

## **BILL ANALYSIS**

Senate Research Center

S.B. 703  
By: Nelson  
Criminal Justice  
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As Filed

### **DIGEST**

Currently, the Texas Department of Criminal Justice (TDCJ) has two separate and sizable audit units, including an Internal Audit Division and the Community Justice Assistance Division (CJAD). In addition, TDCJ recently launched a program to contract with private accounting firms. In its 1994 report, the Texas Performance Review uncovered expensive, duplicative, and weak audit efforts within TDCJ; and concluded that too much time was dedicated to low-risk operations, with too little time in high-risk areas of high-dollar activity and weak controls. Furthermore, TDCJ's Internal Audit Division published a report in 1996 listing over a dozen major deficiencies in the quality of CJAD's oversight of the financial audit program. This legislation would consolidate all TDCJ audit and program review functions including internal auditing, contract auditing, and CJAD auditing under an Internal Audit Division whose director would be hired and serve at the pleasure of the TDCJ Board. S.B. 703 also proposes adding another level of accountability over TDCJ's revenue, expenditures, and account balances by requiring all of the agency's funds to be deposited into the state's general revenue fund.

### **PURPOSE**

As proposed, S.B. 703 establishes the consolidation of the fiscal and program audit functions of the Texas Department of Criminal Justice.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 493.002(a) and (c), Government Code, to include the internal audit division among the divisions within the Texas Department of Criminal Justice (department). Makes conforming changes.

SECTION 2. Amends Section 493.0081, Government Code, to redesignate Section 493.0081 as Section 493.0052, Government Code, as follows:

Sec. 493.0052. New heading: INTERNAL AUDIT DIVISION. Requires the Texas Board of Criminal Justice (board) to hire a director for the internal audit division. Deletes the provision requiring the board to create an office of internal audits and employ a chief of the office. Requires the internal audit division to conduct all internal audits, contract audits, and community supervision and corrections department audits for the department; conduct recurring financial and management audits; and recommend improvements in management and programs on the basis of these evaluations. Sets forth the terms by which the office of the state auditor is required to provide ongoing training and technical assistance for the benefit of the internal audit division and the department's managers; and assist the department in preparing the annual audit plan for fiscal years 1998 and 1999. Provides that this subsection expires January 1, 2000.

SECTION 3. Amends Chapter 493, Government Code, by adding Section 493.0082, as follows:

Sec. 493.0082. MONEY TO BE DEPOSITED IN TREASURY. Requires all money

collected or received by the department to be deposited in the general revenue fund of the state treasury. Requires all money collected or received for a trust or special account to be deposited to the credit of that account.

SECTION 4. Amends Section 509.005(a), Government Code, to authorize the internal audit division, rather than the community justice assistance division, to conduct an audit of financial program compliance or performance records of a community supervision and corrections department to determine compliance with the community justice assistance division's rules and standards.

SECTION 5. Effective date: September 1, 1997.

SECTION 6. Provides that not later than October 1, 1997, the custodian of a fund or account in which money is held by the department outside of the state treasury is required to deposit that money in the general revenue fund of the state treasury.

SECTION 7. Emergency clause.