of 10 months. This could lead to the misuse of state funds or increase the risk that issues may not be identified in a timely manner; however, auditors' review of the expenditures at the Dallas County Community Supervision and Corrections Department and the Harris County Community Supervision and Corrections Department did not identify any instances in which funds were spent inappropriately.

Not reviewing reports from audits of financial statements and compliance-related information in a timely manner impairs the Division's ability to determine whether local departments spend Diversion Program grant funds appropriately.

The Division does not follow up to determine whether local departments correct issues identified in the reports from the audits of financial statements and compliance-related information.

The Division does not follow up to determine whether local departments implement the corrective actions identified as necessary in the reports from their audits of financial statements and compliance-related information. If a report from an audit of a local department identifies issues, the Division requires the local departments to create a corrective action plan. However, the Division does not follow up to determine whether the local department implements the corrective action. Instead, the Division relies on the audit conducted in the next year to determine whether the issue still exists.

Not determining whether local departments implement corrective action plans impairs the Division's ability to determine whether local departments correct financial problems promptly.

The Division does not review local departments' contracts for offender services.

The Division does not review local departments' contracts for offender services as formerly required by its *Contract Management Manual* and policies and procedures. In fiscal years 2010 and 2011, local departments were required to submit to the Division (1) all contracts for at least \$100,000 in cumulative payments per vendor per year and (2) all community corrections facility residential services contracts for at least \$25,000 in cumulative payments per vendor per year. The Division's policies and procedures

required the Division to review those contracts for specified clauses from its *Contract Management Manual*.

The Division removed the requirement described above from the most recent version of its *Contract Management Manual*; as a result, testing of local departments' compliance with requirements in the Division's *Contract Management Manual* will be completed as part of the local departments' audit of financial statements and compliance-related information. However, because the audit guidance and checklist do not contain sufficient details to ensure that those audits are completed as intended, the Division should not rely solely on those audits for verification that contracts include required clauses.

Without reviewing contracts, the Division cannot determine whether local departments' contracts contain the required clauses specified in its *Contract Management Manual*. Those clauses contain information relating to allowable expenditures, accounting records, and audit requirements.

Recommendations for the Division

The Division should:

- Perform desk reviews or site visits to verify the allowability of local departments' financial transactions, and review local departments' compliance with financial requirements outlined in Diversion Program grant agreements. The Division could coordinate this work with its program monitoring reviews.
- Provide detailed audit guidance and a more detailed checklist for local departments' audits of financial statements and compliance-related information.
- Develop and implement a process to ensure that it completes its reviews of reports from local departments' audits of financial statements and compliance-related information within the required time frame.
- Lower the maximum time to complete a review of a report from a local department's audit of financial statements and compliance-related information to six months to ensure that the review will be completed within one year of the fiscal year end.
- Develop and implement a process to determine whether local departments have implemented corrective actions identified as necessary in the reports from their audits of financial statements and compliance-related information.

- Develop and implement a process to ensure that local departments properly procure and monitor contracts for offender services and comply with the Division's *Contract Management Manual*.

Management's Response from the Division

Perform desk reviews or site visits to verify the allowability of local departments' financial transactions, and review local departments' compliance with financial requirements outlined in Diversion Program grant agreements. The Division could coordinate this work with its program monitoring reviews.

Agree. During the risk assessment process, the division will determine when to perform desk reviews or to include steps to verify the allowability of financial transactions. As feasible, this work may be coordinated with program monitoring reviews. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is December 15, 2012.

Provide detailed audit guidance and a more detailed checklist for local departments' audits of financial statements and compliance-related information.

Agree. The division has conducted a review of the Audit Guidelines for FY12, which are released annually. This review has resulted in the revision of current instructions as well as additional instructions to the Public Accounting Firms for their FY12 audits. The Division Director shall be responsible for coordinating the annual monitoring of the implemented plan and checklist revisions. The target date for implementation is October 1, 2012.

Develop and implement a process to ensure that it completes its reviews of reports from local departments' audits of financial statements and compliance-related information within the required time frame.

Agree. The division will evaluate its current process and staffing for the review of independent audit reports of the CSCDs to ensure the completion of report reviews from local CSCDs. The Division Director shall be responsible for implementing the corrective action. CSCD FY12 Independent Audit Reports are due April 30, 2013, therefore the target date for implementation is May 1, 2013.

Lower the maximum time to complete a review of a report from a local department's audit of financial statements and compliance-related information to six months to ensure that the review will be completed within one year of the fiscal year end.

Agree. Independent audit reports will continue to be prioritized in accordance with the risk assessment. Given staffing levels in the fiscal services section, the division shall ensure that a reduction in the time allotted to complete a review is commensurate with the identified risk. The Division Director shall be responsible for implementing the corrective action. CSCD FY12 Independent Audit Reports are due April 30, 2013, therefore the target date for implementation is May 1, 2013.

Develop and implement a process to determine whether local departments have implemented corrective actions identified as necessary in the reports from their audits of financial statements and compliance-related information.

Agree. For FY12 the division implemented a process of forwarding an action plan to the CSCDs based on findings in the annual independent audit reports. In addition, as recommended in Chapter 2-A, the division will include a reference to Government Auditing Standards 4.05 in the audit guidance for the Public Accounting Firms annual audit. This standard requires auditors to follow-up on findings from previous audits that could have a material effect on financial statements or other financial data. The Division Director shall be responsible for monitoring the corrective action implemented in FY12 on an annual basis. The target date for implementation is October 1, 2012.

Develop and implement a process to ensure that local departments properly procure and monitor contracts for offender services and comply with the Division's Contract Management Manual.

Agree. The division will use a risk instrument to incorporate a contract sampling review of CSCDs based on findings noted in the independent audit report. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is December 15, 2012.

The Division Does Not Perform Adequate Program Monitoring of Local Departments

The Division does not determine whether local departments' performance outputs and outcomes reports are accurate.

The Division does not ensure that local departments report accurate information such as the number of program participants and the number of program completions. When auditors visited the Dallas County Community Supervision and Corrections Department, that local department could not support the number of program participants and the number of program completions it reported to the Division. When auditors visited the Harris County Community Supervision and Corrections Department, that local department asserted that the number of program participants and the number of program completions it reported to the Division were incorrect.

Verifying the numbers that local departments report is important because this indicates how the Diversion Program is working and whether local departments meet output targets. The Division uses that information to make grant funding awards; therefore, it should ensure that the numbers are accurate.

The Division does not have an adequate risk assessment to select local departments at which to perform program monitoring and focus on the local departments with the highest risk.

The Division's program monitoring risk assessment for local departments does not (1) select the local departments with the highest risk of noncompliance with requirements and (2) determine the programs or types of reviews the Division should perform. According to the *State of Texas Contract Management Guide*, "an effective risk assessment model will help focus monitoring resources on contractors with the highest risk of noncompliance."

The Division's quarterly risk assessment does not include all relevant risk factors needed to identify the local departments with the highest risk of noncompliance. The factors in that risk assessment generally rate the same local departments as high risk each quarter. Eight (73 percent) of the 11 risk factor scores will not change or will change very little between each quarter. Therefore, the Division uses additional information (for example, the last time the local department had a monitoring visit) that it does not document to schedule program monitoring reviews.

In addition, the Division does not use the results of its risk assessment to select which local departments to monitor. Between December 2009 and February 2011, only 13 (21 percent) of the 62 local departments at which the Division performed a program monitoring review were in the top 10 highest

risk local departments identified through the Division's risk assessment. The Division did not complete a risk assessment for three quarters during fiscal years 2010 and 2011; however, it still completed 10 program monitoring reviews.

The Division also is not monitoring Diversion Program grants in proportion to those grants' shares of funding at local departments. In fiscal years 2010 and 2011, only 26 (20 percent) of the 127 program monitoring reviews performed were reviews of Diversion Program grants. However, Diversion Program grants funds accounted for 46 percent of funds provided to the local departments in fiscal years 2010 and 2011.

The Division does not determine whether local departments comply with their community justice plans.

**Special Grant Conditions and
Community Justice Plans**

Each Diversion Program grant has special grant conditions that specify requirements that a local department must follow for a specific program. Community justice plans contain the outputs/outcomes for a program, more detailed program information, and information on how the local department will implement the program.

The Division performs program monitoring reviews at local departments only for compliance with the special grant conditions and not for compliance with their community justice plans. The community justice plans contain more details and may have more strict criteria than the special grant conditions (see text box). For example, the Harris County Community Supervision and Corrections Department's community justice plan states that the caseload for a drug court program is no more than 40 cases, but the associated special grant condition states that the caseload size cannot exceed 45.

By not monitoring local departments' compliance with their community justice plans, the Division cannot determine whether local departments have implemented programs as stated in their community justice plans. The program information in the community justice plans could be more stringent than the special grant conditions. The *State of Texas Contract Management Guide* states that monitoring may be viewed as a valuable source of information concerning the effectiveness and quality of services being provided.

The Division does not determine whether the local departments implement action plans.

Although the Division follows its procedures for program monitoring, it does not determine whether local departments implement action plans.

The eight Division reviews that auditors tested all followed the Division's monitoring procedures and reported all issues identified. Four of those reviews had action plans from prior monitoring reports. However, the Division did not review to determine whether the local departments implemented the action plans. The Division reviews action plans for reasonableness and whether they address issues, but it does not determine whether local departments implement the action plans.

By not determining whether local departments implement action plans, the Division cannot determine whether local departments correct issues that could affect their programs. For example, in November 2003 the Hill County Community Supervision and Corrections Department submitted an action plan regarding implementing processes to ensure that it performed face-to-face, field, and collateral contacts. The local department submitted that same action plan in September 2009.

Recommendations for the Division

The Division should:

- Monitor to determine whether local departments (1) implement diversion programs as stated in their community justice plans and (2) report accurate performance data.
- Improve its program monitoring risk assessment to select the highest risk local departments and programs, and use the results of its risk assessment to select local departments at which it will conduct program monitoring reviews.
- Increase the number of program monitoring reviews it conducts of Diversion Program grants.
- Develop and implement a process to determine whether local departments have implemented corrective actions plans associated with program monitoring results.

Management's Response from the Division

Monitor to determine whether local departments (1) implement diversion programs as stated in their community justice plans, and (2) report accurate performance data.

Agree. The division has the infrastructure in place to obtain data and begin working with departments to increase compliance with electronic program reporting requirements for all diversion programs in the CJPs. This action item is directly linked to CSCD CJP submission and grant decisions, as referenced in Chapter 1, Recommendations 4 & 5. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is October 1, 2013.

Improve its program monitoring risk assessment to select the highest risk local departments and programs, and use the results of its risk assessment to select local departments at which it will conduct program monitoring reviews.

Agree. The division will review the current risk assessment and determine what new risk elements may be incorporated to ensure that CSCDs that pose the highest risk are highlighted. The division will begin conducting the risk assessment annually rather than quarterly. The Division Director shall be responsible for implementing corrective action. The target date for implementation is October 15, 2012.

Increase the number of program monitoring reviews it conducts of Diversion Program grants.

Agree. The division conducts program monitoring reviews based on the results of the risk assessment. The revised assessment will ensure more focus on the review of diversion program grants while giving consideration to other reviews associated with formula funding. The Division Director shall be responsible for coordinating the evaluation of all monitoring reviews. Evaluation of current monitoring processes will be ongoing and monitored through the use of the annual risk assessment and program audit scheduling meetings. The target date for implementation is October 15, 2012.

Develop and implement a process to determine whether local departments have implemented corrective action plans associated with program monitoring results.

Agree. Effective July 2012, the division implemented a process whereby it will review all previous audit action plan findings as a standard procedure in its audit review. A new Audit Objective is standard for every audit that had a previous action plan(s): OBJECTIVE: Verify that the CSCD has implemented the action plan(s) outlined in the previous (type of audit) conducted on (date). Additionally, CSCDs will be required to submit updated action plans, as completed. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is October 15, 2012.

The Division Should Develop a Schedule of Sanctions It Can Impose on Local Departments

The Division does not have a schedule of sanctions that it can impose on local departments for noncompliance with the terms of their Diversion Program grant agreements, the Division's *Financial Management Manual*, or the Division's *Contract Management Manual*. In addition, it does not impose such sanctions. According to the Division's *Financial Management Manual*, the Division may impose sanctions on a local department for:

- Intentional diversion of state funds for purposes other than the state funding award.
- Violation of law.
- Intentional violation of the Division standards.
- Failure to implement Division-approved action(s) that result from audits.

Recommendations for the Division

The Division should:

- Develop a schedule of sanctions that it can impose on local departments for noncompliance with the terms of their Diversion Program grant agreements, the Division's *Financial Management Manual*, or the Division's *Contract Management Manual*. It also should include that schedule in Diversion Program grant agreements.
- Impose sanctions on local departments that do not comply with requirements in Diversion Program grant agreements, the Division's *Financial Management Manual*, or the Division's *Contract Management Manual*.

Management's Response from the Division

Agree. The division will review the current process associated with CSCDs non-compliance with TDCJ-CJAD requirements and information requests. A series of graduated sanctions will be developed to address non-compliance. The Division Director shall be responsible for implementing a system of graduated sanctions to respond to non-compliance. The target date for implementation is January 15, 2013.

The Division Should Improve Its Monitoring of Available Funds to Ensure That It Maximizes the Use of Diversion Program Grants

The Division awarded a one-time grant that enabled it to retain Diversion Program grant funds that it otherwise would have been required to return to the State's General Revenue Fund. Specifically, on the next-to-last day of the 2010-2011 biennium (August 30, 2011), the Division:

- Awarded the Tarrant County Community Supervision and Corrections Department a one-time Diversion Program grant for \$2,400,000.
- Requested that the Tarrant County Community Supervision and Corrections Department not spend the \$2,400,000 and refund that amount to the Division during the subsequent fiscal year.

The Tarrant County Community Supervision and Corrections Department refunded the \$2,400,000 to the Division in December 2011. Through this process, the Division was able to avoid the appropriation limitation by moving funds from one biennium to the next biennium.

Rider 44, page V-22, the General Appropriations Act (82nd Legislature) specified that the Division could retain unexpended and unencumbered 2010-2011 biennium funds that local departments returned to the Division. According to the Division, if the Division had not implemented the plan described above, it would have been required to return the \$2,400,000 to the State's General Revenue Fund and those funds would not have been available to the Division for the 2012-2013 biennium.

Because the Division awarded the one-time grant on the next-to-last day of the biennium, it would not have been feasible for the Tarrant County Community Supervision and Corrections Department to spend all of the awarded funds during the 2010-2011 biennium. In addition, the Division had no assurance that the Tarrant County Community Supervision and Corrections Department would return those funds.

The Division should monitor local departments' ongoing use of Diversion Program grant funds throughout each biennium.

The Division does not have a formal, documented process to analyze the quarterly information that local departments submit regarding their use of Diversion Program grant funds as required by its standard grant agreement with the local departments. As a result, it cannot identify which local departments are not using Diversion Program grant funds throughout the biennium. Not using funds could be an indication that a program is not effective.

Performing the required reviews of local departments' quarterly financial reports would enable the Division to identify unused Diversion Program grant funds, deobligate those funds, and reallocate those funds to other local departments during a biennium. Implementing that process also would reduce the need for local departments to make refunds at the end of a biennium and help the Division avoid the circumstances described above regarding one-time grants.

Recommendations for the Legislature's Consideration

The Legislature should consider:

- Requiring the Division to file a report with the Office of the Comptroller of Public Accounts regarding the amount of estimated unused Diversion Program grant funds by May 31 of each odd-numbered year.
- Deleting the Division's authorization to use Diversion Program grant refunds.
- Requiring that local departments' refunds of Diversion Program grant funds be deposited into General Revenue.

Management's Response from the Department

Agree. Appropriation Rider 44: Refunds of Unexpended Balances from the CSCDs requires TDCJ to use \$13,000,000 in refunds received by the CSCDs as a method of finance for the departments for the first year of the biennium. Absent the one-time grant award to Tarrant County, the CSCDs would have taken a 2.2% decrease in funding for FY12. Assuming an alternative method of finance is made available so that funding for local CSCDs is not reduced, then actions to ensure sufficient refunds are received would no longer be necessary. If an alternative method of finance is not available, then continued use of diversion program grant refunds remains necessary to maintain current funding for local CSCDs.

Recommendation for the Department

The Department should review and approve the Division's Diversion Program grant funding methodology.

Management's Response from the Department

Agree. The department will review and approve the grant funding methodology prior to the Division awarding grant funds. The target date for implementation is December 15, 2012.

Recommendations for the Division

The Division should:

- Monitor the level of Diversion Program grant funds that are available and adjust funding as appropriate throughout each biennium.
- Cease making one-time grants for the purpose of avoiding the requirement to return unused Diversion Program grant funds to the State's General Revenue Fund.
- Develop and implement a process to review local departments' use of Diversion Program grant funds at least every six months as required by its policies and procedures and deobligate and reallocate funds that local departments do not use.

Management's Response from the Division

Monitor the level of Diversion Program grant funds that are available and adjust funding as appropriate throughout each biennium.

Agree. Effective April 2012, the CSCDs and/or their fiscal officers were able to enter the quarterly financial information directly into a website. The division will evaluate the process of monitoring grant funding levels in conjunction with data submission timelines. The Division Director will coordinate the evaluation process and determine its viability based on data submission timelines. The target date for implementation is January 15, 2013.

Cease making one-time grants for the purpose of avoiding the requirement to return unused Diversion Program grant funds to the State's General Revenue Fund.

Agree. The one-time grant award assisted in fulfilling the obligation required by Appropriation Rider 44 because without that method of finance, the CSCDs

would realize a decrease in funding for FY12. Assuming a continued Appropriations Rider requirement to use CSCD refunds as a method of finance, the division will identify a process for ensuring ongoing funding for the CSCDs. The division will use CSCD quarterly data submissions to identify funding which may be recovered and redistributed. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is September 15, 2012.

Develop and implement a process to review local departments' use of Diversion Program grant funds at least every six months as required by its policies and procedures and deobligate and reallocate funds that local departments do not use.

Agree. Effective April 2012, the CSCDs and/or their fiscal officers were able to enter the quarterly financial information directly into a website. The division will evaluate the process of monitoring grant funding levels in conjunction with data submission timelines. The division will use CSCD quarterly data submissions to identify funding which may be recovered and redistributed. The Division Director shall be responsible for implementing the corrective action. The target date for implementation is January 15, 2013.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine:

- Whether the Department of Criminal Justice's (Department) Community Justice Assistance Division (Division) has processes and controls that are designed and operating to help ensure that community supervision and corrections departments (local departments) use diversion funds in accordance with approved community justice plans and grant agreements.
- Whether the Division makes diversion grant funding decisions in accordance with established policies and procedures.

Scope

The scope of this audit was fiscal years 2008 through 2011 (funding years 2008 through 2013) for Diversion Program grant funding decisions and fiscal years 2010 and 2011 for monitoring of Diversion Program grant funds.

The scope also covered activities for fiscal years 2010 and 2011 at the Dallas County Community Supervision and Corrections Department and at the Harris County Community Supervision and Corrections Department.

Methodology

The audit methodology included collecting and reviewing information that the Division used to make Diversion Program grant funding decisions and that it used to monitor those funds, reviewing the Division's policies and procedures and applicable state laws and regulations, conducting interviews with Division management and staff, and reviewing and analyzing general controls over the Division's Integrated Database and the Actual Program Outputs system database.

Auditors also visited two local departments to test selected Division monitoring procedures. Those local departments were the Dallas County Community Supervision and Corrections Department and the Harris County Community Supervision and Corrections Department. Auditors selected those local departments based on grant amounts, number of diversion programs, and amount of contracted services. This audit assessed the effectiveness of the Division's monitoring efforts related to local departments; therefore, this report does not address recommendations to the local departments that

auditors visited. However, auditors informed those local departments about the issues noted in this report.

Auditors assessed the reliability of the data the Division used to make funding decisions, which consisted of various spreadsheets, fiscal year 2010 and 2011 payment schedules, a financial risk assessment and associated tracking log, and a program risk assessment and associated tracking log. Auditors determined that the data was sufficiently reliable for purposes of this audit by performing various data analysis techniques such as reviewing for missing data, reviewing for duplicate transactions, and comparing record totals.

Information collected and reviewed included the following:

- The Division's policies and procedures, *Financial Management Manual*, and *Contract Management Manual*.
- Local departments' budget information and quarterly financial report data from the Integrated Database for fiscal years 2010 and 2011.
- Spreadsheets the Division used to make funding decisions, which included information regarding residential and non-residential programs and a final funding spreadsheet for award years 2012 and 2013.
- The Division's community justice plan scoring criteria for award years 2010, 2011, 2012, and 2013.
- The Division's schedule of payments it made to local departments that received Diversion Program grant funds in fiscal years 2010 and 2011.
- The Division's financial and program risk assessments and associated tracking logs.
- The Division's instructions for community justice plans.
- Local departments' projected and actual performance data for fiscal years 2010 and 2011.
- The Division's change management policies, user access lists, and password policies for the Integrated Database and Actual Program Output system database.
- Local departments' policies and procedures, performance measure data, offender files, contracts and related procurement documents, and expenditure documentation.

Procedures and tests conducted included the following:

- Conducted interviews with Division staff about the Diversion Program grant award process and financial and program monitoring.
- Analyzed the Diversion Program grant award process, including the scoring of community justice plans and budgets and any additional factors.
- Compared the funding process for award years 2010 and 2011 with the funding process for award years 2012 and 2013.
- Tested a sample of local departments' budget and quarterly financial report information in the Integrated Database to determine whether the local departments entered accurate data.
- Tested a sample of Division reviews of financial statement and compliance audit reports for compliance with the Division's policies and procedures.
- Reviewed the financial statement and compliance audit guidelines the Division provided to the local departments.
- Tested a sample of local departments' Diversion Program grant refunds to determine whether the Division received refund payments.
- For each program receiving Diversion Program grant funds, compared projected performance measures to reported actual performance measures.
- Reviewed the Division's processes for managing grant agreements with local departments.
- Analyzed the Division's risk assessment process for selecting local departments at which to conduct monitoring.
- Reviewed the Division's program monitoring process.
- Tested general controls over the Integrated Database and the Actual Program Output system database.
- Tested a sample of local departments' expenditures to determine whether they were allowable, reasonable, and in compliance with the Division's *Financial Management Manual*.
- Reviewed internal controls over financial information at the two local departments that auditors visited.
- Reviewed general controls over financial and case management systems at the two local departments that auditors visited.

- Tested contract procurement processes at the two local departments that auditors visited.
- Reviewed processes for quarterly report submissions at the two local departments that auditors visited.

Criteria used included the following:

- The Division’s *Financial Management Manual*.
- The Division’s *Contract Management Manual*.
- The Division’s policies and procedures.
- The General Appropriations Acts (81st and 82nd Legislatures).
- Standard grant agreements and any special grant conditions between the Division and the local departments.
- Title 1, Texas Administrative Code, Chapter 202 (Information Security Standards).
- Title 37, Texas Administrative Code, Chapter 163 (Community Justice Assistance Division Standards)
- Texas Government Code, Chapter 509.
- *State of Texas Contract Management Guide*.
- *Texas Uniform Grant Management Standards*.

Project Information

Audit fieldwork was conducted from March 2012 through August 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor’s staff performed the audit:

- Becky Beachy, CIA, CGAP (Project Manager)
- Kristyn Scoggins, CGAP (Assistant Project Manager)
- Justin Griffin, CISA
- Frances Anne Hoel, CIA, CGAP

- Ashlee C. Jones, MAcy, CFE, CGAP
- Monte McComb
- Bansari Patel, CPA
- Stacey Williams, CGAP
- Michael C. Apperley, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP (Audit Manager)

Background Information on Diversion Program Grants

Table 2 summarizes information on Diversion Program grants at community supervision and corrections departments in fiscal years 2010 and 2011.

The amounts in Table 2 do not include funding for the Battering Intervention and Prevention Program - Adult Violence program, which awarded \$1.25 million per year in fiscal years 2010 and 2011. According to management of the Community Justice Assistance Division within the Department of Criminal Justice, the Texas Council on Family Violence completes audits of those funds.

Table 2

Diversion Program Grants at Community Supervision and Corrections Departments Fiscal Years 2010 and 2011 ^a						
Community Supervision and Corrections Department	Number of Programs	Funding Provided for Fiscal Years 2010 and 2011	Expenditures in Fiscal Year 2010	Expenditures in Fiscal Year 2011	Total Expenditures in Fiscal Years 2010 and 2011	Average Felony Direct and Indirect Population in Fiscal Year 2010
Harris County	13	\$ 40,282,646	\$ 20,424,598	\$ 18,856,840	\$ 39,281,439	27,210.42
Dallas County	12	18,742,681	8,391,180	8,551,680	16,942,860	35,002.17
Bexar County	11	14,661,865	6,401,595	6,602,020	13,003,615	14,617.17
Tom Green County	9	14,208,680	6,501,359	7,672,403	14,173,762	2,533.75
Travis County	10	12,412,315	6,327,732	6,187,919	12,515,651	9,781.75
El Paso County	14	11,936,989	6,737,303	6,119,793	12,857,095	9,558.83
Tarrant County	8	9,927,927	4,337,713	4,511,136	8,848,850	12,516.50
Hidalgo County	6	8,151,304	4,752,779	4,408,985	9,161,763	11,137.00
Lubbock County	6	7,891,330	4,190,559	4,584,463	8,775,022	3,764.00
Nueces County	8	6,677,077	3,532,952	3,611,131	7,144,084	5,108.83
Bowie County	3	4,928,390	2,516,880	2,565,781	5,082,661	1,611.83
Williamson County	3	4,320,458	2,220,257	2,185,960	4,406,217	2,575.42
Uvalde County	2	3,989,713	2,277,902	2,276,591	4,554,493	871.83
Rusk County	1	3,696,160	1,745,624	1,752,637	3,498,261	620.08
Montgomery County	5	3,657,680	2,151,267	2,072,460	4,223,727	3,176.92
Jefferson County	5	3,579,630	2,108,243	2,146,746	4,254,988	3,662.67
Taylor County	5	3,143,862	1,948,918	2,016,816	3,965,734	2,434.58
Cameron County	6	2,891,359	1,755,411	1,663,253	3,418,664	5,613.67
San Patricio County	4	2,757,668	1,682,731	1,761,227	3,443,958	2,143.00
Lavaca County	3	2,711,306	1,287,060	1,380,417	2,667,477	986.08
Burnet County	4	2,578,983	1,443,800	1,467,326	2,911,126	888.50

**Diversion Program Grants at Community Supervision and Corrections Departments
Fiscal Years 2010 and 2011^a**

Community Supervision and Corrections Department	Number of Programs	Funding Provided for Fiscal Years 2010 and 2011	Expenditures in Fiscal Year 2010	Expenditures in Fiscal Year 2011	Total Expenditures in Fiscal Years 2010 and 2011	Average Felony Direct and Indirect Population in Fiscal Year 2010
Terry County	1	2,380,010	1,340,508	1,357,281	2,697,789	485.08
Gregg County	1	2,343,718	1,097,330	1,131,041	2,210,371	1,329.75
Cass County	2	2,323,615	1,418,134	1,402,429	2,820,562	579.92
Fort Bend County	5	2,286,179	782,982	858,831	1,641,814	2,538.75
Midland County	2	2,248,259	1,139,644	1,160,772	2,300,415	2,138.33
Angelina County	6	1,857,886	539,474	364,938	904,413	1,836.58
Brazoria County	5	1,541,854	653,708	659,275	1,312,982	2,542.50
Collin County	5	1,395,727	982,596	969,939	1,952,534	5,294.17
Caldwell County	4	1,278,929	561,344	599,642	1,160,986	3,610.00
Potter County	3	1,130,121	536,520	472,168	1,008,687	3,706.58
Liberty County	1	1,064,791	483,790	478,936	962,727	2,123.25
McLennan County	5	1,041,105	640,559	661,599	1,302,159	2,557.75
Brazos County	4	1,015,814	483,530	476,521	960,051	1,811.67
Webb County	4	758,347	302,891	318,534	621,425	1,892.00
Pecos County	2	716,611	298,892	398,084	696,976	554.50
Bell County	3	688,640	250,853	284,964	535,816	3,698.75
Victoria County	3	683,611	243,171	275,157	518,327	3,466.58
Grayson County	2	565,558	259,351	249,653	509,004	1,874.75
Orange County	2	444,278	200,306	207,328	407,634	1,203.75
Kleberg County	2	409,439	48,216	56,412	104,628	1,675.00
Reeves County	3	401,150	183,025	184,553	367,578	429.92
Hill County	3	314,550	281,452	218,856	500,308	927.42
Hunt County	3	265,952	190,457	197,307	387,765	1,066.17
Ellis County	1	191,717	30,965	48,808	79,773	1,793.42
Walker County	1	190,706	64,057	63,842	127,900	1,333.83
Guadalupe County	1	188,664	56,989	52,500	109,489	1,019.17
Deaf Smith County	1	165,426	67,001	71,064	138,065	625.25
Wichita County	1	157,073	46,272	48,041	94,313	1,431.67
Moore County	2	141,553	40,569	48,835	89,403	484.43
Hopkins County	1	136,461	44,953	46,314	91,267	1,718.00
Fannin County	1	132,469	51,424	47,092	98,516	626.08
Panola County	1	132,330	50,024	49,187	99,211	1,047.00
Ector County	1	122,441	48,000	49,555	97,555	1,417.17

**Diversion Program Grants at Community Supervision and Corrections Departments
Fiscal Years 2010 and 2011^a**

Community Supervision and Corrections Department	Number of Programs	Funding Provided for Fiscal Years 2010 and 2011	Expenditures in Fiscal Year 2010	Expenditures in Fiscal Year 2011	Total Expenditures in Fiscal Years 2010 and 2011	Average Felony Direct and Indirect Population in Fiscal Year 2010
Jack County	1	119,972	49,407	46,887	96,294	758.58
Floyd County	1	116,449	55,388	57,230	112,618	118.75
Polk County	1	115,808	50,408	56,298	106,706	1,502.00
Upshur County	1	108,555	39,070	30,865	69,935	720.92
Jim Wells County	1	101,047	35,328	43,244	78,573	1,218.17
Val Verde County	1	100,462	66,632	71,758	138,391	556.25
Palo Pinto County	1	96,109	27,040	44,733	71,773	727.50
Van Zandt County	1	94,015	57,263	59,788	117,051	727.75
Hardin County	1	93,620	70,604	76,774	147,377	594.17
Childress County	1	74,290	0	3,745	3,745	974.25
Howard County	1	57,659	12,095	12,124	24,219	545.92
Other Diversion Program Funds that 55 Other Local Departments Received from General Appropriations Act (81st Legislature) Riders 75 and 80, pages V-26 and V-27 through V-28, respectively. ^{b c}						
		2,401,499	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Totals		\$215,342,492	\$106,618,084	\$106,390,488	\$213,008,572	

^a Totals in this table do not always sum precisely due to rounding.

^b Rider 75: Diversion Initiatives. The Department of Criminal Justice shall use funds appropriated above for various diversion initiatives in the strategies and General Revenue amounts specified below:

- a. Strategy A.1.2, Diversion Programs. Funding for probation outpatient substance abuse treatment appropriated in the amount of \$5,000,000 in fiscal year 2010 and \$5,000,000 in fiscal year 2011.
- b. Strategy A.1.2, Diversion Programs. Funding for probation residential treatment beds (800) appropriated in the amount of \$18,004,723 in fiscal year 2010 and \$18,004,723 in fiscal year 2011.

^c Rider 80 provided funds for local departments to award salary increases in fiscal years 2010 and 2011.

Source: Department of Criminal Justice, Community Justice Assistance Division.

Results of Audit Tests at Local Community Supervision and Corrections Departments

Auditors performed audit tests at two local community supervision and corrections departments in the areas of financial and internal controls, contracting, program information and administration, and information technology. Results of audit tests are summarized in Table 3.

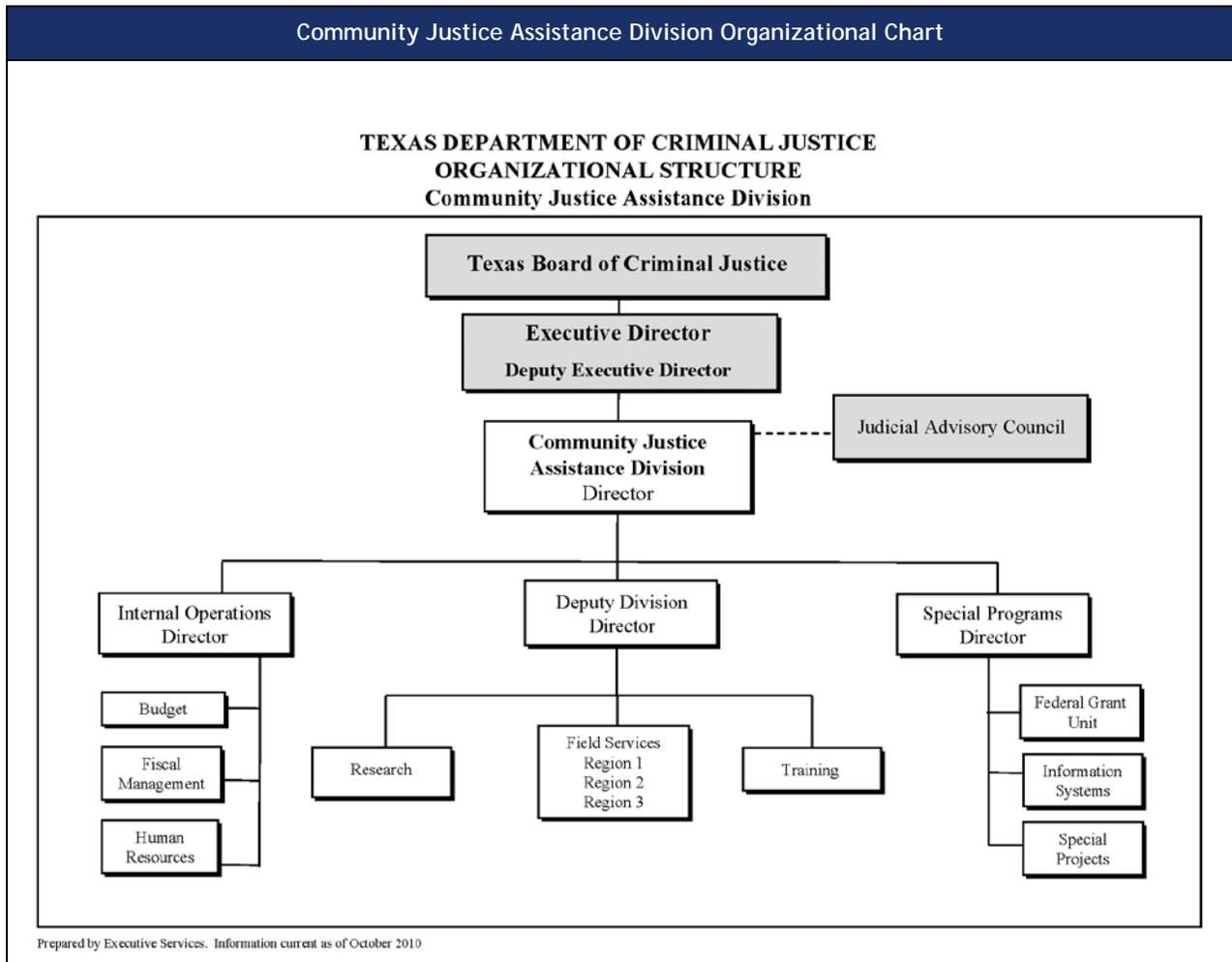
Table 3

Summary of Issues Identified Through Testing at Two Local Community Supervision and Corrections Departments			
Category	Information Tested	Harris County Community Supervision and Corrections Department	Dallas County Community Supervision and Corrections Department
Financial and Internal Controls	<ul style="list-style-type: none"> ▪ Quarterly Financial Report Analysis ▪ Allowability of Expenditures ▪ Diversion Program Fund Utilization ▪ Inventory ^a 	Auditors identified no significant issues.	Auditors identified no significant issues.
Contracting	<ul style="list-style-type: none"> ▪ Required Contract Clauses ▪ Procurement and Bid Requirements ▪ Contract Monitoring 	Auditors identified no significant issues.	The Dallas County Community Supervision and Corrections Department's contract monitoring plan did not contain monitoring procedures.
Program Information and Administration	<ul style="list-style-type: none"> ▪ Offender Program Eligibility ▪ Program Compliance and Monitoring ▪ Program Completion and Participation Data 	The numbers of program completions and program participants that the Harris County Community Supervision and Corrections Department reported to the Community Justice Assistance Division within the Department of Criminal Justice were incorrect.	The Dallas County Community Supervision and Corrections Department could not support the numbers of program participants and program completions that it reported to the Community Justice Assistance Division within the Department of Criminal Justice.
Information Technology	<ul style="list-style-type: none"> ▪ Information Technology Policies ▪ Passwords ▪ User Access ▪ Backup and Recovery 	Auditors identified an issue involving inappropriate user access for one automated system.	Auditors identified no significant issues.
^a Auditors did not test inventory at the Dallas County Community Supervision and Corrections Department.			

Community Justice Assistance Division Organizational Chart

Figure 1 shows the organizational structure of the Community Justice Assistance Division within the Department of Criminal Justice.

Figure 1



Source: Department of Criminal Justice.

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