

**TEXAS COUNCIL FOR DEVELOPMENTAL DISABILITIES**

**INTERNAL AUDIT FOLLOW-UP PROCEDURES REPORT OVER PRIOR  
YEAR PROCEDURES AND CONTROLS REVIEW FINDINGS**

**REPORT DATE: NOVEMBER 10, 2016**

**ISSUED: DECEMBER 8, 2016**

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The Audit Committee  
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This report presents the results of the internal audit follow-up procedures performed for the Texas Council for Developmental Disabilities (TCDD or the Council) during the period October 3, 2016 through November 10, 2016 related to the findings from the 2015 Internal Audit Report over Procedures and Controls Review dated August 31, 2015.

The objective of these follow-up procedures was to validate that adequate corrective action has been taken in order to remediate the issues identified in the prior year Internal Audit Report over Procedures and Controls Review.

To accomplish this objective, we conducted interviews with key personnel. We also reviewed documentation and performed specific testing procedures to validate actions taken. Procedures were performed at the Texas Council for Developmental Disabilities offices and were completed on November 10, 2016.

The following report summarizes the findings identified, risks to the organization, recommendations for improvement and management's responses.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.  
Austin, Texas  
December 8, 2016

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**BACKGROUND**

In 2015, an internal audit over the Council's Procedures and Controls was completed. The internal audit report identified 17 areas of improvement. The 2016 Internal Audit Plan included performing follow-up procedures to validate that TCDD management has taken steps to address the internal audit findings.

**FOLLOW-UP OBJECTIVE AND SCOPE**

The follow-up procedures focused on the remediation efforts taken by TCDD management to address the findings included in the 2015 TCDD Procedures and Controls Review Internal Audit Report, and to validate that appropriate corrective action had been taken. The 2015 report identified the following findings:

1. Titles and duties defined in the Operating Procedures were out of date and not accurately reflected in the Operating Procedures.
2. TCDD did not have a formal policy for the management and administration of the Council's web page.
3. TCDD did not have a detailed policy to govern and provide guidance on the use of social media at TCDD.
4. The Operating Procedures did not contain requirements or define expectations to follow TCDD's style guide when publishing external communications.
5. The Operating Procedures referenced a "Public Information Specialist"; however, the position had reclassified to another position within TCDD. The Operating Procedures did not have specific requirements or a schedule to define the periodic reconciliation of TCDD policies and procedures to updated TEA procedures.
6. Succession planning documentation was not up to date and contained references to former employees that were not in place at TCDD.
7. TCDD did not have formally documented policies and procedures for its budgeting development and planning process.
8. TCDD's Operating Procedures for purchasing were not completely documented and did not identify the purchase requisition process, acceptable deviations from documented purchasing methods, or formal contract authorization levels.
9. There were no established metrics, benchmarks, or goals to evaluate the success of social media campaigns, website material, or email communications.
10. TCDD did not have a formalized process to document and approve the strategic advocacy plan for the agency, including the plans for external communications, social media, and communication campaigns to support achieving TCDD's approved advocacy initiatives.
11. Users who update TCDD's Twitter account did not have individual logins, nor did TCDD use an application to track individual user activity and assign accountability for activity in the application.
12. There were no procedures in place to formally review and approve the SWOT analysis or the Goals and Objectives used to complete the 5 Year State Plan prior to presenting to the Council.
13. Review of the 5 Year State Plan did not include a formalized quality control review to ensure that the State Plan was complete, data included was accurate, and the report was in compliance with the federal requirements and prescribed formats of the report.
14. Documented approval of the Public Policy Director's review of public testimony and written input did not exist.
15. Segregation of duties for processing official Public Information Act requests was not in place. The Operations Director received, processed, and responded to Public Information Act requests without the documented approval of the Executive Director or Legal Counsel.
16. TCDD did not have a process in place to receive written or digital acknowledgement of TCDD (and TEA) policies and procedures through onboarding of new hires, or the periodic acknowledgement of current employees for updated or modified policies and procedures.

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17. TCDD did not have processes in place to periodically review system access privileges to key systems and applications (administered by TEA or administered by TCDD, such as the website and social media sites) to ensure that access rights are appropriate based on job function and restricted to approved personnel.

Our procedures included interviewing key personnel in order to gain an understanding of the corrective actions taken to address the findings in the report, reviewing policies and procedures, obtaining related documentation, and performing observations and testing to ensure that policies and procedures are appropriately implemented.

**EXECUTIVE SUMMARY**

The findings from the 2015 Procedures and Controls Review Internal Audit Report include those items that were identified and are considered to be non-compliance issues with documented TCDD policies, procedures or state and federal statutes and regulations. Findings were also identified where there is a lack of formalized procedures or internal controls in place to adequately cover the significant risks to TCDD. Through our interviews, review of documentation, observations and testing we determined that 15 of the 17 findings from the 2015 Procedures and Controls Review were remediated. We did not perform follow-up procedures for one finding related to the TCDD Website, which will be included in the 2017 Website Maintenance follow-up procedures. The other open finding was partially remediated.

A summary of our results is provided in the table below. *See the Appendix for an overview of the Assessment and Risk Ratings.*

<b>OVERALL ASSESSMENT</b>	<b>STRONG</b>
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SCOPE AREA	RESULT	RATING
<p><b>Objective A:</b> Validate that management has addressed and implemented procedures to remediate prior procedures and controls review findings from the 2015 TCDD procedures and controls review internal audit.</p>	<p>We identified that 15 of 17 findings identified in the 2015 TCDD Procedures and Controls Review Internal Audit Report have been remediated by TCDD management. Partial remediation efforts were made for one of the other findings, and the other has not been remediated and will be evaluated as part of Website Maintenance follow-up procedures:</p> <ul style="list-style-type: none"> <li>• Develop and implement policies and procedures related to website administration</li> <li>• Ensure that all public testimony and written input is approved (partially remediated)</li> </ul>	<b>STRONG</b>

Other opportunities for improvement were identified through our interviews, evaluation of internal control design, and transactional testing. These observations include those items that are not considered to be non-compliance issues with documented agency policies and procedures. These are considered process improvement observations and the intent for the recommendations are to strengthen current agency processes and controls. These observations were provided to management separately.

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**CONCLUSION**

Based on our evaluation, TCDD management has remediated 15 of 17 findings from the 2015 TCDD Procedures and Controls Review Internal Audit Report. Additional efforts should be made to remediate the additional open findings.

As included in the 2016 internal audit over Website Maintenance, we recommend that the Council develop a comprehensive policy for management and administration of the Council's web page that includes guidance and criteria for essential website administration activities. Additionally, the Council should continue to enforce its policy to require approval for all public testimony and written input prior to publishing.

Internal Audit will follow-up on the finding related to the policy for website administration in future follow-up procedures. Internal audit will not follow-up on the partially remediated finding. Management should close the finding and provide a status report to the Audit Committee.

## **DETAILED PROCEDURES PERFORMED AND RESULTS**

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**DETAILED PROCEDURES PERFORMED, FINDINGS, RECOMMENDATIONS  
AND MANAGEMENT RESPONSE**

Our procedures included interviewing key personnel to gain an understanding of the corrective actions taken in order to address the findings identified in the 2015 Procedures and Controls Review Internal Audit Report, as well as examining existing documentation and communications and performing testing in order to validate those corrective actions. We evaluated the existing policies, procedures, and processes in their current state.

**FY 15 Finding 1: LOW - Consistent Titles and Duties in Procedures:** Titles and duties defined in the Operational Procedures are out of date. Current TCDD positions, titles, and the respective duties of personnel in those positions are not accurately reflected in the Operating Procedures.

**Procedures Performed:** We reviewed the Operating Procedures and verified that they were updated to include current titles and job functions.

**Results:** Finding remediated.

**FY 15 Finding 2: MODERATE – Web Administration Policy:** TCDD does not have a formal policy for the management and administration of the Council's web page that includes guidance and criteria for the following:

- Approval of content to be published
- Requirements and/or references to the style standards of TCDD
- Website administration and access
- Change management procedures (including testing and code review)
- Security protocols and procedures
- Security monitoring and breach response
- Hardware and software updates
- Third-party information published on website (calendar information)

**Procedures Performed:** No follow-up procedures were performed. Weaver audited the Website Maintenance process at the Texas Council for Developmental Disabilities (TCDD) and issued a report over the process on July 15, 2016. TCDD is currently in the process of updating policies and procedures related to the findings identified in the Website Maintenance Internal Audit. Remediation of this finding will be evaluated as a part of the Website Maintenance Follow-Up in May 2017.

**Results:** Finding not remediated.

**FY 15 Finding 3: MODERATE – Social Media Policies -** TCDD does not have a detailed policy to govern and provide guidance on the use of social media at TCDD that addresses:

- Use of social media to achieve TCDD objectives
- Acceptable content for TCDD pages
- Prohibited content (TCDD and personal social media outlets)
- Tagging and linking
- Policy training and awareness



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**Procedures Performed:** We verified that the Operating Procedures were updated in August 2016 to include social media activities, including use of social media to achieve TCDD objectives, acceptable content for TCDD pages, prohibited content, tagging and linking, and passive monitoring of social media posts.

**Results:** Finding remediated

**FY 15 Finding 4: LOW – Style Guide Requirements** - The Operating Procedures do not contain requirements or define expectations to follow TCDD's style book when publishing external communications. There are practices in place to review external communications to ensure compliance with the style book. However, there is no policy in place referencing the style book and its requirements.

**Procedures Performed:** We verified that the Operating Procedures were updated in January 2016 to include requirements to use the TCDD Style Guide

**Results:** Finding remediated.

**FY 15 Finding 5: LOW – Outdated Operating Procedures** - The Grants Management Operating Procedures reference a "Public Information Specialist"; however, the position has been reclassified to another position in the organization. Additionally, the Grants Management Operating Procedures do not have specific requirements or a schedule to define the periodic review and update of the procedures.

**Procedures Performed:** We verified that the Operating Procedures were updated in January 2016 to include a defined schedule for reconciling TCDD policies and procedures to TEA policies. The draft Grants Management Operating Procedures contain no references to the "Public Information Specialist" position.

**Results:** Finding remediated.

**FY 15 Finding 6: MODERATE – Succession Planning** - Succession planning documentation is not up to date and contains references to former employees and titles that are not in place at TCDD. The succession planning documents have not been updated in the last year, and many of the succession plan documents have not been updated since 2013.

**Procedures Performed:** We verified that the Operating Procedures were updated in March 2016 to indicate that the succession plans for the Executive Director and Senior Management staff should be reviewed and renewed annually. The Succession Plans have been updated to include current employees and titles.

**Results:** Finding remediated.

**FY 15 Finding 7: MODERATE – Budgeting Policies and Procedures** - TCDD does not currently have formally documented policies and procedures for its budget development and planning process. TCDD's Operating Procedures cover the process for budget revisions, but these do not include overall budget planning and development.

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**Procedures Performed:** We verified that the Operating Procedures were updated in September 2015 to include policies and procedures related to TCDD Budget Planning and Development.

**Results:** Finding remediated.

**FY 15 Finding 8: MODERATE – Purchasing Policies and Procedures** - TCDD's Operating Procedures for purchasing are not completely documented. The procedures do not identify the purchase requisition process, acceptable deviations from documented purchasing methods, or formal contract authorization levels.

**Procedures Performed:** Operating Procedures were updated in January 2016 to include policies and procedures which identify the purchase requisition process, acceptable deviations from documented purchasing methods, and formal contract authorization levels.

**Results:** Finding remediated.

**FY 15 Finding 9: MODERATE – Established Metrics and Benchmarks** - There are not established metrics, benchmarks, and goals to evaluate the success of social media campaigns, website material, or email communications. The Communications Coordinator does not save copies of analytics on a regular basis to support the improvement and success of initiatives and campaigns over time on the website and social media sites.

**Procedures Performed:** We reviewed the Communications Reports included in the Council Meeting Binder for February 2016, May 2016, and August 2016 included appropriate communication metrics. In addition, all metrics are stored in Council Meeting Binders which are available on the TCDD website.

**Results:** Finding remediated.

**FY 15 Finding 10: MODERATE – Strategic Planning** - TCDD does not have a formalized process to document and approve the strategic advocacy plan for the agency, including the plans for external communications, social media, and communication campaigns to support achieving TCDD's approved advocacy initiatives. Informal processes and plans exist, but no formalized strategic plan is approved to be deployed by TCDD personnel.

**Procedures Performed:** We verified that the Operating Procedures were updated in January 2016 to include the strategic advocacy initiatives. The TCDD Public Policy and Advocacy Strategic Plan 2017-2021 and the TCDD Communications Strategic Plan 2017-2021 each contained appropriate inputs, activities, outputs, short-term and long-term outcomes and impacts. The strategic plans were appropriately reviewed and approved by the Executive Director.

**Results:** Finding remediated.

**FY 15 Finding 11: LOW – Generic Social Media Login** - Users who update TCDD's Twitter account use do not have individual logins, nor does TCDD use any third-party application to track individual user activity and assign accountability for activity in the application.

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**Procedures Performed:** We verified that the Operating Procedures were updated to reflect the new social media access procedures. We reviewed the Twitter User Access Review from October 3, 2016 and verified that the Communications Director is the only employee with access to the TCDD Twitter account. We reviewed the Facebook User Access Review from October 3, 2016 and verified that the Communications Director and the Public Policy Assistant are the only employees with administrator access to the TCDD Facebook account.

**Results:** Finding remediated.

**FY 15 Finding 12: LOW – Review of Materials Prior to Presenting** - There are no procedures in place to formally review and approve the SWOT analysis or the Goals and Objectives used to complete the 5 Year State Plan prior to presenting them to the Council.

**Procedures Performed:** We verified that review and approval of SWOT analysis and Goals and Objectives are included in the Operating Procedures. In addition, the materials included in the Five-Year State Plan were reviewed and approved by the Executive Director, as evidenced by her email approval.

**Results:** Finding remediated.

**FY 15 Finding 13: LOW – Completeness of Review** - The 5 Year State Plan is reviewed by several members of TCDD management. However, the review of the 5 Year State Plan does not include a formalized quality control review to ensure that the State Plan is complete, data included is accurate, and the report is in compliance with the federal requirements and prescribed formats of the report.

**Procedures Performed:** We verified that management reviewed the 5-Year State Plan for accuracy and completeness, as evidenced by their sign offs on the TCDD 5-Year State Plan Quality Assurance Checklist. In addition, the review of the TCDD's 5-Year State Plan Quality Assurance Checklist by management was included in the Operating Procedures. We reviewed the federal Administration for Community Living Reporting user access levels and verified that multiple access levels are built into the automated process for the review and release of the plan.

**Results:** Finding remediated.

**FY 15 Finding 14: LOW – Approval of Public Testimony and Written Input** - Documented approval of the Public Policy Director's review of public testimony and written input does not exist. TCDD has procedures in place to review submitted public testimony and written input; however, the formal review and approval of this review is not documented.

**Procedures Performed:** We verified that the Operating Procedures were updated to include a review of all Public Testimony by the Executive Director. Additionally, we selected a sample of eight public testimony and written input items and verified they were reviewed and approved.

**Results:** Finding partially remediated.

We identified one public input for which the approval was not appropriately maintained. Per inquiry with the Public Policy Director and the Executive Director, the public input was reviewed and approved by the Public Policy Director and the Executive Director; however, evidence of the approval was not appropriately retained.

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**TCDD Management Response:** Management has updated its review and approval process for public input and incorporated additional strategies for documentation of approvals within the public policy operating procedure. Staff are following these revised procedures. The case identified was a result of human error and management has included additional measures to assure the review and documentation procedures are followed consistently and accurately in all cases of public input.

**Responsible Party:** Public Policy Director  
**Implementation Date:** November 2016

**FY 15 Finding 15: LOW – Public Information Act Processing** - Although legal counsel is consulted when considered appropriate, segregation of duties for processing official Public Information Act requests is not in place. The Operations Director receives, processes, and responds to most Public Information Act requests without the documented approval of the Executive Director or Legal Counsel.

**Procedures Performed:** We reviewed TCDD's Operating Procedure 03-02 and verified that the procedure included approval by Public Policy Director and review elements such as tone, emotional language, compliance with relevant guidance and authorities, emotional wording, and overall message agreeing with TCDD's mission and values.

**Results:** Finding remediated.

**FY 15 Finding 16: MODERATE – Acknowledgement of Policies and Procedures** - TCDD does not have a process in place to receive written or digital acknowledgement of TCDD (and TEA) policies and procedures through onboarding of new hires, or the periodic acknowledgement of current employees for updated or modified policies and procedures.

**Procedures Performed:** We reviewed TCDD Employee Acknowledgement of Operating Procedures forms and verified that they were signed by all employees included in the TCDD organizational chart.

**Results:** Finding remediated.

**FY 15 Finding 17: MODERATE – Periodic Access Review** - TCDD does not have processes in place to periodically review system access privileges to key systems and applications (administered by TEA or administered by TCDD, such as the website and social media sites) to ensure that access rights within key systems and applications are appropriate based on job function and restricted to approved personnel.

**Procedures Performed:** We verified that user access to the TCDD Website, Facebook, and Twitter were reviewed and approved by the Communications Director on October 3, 2016. We also verified that user access to TEA systems was reviewed and approved by the Operations Director on April 12, 2016, as evidenced by email approval. User access to TCDD website, Facebook and Twitter was reviewed periodically by the Communications Director, as evidenced by his signoff. Finally, we confirmed that TCDD Operating Procedures include the requirements that access to TEA systems is reviewed annually.

**Results:** Finding remediated.

## **APPENDIX**

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The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

**REPORT RATINGS**

The report rating encompasses the entire scope of the engagement and expresses the aggregate impact of the exceptions identified during our test work on one or more of the following objectives:

- Operating or program objectives and goals conform with those of the Council
- Council objectives and goals are being met
- The activity under review is functioning in a manner which ensures:
  - Reliability and integrity of financial and operational information
  - Effectiveness and efficiency of operations and programs
  - Safeguarding of assets
  - Compliance with laws, regulations, policies, procedures and contracts

The following ratings are used to articulate the overall magnitude of the impact on the established criteria:

<b>Strong</b>	The area under review meets the expected level. No high risk rated findings and only a few moderate or low findings were identified.
<b>Satisfactory</b>	The area under review does not consistently meet the expected level. Several findings were identified and require routine efforts to correct, but do not significantly impair the control environment.
<b>Unsatisfactory</b>	The area under review is weak and frequently falls below expected levels. Numerous findings were identified that require substantial effort to correct.

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**RISK RATINGS**

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

**High**

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten the Council's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the Council or beyond a single function or department
- Potential material impact to operations or the Council's finances
- Remediation requires significant involvement from senior Council management

**Moderate**

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the Council
- Impact could be felt outside of the Council or across more than one function of the Council
- Noticeable and possibly material impact to the operations or finances of the Council
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior Council management to be updated

**Low**

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the Council's strategic priorities
- Impact is limited to a single function within the Council
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk