



Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
Bureau of State and Federal Audits

“Increased utilization of alternative-sentencing programs would provide more opportunities for rehabilitation of non-violent inmates and reduce the cost of housing prisoners, which has tripled over the past 30 years.”

**Jack Wagner,
Auditor General**

A SPECIAL PERFORMANCE AUDIT OF THE DEPARTMENT OF CORRECTIONS

October 2012

INEFFICIENCIES FURTHER STRAIN BUDGET AND RETIREMENT FUNDS OF THE COMMONWEALTH

- ✓ Potential exists for more than \$55 million in unsupported and/or undocumented payroll costs.
- ✓ Failure to monitor excessive overtime pay, which is included in retirement payout calculation, allows for higher pension payments to DOC personnel.
- ✓ Failure to track costs for treatment, academic and vocational programs.
- ✓ Improvements are needed in overall quality of treatment programs in order to reduce recidivism.



October 15, 2012

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Corbett:

This report contains the results of the Department of the Auditor General's special performance audit of the Pennsylvania Department of Corrections (DOC) for the period of July 1, 2006 through June 30, 2010, including follow-up procedures performed and concluded as of August 29, 2011. This audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code and 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit details several weaknesses within DOC that have the potential to increase costs significantly and jeopardize offenders' successful reentry back into society. Specifically, our auditors found that weaknesses exist in the DOC's payroll/attendance procedures and in its monitoring efforts. Deficiencies related to the recording of payroll expenditures and retention of appropriate payroll and attendance records call into question the necessity of certain payments made by DOC. Because of such weaknesses, the potential exists for approximately \$55 million in unsupported/undocumented payroll costs.

Additionally, DOC is in the position of expending significant financial resources to ensure appropriate oversight of an increased inmate population, including legitimate overtime pay for corrections officers that work beyond their regularly scheduled shifts. However, after a review of overtime pay, our auditors determined that corrections officers charged for overtime that was potentially excessive. Management's failure to properly monitor and evaluate submissions of overtime contributed to such excessive costs. Such costs weigh heavily not only on the DOC budget, but also on an already strained State Employees' Retirement System because retirement benefits include overtime in the retirement payout calculation.

Our auditors also found weaknesses relevant to the way in which DOC administers the treatment (e.g., drugs, alcohol, and mental health) and transitional (e.g., vocational and educational) programs used to rehabilitate offenders. Specifically, the monitoring of such programs within the Community Corrections Centers and Community Contract Facilities is less than adequate, which potentially exposes DOC to unmanageable costs and jeopardizes offenders' successful reentry into society.

We offer nine recommendations to improve and strengthen DOC's supervision over Pennsylvania's inmate population, while at the same time ensuring the prudent use of taxpayers' dollars. Moreover, we are confident that these recommendations will complement any future prison reforms enacted within the Commonwealth.

Finally, we are encouraged by DOC's acknowledgement of the concerns raised in our findings and remain optimistic that DOC's concurrence with our recommendations will result in meaningful corrective action.

We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented.

Sincerely,

JACK WAGNER
Auditor General

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Weaknesses in Payroll/Attendance Procedures and Inadequate Monitoring Potentially Increase Prison Costs and Jeopardizes Offenders’ Successful Reentry Back into Society

The purpose of this report is to communicate the results of our special performance audit of the Pennsylvania Department of Corrections (DOC). The period under audit was July 1, 2006 through June 30, 2010, and through the end of fieldwork, including follow-up procedures performed and concluded as of August 29, 2011. Our audit found several weaknesses within DOC that have the potential to increase costs significantly and jeopardize offenders’ successful reentry back into society. Specifically, our auditors have determined that weaknesses exist in the agency’s payroll/attendance procedures and its monitoring efforts, including:

- Weaknesses in the recording of payroll expenditures and the retention of appropriate payroll and attendance records;
- Inadequate monitoring and evaluation of potentially excessive overtime within various state correctional institutions, a motivational boot camp, and community correction centers; and
- Inadequate monitoring of the effectiveness of Community Correction Centers and the Community Contract Facilities treatment programs available to offenders prior to reentry back into society.

We put forth these identified weaknesses mindful that Pennsylvania’s growing inmate population and the subsequent costs associated with long-term incarceration has placed a significant financial burden on the overall budget of the Commonwealth. Therefore, corrective action, based on our recommendations, will ensure a more prudent allocation of taxpayers’ dollars. Moreover, monies saved through appropriate corrective action will be available to alleviate some of the budgetary difficulties experienced by DOC because of the increase in its inmate population. Furthermore, the immediate implementation of corrective action will complement any future prison reform enacted by the Pennsylvania General Assembly.

Pennsylvania Department of Corrections

The Pennsylvania Department of Corrections (DOC) administers and oversees multiple incarceration and support facilities that house, rehabilitate, and provide reentry services for Pennsylvania’s inmate population. In addition, DOC administers a training facility for corrections personnel responsible for the oversight of Pennsylvania’s inmate population. The DOC budget for Fiscal Year Ended (FYE) June 30, 2011 was \$1,694,319,000. Moreover, DOC was the recipient of \$172,911,000 in federal stimulus funds through the American Reinvestment and Recovery Act (ARRA), which the agency used to fund over 2,500 corrections officers. The one-time ARRA funding ceased for the FYE June 30, 2011.

DOC statistics for 2010:

- ✓ 27 correctional facilities in PA
- ✓ 51,321 inmates
- ✓ 16,180 General Fund staff
- ✓ 9,431 corrections officers
- ✓ \$1.7 billion in expenditures
- ✓ \$32,986 annual cost per inmate
- ✓ 8,462 inmates are age 50 and older

Pennsylvania’s inmate population has increased approximately 40 percent from 2000 to 2010, while the DOC General Fund budget increased 37 percent over the same period. The Commonwealth recently ended an out-of-state agreement with Michigan to house more than 1,000 Pennsylvania prison inmates. However, the Commonwealth continues its out-of-state agreement with Virginia, which currently houses approximately 900 Pennsylvania prison inmates.

More than 75 percent of Pennsylvania’s male inmate population (more than 63 percent for females) is categorized as a high or moderate risk for re-offending. DOC estimates that just over 24 percent of the male inmate population (more than 36 percent for females) is a low risk for re-offending. In addition, the DOC categorizes approximately 39 percent of the total prison population as Part II non-violent offenders (includes narcotic drugs, drunken driving, forgery, fraud, and receiving stolen property).

Source: Pennsylvania Department of Corrections

Finding No. 1 - Projected \$55 Million in Payments Called into Question Because of Weaknesses in the Recording of Payroll Expenditures and the Inadequate Retention of Payroll and Attendance Records

Our auditors found weaknesses in the recording of payroll expenditures and retention of appropriate payroll and attendance records; consequently, these deficiencies put into question the necessity of certain payments made by the DOC. Our auditors determined that, because of such weaknesses, the potential exists for approximately \$55,331,000 in unsupported/undocumented payroll costs. While we detail the extent of these weaknesses below, our auditors also disclosed similar weaknesses in the Single Audit of the Commonwealth for fiscal years ended June 30, 2010 and 2011.

We obtained documentation from the DOC that detailed certain payroll expenditures totaling \$172,911,000. Monies for these specific payroll expenditures became available for use by the DOC through the American Recovery and Reinvestment Act (ARRA), the federal stimulus law enacted in 2009. Management used the ARRA monies to fund over 2,500 corrections officers.¹ From this population of payroll expenditures, we selected a sample of 15 individual DOC corrections officers with payroll expenditures that totaled \$69,153. Subsequently, we tested a selected bi-weekly pay period from the Fiscal Year Ended (FYE) June 30, 2010 for each individual DOC corrections officer in our sample. Each bi-weekly pay period consists of 14 days; therefore, the documentation that we requested consisted of 210 (15 x 14) daily shift commander rosters and other supporting documentation intended to account for corrections officers' time.

Corrections officers are non-Employee Self Service (ESS) users, meaning a designated timekeeper enters their activity, exclusive of the corrections officers' regular assigned work shift information, into the Commonwealth's payroll operating system. Every state correctional institution (SCI) accounts for its respective corrections officers' time using shift commander rosters. Shift commanders review the information on shift commander rosters to ensure completeness and accuracy; they then affix their signatures to the rosters to designate approval. Roster attendance is taken at the beginning of each shift and supervisors/shift commanders monitor all posts to ensure corrections officers are at their respective post throughout each scheduled shift. In addition, the timekeepers enter all absences into the payroll operating system based on approved leave slips, known as STD-330 forms.

The results of our test work identified 73 discrepancies out of 210 shift commander rosters within our sample. The discrepancies uncovered by our auditors included:

- Two STD-330 forms intended to document approved absences could not be located by the DOC;
- 42 shift commander rosters could not be located by the DOC;
- 29 shift commander rosters were not signed or initialed, demonstrating a lack of supervisory approval of the information contained on the rosters and a lack of verification of the attendance of the corrections officers at their respective SCIs on that respective date; and
- DOC lacks a secondary/supervisory review of the information contained on the shift commander rosters that timekeepers extract for input into the payroll operating system.

¹ See Budget Request FY 2011-2012 testimony of John E. Wetzel, Secretary Designee, PA Department of Corrections, before the House Appropriations Committee, March 22, 2011.

DOC was unable to provide our auditors with an explanation for the two missing STD-330 forms or the 42 shift commander rosters; however, DOC officials acknowledged that these forms should have been retained by the SCIs and available for inspection. Management represented to our auditors that the absence of adequate retention policies and procedures related to the maintenance of supporting documentation for purposes of review likely contributed to the missing forms.

The absence of adequate retention policy and procedures allows non-senior management to decide how long certain documents are to be retained. This leads to retention inconsistencies and could result in documents being purged that are necessary to validate the propriety of the activity, which may be needed by internal and/or external auditors.

While there was an absence of policies and procedures related to the retention of records, our auditors also discovered that not all SCIs followed DOC existing policy and procedures pertaining to approval of source documentation – such as shift commander rosters – for payroll processing. Our auditors determined that 29 shift commander rosters included in our sample were without the requisite signatures or initials. Moreover, the DOC Chief of Employee Services Division acknowledged that a lack of control exists within the agency, referring to a lack of secondary/supervisory review of the information contained on the shift commander rosters prior to its extraction from the rosters by timekeepers who then input the information into the payroll operating system.

A prudent system of controls would require that management conduct a secondary/supervisory review of the information contained on the shift commander roster prior to its input into the SAP payroll operating system; this type of review would ensure accuracy and completeness of information. Additionally, DOC procedures state that all SCIs are to follow Section 16, 4.1.1, Human Resources and Labor Relations Procedures Manual, related to the approval of source documentation used for payroll processing and attendance. This policy states that, “Shift Commander shall schedule work for corrections officers through the completion of the standard duty rosters [i.e., shift commander rosters] for their shifts, which shall be reviewed and approved by the Major of the Guard.”

Finally, based on the identified discrepancies noted above, we calculated a corresponding payroll amount of \$22,047 from our sample of \$69,153 – or 32 percent – that we consider unsupported/undocumented. Moreover, through the extrapolation of data, we estimated that, over the entire population of \$172,911,000 in ARRA payroll expenditures, the potential exists for approximately \$55,331,000 in unsupported/undocumented payroll costs.

Recommendations:

We recommend that the Pennsylvania Department of Corrections (DOC):

1. Adhere to its existing policies and procedures in the Human Resources and Labor Relations Procedures Manual related to the approval of shift commander rosters at the State Correctional Institutions (SCIs).
2. Implement policies and procedures requiring record retention for all payroll related documentation, including the retention of shift commander rosters and STD-330 forms.

3. Implement adequate controls for secondary/supervisory review of information entered into the payroll operating system by the timekeepers to ensure accuracy and completeness of the information.

Agency Response:

We agree generally with the findings. Our information indicates that while the facility told us they did not have the required rosters, the Facility Time Advisor later confirmed that they in fact have maintained all shift rosters from the time the facility opened. However, the 42 rosters in question could not be located.

DOC Policy 4.1.1 Section 16, Overtime, is being revised to include a retention schedule and specify requirements for rosters to be reviewed and approved by management. The revised policy will be disseminated throughout the agency and facilities will be expected to comply.

Furthermore, the Department is pursuing a full time evaluation solution that will automate the collection of work time data. The system requirement will also automate roster management and have a system of controls between the scheduled roster and time actually worked. This will enable management to more easily review and approve the roster, and provide better source documentation that will be retained and reportable. Implementation for this program is anticipated for early 2013.

Auditors' Conclusion:

We are encouraged by DOC's agreement to recommendations #1, #2, and #3 and its response indicating that existing policies and procedures will be revised to improve the retention of necessary payroll related documentation. Moreover, the DOC's pursuit of the implementation of an automated roster management system, including a system of controls that allows for review and approval of the scheduled roster and actual time worked, would certainly improve the collection and retention of applicable payroll source documentation.

Finding No. 2 - Failure by DOC to Monitor Excessive Overtime Pay and Evaluate the Impact of such Compensation on an Already Strained State Employees' Retirement System

The DOC maintains a complement of approximately 16,000 employees to administer correctional services for approximately 51,000 prison inmates incarcerated at various locations throughout the Commonwealth. Of the aforementioned 16,000 employees, the DOC classifies 9,431 as corrections officers.² While Pennsylvania's inmate population has increased by 40 percent from 2000 to 2010, the complement of corrections officers has not kept pace, increasing by 11 percent. Consequently, DOC is in the position of expending significant financial resources to ensure appropriate oversight of an increased inmate population, including legitimate overtime pay (paid out at time and a half or double time) for corrections officers that work beyond their regularly scheduled shifts. However, after a review of overtime pay, our auditors determined that corrections officers charged for overtime that was potentially excessive. Management's failure to properly monitor and evaluate submissions of overtime contributed to such excessive costs. For example, during one fiscal year within our audit period, we found that 898 employees received \$348,917 in paid overtime but had no record of regular shift time charges in the same pay periods that the overtime was charged. When we brought this issue to the attention of management personnel, they were unable to provide an explanation.

Excessive overtime costs weigh heavily not only on the DOC budget, but also on an already strained Pennsylvania State Employees' Retirement System (SERS) because retirement benefits include overtime in the retirement payout calculation. All salary employees are members of SERS. SERS is a contributory defined benefit plan, which means that the allocation of benefits is formula-based, using an employee's years of credited service, final average salary, and class of service multiplier. The final average salary, which includes overtime, is the highest average compensation received during any three non-overlapping periods of four consecutive calendar quarters; typically, this is the average of the last three years of compensation. Excessive overtime pay may contribute to an abnormal fluctuation or "spike" in the average salary of DOC personnel during or near their last three years of service, which artificially increased their final average salary and ultimately their pension benefit calculation. Age 50 is the normal retirement age for all corrections officers employed prior to January 1, 2011.

TABLE 1.1: Top Ten Highest Overtime-Earning Employees within DOC for FYE 2010

SCI	Position	Salary	Overtime	Salary and Overtime	Age	Service Years
Greensburg	Corr. Officer 1	\$60,633	\$50,311	\$110,944	54	25
Mercer	Corr. Officer 1	\$56,622	\$49,756	\$106,378	49	17
Pittsburgh	Corr. Officer 2	\$60,554	\$48,576	\$109,130	45	20
Pittsburgh	Corr. Officer 1	\$58,082	\$46,958	\$105,040	63	24
Mercer	Corr. Officer 1	\$60,191	\$46,765	\$106,956	50	24
Graterford	Registered Nurse	\$76,977	\$46,644	\$123,620	49	10
Somerset	Corr. Officer 1	\$54,938	\$45,869	\$100,806	56	14
Somerset	Corr. Officer 1	\$52,765	\$43,500	\$96,265	35	12
Somerset	Corr. Officer 1	\$53,674	\$42,900	\$96,574	54	16
Mercer	Corr. Officer 1	\$55,866	\$42,490	\$98,356	43	19

Source: Pennsylvania Department of Corrections

² Pennsylvania Department of Corrections, Costs & Population, 2011.

This is not the first time our auditors identified this excessive overtime deficiency within the DOC. The Department of the Auditor General previously issued audit reports and findings, in which we noted excessive use of overtime within the DOC. We recommended that DOC provide a high probability of public safety at minimal personnel cost by reducing overtime and establishing each SCI’s optimal staff complement. We also recommended that the DOC monitor staffing decisions on an ongoing basis. Nevertheless, after four years of improvements, the total overtime charged by DOC employees has remained steady since fiscal year ended June 30, 2005, at approximately \$48 million per year. In addition, for the fiscal years ended June 30, 1996 through 2010, DOC has ranked in the top three state agencies in total overtime expenditures.³

TABLE 1.2: Top Ten Highest Overtime-Earning Employees within DOC for FYE 2009

SCI	Position	Salary	Overtime	Salary and Overtime	Age	Service Years
Graterford	Registered Nurse	\$73,572	\$60,197	\$133,769	48	10
Fayette	Corr. Officer 1	\$53,340	\$59,303	\$112,643	44	18
Pittsburgh	Corr. Officer 1	\$55,701	\$58,383	\$114,084	62	24
Graterford	Registered Nurse	\$61,019	\$52,690	\$113,708	55	4
Fayette	Corr. Officer 1	\$55,190	\$40,761	\$95,951	50	22
Laurel						
Highland	Corr. Officer 2	\$56,075	\$40,006	\$96,081	45	15
Pittsburgh	Corr. Officer 1	\$55,230	\$39,283	\$94,513	51	23
Laurel						
Highland	Corr. Officer 1	\$47,257	\$39,088	\$86,345	63	11
Pittsburgh	Corr. Officer 1	\$57,320	\$38,428	\$95,748	49	23
Huntingdon	Corr. Officer 2	\$64,340	\$38,303	\$102,643	63	33

Source: Pennsylvania Department of Corrections

We believe that the accumulation of excessive amounts of overtime beyond corrections officers’ regular shifts has the potential to result in decreased job effectiveness, low morale, physical impairment and a lack of alertness while stationed at assigned posts. As a result, diminished preparedness hinders the ability of the DOC to perform its mission of protecting the residents of the Commonwealth of Pennsylvania.

The hiring of additional corrections officers in most situations should prove less costly than having DOC employees charge for the excessive overtime that is paid at much higher rates (i.e., time and a half or double-time), something DOC readily acknowledged in a prior audit report released by the Department of the Auditor General in October 2001.⁴ In its response to our concerns about the cost of overtime at that time, management stated that DOC hired additional corrections officers, which significantly reduced overtime. In fact, after the fiscal year ended June 30, 2000 in which DOC total overtime expenditures exceeded \$52.8 million, the DOC overtime expenditures for each of the next four fiscal years totaled less than \$33.4 million, or more than a 36 percent decrease. However, with the dramatic increase in

³ See 2011 State Government Workforce Statistics. See also Governor’s Annual Workforce Report for years 2010, 2006 and 2001.

⁴ See Department of Corrections, Audit Report for the Fiscal Years Ended June 30, 2000, 1999, and 1998, released October 2001.

Pennsylvania's inmate population from 2000 to 2010, the current complement of corrections officers appears insufficient as demonstrated by the steady amount of overtime charged.

Lastly, the proper monitoring and administration of overtime charges and the elimination of the practice of employees "spiking" their overtime as they near retirement would ensure more reasonable pension payouts and contribute to the long-term solvency of SERS.

Recommendations:

We recommend that the Pennsylvania Department of Corrections (DOC):

4. Consider hiring additional corrections officers as a way to reduce overtime charges and effectively make DOC operations more cost effective in the process, including reducing the Commonwealth's future pension obligation as occurs with employees "spiking" their overtime charges.
5. Improve their monitoring of overtime to ensure that all overtime charges can be substantiated and that regular time charges coincide with all overtime charges for each employee.

Agency Response:

The Department disagrees with the finding that the Department of Corrections failed to monitor excessive overtime pay. Each institution constantly monitors overtime usage and centrally the Bureau of Administration tracks overtime expenditures and issues monthly OT monitoring reports along with bi-weekly excessive OT alert reports. If actual overtime expenditures are projected to exceed budgets by 20%, the institutions are asked to provide justifications for their overtime expenditures exceeding the budget allotment and to submit plans to reduce future overtime payments. Overtime savings practices are shared by facilities.

The corrections officer complement is determined by security manpower surveys where staff does on site visits and reviews the requirements for corrections officer posts. These surveys are carefully reviewed by management to determine the number of posts. We then add a relief factor to the number of posts to determine the need for complement. The relief factors are reviewed periodically for changes in leave usages, training days, etc. The relief factors do not account for short term absences related to call offs, inmate escorts, hospital trips, military activations, construction and other short term posts that create the need for overtime. It is not prudent to hire full time staff to address temporary situations.

Arguably, you could increase your complement to cover a portion of the overtime, but this additional overtime can cause an excess staffing on your shifts when no escorts are required or less staff calls off. This defeats the purpose of saving money. A few other factors to consider about adding staff is that medical benefits have increased significantly and the cost differential of new employees to paying overtime has decreased. Staff also needs training of at least six months until they can have some impact on staffing. When staff numbers increase so do some opportunities for overtime for leave usage for those employees. These factors need to be taken into consideration when doing a staffing assessment.

We agree that the monitoring process can be improved and that a more standardization of rules and overtime practices should lead to reduced overtime usage. To this end, the full time evaluation solution discussed above [See agency response to Finding No. 1] will also eliminate the employee timekeeping errors that result in employees being paid overtime in a pay period with no regular shift time or overtime-qualifying absence.

In addition, the Department is pursuing the purchase of scheduling management software that will interface with the full time evaluation solution. This will enable automated roster management and real-time viewing of shift and post staffing, along with real-time call off data which will enable more informed decisions regarding the necessity of overtime. We expect this will reduce overtime usage.

Finally, the Department is pursuing a number of initiatives that should reduce the inmate population in the upcoming year. This will allow the department to close some housing and redeploy the staff to reduce the need for overtime. Together these initiatives should produce a significant reduction of overtime hours that have been fairly flat over the last four years.

Auditors' Conclusion:

DOC's claim that OT is monitored both bi-weekly and monthly is information that the agency was unable to substantiate during our audit. The excessive amounts of overtime appear to be attributed to an increasing number of positions (complement) being vacant. According to DOC documentation, between 2006 and 2010 DOC's total complement, including corrections officers, increased by 1,286, or 8 percent from 15,733 to 17,019; however, the number of vacant positions increased by 423, or 62 percent from 683 to 1,106 for that same time period. As a result, we stand by our recommendation that DOC needs to consider hiring additional staff, especially corrections officers.

Furthermore, DOC provides a number of "factors to consider" in assessing whether hiring additional staff is appropriate, such as the cost of medical benefits and training. We agree that these and other factors should be taken into consideration; however, excessive overtime has continued to plague DOC for at least two decades, an environment whereby DOC has continually recognized this as a problem and stated that it is in the process of taking action to resolve the problem of excessive overtime when in reality nothing lasting has yet been accomplished. As noted in the finding, the only temporary reduction in overtime occurred between 2001 and 2004 after DOC hired additional corrections officers, resulting in overtime which had peaked in 2000 at \$52.8 million, was reduced to less than \$33.4 million for each of the next four years.

We also acknowledge DOC's comments regarding improving overtime practices, purchasing scheduling management software, and reducing inmate population in the near future and hope that DOC management makes overtime reduction a high priority.

Finding No. 3 - Inadequate Monitoring of Treatment and Transitional Programs Exposes the Department of Corrections to Unmanageable Costs and Jeopardizes Offenders' Successful Reentry into Society

Our auditors found weaknesses in the way in which DOC administers the treatment (e.g., drugs, alcohol, and mental health) and transitional (e.g., vocational and educational) programs used to rehabilitate offenders. Specifically, the monitoring of such programs within the Community Corrections Centers and Community Contract Facilities is less than adequate, which potentially exposes DOC to unmanageable costs and jeopardizes offenders' successful reentry into society. Treatment and transitional programs must be effective in order to mitigate the rate of recidivism, or the tendency of individuals to relapse into a previous undesirable type of behavior, especially criminal activity.

DOC is responsible for the oversight of internal and external treatment and transitional programs. The agency offers internal programs throughout the corrections system for inmates. External programs offered through Community Corrections Centers and Community Contract Facilities provide support services for offenders released from incarceration and are in the process of reentering society. Offenders receive treatment and transitional instruction through a network of residential facilities located in communities throughout the Commonwealth. Our auditors found that DOC potentially incurred additional or unnecessary costs because it lacked adequate monitoring of the programs that it administers.

With regard to internal programs offered to inmates while incarcerated, our auditors attempted to review treatment, vocational, and academic programs to determine the effectiveness of such programs. However, our auditors were unable to conclude this segment of the respective audit objective in view of the fact that certain documentation was unavailable. DOC management informed our auditors that it could not provide documentation related to the cost associated with the programs because DOC did not keep track of costs by individual programs. Without the tracking or monitoring of costs, no cost benefit analysis could be performed to allow DOC to determine the success of programs or if programs should be eliminated.

Additionally, our auditors also reviewed the effectiveness of external treatment and transitional programs provided to paroled inmates through DOC's network of residential facilities. Known as Community Corrections Centers (CCC) and Community Contract Facilities (CCF), these residential facilities house halfway-back (HWB) parolees and inmates granted parole by the Pennsylvania Board of Probation and Parole (PBPP).⁵ The DOC has 14 state-run CCCs and contracts with private vendors to operate approximately 38 CCFs. The agency administers these residential facilities through its Bureau of Community Corrections (BCC).

The residential support programs offered through CCCs and CCFs are intended to provide a continuum of care and appropriate aftercare services upon the release of offenders from SCIs, thus increasing program participants' chances of a successful reintegration into society. While these residential facilities offer structured support services that include counseling services, employment counseling, certified clinicians, and vocational and educational guidance, they also provide vital treatment services

⁵ A halfway-back (HWB) refers to parolees that have violated conditions of their parole. However, with HWB status, a parole officer may assign these designated parolees to a CCF rather than incarceration. Paroled inmates that are non-HWB parolees are released from an SCI, placed within a CCC / CCF or an established home treatment plan, including family assistance, and are monitored by PBPP.

that address issues such as alcohol and other drugs (AOD) addictions, violence or anger management, batterers' intervention, and mental health concerns. DOC estimates that 41 percent of male inmates and 55 percent of female inmates need intensive AOD treatment while incarcerated,⁶ so post-release treatment complements treatment provided to offenders while incarcerated.

The estimated duration for HWB parolees in the CCFs is approximately 85 days. DOC statistics also show that the duration for HWB parolees assigned to AOD programs is approximately 28-45 days. The cost to DOC is in direct correlation to the number of parolees referred. For example, DOC officials indicated to our auditors that at any given time the total number of HWB housed in CCFs averages more than 500 offenders each month, which cost the agency approximately \$1.7 million each month.

Our auditors concluded that DOC is not adequately monitoring the CCC and CCF support service programs for effectiveness prior to offenders' reentry into the community. We came to this conclusion after DOC could not provide documentation requested by our auditors and it admitted that it did not monitor certain information that was relevant to support service programs. For example, when questioned by our auditors about the existence of a particular internal document during a meeting held on June 10, 2011, management from DOC acknowledged that the document pertained to an internal review conducted at the request of a former DOC Secretary. The purpose of the review was to determine the amount of funding expended on AOD inpatient treatment programs related to parolees and multiple treatments or recurring episodes at the CCCs and CCFs. When we requested the results of the DOC review, management responded that it would not provide the information to our auditors because the report was no longer available.

When our auditors requested the number of HWB and parolees sent to inpatient treatment programs within CCFs for FYE 2007, 2008, 2009 and 2010 and the total number of HWB and parolees sent to the same inpatient treatment program multiple times during the aforementioned fiscal years, management indicated that the DOC does not routinely track this information. In addition, when we inquired about monitoring information available to show the recidivism rates between participants in CCC/CCF programs and a comparison group for FYE 2007, 2008, 2009, and 2010, management conceded that such information is not routinely tracked by the DOC. Moreover, DOC stated to our auditors that it does not have a mechanism in place to monitor the number of referrals actually made by PBPP for HWB parolees or the number rejected for treatment programs.

Our auditors also inquired about the response of DOC in relation to a released study that puts into question the effectiveness of the programs offered at both CCCs and CCFs. Supported by a grant awarded by the Pennsylvania Commission on Crime and Delinquency, the University of Cincinnati's Division of Criminal Justice conducted a study that it released in May 2009.⁷ The study involved a comprehensive process and outcome evaluation of CCCs and CCFs under the oversight of DOC. Specifically, the study looked at the effectiveness of the CCCs and CCFs, providing a "blueprint" for developing more effective programs, developing a protocol for matching parolees to programming based on risk and need, and assisting the Commonwealth in identifying programming characteristics to be considered when making program funding decisions. Management informed our auditors that a rebuttal to the report was prepared and under review by the Secretary of DOC. We requested a copy of the

⁶ Pennsylvania Department of Corrections, Inmate Profile, as of December 31, 2010.

⁷ Latessa, Edward J., Christopher T. Lowenkamp, and Kristen Bechtel. Community Corrections Centers, Parolees, and Recidivism: An Investigation into the Characteristics of Effective Reentry Programs in Pennsylvania, Cincinnati, OH: University of Cincinnati, 2009.

approved rebuttal; however, after several months, we were eventually told that the preparation of the rebuttal was abandoned.

The following is a synopsis of the key findings noted in the University of Cincinnati study:

- Overall, inmates released from the CCC and/or CCF consistently had significantly higher rates of recidivism than those released directly to parole.
- DOC programs evaluated in the study were scored on the evidence-based Correctional Program Checklist (CPC) for core correctional practices. The study indicated that services provided by programs offered within the CCCs and CCFs are not evidence based, meaning that offender assessment and intervention characteristics did not effectively target areas that promote reductions in recidivism. For example, 93 percent of the treatment programs were rated as needs improvement or ineffective on the CPC.
- The DOC is now developing actions plans to address the program deficiencies identified in detail in the study, more than two years after the release of the report.

The findings outlined in the University of Cincinnati study suggest that the CCC and CCF programs in Pennsylvania have not been effective in reducing recidivism primarily because the overall quality of the programs is not consistent with evidence-based practices.

Effective support service programs are essential to the success of parolees seeking to maintain a livelihood outside the corrections system; they are also an essential component in the decline of the recidivism rate among parolees and former inmates. Therefore, DOC should monitor the rate of recidivism associated with each program to determine which programs effectively target areas that contribute to a reduction in the rate at which offenders relapse into undesirable behavior (i.e., criminal activity).

Recommendations:

We recommend that the Pennsylvania Department of Corrections (DOC):

6. Ensure Bureau of Community Corrections (BCC) routinely monitors Community Corrections Centers (CCC) and Community Contract Facilities (CCF) programs to determine the rates of recidivism for offenders released from CCC/CCF versus inmates released directly to parole.
7. Ensure programs offered within the CCC/CCF are operated according to evidence-based performance to improve the effectiveness and quality of the treatment programs.
8. Monitor the number of HWB and parolees sent to inpatient treatment programs within CCC/CCF as well as have been sent to the same inpatient treatment program multiple times.
9. Document the amount of funding expended for alcohol and other drugs (AOD) inpatient treatment programs, as well as other types of inpatient treatment programs, and analyze the benefits.

Agency Response:

6. We agree and it is expected that DOC's Planning, Research, Statistics and Re-entry (PRS&R) Division will be able to start providing these recidivism rates by the spring of 2012.

7. We agree with the recommendation but disagree with the inference that we are not using evidence based practices. Programs facilitated in the Community Corrections Centers are the same programs that are also facilitated in the State Correctional Institutions. These programs are approved by the DOC's Bureau of Treatment Services and are evidence based and have been reviewed by Edward Latessa in conjunction with the University of Cincinnati in 2009.

Specifically, Thinking For a Change was adopted directly from the National Institute of Corrections (NIC), whose programs are evidence-based and nationally accepted.

Violence Prevention programming was established on the basis of recommendations made by Latessa and by the Goldkamp report. It is Cognitive Based (CBI) and utilizes problem solving activities in a "table-top" format. Cognitive Based Intervention is a widely accepted treatment modality in corrections. Recidivism rates for offenders who complete BCC's 60 day "Specialized Center Program" which includes a Violence Prevention Booster Program has demonstrated one year recidivism rates at 22.1% compared to 26.9% of non specialized center offenders.

The Batterer's Intervention Program is based upon the Duluth Model of Domestic Violence Intervention. This program is also evidence based and considered the best program available by Victim Community Advocate Organizations.

The Community Contract Facilities that provide drug and alcohol programming are licensed by the state Bureau of Drug and Alcohol Programs (BDAP). Licensure requires that the CCF's follow all of BDAP's guidelines which includes announced and unannounced inspections by BDAP and the Department of Health. The two state centers (Progress and Wernersville) AOD programs are currently being evaluated by the Criminal Justice Drug Abuse Treatment Studies (CJDATS) team. The PA DOC has partnered with Doctor Steven Belenko and colleagues at Temple University to form a research center with CJDATS. The primary goal of this project is to evaluate the effects of a process improvement strategy, whereby assessment and case planning information is transferred to community-based treatment agencies, and subsequently treatment services are activated. It should also be noted that each state and contract center (except for four newly opened centers) is accredited by the American Correctional Association (ACA). The Pennsylvania Department of Corrections is one of only three states in the country to have received this honor.

In the past twelve months, Community Based Program Evaluators (Program Managers) have been placed in each of BCC's three regions. One of their primary duties involves traveling throughout their respective regions to evaluate and assure quality programs are being facilitated in the CCC's/CCF's. They conduct Program Evaluations at least quarterly and follow up on any deficiencies they may find. The Program Evaluation Tool (PET) is consistent with the program evaluations conducted inside the State Correctional Institutions. BCC's Managerial Visits and Inspection Policy 8.3.1 which went into effect in January 2011 also details management's responsibility through inspections to assure state and contract centers operate at a high level.

8. We agree with this finding concerning the need for a halfway back tracking system. In January 2012 we implemented a system in BCC that monitors the number of HWB and Parolees sent to in-patient AOD treatment programs within each community corrections center/facility. If BCC determines a treatment need to research and review multiple AOD admissions, PRS&R does have the capabilities and will provide the information at the end of each calendar year.

9. The DOC has begun to document the use of Medicaid funding in AOD treatment. In fiscal year 2010-2011, DOC/BCC spent \$17,907,791 on in-patient alcohol and other drugs (AOD) programs. BCC's "Medical Assistance" initiative in which qualified Half Way Back (HWB) AOD Parolees CCF placements are paid thru medical assistance funding, saved the DOC/BCC over 3.1 million dollars since January 2011. BCC will continue to monitor AOD pre-release, SIP, Parolees and HWB pass throughs at every AOD facility. It is expected that PRS&R will be able to provide recidivism rates for all four of these AOD categories in the near future.

Auditors' Conclusion:

DOC has acknowledged our concerns relevant to the inadequate monitoring of treatment and transitional programs. The lack of adequate monitoring exposed DOC to unmanageable costs and jeopardized parolees' successful reentry into society and we are encouraged with DOC's agreement with recommendations (#6, #8, and #9) to correct these identified weaknesses. Specifically, we are hopeful that DOC will be providing recidivism rates to the Bureau of Community Corrections (BCC) for offenders released from Community Corrections Centers (CCC) and Community Contract Facilities (CCF) versus inmates released directly to parole (i.e., used as a comparison group). This will allow the BCC to effectively monitor and identify the programs that may need additional modification to improve their effectiveness. In addition, we are hopeful that DOC's new tracking system, referenced in its response, will assist in monitoring the number of halfway-back parolees (HWB) and parolees sent to inpatient treatment programs within CCCs and CCFs.

With regard to DOC's disagreement with recommendation #7 pertaining to the reference of evidence based practices, our conclusions are based on the findings contained within the 2009 University of Cincinnati study that indicated treatment programs offered within the CCCs and CCFs simply had not been effective in reducing recidivism, primarily because the overall quality of the programs were not consistent with evidence based practices. The study identified several concerns, including: inmates who were released from CCCs and CCFs consistently had significantly higher rates of recidivism than those released directly to parole; 93 percent of treatment programs were rated as "needs improvement" or "ineffective"; and the programs offered were not evidence-based. In addition, although DOC noted in its response that several treatment programs were evidence-based, DOC did not indicate specifically how these programs influenced the overall quality, recidivism, or effectiveness within the CCCs and CCFs.

Finally, we are optimistic by DOC's response regarding monitoring the amount expended for alcohol and other drugs (AOD) inpatient treatment programs and the savings acquired through its "Medical Assistance" initiative for HWB parolees at each AOD facility within the CCCs and CCFs. We are hopeful that DOC will also provide to BCC applicable recidivism rates for the AOD categories mentioned in its response to evaluate the effectiveness and quality of these programs. In addition, DOC also should consider documenting the amount expended and the recidivism rates for other types of inpatient treatment programs within the CCCs and CCFs. Without obtaining this information, the BCC cannot determine the cost benefit of other inpatient treatment programs based on dollars expended and the associated recidivism rates. Moreover, this information would assist the BCC to identify inpatient treatment programs that could be potentially eliminated to save taxpayer dollars or be reallocated to other targeted successful programs. Any actions implemented by DOC subsequent to the end of field work have not been verified by the auditor.

Appendix A: Objective, Scope and Methodology

Objectives

The objectives of this performance audit of the Pennsylvania Department of Corrections (DOC) included the following:

- Determine whether DOC monitors the reasonableness of personnel costs and evaluates alternatives to minimize these costs. (See Finding No. 1 and 2)
- Determine whether DOC effectively evaluates, assesses, and takes appropriate action to reduce the average costs associated with the incarceration of an inmate. (See Finding No. 3)
- Determine the effectiveness of inmate rehabilitative services provided by DOC. (See Finding No. 3)
- Determine whether stimulus expenditures from monies awarded through the American Recovery and Reinvestment Act (ARRA) were proper and in accordance with law. (No Finding)

Scope

Our audit covered DOC duties and responsibilities as it relates to operations for the period July 1, 2006 through June 30, 2010, and through the end of fieldwork, including follow-up procedures performed and concluded as of August 29, 2011. The performance audit was conducted in accordance with applicable *Government Auditing Standards*, issued by the Comptroller General of the United States.

Methodology

The methodology in support of the audit objectives included:

- Reviewing appropriate laws, Human Resources and Labor Relations Procedures Manual, SERS Retirement Benefits Calculation, DOC Employee Handbook, University of Cincinnati's Division of Criminal Justice Study, DOC response to the 2009-2010 Single Audit Finding, related information from DOC's website, newspaper articles and other material (i.e., audit reports from other states, prior audit reports, analytical review of expenditures, etc.);
- Interviewing and correspondence with DOC management within Bureau of Administration; Bureau of Correction Education; Bureau of Planning, Research, Statistics, and Grants; Bureau of Community Corrections; and Bureau of Treatment Services.
- Conducting walk-throughs to assess controls and gain an understanding of current issues and potential risks associated with the state correctional facilities, community corrections centers and community contract facilities;

- Using data provided by DOC, we performed a series of evaluations related to DOC personnel costs, inmate incarceration costs, and effectiveness of rehabilitative services for the period of July 1, 2006 through June 30, 2010. Based on our results and various high-risk areas identified by performing data analysis techniques, we focused our approach on certain trends that had been validated by our analysis and substantive testing performed; and
- Evaluating studies of treatment, academic and vocational programs relating to recidivism rates. Also, evaluated alternatives that would minimize DOC costs.

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