



**Auditor of State  
Betty Montgomery**

**SUMMIT COUNTY  
COMMUNITY BASED CORRECTIONAL FACILITY  
PERFORMANCE AUDIT**

NOVEMBER 25, 2003



## Auditor of State Betty Montgomery

To the Summit County Judicial Corrections Board, Oriana House, Inc., citizens of Ohio, and residents of Summit County:

In December of 2002, the Summit County Judicial Corrections Board (JCB) requested that the Auditor of State conduct a performance audit of the Summit County Community Based Correctional Facility (Summit CBCF). Based on discussions with the JCB and officials from Oriana House Inc., which is currently under contract to operate the Summit CBCF, four areas were identified for review: compliance, governance, financial systems, and programs and staffing. These areas were selected, in part, to address ongoing questions raised about the financial management and oversight of the CBCF Program (Program) in Summit County and to ensure the efficient and effective delivery of community correctional services.

The performance audit provides an independent assessment of Summit CBCF's operations and contains recommendations that, if implemented, could improve Summit CBCF's compliance with pertinent laws and Program requirements, enhance the overall governing structure, and improve programmatic assessment and outcomes. Furthermore, the audit recommends ways to improve financial management and internal controls, enhance the subcontracting selection and monitoring process, and examine strategies to enhance revenues beyond the CBCF grant.

An executive summary has been prepared which includes the project history, Program overview, purpose and objective of the performance audit, key findings and recommendations, noteworthy accomplishments, and a summary of financial implications. This report has been provided to the JCB and its contents discussed with appropriate officials and management from Oriana House, Inc. The JCB has been encouraged to use the results of the performance audit as a resource in improving overall operations and service delivery at Summit CBCF.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 25, 2003

# **Executive Summary**

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## **Project History**

The Summit County Judicial Corrections Board (JCB) engaged the Auditor of State's Office (AOS) in December 2002 to conduct a performance audit of the Summit County Community Based Correctional Facility (Summit CBCF). The audit assesses Summit CBCF compliance with pertinent laws and regulations, governing practices, financial systems, staffing, and programmatic effectiveness. Established under Ohio Revised Code (ORC) section 2301.51 and Ohio Administrative Code (OAC) chapter 5120, the CBCF Program (Program) is an alternative to prison incarceration for adult felony offenders. Since its inception in 1987, the JCB has contracted with Oriana House, Inc. (Oriana) to operate the Summit CBCF. The JCB sought the audit, in part, to address ongoing questions raised about the financial management of Summit CBCF and to ensure the efficient and effective delivery of community correctional services.

The audit's overall objectives are to assess selected areas of Summit CBCF and to develop findings and recommendations based on comparisons with peer CBCFs and other benchmarks to improve Summit CBCF's operations. Specifically, the performance audit provides an independent assessment of Summit CBCF's operations and includes recommendations to ensure compliance with all State and Program requirements, enhance the overall governing structure, improve programmatic assessment and outcomes, improve financial management and internal controls over financial processes, enhance the subcontracting selection and monitoring process, and examine strategies to enhance revenues beyond the CBCF grant. Based on discussions with the JCB and Oriana management, the following areas were selected for assessment:

- Compliance;
- Governance;
- Financial Systems; and
- Programs and Staffing.

The JCB has acknowledged the need to address governance issues to improve overall performance and has been proactive in approaching AOS for assistance through the performance audit process. The recommendations resulting from the performance audit will provide a framework for change which can result in cost savings, revenue enhancements, operational improvements, and improved programmatic outcomes. The high level of support for the audit process exhibited by the JCB and Oriana is an indication of the positive environment for change which currently exists with respect to Summit CBCF's operations. Moreover, the Ohio Department of Rehabilitation and Correction's Bureau of Community Services (BCS), which

oversees the Program statewide and allocates grant funding for all CBCFs, was also supportive of the performance audit process. Based upon its assessment of Summit CBCF, AOS also identified steps BCS could take to improve its administration and oversight of the Program on a statewide level.

## **Objectives and Scope**

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, recommendations and conclusions. Performance audits are usually classified as either economy and efficiency audits or program audits. Economy and efficiency audits consider whether an entity is using its resources efficiently and effectively. They attempt to determine if management is maximizing output for a given amount of input. If the entity is efficient, it is assumed that it will accomplish its goals with minimal resources and with the fewest negative consequences. Program audits, on the other hand, are normally designed to determine if the entity's activities or programs are effective, if they are reaching their goals, and if the goals are proper, suitable or relevant. These audits attempt to determine if the actual outputs match, exceed or fall short of the intended outputs. The performance audit conducted on Summit CBCF contains elements of both an economy and efficiency audit and a program audit.

The performance audit report is organized into the following sections: **executive summary** and four major areas of operational processes including **compliance, governance, financial systems, and programs and staffing**. Within these four areas, *Findings* are used to present statements of condition (i.e., what Summit CBCF currently does) and comparisons are made to various criteria (i.e., what Summit CBCF should do) in an effort to develop *Recommendations* for operational and process improvements. Some of the recommendations are quantified into *Financial Implications* which represent potential costs or savings to the CBCF grant. Although Summit CBCF is required to return any unspent portion of the CBCF grant to BCS, cost savings can be reallocated to other areas of operation with sufficient justification and with BCS approval.

## **Methodology**

To complete this report, the auditors gathered and assessed a significant amount of data pertaining to the selected audit areas, conducted interviews with various individuals associated with Summit CBCF, and assessed available information from selected peer CBCFs. In addition to reviewing this information, the auditors spent a significant amount of time gathering and reviewing other pertinent documents and information, such as state and national best practices in community corrections, board governance, and financial management. For example, AOS used a report recently released by the University of Cincinnati (UC Study) that examines Program effectiveness in reducing recidivism among Ohio CBCFs. AOS also examined audit

documentation used in biennial fiscal audits conducted by the Ohio Department of Rehabilitation and Correction (ODRC) to facilitate the review of Summit CBCF's financial systems.

Numerous interviews and discussions were held with individuals involved internally and externally with Summit CBCF. Furthermore, the following three peers were selected to provide benchmark comparisons: Butler CBCF, Franklin CBCF, and Mahoning CBCF. Butler CBCF is a multi-county CBCF serving Butler, Clermont, and Warren counties. Like Summit CBCF, both Butler and Mahoning CBCFs contract with private nonprofit entities to operate their Programs, enabling AOS to evaluate Summit CBCF within the framework of a contracting environment. Conversely, Franklin CBCF is a county-operated CBCF which provided AOS insight into the operational and programmatic benefits of a county-run facility. Moreover, Franklin CBCF has demonstrated superior outcomes to other CBCFs in the State, indicating it may be a good source for best practices.

The performance audit process involved significant information sharing with the JCB and management from Oriana, including preliminary drafts of findings and recommendations. Furthermore, periodic status meetings were held throughout the engagement to inform the JCB and Oriana management staff of key issues impacting the selected areas, and proposed recommendations to improve and enhance operations. Sharing information and conducting periodic status meetings gave the JCB and Oriana opportunities to provide input regarding key issues and facilitated the completion of each of the audit sections. AOS also periodically met with staff from ODRC and BCS, who provided useful input and completed a recidivism study to supplement the results of the UC Study.

## **Overview of Summit CBCF**

In 1987, judges from the Summit County Court of Common Pleas formed a JCB and submitted a proposal to ODRC seeking to establish a CBCF in the County. Once ODRC approved the proposal, the JCB issued a request for proposal (RFP) in search of agencies to operate the CBCF. Oriana submitted the only proposal in response to the RFP and subsequently, the JCB established a contract with Oriana to operate the CBCF. The JCB appointed the President/CEO of Oriana to be the director of the CBCF, in accordance with ORC section 2301.55. The JCB has not issued an RFP for CBCF operations since 1987 and thus, Oriana has been the only contracted implementing agency. In all, about 100 Oriana employees charge the CBCF grant for direct or indirect services provided in support of the Program. As part of ODRC, BCS allocates and helps oversee funding for all CBCFs, providing approximately \$5.1 million annually to Summit CBCF. One of 19 CBCFs in Ohio, Summit CBCF is designed to reduce prison populations while providing Summit County with a locally-controlled, residential sentencing option. Summit CBCF includes both a male and female facility serving approximately 180 offenders.

Pursuant to ORC section 2301.51, the JCB is statutorily charged with administering the Summit CBCF and is comprised of Summit County Court of Common Pleas judges appointed by the presiding and administrative judge of the general division of the Court. Furthermore, the JCB is responsible for developing rules for the operation of the facility, appointing and supervising the director, and establishing the salaries of the CBCF personnel. In accordance with statute, JCB members must also appoint a Citizens Advisory Board (CAB) comprised of an uneven number of 5 to 15 members. The CAB is required to seek-out community input and make recommendations to the JCB regarding CBCF operations.

In the continuum of criminal sanctions, CBCFs are considered the final step before State prison and are not intended to replace other community facilities, such as treatment centers, halfway houses, or group homes offering residential care. OAC section 5120:1-14-03(J) requires all CBCF programs to provide the following:

- A general treatment program which is to be applied individually to each offender referred or committed by a court or courts;
- A 30-day orientation period during which each offender is evaluated to determine placement in rehabilitation programs;
- Temporary release for the purpose of employment, consistent with applicable work release programs, vocational training, and educational or rehabilitative programs; and
- Utilization of available community resources for treatment.

Summit CBCF's mission is to assist felony offenders in becoming productive members of society through positive change and by combining treatment, education, employment, and case management services with family involvement. Similar to peers, Summit CBCF programming is divided into four progressive phases that last a total of four to six months. During Phase I, offender needs are assessed in the areas of medical, educational, chemical dependency, and mental health. During Phase II, offenders are expected to participate in programs and classes designed to build positive community contacts via volunteer work, employment, or church activities. During Phase III, offenders must progress in all employment/vocational, education, and treatment programs based upon goals established in their individual performance plans (IPPs). Finally, during Phase IV, probation officers approve offenders' plans for final discharge from Summit CBCF.

## **Noteworthy Accomplishments**

This section of the executive summary highlights specific Summit CBCF accomplishments identified throughout the course of the audit.

- Overall, Summit CBCF compares favorably to peers in terms of key outcome measures such as recidivism reduction and admittance of high risk offenders. Specifically, Summit CBCF exceeds the peer average overall recidivism reduction rate by approximately three percent with only Franklin CBCF having a higher reduction rate. Furthermore, research has shown CBCFs are much more effective at reducing recidivism in higher risk offenders and typically have no impact or even a negative impact on low risk offenders. Therefore, Summit CBCF makes the most effective use of its resources by admitting primarily higher risk offenders.
- Although Oriana’s indirect costs (e.g., administrative salaries) are not allocated in the most reasonable manner pursuant to its internal control policy and grant requirements (see **F4.5** and **F4.16** in **financial systems**), Oriana has an electronic timecard system which automatically records hours worked by CBCF employees and facilitates supervisory review.
- The JCB has taken steps to become compliant in certain areas as required by ODRC grant requirements. For example, the JCB has initiated separate public meetings to discuss CBCF-related issues and has maintained meeting minutes. Additionally, the JCB recently approved Oriana’s current policy and procedure manual and has agreed to approve the policies and procedures on an annual basis.
- The JCB has recently decided that its members must file an internal disclosure statement with the JCB chair. The annual disclosure requirement represents an effort by the JCB to foster accountability and compliance with ethical standards and could serve as a foundation for a JCB ethics policy.

## **Key Findings and Recommendations**

### *Compliance*

- The JCB has not operated in accordance with the Open Meetings Law. Specifically, the JCB has not adopted rules regarding notification for regular or special meetings. ORC section 121.22, the Open Meetings Law, requires public bodies to adopt rules establishing “a reasonable method that allows the public to determine the time and place of regular meetings.”

The JCB should adopt bylaws that outline a regular meeting schedule and meeting notification procedures for regular and special meetings (see **governance**). Furthermore, the JCB should consult with its legal counsel regarding its duties under ORC section

121.22. By providing the public with adequate notification of its meetings, residents and stakeholders would be better able to offer feedback regarding CBCF operations and their impact in the community.

- Summit JCB has not approved changes to Oriana’s (Summit CBCF) policy and procedure manual on an ongoing basis, even though changes were made impacting CBCF operations throughout the Program’s history. According to the FY 2002-03 grant manual, the CBCF policy and procedure manual must be “reviewed annually and updated when necessary by the Judicial Corrections Board.”

The JCB should review proposed changes to Oriana’s policies and procedures on an ongoing basis, make modifications if necessary, and formally approve the changes prior to their implementation by Oriana. Formally approving changes to policies and procedures on a timely basis should enhance the JCB’s ability to effectively oversee CBCF operations.

- The JCB does not collectively review and approve the CBCF grant application that is prepared by Oriana, the CBCF implementing agency, and ultimately submitted to ODRC for operational funding.

The JCB should collectively review and formally approve all materials related to the biennial grant application before it is signed by the JCB chair and submitted to ODRC for approval. This step will help the JCB to jointly identify irregularities in requested grant amounts while strengthening the overall internal control environment of the CBCF.

- The JCB has not adopted a formal code of ethics policy promulgating its members’ adherence to the Supreme Court Code of Judicial Conduct, either through the journal of the court or in approved meeting minutes. According to OAC 5120:1-14-03 (E), each “judicial corrections board shall have a written policy specifically defining and prohibiting any conflict of interest.” Furthermore, the Supreme Court Code of Judicial Conduct requires judges to avoid both actual impropriety and any appearance of impropriety; however, these tenets are not formally outlined in JCB bylaws (see **governance**).

As part of its bylaws, the JCB should adopt a formal code of ethics policy to promote its members’ compliance with OAC 5120:1-14-03 and the Supreme Court Code of Judicial Conduct. Formalizing its code of ethics policy would enable the JCB to encourage principles of public service while strengthening public confidence in the integrity of CBCF operations.

- The JCB does not require the Summit CBCF director to file a financial disclosure statement with the Ohio Ethics Commission (OEC), the Supreme Court Board of Commissioners on Grievances and Discipline, or file an internal disclosure statement with the JCB chair. During the course of this performance audit, AOS sought a formal opinion on whether the CBCF director is a public official subject to Ohio Ethics Law from the OEC and the Supreme Court of Ohio Board of Commissioners on Grievances and Discipline. Both entities, however, indicated that they do not have jurisdiction in the matter. Regardless, the Summit CBCF director is statutorily entrusted with \$5 million annually to manage, operate and have general charge of a publicly funded operation.

The JCB should require the Summit CBCF director to file an annual disclosure statement with the JCB chair. By requiring the CBCF director to file an annual disclosure statement, the JCB will have a formal means by which conflicting interests can be identified and resolved. If CBCF directors are considered public officials, then the ODRC should require them to file financial disclosures as a condition of receiving grant funds.

- Oriana's operations manual does not include a competitive bidding policy requiring staff to follow and formally document compliance with Summit County's purchasing guidelines. Additionally, the operations manual does not outline Oriana's policies and procedures for ensuring compliance with Ohio Minority Business Enterprise (MBE), Ohio Penal Industries (OPI), and Ohio Industries for the Handicapped (OIH) programs. Compliance with County purchasing guidelines, MBE, OPI, and OIH are requirements enumerated in the BCS grant manual.

Pursuant to the grant manual, the Summit CBCF director should establish a policy and associated procedure requiring Oriana staff to follow and formally document compliance with County purchasing guidelines as well as MBE, OPI, and OIH programs. Creating and following formal policies that address County and State purchasing requirements helps to eliminate unfair competitive advantage and removes any appearance of impropriety.

### *Governance*

- Summit CBCF's current governing structure may not serve the public's interest because the for-profit priorities of Oriana's affiliates may not be aligned with the public nature of Summit CBCF's responsibilities. Additionally, some JCB members have stated that their time is too limited to provide effective programmatic and fiscal oversight. Because the statutorily appointed director of Summit CBCF is also the president/CEO of the Program's implementing agency, Oriana, a potential conflict of interest exists as the director is required to oversee the financial activities of his own corporation.

The JCB should appoint a contract manager who is independent of Oriana and its affiliated companies to oversee and monitor the CBCF. Contractually, Oriana may continue as the implementing agency, but a contract manager could supplement the position of CBCF director and act on behalf of the JCB to ensure Oriana operates in accordance with Program requirements and contract stipulations. By appointing an independent contract manager, the JCB can maximize Program accountability through increased monitoring and oversight.

- The JCB has not issued an RFP for CBCF operations since 1987 and the original RFP process did not adequately ensure fair and open competition because Oriana’s president/CEO assisted both the County and JCB in establishing the Program, thus enabling Oriana to submit the only proposal within the required, two-week timeframe.

The JCB should issue an RFP to solicit bids from prospective contractors to operate the Summit CBCF. Additionally, the JCB should identify potential vendors and hold a pre-proposal conference to assist prospective contractors in developing proposals due to the complexities involved in operating Summit CBCF. To ensure an open and competitive process that generates a number of service proposals, the JCB should also extend its timeframe for submission to at least six weeks and advertise in several regional newspapers as well as in relevant industry publications. An RFP process will allow the JCB to gauge the cost effectiveness and service quality provided by the implementing agency, while promoting public confidence and accountability in the Summit CBCF governing structure.

- The JCB does not formally evaluate the performance of the appointed CBCF director, nor does the director’s current job description address responsibilities specific to the Program. Rather, the job description is applicable to the president/CEO of Oriana which administers a number of correctional programs and services.

The JCB should annually evaluate the performance of the appointed director to provide guidance, to communicate expectations, and to help advance the Program’s mission. To facilitate an effective evaluation, the JCB should develop a job description for the director. By developing a job description and by conducting annual reviews, the JCB can more effectively monitor and oversee the CBCF operation.

- The three-party agreement between the County, the JCB, and Oriana for Program services does not stipulate JCB expectations and thus, cannot be used as a tool to assess the performance of the implementing agency. While the JCB is legislated to administer the Program in accordance with ORC section 2301.51, the three-party agreement does not clearly assign responsibilities for administering Summit CBCF. According to the Office of Federal Procurement Policy (OFPP), performance-based contracting helps to structure

all aspects of an acquisition around the purpose of the work to be performed with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes.

The JCB should establish a performance-based contract with Oriana that includes specific, measurable programmatic and fiscal expectations that can be used to assess performance. Additionally, the current three-party agreement should be revised to clearly delineate the County's and the JCB's respective roles and responsibilities in disbursing grant funds and monitoring CBCF services.

- Summit JCB does not monitor the fiscal operations of Summit CBCF. According to many JCB members, the JCB has neither the time nor the expertise to monitor the fiscal operations of Summit CBCF. According to the National Institute of Corrections (NIC), effective fiscal monitoring ensures that contracted service providers employ a sound financial management system that meets the needs and expectations of the contracting authority.

The JCB should fulfill its statutory obligation to administer the Summit CBCF operation by performing sufficient fiscal monitoring and oversight activities. At a minimum, the JCB should review and approve major fiscal decisions that affect the overall direction of the Program and should implement the **governance** and **financial systems** recommendations in this report. Effective fiscal oversight will enable the JCB to meet its statutory obligations, to better monitor CBCF operations, and to ensure grant funding is well spent.

- Summit JCB has not established bylaws or other formal procedural rules to help define its role and provide guidance in administering Summit CBCF. Both Butler JCB and Franklin JCB use bylaws to facilitate and guide their operations as governing boards.

The JCB should establish formal bylaws and other procedural rules to help define its role in providing guidance and administering Summit CBCF. By establishing bylaws that foster an increased level of oversight, the JCB will be better able to set the direction of Summit CBCF.

### *Financial Systems*

- Compared to Franklin CBCF, the most similar peer in terms of capacity and demographics, Summit CBCF's program expenses are high. More specifically, it appears that Summit CBCF spends significantly more than the peers in the areas of offender drug testing (e.g., reagent costs) and medical services (e.g., contracted physician and pharmacy and prescription drug costs) which impacts overall program expenses.

The CBCF director or the proposed contract manager should closely examine the cost of administering offender drug tests, obtaining reagents, providing medical services, and obtaining pharmacy and prescription drugs to determine whether alternatives exist to help reduce program expenses. Specifically, Summit CBCF should seek competitive bids or issue requests for proposal to ensure the most qualified and cost effective options are explored. To ensure drug costs are properly allocated and to prevent significant year-end reallocations, the JCB should require Oriana to specify how various indirect costs are allocated among all correctional programs. Moreover, the CBCF director should assess current medical service expenses, including costs related to the contracted physician, pharmaceuticals, and prescription drugs to identify potential savings which do not impact service delivery. By reducing costs related to offender drug tests and medical services, Summit CBCF program costs will be in line with the peer average.

- The JCB does not monitor the fiscal operations of Summit CBCF nor has it identified those monitoring activities to ensure contractor compliance with various fiscal requirements. As part of the performance audit process, AOS determined that Summit CBCF is noncompliant with various fiscal requirements. For example, Summit CBCF does not provide BCS with a revised budget approving the increases in CBCF-related personnel costs nor has it received an independent audit of its I & E funds which account for offender fees (see **F4.4** for other areas of noncompliance).

The JCB and the CBCF director should cooperatively develop a monitoring plan that specifies those monitoring activities that would ensure compliance with various fiscal requirements. In developing its monitoring plan, the JCB should identify which compliance monitoring activities should be delegated to other entities or individuals (e.g., an independent contract manager or a finance/audit committee), and which activities should be performed directly by the JCB. By developing a compliance monitoring plan, the JCB can strengthen its role in overseeing CBCF fiscal operations and ensure grant funding is spent in accordance with pertinent laws, ODRC guidelines, and contract stipulations.

- The JCB does not currently review detailed financial reports produced by Oriana which, if evaluated, could be used to assess Summit CBCF's fiscal operations. Specifically, NIC recommends that governing boards that oversee contracted community corrections programs should review fiscal documents relevant to internal controls, balance sheets, inventory control reports on all property and assets, debt, cash flows, revenue and expense reports, and employee bonding.

The JCB or the proposed contract manager should review detailed financial reports based on individual program functions and by cost category to assess Summit CBCF's fiscal operations. Additionally, the JCB and the contract manager should formally stipulate

which budgetary performance measures and financial reports require periodic review via the recommended performance-based contract. By reviewing segregated financial reports for all of Oriana's programs, the JCB would be better able to identify duplicate payments while promoting public confidence that CBCF grant revenues are being used appropriately.

- Summit CBCF does not account for and spend offender revenues from vending machine commissions, telephone vendor commissions, and per diem fees in accordance with grant requirements. Furthermore, these revenues which are segregated from quarterly grant payments in I & E funds are required to be annually audited in accordance with BCS program standards. However, Summit CBCF did not receive an independent audit of these funds in FY 2002. According to the grant manual, all offender fees collected for specific grant-related activities must be collected at actual cost and reimbursed to the same cost category as the expenditure (e.g., medical fees, drug testing, or electronic monitoring).

To ensure compliance with BCS grant requirements, the JCB should require Oriana to revise its policy on offender fees to include a provision that requires these funds to reimburse the same cost category from which the revenue was generated. Pursuant to recommended standards from the American Correctional Association (ACA), the policy should also stipulate how offender fees are determined, collected, and recorded. Furthermore, to help safeguard resources and improve internal controls, the JCB should require Summit CBCF to obtain an annual audit of I & E funds and approve all offender fees to ensure their reasonableness.

- The JCB does not formally review and approve Oriana's CBCF-related subcontracts for goods and services (e.g., medical services, reagents, and food services). Furthermore, the CBCF-related subcontracts do not contain language specifically prohibiting conflicts of interest. According to the NIC, contracts for correctional services should require contractors (i.e., implementing agencies) to seek written approval before subcontracting. Additionally, the chair of Franklin JCB formally reviews and approves all CBCF-related subcontracts, while the Butler CBCF contract stipulates that final decisions on subcontracting are the joint responsibility of Butler JCB and the implementing agency.

Similar to Franklin JCB, the JCB or the proposed contract manager should formally review and approve the CBCF-related subcontracts of the implementing agency. While the responsibility for monitoring subcontractor performance lies with the implementing agency, the JCB, as a governing board, should ensure purchased goods and services meet the needs of the Program and appear reasonable in terms of cost prior to approval.

- Oriana does not have an internal audit function to formally assess risk and to identify and evaluate internal control weaknesses that could adversely affect the achievement of the Program's operational and compliance objectives. Moreover, Summit CBCF operates in a particularly high-risk environment, whereby public funds are susceptible to misappropriation or reporting errors as control of the Program is contracted to a private, non-profit entity and the JCB has not provided sufficient programmatic and fiscal oversight. According to the GFOA, a formal internal audit function is particularly valuable for agencies whose activities involve a higher degree of risk because they have been contracted to private vendors. An effective internal audit function begins with a risk assessment process that identifies, analyzes, and manages the potential risks that could hinder or prevent the achievement of objectives.

The JCB and the CBCF director should establish an internal auditor position that works independently at Oriana and regularly reports to the JCB regarding CBCF's internal control environment. If the JCB determined that this position would not be sufficiently independent as an Oriana employee, the proposed contract manager could perform internal audit functions. Either the proposed contract manager or an internal auditor at Oriana should address internal control weaknesses identified throughout this report (e.g., allocating costs, following purchasing guidelines, and reconciling budgeted to actual payroll expenses) and establish a formal risk assessment process to identify the source and any contributing factors of potential risks facing the Program. The JCB can increase accountability, foster public trust, and improve Summit CBCF's internal controls by establishing an independent internal audit function that continually assesses risk.

- Oriana's indirect costs are not allocated in the most reasonable manner pursuant to its internal controls policy. Oriana allocates indirect costs among its various correctional programs, including CBCF, based predominantly on number of offenders which may not be the most appropriate allocation method. According to the BCS grant manual, the expenditure of grant funds must be clearly documented and solely dedicated to CBCF activities. Also, revenue received from other sources must not be commingled with CBCF grant funds. Butler CBCF's cost allocation policy stipulates the costs and associated allocation methods for a number of indirect expenses (e.g., transportation and administration costs).

The JCB should require Oriana to revise its internal controls policy to specify how various indirect costs are to be allocated among all correctional programs, including CBCF. Additionally, the JCB or the contract manager should ensure that the cost allocation method seems reasonable, is supported by source documentation, and that significant variances are explained by the implementing agency. Taking these steps should help ensure the accuracy and the appropriateness of costs allocated to the CBCF grant, while improving Program accountability and ensuring resources are used properly.

### *Programs and Staffing*

- Summit CBCF's successful completion rate is well below the peer average and slightly below the UC Study's recommended rate. In addition, offender AWOLs and grievances are significantly higher at Summit CBCF compared to the peers. There are many contributing factors that impact Summit CBCF's successful completions, AWOLs, and grievances, most of which are interrelated and may ultimately affect recidivism rates. By maintaining a relatively low successful completion rate and a high number of offender AWOLs and grievances, Summit CBCF may be limiting its ability to provide effective programming.

Summit CBCF should address a number of factors that contribute to improved programmatic performance measures, particularly successful completion rate, offender AWOLs, and grievances. For example, Summit CBCF should establish targeted, outcome-based goals that address programmatic areas in need of improvement (see **R5.6**). By addressing those contributing factors outlined in the **programs and staffing** section of this report, Summit CBCF can improve programmatic performance measures and will be better able to reduce recidivism.

- Generally, Summit CBCF program requirements are uniform and do not account for offender risk/need levels. The UC Study indicates that effective programs have varying requirements, such as intensity and length, based upon the risk/need levels of offenders.

The Summit CBCF director should consider tailoring certain program requirements (e.g., length of the lock-down period, community service hours, and employment expectations) based upon the risk/need levels of offenders. By tailoring Program requirements to the risk/need levels of offenders, Summit CBCF can more effectively treat the unique criminogenic traits of offenders, while improving programmatic outcomes and performance measures (e.g., recidivism, successful completion rate, AWOLs, and grievances).

- Summit CBCF caseworkers are assigned to offenders based predominantly on caseload, rather than risk/need levels. According to the UC Study, however, offenders should be placed with caseworkers who can best relate to their individual risks and needs. For instance, Butler CBCF recently began using LSI-R scores to assign offenders to caseworkers.

The Summit CBCF director should develop additional criteria for assigning offenders to caseworkers. Pursuant to the UC Study and similar to Butler CBCF, Summit CBCF should establish a process whereby offenders are assigned to caseworkers based on

risk/need levels as well as caseload. This will enable Summit CBCF to enhance treatment effectiveness and improve Program outcomes and performance measures.

- Summit CBCF appears overstaffed in the area of treatment and may be able to streamline operations by maximizing the use of available community resources. Currently, Summit CBCF employs 16.4 treatment FTEs who are responsible for assessing and providing all mental health and chemical dependency treatment services in-house. On the other hand, Franklin CBCF – the most similar peer in terms of capacity and demographics – uses a specialist from NetCare Access who works part-time at Franklin CBCF to provide assessment services and referrals for offenders. Mental health counseling at Mahoning CBCF is handled externally as well. According to Franklin CBCF, using community resources promotes the intent of the Program (community corrections) and also fosters treatment continuity once offenders are released from the facility.

The Summit CBCF director should consider referring offenders to external treatment providers, thus maximizing the use of available community resources. Based on the extent to which offenders are referred to external treatment providers, Summit CBCF could reduce treatment staffing levels and operational costs in this area. By using a referral system, similar to Franklin CBCF, Summit CBCF could facilitate treatment continuity and further promote the intent of the Program. If Summit CBCF refers offenders to external treatment providers, it should closely monitor them via a sub-contracting process (see **financial systems**); thereby ensuring offenders are provided with quality services. Referring offenders to external treatment providers could allow Summit CBCF to reduce treatment staffing levels by five FTEs, which would save approximately \$150,000 and avoid about \$35,100 annually in salaries and benefits.

- Oriana may be inappropriately charging staffing costs to the CBCF grant in the executive/research and administrative areas, causing staffing levels to appear relatively high compared to peers. Less than one-quarter of Oriana’s total personnel directly contribute to Summit CBCF, while CBCF grant funding accounts for about one-fifth of Oriana’s operating revenue. With the exception of the support services position, all administrative FTEs charge more than one-quarter of their time to the CBCF grant.

The CBCF director should assess the reasonableness of executive/research and administrative CBCF staffing levels, in relation to Oriana’s other correctional programs. Additionally, the JCB should ensure the policy enables Oriana’s personnel to appropriately charge for responsibilities directly benefiting CBCF operations. By charging these responsibilities in accordance with a revised internal controls policy, Summit CBCF would ensure staff time is properly accounted for, increase accountability, and ensure executive/research and administrative staffing levels are adequate to support operations.

- Summit CBCF does not conduct offender pre- or post-testing for its cognitive skills program, nor does it administer follow-up LSI-R tests to offenders after a period of at least 90 days to determine programmatic effectiveness. Butler CBCF offenders are required to pass a cognitive-behavioral skills exam to successfully complete the Program. Also, Butler CBCF regularly follows-up with offenders after release, a practice endorsed by the ACA.

The Summit CBCF director should conduct pre- and post-testing to assess the effectiveness of its cognitive skills program. In addition, the Summit CBCF director should institute a procedure for administering follow-up LSI-R tests to a random sample of offenders who have successfully completed the Program, after a period of at least 90 days. By conducting pre- and post-testing and tracking LSI-R scores upon admission and following release, Summit CBCF will be better able to determine the impact of Program services, set risk/need assessment goals, make programmatic changes, and improve overall outcomes.

- Summit CBCF appears understaffed in core functional areas but overstaffed in the number of caseworkers. While Summit CBCF is achieving relatively positive outcomes (see **F5.1** and **F5.2**), reallocating staffing resources to core programmatic areas could enhance services provided to its population and improve outcomes.

The Summit CBCF director should consider reallocating staffing resources to core functional areas. Specifically, Summit CBCF may benefit from not filling vacant resident supervisor positions and instead, increase staffing levels in the core programmatic areas of education, cognitive skills, and employment/vocational. The director should also consider shifting caseworker positions to core program areas or consider cross-training caseworkers to provide additional support in these areas.

- Summit CBCF appears overstaffed in the area of community service and may be able to streamline operations. While Summit CBCF coordinates community service activities with more than 20 entities, Franklin CBCF relies primarily on 3 external entities to coordinate community service. Working with a few large entities enables Franklin CBCF to provide a wide array of community services activities while streamlining the coordination process.

The Summit CBCF director should consider reducing community service staffing levels by one FTE. Based upon workload and other staffing levels, one FTE can coordinate these duties with assistance from cross-trained caseworkers. Moreover, Summit CBCF should consider adopting a strategy similar to that of Franklin CBCF, whereby a few external entities assist in coordinating community service activities – reducing the time required to perform this function. By streamlining its community service coordination

and reducing one community service FTE, Summit CBCF can still provide an effective community service program at a reduced cost. Reducing one community service supervisor position would result in an annual cost savings of approximately \$25,000 in salary and benefits.

- In general, Summit CBCF links goals to process indicators and output measures, rather than outcome measures. Compared to Butler CBCF, Summit CBCF's goals are currently process oriented, rather than outcome-based. Moreover, Summit CBCF's goals are not specifically targeted to programmatic areas in need of improvement. In contrast, Butler CBCF has established goals with multiple process indicators that are targeted to specific programmatic issues in need of improvement. Furthermore, with multiple process indicators and output measures, Butler CBCF is better able to identify specific aspects of the goal that may be deficient and require significant improvement.

In anticipation of obtaining and maintaining ACA accreditation, the Summit CBCF director should develop outcome-based goals with multiple process indicators. Furthermore, Summit CBCF should gear its goals towards programmatic areas in need of improvement. By establishing targeted, outcome-based goals, Summit CBCF will have a formal means to monitor progress in addressing problematic areas. Establishing outcome-based goals will also serve as an effective tool in communicating overall Program effectiveness to the JCB, ODRC, and other stakeholders.

## **Additional Findings and Recommendations**

This section of the executive summary is organized by report section and highlights other findings and recommendations from those areas of the audit report. Each section of the audit report contains additional findings and recommendations.

### *Compliance*

- The CAB does not hold regular public meetings to solicit public input and has not adopted any rules regarding its meeting schedule and public notification procedures, as required by the ORC. Additionally, the JCB has not provided sufficient guidance to the CAB regarding its legal duties and expectations as an advisory board (see **governance**). Under ORC section 2301.54, the JCB has the authority to direct CAB activities.

The CAB should hold at least one annual meeting to seek public input regarding Summit CBCF and adopt bylaws that, at minimum, outline a regular meeting schedule and notification procedures. The CAB should formally report public recommendations to the JCB, while the JCB should review CAB meeting minutes and formally document its

review. The JCB should ensure the CAB meets its statutory obligations by directing it to take required actions. Failure to comply with ORC requirements could result in sanctions from ODRC as stipulated in the grant manual.

### *Governance*

- The JCB does not review key information and issues necessary to effectively monitor and oversee Summit CBCF. Rather, the JCB primarily discusses general topics or incidental information as opposed to decision-based, evaluative information. According to BoardSource, an effective governing body focuses on information that necessitates decisions and board action as well as evaluative information that facilitates monitoring and oversight.

The JCB should focus on information that necessitates decisions and board action as well as evaluative information that facilitates monitoring and oversight. Specifically, the JCB should regularly review programmatic and financial progress reports to continually assess CBCF performance. Also, the JCB should consider establishing committees to review specific issues that require additional assessment.

- BCS does not provide sufficient guidance regarding the roles and responsibilities of the JCB, the County, and the CBCF director, when an entity contracts out the operation of the CBCF. Additionally, ODRC does not provide sufficient guidance for the RFP process, contract terms, or monitoring of the activities of an entity contracted to operate a CBCF.

BCS should clearly delineate the respective roles and responsibilities for JCBs, CBCF directors, and counties in monitoring contracted entities. Moreover, BCS should establish guidelines for the RFP process for CBCF services, performance-based contracting, fiscal and programmatic monitoring, risk assessment, and information disclosure. By providing additional guidance to JCBs, BCS can assign accountability and help safeguard public resources.

### *Financial Systems*

- In certain cases, Oriana's actual CBCF-related payroll costs fall below budgeted amounts approved by BCS, while others charged more than approved budgeted amounts. However, as required by the grant manual, Oriana did not provide BCS with a revised budget approving the increases and may be required to reimburse BCS for unspent, budgeted payroll amounts once a fiscal audit is completed. If the grantee wishes to increase its grant award, it must submit a revised budget with accompanying justification

to BCS. Conversely, if the grantee under-spends approved, budgeted amounts within a cost category (e.g., personnel costs) but spends these amounts in another area within the same cost category, it must be able to justify the reallocation.

By improving its fiscal monitoring activities, as recommended throughout this report, the JCB should ensure that the implementing agency obtains BCS approval for all payroll increases that exceed pre-approved budgeted amounts. Additionally, the JCB should ensure payroll reallocations are justified and approved by BCS. By obtaining BCS approval for payroll increases and prohibiting the use of grant funds for bonuses or awards, Summit CBCF will comply with grant requirements and can avoid ODRC financial sanctions.

- Oriana's conflict of interest policy complies with BCS grant manual requirements and ACA recommended standards; however, final decision making authority regarding conflicts of interest lies with the president/CEO of Oriana and not with the JCB as the monitoring entity. Because the statutorily appointed director of Summit CBCF is also the president/CEO of the implementing agency, a potential conflict of interest exists as the director is required to oversee the financial activities of his own corporation. Butler CBCF's code of ethics policy stipulates that issues involving conflicts of interest are to be reported to a compliance committee via a compliance monitor. Although this policy does not include the Butler JCB, final decision making authority regarding conflicts of interest lies with a separate committee.

The JCB should require the CBCF director to revise the current conflict of interest policy to remove final decision making authority from the president/CEO of Oriana, granting this authority to the JCB. Adopting a revised conflict of interest policy will help the JCB to ensure accountability and minimize potential appearances of impropriety.

- Although it appears that Summit CBCF makes a reasonable effort to augment grant funding, there are additional procedures which if implemented, could be used to further offset Program costs in Summit County. Currently, Summit CBCF augments grant funding by collecting a 20 percent per diem fee from offenders' paychecks and by seeking reimbursement for offenders' medical co-pays, prescriptions, bus tokens, and taxi fees. Unlike the peers, however, Summit CBCF does not augment funding either by requiring offenders to pay fees for medical visits or by collecting profits through an offender commissary.

Summit CBCF should maximize all available opportunities to augment grant funding and pass Program costs to offenders. Similar to peers and per ORC guidelines, Summit CBCF should require offenders to pay fees for medical visits, as well as establish a commissary for offender purchases. By shifting Program costs from taxpayers to

offenders, Summit CBCF could achieve cost savings whereby additional grant funding could be returned to ODRC or used to address other programmatic needs.

### *Programs and Staffing*

- ODRC does not publicly report on the overall performance of individual CBCFs. The Ohio Department of Education (ODE) annually publishes its State Report Card to track the educational achievement of local school districts, based on a series of performance measures. According to Public Sector Benchmarking Services (PSBS), a government best practices organization, a balanced report card is effective for monitoring progress and introducing initiatives to improve performance.

ODRC should consider developing a CBCF report card that captures individual CBCF performance in relation to key outcome measures and other statistics. For example, ODRC could report recidivism and successful completion rates among Ohio CBCFs. By regularly reporting on the performance of individual CBCFs, ODRC can monitor Program trends and identify areas in need of improvement while supplying each JCB and other stakeholders with information specific to their local CBCF.

- Compared to peers, Summit CBCF does not provide the JCB with sufficient updates and status reports that would enable members to regularly assess Program effectiveness. For example, Franklin CBCF submits monthly programmatic status reports directly to its JCB. These reports include information regarding offender referral and LSI-R statistics and process indicators, which serve to inform and update the JCB on current issues and activities. Because Summit CBCF does not submit status reports to the JCB, aside from ODRC audit reports, the JCB may be unaware of current operations and unable to regularly assess overall Program effectiveness.

The Summit CBCF director and JCB should cooperatively determine performance criteria and other key process indicators to facilitate regular Program assessment. These process indicators should be developed in conjunction with and linked to Summit CBCF's outcome-based goals (see **F5.7**). Similar to Franklin CBCF, Summit CBCF should submit a status report to the JCB, providing members with regular updates on Program performance. This will help to ensure adequate communication and feedback between the JCB and Summit CBCF, while increasing accountability.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. Although Summit CBCF is required to return any unspent portion of the CBCF grant to BCS, cost savings can be reallocated to other areas of operation with sufficient justification and with BCS approval. These recommendations provide a series of ideas or suggestions which the JCB and the CBCF director should consider when making the important decisions necessary to improve the effectiveness and efficiency of Summit CBCF operations. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

### Summary of Financial Implications

<b>Recommendation</b>	<b>Estimated Cost Savings (Annual)</b>	<b>Estimated Implementation Costs (One-time)</b>	<b>Estimated Implementation Cost (Annual)</b>
<b>Governance</b>			
<b>R3.6</b> - Appoint an independent contract manager			\$65,000
<b>R3.10</b> - Obtain OFAC certification		\$650	
<b>Financial Systems</b>			
<b>R4.1</b> – Obtain reagents at prices similar to Mahoning CBCF and eliminate the monthly administrative fee from medical services contract	\$81,700		
<b>R4.6</b> – Purchase new payroll module and obtain necessary training		\$1,000	
<b>R4.7</b> – Return unspent portion of FY 2002 per diem fees to ODRC	\$31,700		
<b>R4.8</b> – Begin collecting offender fees for medical visits and profits through an offender commissary	\$11,100		
<b>R4.14</b> – Reduce overall subcontracting costs by five percent	\$53,500		
<b>R4.15</b> – Hire an internal auditor			\$15,900
<b>Programs and Staffing</b>			
<b>R5.4</b> - Conduct follow-up LSI-R tests			\$700
<b>R5.12</b> - Reduce treatment staffing levels by 5.0 budgeted FTEs including the vacancy identified in <b>Table 5-2</b>	\$185,100 <sup>1</sup>		
<b>R5.13</b> - Reduce community service staffing levels by one position	\$25,000		
<b>Total</b>	<b>\$388,100</b>	<b>\$1,650</b>	<b>\$81,600</b>

<sup>1</sup> Includes \$35,100 in annual cost avoidance.

# Compliance

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## Background

This section of the report assesses the compliance of Summit County Community Based Correctional Facility (Summit CBCF) with State and local laws and regulations; specifically, Ohio Revised Code (ORC) sections 2301.51 through 2301.58 and Ohio Administrative Code (OAC) chapter 5120, as well as general requirements from the FY 2002-03 Ohio Department of Rehabilitation and Correction (ODRC) grant agreement and manual. Statutorily, Summit County's Judicial Corrections Board (JCB) is responsible for overseeing the day-to-day operations of Summit CBCF. ORC also mandates a Citizens Advisory Board (CAB) to make operational and capital expansion recommendations to the JCB. Moreover, ODRC biennially allocates grant dollars to each JCB responsible for administering a CBCF. ODRC's Bureau of Community Sanctions (BCS) monitors programmatic compliance with the grant via annual program audits, while ODRC conducts separate biennial audits to monitor fiscal compliance.

BCS requirements, enumerated in the grant manual, address all aspects of CBCF operations, including fiscal management, personnel, and security. ODRC periodically revises CBCF standards and requirements. For example, ODRC recently established an annual report submission deadline of 45 days from the end of the fiscal year, established specific training hour requirements for CBCF personnel, and revised its facilities requirements for square footage. A majority of ODRC revisions are technical in nature and offer clarification for pre-existing standards.

In 2001, BCS found the Summit CBCF operation noncompliant with only 1 of 155 applicable standards in its annual program audit. Members of the JCB, however, contested the validity of the audit's findings and the audit process itself. As a result, two additional re-audits, each with differing conclusions, were performed by senior members of BCS and ODRC's chief inspector. This section presents an independent assessment of Summit CBCF's compliance with various program standards, including those previously contested by JCB members, as well as other pertinent laws and regulations. Many of the requirements and standards contained in statute are also enumerated in the ODRC grant agreement, grant manual, and the three-party contract, all of which are used to assess Summit CBCF compliance. The analyses contained herein focus on substantive requirements that may be articulated in multiple sources.

### *Legislative Overview*

Community Based Correctional Facilities developed in response to prison over-crowding, and currently function as minimum-security alternatives to prison for non-violent felony offenders. The

Ohio General Assembly passed legislation in the late 1970s, allowing ODRC to grant funds to counties for pilot probation projects designed to sanction offenders locally rather than committing them to prison. Montgomery County, in partnership with the City of Dayton, established the first pilot probation program, MonDay, in 1978. MonDay's success ultimately led to the adoption of the CBCF law, which is enumerated in ORC sections 2301.51 through 2301.58 and OAC rules 5120.1 through 5120.14. According to ODRC, CBCFs benefit the State by reducing prison populations and associated costs, while providing counties with a locally controlled, residential sentencing option. CBCFs are designed to provide comprehensive programming for offenders on felony probation. CBCF core programs include chemical dependency treatment, cognitive skills, employment training, community service, and education. In the continuum of criminal sanctions, CBCFs are considered the final step before State prison and are not intended to replace other community facilities, such as treatment centers, halfway houses, or group homes offering residential care.

More recently, the Ohio General Assembly passed House Bill 510, which requires the Auditor of State (AOS) to conduct biennial fiscal audits and allows for performance audits, if requested by ODRC or a JCB. According to the legislation, AOS may chose to conduct a performance audit as well. This audit, however, was requested by the Summit JCB before House Bill 510 took effect.

### *Summary of Operations*

In 1987, Summit County Common Pleas Court judges formed a JCB and submitted a proposal to ODRC to create a CBCF in Summit County. Pursuant to ORC 2301.51, JCBs are legislated to administer CBCFs; however, the Summit JCB contracted with Oriana House, Inc. (Oriana), a private nonprofit corporation, to manage daily operation of the facility.

The JCB is responsible for developing rules for the operation of the facility, appointing the director, and establishing the salaries of CBCF personnel. Prior to 2002, Summit JCB meetings were conducted as part of the Court of Common Pleas' General Division meetings. Meetings were not open to the public and minutes were not maintained. To become compliant with State law, the Summit JCB has initiated separate public meetings to discuss CBCF-related issues and has maintained meeting minutes. In accordance with statute, JCB members must also appoint a CAB comprised of an uneven number of 5 to 15 members. The CAB is required to seek-out community input and make recommendations to the JCB regarding CBCF operations.

### *Performance Measures*

The following questions were used as performance measures to assess Summit CBCF compliance:

- By what legislative standards and subsequent rules (e.g., ORC, OAC, ODRC standards, etc.) must Summit CBCF abide?
- Does Summit CBCF comply with pertinent ORC, OAC, and other State requirements?
- Has the JCB carried out its duties in accordance with State requirements for administering and overseeing Summit CBCF?
- Does Oriana comply with the terms and conditions of its contract with the JCB to operate the Summit CBCF (i.e., three-party agreement)?
- How has Summit CBCF addressed additional compliance requirements, as stipulated by the County (e.g., County audit rules and budgeting requirements)?

### *Assessments Not Yielding Recommendations*

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **Original Proposal Requirements:** The most pertinent proposal requirements are also contained in ODRC grant requirements and are, therefore, assessed in that area. The **governance** section provides additional recommendations related to the Request for Proposal (RFP) process.
- **Outside Consultant Recommendations:** There was only one formally issued consultant report, and it did not contain specific recommendations for Summit CBCF. However, another consultant report in draft form and a final study commissioned by ODRC were used in other sections of the performance audit.
- **Contract with Oriana for CBCF Services:** Summit County, the JCB, and Oriana are complying with the terms and conditions unique to the three-party agreement; however, the **governance** section identifies ways the agreement could be improved.
- **Summit County Compliance Requirements:** With the exception of purchasing

requirements, Summit County does not have additional requirements by which Summit CBCF must comply.

- **Interest Earned on Grant Funds:** Although CBCFs are required to report and return interest earned on grant funds to the State, ODRC fiscal audits do not include procedures to determine whether CBCFs follow this requirement. Additionally, CBCFs are not required to report interest earnings separately on quarterly expenditure reports submitted to ODRC.

## Findings/Recommendations

### Compliance with ORC and OAC

F2.1 **Table 2-1** summarizes Summit CBCF's compliance with various requirements as set fourth in ORC sections 2301.51 through 2301.58 and OAC 5120:1-14-01 through 5120:1-14-08. ORC requirements and CBCF administrative rules promulgated by ODRC require specific action from the JCB, the CAB, and BCS. The sections reviewed either represent key responsibilities in the delivery of CBCF services or they were noted as points of concern by JCB members.

In most cases, if formal policies were in place or other documentation was available to demonstrate that a particular requirement was met, Summit CBCF was found compliant. Compliance issues directly related to **governance, financial systems, and programs and staffing** are assessed in their respective sections. **Tables 2-1** through **2-3** note when Summit CBCF is either compliant or noncompliant with the requirement, while a cross reference is provided when Summit CBCF needs to take steps to achieve full compliance. To supplement the compliance assessment, cross references to various process improvement recommendations are also provided in **Tables 2-1** through **2-3**.

**Table 2-1: Summit CBCF Compliance with ORC and OAC**

Number	Brief Description	Audit Questions	Comment
ORC 121.22	<b>Public Meetings Law</b>  Requires public bodies to notify the general public of regular and special meetings.	Does the Summit JCB comply with public meetings law?	Noncompliant (see <b>F2.2</b> )
		Does the CAB comply with public meetings law?	Noncompliant (see <b>F2.3</b> )
ORC 2301.51 OAC 5120:1-14-02	<b>CBCF proposals and termination</b>  Stipulates the formation requirements for establishing a CBCF, and that programs shall be administered by the JCB.	Was Summit CBCF created in a legally required fashion?	Compliant
		Is there a Court journal entry creating the CBCF and outlining the composition of the JCB?	Compliant
		Is it legal for an employee of Oriana to serve as director of the CBCF?	Compliant (see <b>F3.6</b> )
		Do offenders referred to the CBCF meet eligibility criteria?	Compliant
		Do intake screeners make appropriate recommendations?	Compliant

Number	Brief Description	Audit Questions	Comment
<b>ORC 2301.52</b> <b>OAC 5120:1-14-03</b> <b>OAC 5120:1-14-06</b>	<b>Minimum requirements for the CBCF and program proposals</b>  Requires that each proposal for a CBCF and program shall provide for facilities, a treatment program, new offender orientation, screening procedures, and a statement to promote diversity.	Does Oriana have policies and procedures to operate in accordance with CBCF proposal and assistance agreements?  Did the CBCF proposal provide for a 30 day lock down and an evaluation of offenders?  Does the CBCF implement formal work release program?  Does the CBCF regularly advise sentencing about CBCF programs and facilities?  Does the CBCF have accurate and current offender records?  Does Summit CBCF have a conflict of interest policy?  Does Oriana have staff policies and procedures?  Do CBCF facilities have round-the-clock coverage?  Does the CBCF have revocation procedures for offenders to be unsuccessfully released?  Does the proposal include a statement regarding diversity?	Compliant (see <b>F2.7</b> )  Compliant  Compliant  Compliant  Compliant (see <b>F4.19</b> )  Compliant  Compliant  Compliant  Compliant
<b>ORC 2301.52</b> <b>OAC 5120:1-14-04</b>	<b>Screening standards</b>  Stipulates that screening standards shall at a minimum provide for a referral procedure for use by the sentencing court for referral or commitment to the CBCF, a procedure for processing referred cases, and a system of written screening reports that shall contain all information obtained during the interview of each individual referred.	Does the CBCF have required screening procedures?	Compliant (see <b>F2.7</b> )

Number	Brief Description	Audit Questions	Comment
<b>ORC 2301.53</b>	<p data-bbox="440 300 870 338"><b>Citizens Advisory Board (CAB)</b></p> <p data-bbox="440 394 870 485">Establishes the requirements for the JCB to create a CAB of 5 to 15 members.</p>	<p data-bbox="870 300 1252 369">Have CAB appointments been made as required?</p> <p data-bbox="870 394 1252 485">Have CAB members received proper reimbursement when appropriate?</p>	<p data-bbox="1252 300 1443 338">Compliant</p> <p data-bbox="1252 394 1443 579">N/A - Summit CAB has never incurred expenses which require reimbursement</p>
<b>ORC 2301.54</b> <b>OAC 5120:1-14-03</b>	<p data-bbox="440 579 870 617"><b>Powers and duties of the CAB</b></p> <p data-bbox="440 642 870 711">States that each CAB shall do all of the following:</p> <p data-bbox="440 711 870 781">(A) Recommend physical facilities for the use and operation of the facility and program;</p> <p data-bbox="440 781 870 850">(B) Provide community relations services for the facility and program;</p> <p data-bbox="440 850 870 953">(C) Hold public meetings regularly to accept recommendations for the operation of the CBCF and refer the recommendations to the JCB; and</p> <p data-bbox="440 953 870 1131">(D) Encourage provision of community services by persons and entities in the area to provide services to the program; and perform other duties assigned by the JCB.</p>	<p data-bbox="870 579 1252 648">Has the CAB carried out duties as required?</p>	<p data-bbox="1252 579 1443 680">Noncompliant (see <b>F2.3</b> and <b>F3.4</b>)</p>

Number	Brief Description	Audit Questions	Comment
<p><b>ORC 2301.55</b> <b>OAC 5120:1-14-03</b></p>	<p><b>Powers and duties of the Judicial Corrections Board (JCB)</b></p> <p>Establishes minimum duties and responsibilities of the JCB and the operation of the CBCF. The JCB must appoint and fix the compensation of the CBCF director and CBCF staff. CBCF staff may be contract providers. The JCB must adopt rules regarding sentencing to, and operation of, the CBCF.</p>	<p>Is it proper for JCB members to serve on Oriana’s Advisory Board?</p> <p>Has the JCB appointed and fixed the director’s compensation?</p> <p>Has the JCB approved salaries for all staff?</p> <p>Has the JCB adopted rules for committing offenders to the CBCF?</p> <p>Has the JCB adopted rules for the operation of the CBCF?</p> <p>Does the CBCF have a donation policy and has it been followed?</p> <p>Does the JCB have a written policy specifically defining and prohibiting any conflict of interest?</p> <p>Is the CBCF director subject to Ohio Ethics Law?</p>	<p>Noncompliant (see <b>F2.9</b>)</p> <p>Compliant (see <b>F2.6, F4.5, and F4.16</b>)</p> <p>Compliant (see <b>F2.6, F4.5, and F4.16</b>)</p> <p>Compliant (see <b>F2.7</b>)</p> <p>Compliant (see <b>F2.7</b>)</p> <p>N/A - Summit CBCF has not accepted donations</p> <p>Noncompliant (<b>F2.9</b> and <b>F4.19</b>)</p> <p>Pending (see <b>F2.10</b> and <b>F3.6</b>)</p>
<p><b>ORC 2301.56</b> <b>OAC 5120:1-14-05</b></p>	<p><b>State financial assistance; reimbursement by prisoner; testing and treatment for certain diseases</b></p> <p>The JCB and the county may adopt a prison reimbursement policy. The JCB may adopt a policy for CBCF residents to pay fees for medical services provided.</p>	<p>Do Oriana staff members meet minimum requirements?</p> <p>Does Summit CBCF maintain required performance data (e.g., number of offenders, number of referrals to the CBCF)?</p> <p>Does Summit CBCF have goals and objectives and does Oriana pursue these objectives?</p> <p>Has the County adopted a reimbursement formula for offenders and is it followed?</p>	<p>Compliant (see <b>F2.11</b>)</p> <p>Compliant (see <b>F5.7</b> and <b>F5.8</b>)</p> <p>Compliant (see <b>F5.7</b> and <b>F5.8</b>)</p> <p>N/A - Summit County does not have a policy (see</p>

Number	Brief Description	Audit Questions	Comment
		Are fringe benefits within the limit set by ODRC?	<b>F4.7)</b>  Compliant (see <b>financial systems</b> )
<b>ORC 2301.57</b>	<b>Submission of health insurance claims of inmates</b>  Permits a county to submit claims for payment for health services provided for offenders who are covered by health insurance.	Does the CBCF collect from offenders' health insurance?	N/A - The JCB and the County have not elected to collect payment from insured offenders (see <b>F4.7</b> )
<b>ORC 2301.58</b>	<b>Commissary Fund</b>  Allows the Director of a CBCF to establish a commissary fund. If a fund is established, any profits to the fund must be used to purchase supplies and equipment to benefit CBCF residents. The director must adopt rules regarding the operation of the fund.	Has the CBCF established a commissary fund and corresponding rules?	N/A - Summit CBCF does not have a commissary fund (see <b>F4.7</b> )
<b>OAC 5120:1-14-08</b>	<b>Compliance with rules of the department of rehabilitation and correction</b>  (A)Requires the JCB to provide any information required by ODRC to evaluate CBCF programmatic success and to assist ODRC in preparation of its annual report.  (B)ODRC may withhold funds for failure to comply with OAC requirements.	Does the CBCF maintain and provide necessary information for program evaluation?	Compliant (see <b>F5.8</b> )

**Source:** AOS analysis of Summit CBCF documentation as it pertains to ORC and OAC requirements

F2.2 The JCB has not operated in accordance with the Open Meetings Law. Specifically, the JCB has not adopted rules regarding regular or special meetings, including a policy for notifying the public for such meetings. According to JCB members, public meeting rules have not been adopted because they were not aware that these requirements applied to their meetings. ORC section 121.22, the Open Meetings Law, requires public bodies to adopt rules establishing “a reasonable method that allows the public to determine the time and place of

regular meetings.” Furthermore, Open Meetings Law requires a similar rule be adopted regarding public notification, as to the time, place and purpose of an emergency or special meeting. A public body’s special meeting rule must require at least 24 hours advance notice to all media outlets that have requested such notification. Failure to comply with ORC section 121.22 could result in potential claims seeking to invalidate actions taken by the JCB or other sanctions.

**R2.1** The JCB should adopt bylaws that, at minimum, outline a regular meeting schedule and meeting notification procedures for regular and special meetings (see **governance**). Furthermore, the JCB should consult with its legal counsel regarding its duties under ORC section 121.22. By providing the public with adequate notification of its meetings, residents and stakeholders would be better able to offer feedback regarding CBCF operations and their impact in the community.

F2.3 The CAB does not hold regular public meetings to solicit public input and provide community relations services. Like the JCB, the CAB has not adopted any rules regarding its meeting schedule and public notification procedures, as required by ORC section 121.22. CAB members indicated that they were unaware of these legal responsibilities and therefore, regular public meetings have not been held and bylaws have not been adopted.

Additionally, the JCB has not provided sufficient guidance to the CAB regarding its legal duties and expectations as an advisory board (see **governance**). Under ORC section 2301.54, the JCB has the authority to direct CAB activities. Meeting minutes and interviews indicate CAB members meet about once annually to hear presentations from Oriana personnel and conduct tours of CBCF facilities. However, the CAB has not held meetings to seek recommendations from the public regarding CBCF operations nor has the CAB provided any publicly suggested recommendations to the JCB, as required by ORC 2301.54.

**R2.2** The CAB should hold at least one annual meeting to seek public input regarding Summit CBCF and adopt bylaws that, at minimum, outline a regular meeting schedule and notification procedures. The CAB should formally report public recommendations to the JCB, while the JCB should review CAB meeting minutes and formally document its review. The JCB should ensure the CAB meets its statutory obligations by directing it to take required actions. When necessary, the JCB should use its appointment and removal powers to ensure CAB members carry out statutory requirements. Failure to comply with ORC requirements could result in sanctions from ODRC as stipulated in the grant manual (see **F2.5**).

### Compliance with Grant Agreement

F2.4 **Table 2-2** summarizes Summit CBCF's compliance with pertinent requirements contained in the FY 2002 subsidy grant agreement between ODRC, the JCB, and Summit County. The agreement outlines the terms, conditions, and responsibilities of receiving the two-year grant from ODRC. The agreement requires the grantee, the JCB, to adhere to specific requirements contained in the grant manual. The following table presents Summit CBCF's compliance with those requirements that are unique to the agreement and not assessed in **Tables 2-1** and **2-3**.

**Table 2-2: Summit CBCF Compliance with the Grant Agreement**

Item	Brief Description	Comment
Terms and Conditions	The Grantee shall complete and maintain the American Correctional Association accreditation process during the grant period.	Compliant (see <b>F2.4</b> )
Terms and Conditions	The program will attempt to accept and treat at least 15 percent of the eligible adult felony offenders sentenced in the county or counties served by the program during the grant period.	Compliant
Terms and Conditions	The program will make a reasonable effort to augment the funding received by the State (e.g., per diem fees).	Compliant (see <b>F4.7</b> )
Program Evaluation	The Grantee shall prepare and submit quarterly reports comprised of statistical data pursuant to the Grantor's instructions. The Grantee shall maintain Internet access for data transmission into the Community Corrections Information System (CCIS-Web)	Compliant
Program Evaluation	To determine if the CBCF program is achieving its stated goals and objectives, the Grantee agrees to submit intake and termination forms for each offender placed into its program to the Grantor. The Grantee shall make available all necessary records for validation and auditing.	Compliant
Compliance	All contracts by the Grantee with private vendors for services must be in writing, contain performance criteria, have itemized service costs, indicate the responsibilities of parties involved, state conditions for termination of the agreement and be approved by the appropriate county officials before their implementation. A copy of such agreement(s) shall be forwarded to the BCS at its request.	Compliant (see <b>F3.8, F4.11, F4.12, and F4.13</b> )

Source: FY 2002-03 subsidy grant agreement and AOS analysis

Summit CBCF is in compliance with most items in the grant agreement and is anticipated to be in full compliance with the American Correctional Association (ACA) accreditation requirement in 2003. Before ODRC established the requirement that CBCFs be certified by ACA, Oriana had been working to obtain certification for the Summit CBCF facilities. The

men's facility was first accredited by the ACA in 2000 and was recently re-accredited in 2003. The women's facility is scheduled for its first accreditation review in August 2003 (see **programs and staffing** for more information on the accreditation process).

### *Compliance with ODRC Grant Requirements*

F2.5 **Table 2-3** summarizes requirements enumerated in BCS's FY 2002-03 grant manual and assesses Summit CBCF's compliance with those requirements.

**Table 2-3: Summit CBCF Compliance with ODRC Grant Requirements**

<b>Number</b>	<b>Brief Description</b>	<b>Comment</b>
<b>General Grant Requirements</b>	<b>Planning and record keeping</b>	
	Requires the CBCF program to be a part of a county comprehensive corrections plan.	Compliant
	Requests for changes to the approved grant program must be submitted to ODRC in a timely fashion.	Noncompliant (see <b>F4.5</b> )
	All financial records, supporting documents, statistical records, and other records pertinent to the CBCF program must be retained for at least five years after the biennial fiscal audit.	Compliant (see <b>F4.2</b> and <b>F4.3</b> )
<b>General Financial Requirements</b>	<b>Financial requirements</b>	
	Program director must submit quarterly invoices to receive payment from ODRC.	Compliant (see <b>F3.8</b> )
	Revenue received from other sources must not be commingled with CBCF grant funds. Grant funds from ODRC should be readily identifiable and able to be audited independently.	Noncompliant (see <b>F4.2</b> , <b>F4.3</b> , and <b>F4.16</b> )
	Offender fees collected for specific grant-related activities must be collected at actual cost and reimbursed to the same cost category as the expenditure.	Noncompliant (see <b>F4.6</b> )
	CBCF funding period is one year and any unspent funds at the end of the grant period must be returned to the State.	Compliant (see <b>F4.6</b> )
	The CBCF must follow county purchasing guidelines and State requirements regarding minority business enterprises, Ohio Penal Industries (OPI), and Ohio Industries for the Handicapped (OIH).	Noncompliant (see <b>F2.8</b> and <b>F4.8</b> )

<b>Number</b>	<b>Brief Description</b>	<b>Comment</b>
<b>Grant Standard 5120:1-14-09</b>	<p><b>Administration</b></p> <p>The JCB may enter into contract with the county and may contract with a nongovernmental entity. The JCB must meet semi-annually. The JCB must adopt referral rules and enter them in the journal. The CBCF shall have a facility director and a policy and procedure manual and long-range goals and objectives reviewed annually by the JCB. The CBCF shall issue an annual report.</p>	Compliant (see <b>F2.7, F3.8, F5.7 and F5.8</b> )
<b>Grant Standard 5120:1-14-10</b>	<p><b>Fiscal Management</b></p> <p>The JCB must adopt fiscal policies and procedures and have insurance coverage.</p> <p>CBCF must have an independent audit of industrial and entertainment funds.</p>	Compliant (see <b>F2.7, F3.9, F4.2, F4.4</b> )  Noncompliant (see <b>F4.6</b> )
<b>Grant Standard 5120:1-14-11</b>	<p><b>Personnel</b></p> <p>The CBCF must have personnel procedures, maintain personnel files, and have job descriptions. The CBCF must perform background checks on employees. The CBCF must have a public records policy. Employees must receive formal orientation and ongoing training.</p>	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-12</b>	<p><b>Facility</b></p> <p>CBCF facilities must meet zoning ordinances, be accessible, safe, and in compliance with health and safety laws.</p>	Compliant
<b>Grant Standard 5120:1-14-13</b>	<p><b>Screening, Intake and Release</b></p> <p>The CBCF must have written screening and release policies and procedures approved by the JCB. There must be a prescribed intake form for each offender. CBCF must perform health exams on offenders, explain goals, and photograph offenders. The CBCF must have a strip search policy as well.</p>	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-14</b>	<p><b>Security</b></p> <p>The CBCF must have written security policies and procedures and search offenders for contraband.</p>	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-15</b>	<p><b>Program</b></p> <p>The CBCF must have programmatic policies and procedures and must have a procedure which provides increasing opportunities and privileges for offender involvement with his or her family.</p>	Compliant (see <b>F2.7 and F5.3</b> )

<b>Number</b>	<b>Brief Description</b>	<b>Comment</b>
<b>Grant Standard 5120:1-14-16</b>	<b>Offenders Rights, Rules and Discipline</b>  The CBCF must have policies and procedures that provide for disciplinary regulations, sanctions, and penalties.	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-17</b>	<b>Food Service</b>  The CBCF must have policies and procedures for its food service operation.	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-18</b>	<b>Medical and Health Care Services</b>  The CBCF must have policies and procedures for its medical and health care services.	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-19</b>	<b>Records</b>  The CBCF must have policies and procedures for maintaining a case record for each offender and documenting any significant decisions and events. The CBCF must have a confidentiality policy that complies with ORC section 149.43	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-20</b>	<b>Communication</b>  The CBCF must have policies and procedures governing offender correspondence.	Compliant (see <b>F2.7</b> )
<b>Grant Standard 5120:1-14-21</b>	<b>Management Information System (MIS)</b>  The CBCF must have policies and procedures ensuring offenders' intake and termination data enter the CBCF MIS.	Compliant (see <b>F2.7</b> )

**Source:** AOS analysis of Summit CBCF documentation as it pertains to select ODRC FY 2002-03 grant requirements.

If a grantee fails to comply with the terms and conditions governing the CBCF program, ODRC may impose the following sanctions as stipulated in the BCS grant manual:

- Temporarily withhold payments until corrective action is taken;
- Deny funding for activities not in compliance with program requirements;
- Suspend or terminate the current grant award;
- Withhold future funds for the program;
- Take other remedies; or
- Terminate the program.

F2.6 The JCB does not collectively review and approve the CBCF grant application that is prepared by Oriana, the CBCF implementing agency, and ultimately submitted to ODRC for operational funding. According to the BCS grant manual, the application must be submitted through the JCB and must include the signatures of the JCB Chair and the CBCF director, as

well as a listing of the current membership of the JCB. Although the 2002-03 grant application contains the required signatures, there is no record indicating that it was formally voted on and approved by the JCB as a whole. Until 2002, the JCB did not conduct its required meetings as a public body. Rather, JCB meetings were conducted as part of the Court of Common Pleas' General Division meetings in which the appointed JCB chair would raise CBCF-related issues and discuss them with the other judges on an as-needed basis. Even though the JCB has conducted regular meetings since 2002, there is no record of formal review and approval of the grant application in meeting minutes for the 2002-03 grant application. According to the most recent meeting minutes, however, the JCB plans to discuss the CBCF budget for the 2004-05 biennium grant; although it had already been submitted to ODRC for approval.

Under ORC 2301.51 and 2301.55, the JCB is responsible for establishing the salaries of the director and all other program staff who are considered employees of the board. The salaries of the CBCF director and staff are approved through the grant application process. Although the grant application is not collectively reviewed and approved by the JCB, the BCS grant manual only requires the signature of the JCB chair. Therefore, the JCB is technically in compliance with the applicable statutes.

Nonetheless, by not formally reviewing and approving the grant application as a whole, the JCB is at risk of unknowingly approving requested grant amounts that are unwarranted or inappropriate. Because the grant application is prepared by the contracted vendor and only formally approved and signed by the JCB chair, the application requires a heightened level of scrutiny by all JCB members before submission to ODRC.

**R2.3** The JCB should collectively review and formally approve all materials related to the biennial grant application before it is signed by the JCB chair and submitted to ODRC for approval. This step will help the JCB to jointly identify irregularities in requested grant amounts while strengthening the overall internal control environment of the CBCF (see **financial systems**). Pursuant to ORC 2301.51 and 2301.55, formally reviewing and approving the grant application is also a critical step to ensuring the appropriateness of the salaries of the appointed director and other contracted staff at Oriana.

F2.7 Summit JCB has not approved changes to Oriana's (Summit CBCF) policy and procedure manual on an ongoing basis, even though changes were made impacting CBCF operations throughout the program's history. Oriana's policy and procedure manual is used to guide Summit CBCF operations and contains various procedures as required by ORC, OAC, and the BCS grant manual. According to the FY 2002-03 grant manual, the CBCF policy and procedure manual must be "reviewed annually and updated when necessary by the Judicial Corrections Board." Summit JCB approved Oriana's current policy and procedure manual

on February 18, 2003, and agreed to approve the policies and procedures on an annual basis thereafter.

Prior to 2002, Summit JCB did not approve policy and procedure changes because it believed a 1987 court journal entry was sufficient to comply with the grant requirements. The entry stated that the policies and procedures of Oriana are those of the Summit CBCF. Also, BCS's annual program audits regularly found Summit JCB compliant in this area. Members of the JCB, however, contested the 2002 program audit resulting in two re-audits. ODRC ultimately concluded that the 1987 journal entry was no longer sufficient to meet ODRC requirements.

Although Summit JCB agreed to approve Oriana's policies and procedures annually, this may not fulfill its obligation to update them when necessary. Under this arrangement, either operational changes may occur without prior approval from the JCB, or operational changes may be delayed unnecessarily until the JCB annually approves them.

**R2.4** The JCB should review proposed changes to Oriana's policies and procedures on an ongoing basis, make modifications if necessary, and formally approve the changes prior to their implementation by Oriana. Approval should be documented in the journal of the court or through another formal method outlined in JCB bylaws (see **governance**). Formally approving changes to policies and procedures on a timely basis should enhance the JCB's ability to effectively oversee CBCF operations.

F2.8 Oriana's operations manual does not include a competitive bidding policy requiring staff to follow and formally document compliance with Summit County's purchasing guidelines. Additionally, the operations manual does not outline Oriana's policies and procedures for ensuring compliance with Ohio Minority Business Enterprise (MBE), Ohio Penal Industries (OPI), and Ohio Industries for the Handicapped (OIH) programs. Compliance with County purchasing guidelines, MBE, OPI, and OIH is a requirement enumerated within BCS's grant manual (see **F4.8**). According to Oriana, these requirements are followed informally; however, ODRC has regularly found Summit CBCF compliant in past program and fiscal audits. These requirements are intended to provide ODRC assurance that grant funding is spent cost effectively and that goods and services are purchased from recommended vendors.

**R2.5** Pursuant to the grant manual, the Summit CBCF director should establish a policy and associated procedure requiring Oriana staff to follow and formally document compliance with County purchasing guidelines as well as MBE, OPI, and OIH programs. The policy and procedure should be approved by the JCB prior to implementation (see **R2.4**). Failure to comply with ODRC requirements could result in sanctions. Also, creating and following formal policies that address County and State purchasing requirements helps to eliminate unfair competitive advantage and removes any appearance of impropriety.

F2.9 The JCB has not adopted a formal code of ethics policy promulgating its members' adherence to the Supreme Court Code of Judicial Conduct, either through the journal of the court or in approved meeting minutes. Prior to 2002, it was common for judges on the JCB to also serve on the Oriana Advisory Board which provides stakeholder input and feedback to the Oriana Board of Directors. JCB judges indicated that serving on the Oriana Advisory Board provided a useful forum to learn about the nonprofit's operations and to develop a rapport with staff. Nevertheless, the practice was stopped because it was determined that there was at least an appearance of a conflict of interest since the JCB contracted with Oriana for CBCF services.

According to OAC 5120:1-14-03 (E), each "judicial corrections board shall have a written policy specifically defining and prohibiting any conflict of interest." Furthermore, the Supreme Court Code of Judicial Conduct requires judges to avoid both actual impropriety and any appearance of impropriety; however, these tenets are not formally outlined in JCB bylaws (see **governance**). Also, according to the Supreme Court of Ohio Board of Commissioners on Grievances and Discipline's opinion 91-11, the Code of Judicial Conduct and the Ohio Ethics Law prohibit a judge from serving as a member or officer of a nonprofit corporation that provides services to the court. This prohibition also seems applicable to JCB members serving in any formal capacity on a board or commission of a nonprofit corporation, such as Oriana, that provides services to the Summit County Common Pleas Court or Summit JCB. As members of a statutorily created board that is responsible for overseeing a \$5 million annual operation carried-out by a contracted vendor, JCB's compliance with these tenets is vital to fostering the public's trust and ensuring accountability.

Although the JCB does not have a formal code of ethics policy, it has recently decided that members must file an internal disclosure statement to the JCB chair. Publicly elected officials, including judges, are required to file a financial disclosure statement with the Ohio Ethics Commission (OEC). However, the JCB's internal disclosure statement is an additional requirement for Summit JCB members. The disclosure statement requires each JCB member to list the following regarding the previous year's activities:

- Names under which the judge or a spouse conducted business in an amount over \$200, having a direct or indirect relationship with County business related to the JCB; and
- Sources of gifts, goods, or services provided, including immediate family, over \$200 in value from a source that has or is conducting business with the County and related to the JCB.

The disclosure form also cites the Canon 4(A) of the Code of Judicial Conduct, which provides that a judge shall not allow family, social, political, or other relationships to influence his or her judgment. The annual disclosure requirement represents an effort by the JCB to foster accountability and compliance with ethical standards and could serve as a foundation for a JCB ethics policy.

**R2.6** As part of its bylaws (see **governance**), the JCB should adopt a formal code of ethics policy to promote its members' compliance with OAC 5120:1-14-03 and the Supreme Court Code of Judicial Conduct. The policy should specifically prohibit members from serving on boards, like the Oriana Advisory Board, that give the appearance of impropriety through conflicts of interest. The policy should also incorporate the newly adopted requirement whereby JCB members must file an annual disclosure statement with the JCB chair. The JCB can enhance its oversight function by formally separating itself from its contracted vendor and related sub-contractors through its code of ethics policy. Formalizing its code of ethics policy would enable the JCB to encourage principles of public service while strengthening public confidence in the integrity of CBCF operations.

F2.10 The JCB does not require the Summit CBCF director to file a financial disclosure statement with the Ohio Ethics Commission (OEC), the Supreme Court Board of Commissioners on Grievances and Discipline, or file an internal disclosure statement with the JCB chair (see **F2.9**). It is unclear whether CBCF directors, particularly those who are employed by a private or nonprofit implementing agency, are subject to Ohio Ethics Law which requires public officials, and permits others, to file financial disclosure statements with the OEC. During the course of this performance audit, AOS sought a formal opinion on whether the CBCF director is a public official subject to Ohio Ethics Law from the OEC and the Supreme Court of Ohio Board of Commissioners on Grievances and Discipline. Both entities, however, indicated that they do not have jurisdiction in the matter. According to ORC section 102.02, disclosure statements help reveal potential, actual, or perceived conflicts of interest in which the private interests of the individual interfere with the public interests of the entity the person is required to serve.

According to ODRC, all CBCF directors and personnel are employees of the JCB, which is made up of elected officials. However, OAC 5120:1-14-03 indicates that CBCF directors and personnel may be employees of either the JCB or the contracted provider. Pursuant to OAC 5120:1-14-03, JCBs are required to have a written policy defining and prohibiting conflicts of interest; and according to ORC section 2301.55, the CBCF director is subject to the rules of the JCB which should include a conflict of interest policy.

Whether the director is considered a public official or an employee of the contracted provider, the Summit CBCF director is statutorily entrusted with \$5 million annually to manage, operate and have general charge of a publicly funded operation.

**R2.7** Regardless of the determination regarding the CBCF director's status as a public official, the JCB should require the Summit CBCF director to file an annual disclosure statement with the JCB chair. This requirement should be incorporated into the JCB's code of ethics policy (see **R2.6**). By requiring the CBCF director to file an annual disclosure statement, the JCB will have a formal means by which conflicting interests can be identified and resolved. Also, the JCB will be able to determine potential conflicts of interest in a more proactive manner rather than learning about them through external channels.

**R2.8** If CBCF directors are considered public officials, then ODRC should require them to file financial disclosures with the appropriate ethics body as a condition of receiving grant funds. Even if the law is not applicable, ODRC could still require CBCF directors to file since the OEC accepts voluntary financial disclosure statements from officials who want to comply with the spirit of the law.

F2.11 Oriana is generally compliant with minimum qualifications for CBCF staff, but could improve upon its documentation for demonstrating compliance and develop procedures for ensuring minimum qualification standards are met. OAC 5120:1-14-03 (M) and 5120:1-14-05 (B)(2)(a) require all CBCF staff to meet certain minimum qualification and experience requirements for corresponding staff job classifications, which are either specifically outlined in the administrative rule or determined by ODRC if not outlined in the rule. According to the ODRC checklist, CBCFs are considered to be compliant with the staff minimum qualifications requirement if their job descriptions include those minimum requirements. This procedure, however, does not enable ODRC to directly assess compliance with the pertinent OAC rules.

AOS reviewed 14 personnel files to assess compliance with this requirement, selecting a cross-section of management and line staff in various operational areas (see **programs and staffing**). Thirteen of the 14 files reviewed included adequate documentation to demonstrate compliance with minimum qualifications. One file, however, did not include sufficient documentation and it appeared that the person hired may not have met the minimum qualifications at the time of hire. Oriana does not have a uniform procedure for ensuring CBCF staff meet ODRC minimum qualifications or for documenting compliance with the minimum qualifications. Employing adequately qualified staff is critical to the success of the CBCF program and proper documentation is necessary to demonstrate compliance with program requirements.

**R2.9** Oriana should ensure all CBCF staff members meet minimum qualifications required by ODRC. Moreover, the JCB should require Oriana to include sufficient documentation in all personnel files to demonstrate compliance with the requirement. This could be accomplished by developing a form that outlines ODRC's requirements for each CBCF position. Human resources staff could use the form to verify compliance and to list any

relevant supporting documentation, like a college transcript. By complying with this requirement, Summit CBCF may avoid financial sanctions and will fully ensure staff members have the necessary qualifications and experience to work in community corrections.

**R2.10** BCS should modify its program audit standards to include a random review of personnel files to assess CBCF compliance with the minimum qualifications requirement. The current procedure only ensures that job descriptions include the minimum qualifications. By following its current procedure, BCS cannot determine whether those who are hired actually meet the positions' required qualifications and experience. A review of personnel files, however, will enable BCS to better assess CBCF compliance.

## **Conclusion Statement**

With the exception of some fiscal and administrative requirements, the Summit JCB and CBCF are substantially compliant with pertinent areas of the statute and BCS's grant manual. The JCB typically relies on ODRC's audit process to determine CBCF compliance with various grant manual standards and to ensure effective and efficient program operation. Although ODRC's program and fiscal audits cover a significant portion of CBCF operations, they are detective and retrospective in nature – assessing years within the previous biennium grant period. To effectively ensure compliance, the JCB should collectively review the biennial grant application and provide ongoing review and approval of the CBCF policies and procedures. Active and ongoing oversight will help the JCB to identify weaknesses in CBCF fiscal and administrative operations before they are detected in ODRC audits. JCB will also be able to identify issues not identified by ODRC. Because JCB contracts with a nonprofit organization to operate the CBCF facility and program, a heightened level of scrutiny is required to ensure the effective administration and delivery of CBCF services.

JCB should also take steps to improve accountability and to promote public trust in the Summit CBCF program. It is imperative the JCB adopts rules complying with the Open Meetings Law and ensure the CAB operates in accordance with pertinent ORC requirements. To further enhance accountability, the JCB should adopt a formal code of ethics policy to promote its members adherence with the judicial code of conduct and Ohio Ethics Law. The JCB should also require the CBCF director to file financial disclosure information. Formalizing its code of ethics policy and requiring financial disclosure encourages principles of public service while strengthening public confidence in the integrity of CBCF operations.

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# Governance

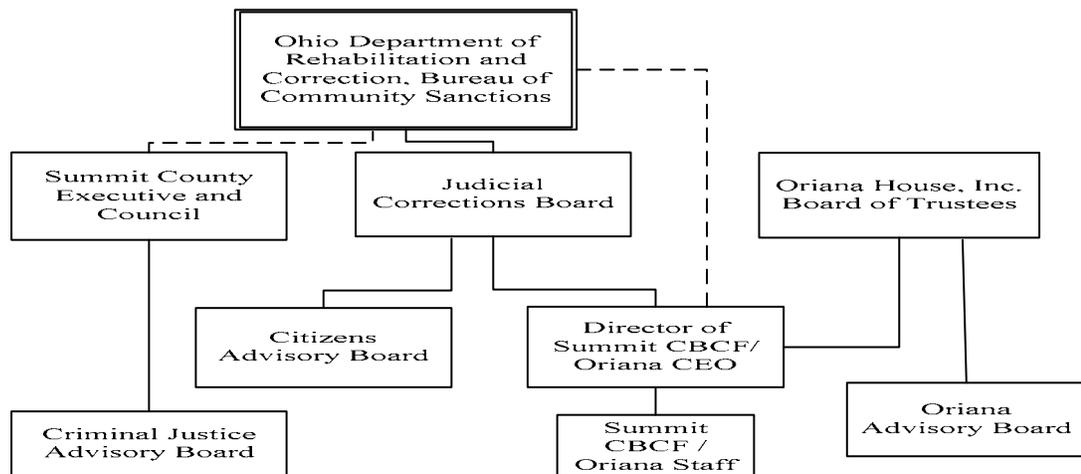
## Background

This section assesses the monitoring and oversight activities related to the Summit County Community Based Correctional Facility (Summit CBCF). Particular emphasis is placed on the role of the Summit County Judicial Corrections Board (JCB), which is statutorily charged with administering the CBCF Program (Program).

### *Organization and Operation*

Created in 1987, the Summit CBCF is governed and influenced by the entities shown in **Chart 3-1**.

**Chart 3-1: Governing Bodies and Influential Entities**



**Source:** Ohio Revised Code (ORC), Ohio Administrative Code (OAC), Summit CBCF, and Summit County

As illustrated in **Chart 3-1**, there are a number of entities that either directly govern or influence the Summit CBCF. Primary oversight and accountability for the Program, however, lies with the Ohio Department of Rehabilitation and Correction (ODRC) Bureau of Community Sanctions (BCS), the JCB, the Citizens Advisory Board (CAB), and the CBCF director as follows:

- **BCS** oversees the Program statewide and allocates funding for all CBCFs, providing approximately \$5.0 million annually for Summit CBCF. More specifically, BCS reviews CBCF grant applications, approves funding, receives CBCF quarterly expenditure statements, and conducts annual program audits and reviews ODRC biennial fiscal audits (see **compliance** for more information on the BCS audit process). Although BCS conducts high level reviews of CBCF quarterly expenditure statements and also provides oversight through the grant application and audit processes, BCS does not continually monitor or directly govern Summit CBCF. Rather, BCS is primarily responsible for overseeing the Program as a whole.
- **JCB** is statutorily charged with administering the Summit CBCF (ORC section 2301.51). Moreover, the JCB is responsible for developing rules for the operation of the facility, appointing and supervising the director, and establishing the salaries of CBCF personnel. The JCB has contracted with Oriana House, Inc. (Oriana), a private nonprofit corporation, to operate the Program in Summit County. The JCB is made up of 10 Summit County Common Pleas Court judges including 8 General Division judges, a Juvenile Court judge, and a Domestic Relations Court judge. The presiding judge of the Common Pleas Court serves as the JCB chair. In Summit County, the duties of presiding judge rotate annually among judges. As a result, the JCB chair changes annually as well. The JCB did not meet as a public body from 1987 through 2001. During that time, members of the Court of Common Pleas agreed that one judge would oversee the CBCF and report any significant issues at monthly General Division meetings that were not open to the public and for which no meeting minutes were maintained. Due to concerns raised by some members, the JCB began meeting as a public body in March 2002 to comply with ORC requirements.
- **CAB** serves at the pleasure of the JCB and is responsible for recommending physical facilities for the Program, and providing community relations services (ORC section 2301.54). In addition, the CAB must conduct regular public meetings in the communities that are served by the Program in order to obtain public feedback and to refer subsequent recommendations to the JCB. However, as of June 1, 2003, the CAB has not made any recommendations to the JCB (see **F3.4**).
- **CBCF director** is required to control, manage, operate, and have general charge of the facility and Program, and have the custody of its property, files, and records under the supervision of the JCB (ORC section 2301.55). Since its inception in 1987, daily operations of the Summit CBCF have been carried-out by Oriana, a contracted vendor that operates several criminal sanctions programs in Summit County. Additionally, the appointed CBCF director is also the president/CEO of Oriana, who is overseen by the Oriana Board of Trustees. Therefore, the CBCF director reports to two separate boards and serves dual roles as president/CEO of Oriana, as well as director of Summit CBCF.

While the BCS, JCB, CAB, and CBCF director are statutorily responsible for governing Summit CBCF operations, **Chart 3-1** reveals that several other entities have varying degrees of involvement with, and influence over, the Program. Specifically, Summit County is primarily responsible for making quarterly grant payments to Oriana. Although the County does not perform any monitoring or oversight of Summit CBCF, the County, along with the JCB and Oriana, is a party to key Summit CBCF agreements, including the contract for Oriana's services (three-party agreement), the grant application, and grant agreement. In fact, Summit County is named as a grantee on the FY 2002-03 subsidy grant agreement, ostensibly requiring the County to comply with the terms of the grant which include various monitoring and reporting responsibilities. According to BCS, however, the inclusion of Summit County in the grant agreement is a historical practice exemplifying State and County collaboration in carrying out the Program. Nonetheless, BCS indicated that the JCB is considered the contracting authority, the applicant, and the recipient of Program funding (see **F3.9**).

Another entity that historically influenced Summit CBCF is the Oriana Advisory Board (OAB), which makes recommendations to the president/CEO of Oriana (i.e., CBCF director) regarding any of its correctional programs (e.g., Summit CBCF, Day Reporting, and Halfway House). Historically, CAB and OAB were considered the same advisory board and conducted regular meetings. After June 2002, however, CAB's 12 members split from the OAB and initiated separate meetings.

Finally, the Criminal Justice Advisory Board (CJAB) comprises 22 representatives from Summit County who are involved with criminal justice services and the criminal justice field, including judges from the JCB. CJAB's main purpose is to implement a comprehensive plan designed to coordinate community criminal justice funds from State and federal sources. The CJAB also coordinates county-wide criminal justice services and provides recommendations to the County executive and council.

### *CBCF Grant Process*

According to Oriana, the following process describes the CBCF grant process in Summit County:

1. ODRC requires the JCB to submit a biennium grant application by February or March, prior to the beginning of the new budget cycle.
2. Prepared by Oriana, the completed grant application is submitted to the JCB for approval. The grant application, which identifies Summit County as the grantee and Oriana as the implementing agency, must be signed by both the JCB chair and the CBCF director.
3. ODRC reviews the signed application as well as the budget and requests clarification and additional information when necessary. ODRC then prepares a subsidy grant agreement

which also names the County as the grantee. This subsidy agreement must be approved by the JCB and signed by the JCB chair as well as the County executive and a representative from ODRC.

4. During the biennium grant period, any changes made to the budget must be made via written addendum, approved by the JCB, and signed by the JCB chair, the County executive, and a representative from ODRC. Payment of grant funds is made by ODRC to the County, pursuant to OAC section 5120.
5. In order for Oriana to receive ODRC grant funds as disbursed through the County, a contract (i.e., three-party agreement) must be executed which authorizes the disbursement. This agreement must be approved by the County Council, and the Board of Control – which oversees spending for all County offices, and signed by the County executive and a representative of Oriana.

### *JCB Function*

Pursuant to ORC sections 2301.51 through 2301.55, the JCB is required or permitted to do the following:

- Administer the CBCF facility and Program;
- Submit a request for Program funding to the County and BCS;
- Appoint and fix the compensation of the CBCF director and other professional, technical, and clerical employees who are necessary to properly maintain and operate the facility and Program;
- Enter into contracts with the County, in which the facility is located;
- Adopt rules for the sentencing of offenders to the facility and Program;
- Accept gifts or funding from any governmental source benefiting the CBCF;
- Sell, lease, convey, or transfer any real or personal property benefiting the CBCF; and
- Provide the CAB with any assistance required to perform its duties.

*Performance Measures*

The following questions were used to assess Summit CBCF governance:

- How effectively does the JCB accomplish its roles, functions, and responsibilities in overseeing Summit CBCF?
- How effective is the contracting and monitoring process, and does it ensure an appropriate level of accountability?
- What is the role and influence that other entities serve in the interest of the community, such as the CAB, CJAB, and BCS?

*Assessments Not Yielding Recommendations*

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **CJAB Influence:** Based on a review of CJAB’s role in relation to Summit CBCF, with the exception of being included in the County’s Comprehensive Corrections Plan, CJAB has little influence on CBCF operations.
- **OAB Influence:** Based on a review of OAB’s current responsibilities since the CAB initiated separate meetings, OAB focuses primarily on Oriana’s non-CBCF activities.

## Findings/Recommendations

### *JCB Operation*

- F3.1 Summit JCB does not have a formal orientation program for new members. According to the JCB, new members only receive a packet of information, provided by Summit CBCF, which includes client handbooks, policies and procedures, BCS audit standards, and other information that is typically provided to new CBCF staff. Although many JCB members stated they rely on the ORC and OAC to understand their role as a governing body, other members indicated that they had not read these statutes and thus, were unable to clearly define their duties and responsibilities.

According to BoardSource (formerly known as the National Center for Nonprofit Boards, a governing board best practice organization), it is important that new members of a governing body receive formal orientation. Specifically, a formal orientation program can help familiarize new members with the organization's legal duties as well as their individual roles and responsibilities. In addition, BoardSource recommends that governing boards have a thorough, easy-to-use orientation handbook to which members may refer throughout their terms.

Butler CBCF's director distributes a packet to new JCB members with information regarding the JCB's statutory role, including an annual report. Additionally, the director leads new JCB members on a tour of the CBCF facility, familiarizing them with the Program and introducing them to staff. In addition, the JCB chair invites potential members to attend a meeting, before being officially appointed, to educate them on JCB procedures. New members of Franklin JCB receive a copy of the *Judge's Quick Reference Manual* from the CBCF. This manual contains information regarding the JCB and CAB as well as pertinent contact information, offender eligibility criteria, and CBCF service descriptions. CBCF personnel also provide manual updates to JCB members as they occur. Without a formal orientation program for Summit JCB, new members may have difficulty understanding their roles and responsibilities as they pertain to CBCF oversight.

- R3.1** The JCB chair and current CBCF director should jointly create a formal orientation program for new JCB members. Similar to Butler JCB, the orientation program should include a tour of CBCF facilities, a meeting with CBCF staff, a review of CBCF policies and procedures, and a review of JCB bylaws and procedural rules (see **F3.2**). Moreover, pertinent documentation (e.g., statutes, bylaws and procedural rules, contact information, and service descriptions) should be consolidated and distributed to new members, similar to Franklin JCB. An effective orientation program can help acclimate new members to the role of the JCB in overseeing the Program.

F3.2 Summit JCB has not established bylaws or other formal procedural rules to help define its role and provide guidance in administering Summit CBCF. Moreover, JCB members do not agree on their role as a governing body. For example, some members believe that the JCB should provide minimal oversight and, due to time constraints, depend largely on BCS to monitor Summit CBCF through program and fiscal audits and quarterly expenditure reviews. On the other hand, other members believe that the JCB should be more involved in monitoring Summit CBCF programmatic and fiscal operations, particularly because the Program is contracted out to a private vendor and because the position of JCB chair changes annually. Furthermore, several members of the JCB stated that they rely upon the ORC to provide rules and guidance for conducting its business and that standard bylaws would not enhance JCB effectiveness. These members also stated that bylaws would complicate matters and contribute to an already excessive bureaucracy.

In addition to these differences, JCB members may not agree on their role as a governing body for the following reasons:

- The JCB has not formally discussed and approved Summit CBCF's mission statement or the portion of Oriana's strategic plan pertaining to the Program.
- Several JCB members stated they had not read the applicable ORC and OAC statutes that describe their role and thus, were unable to clearly define their responsibilities (see **F3.1**).
- Some JCB members believe the County is also responsible for monitoring Summit CBCF's fiscal operations because the County is named as a grantee on the subsidy grant agreement (see **F3.9**).

According to the American Correctional Association (ACA) - a national accreditation organization for adult and juvenile correctional programs - bylaws for a governing body should include the following elements, most of which are not sufficiently addressed in statute:

- **Membership** (e.g., qualifications, rights, and duties): Current statutes require only that JCB members are common pleas judges and are otherwise general in their description of the JCB's duties and rights.
- **Size**: Current statutes permit a maximum of 11 JCB members.

- **Method of selection:** Current statutes require that the JCB chair, who must be either the presiding judge of the Court of Common Pleas or the administrative judge of the General Division, appoint the remaining JCB members, who also must be judges of the court.
- **Terms of office:** Current statutes do not set term limits for JCB membership, nor do they provide reasons for removal. Presumably, the JCB chair may remove members for any reason and appoint new members at any time.
- **Duties and responsibilities of officers:** Except for position of JCB chair, current statutes do not outline any additional positions and associated duties.
- **Meeting times:** Current statutes do not mandate the times which JCB members must meet. However, the JCB has not complied with the Open Meetings Law for proper meeting notification (see **compliance**).
- **Committees:** Current statutes do not address the use of committees.
- **Parliamentary procedures:** Current statutes do not address the use of parliamentary procedures.
- **Minutes:** Currently, the Open Meetings Law provides minimum requirements for minutes. In addition, current statutes require that JCBs document major decisions in the journal of the court.
- **Method of amending bylaws:** Current statutes do not address how JCBs may amend their bylaws.
- **Conflict of interest provisions:** Current statutes require JCBs to adopt a formal policy specifically defining and prohibiting any conflict of interest (see **F2.9 in compliance**).
- **Quorum:** Current statutes do not define what constitutes a quorum for JCBs.

Both Butler JCB and Franklin JCB use bylaws to facilitate and guide their operations as governing boards. These bylaws include the following elements, many of which are ACA recommended: membership criteria, officer duties, meeting frequency policy, quorum requirements, special meeting procedure, voting procedure, agenda requirements, and minute dissemination procedure.

As a supplement to its bylaws, Franklin JCB's *Judge's Quick Reference Manual* includes an additional meeting policy that describes the JCB's purpose and outlines minimum duties of the JCB. The policy requires the Franklin JCB to receive and review the CBCF mission statement, strategic plan, annual report and budget proposal, quarterly and yearly budget reports, and CBCF policies and procedures. The policy also requires the board to hold quarterly meetings, comply with Ohio's Open Meetings Law, and charges the JCB chair with generating the JCB meeting agenda with input from board members and the executive director. The policy also permits Franklin JCB to create committees, as needed, to help facilitate the accomplishment of its mission and responsibilities (e.g., personnel committee). Absent bylaws that define the role of the governing body and articulate its level of oversight, the JCB will continue to function without a clear purpose and agreed upon operating procedures. Without such formal procedures (e.g., mission statement and strategic plan approval requirement), the JCB may be unable to provide adequate Program oversight in Summit County.

**R3.2** The JCB should establish formal bylaws and other procedural rules to help define its role in providing guidance and administering Summit CBCF. JCB bylaws and formal procedures should include elements recommended by the ACA which supplement statutorily required duties and responsibilities. For example, the JCB should define which CBCF documents require review and formal approval (e.g., mission statement and strategic plan). Moreover, JCB bylaws should facilitate compliance with Ohio's Open Meetings Law by formally requiring the public to be notified of regular and special meetings (see **compliance**).

By establishing bylaws that foster an increased level of oversight, the JCB will be better able to set the direction of Summit CBCF. These bylaws will help provide continuity and stability to the role of the JCB chair, which is particularly important for Summit JCB since this position changes annually. Formal and agreed upon bylaws will help to ensure that the JCB operates in a consistent and fair fashion, and provide the public with clear expectations and standards and, therefore, assurance that the JCB is accountable for the Summit CBCF.

F3.3 The JCB does not review key information and issues necessary to effectively monitor and oversee Summit CBCF. Rather, based on a review of meeting minutes, the JCB primarily discusses general topics or incidental information as opposed to decision-based, evaluative information. According to the JCB, few meaningful issues have been discussed regarding the performance of the Summit CBCF since it began meeting as a separate board in March 2002. Most JCB members stated that they have been unable to discuss meaningful issues, such as planning, budget review, policy and procedural development, and performance outcomes. Although the court administrator indicated that the manner in which JCB meetings are planned and conducted has improved, the absence of formal bylaws could affect the JCB's ability to conduct productive meetings

(see **F3.2**). In addition, the JCB only recently began meeting as a separate board and is therefore, relatively new.

According to BoardSource, an effective governing body focuses on information that necessitates decisions and board action as well as evaluative information that facilitates monitoring and oversight. Although the JCB has made decisions related to the CBCF holiday pass policy, and JCB and CAB membership appointments, compared to peer JCBs, these decisions do not directly impact overall CBCF operations. For example, according to recent meeting minutes, Butler JCB met to review and adopt the FY 2003 budget and also discussed whether to replace a treatment service provider with a less costly provider. Furthermore, Summit JCB has discussed evaluative information including BCS program audits and results of the University of Cincinnati recidivism study (UC Study), yet no evaluative financial information was reviewed (see **programs and staffing** and **F3.9**). Based on a review of meeting minutes, these discussions were cursory and did not result in decisions impacting CBCF operations. Franklin JCB, on the other hand, reviews status reports that indicate various operational statistics on a monthly basis to help monitor Franklin CBCF operations.

**Table 3-1** presents the types of information recommended by BoardSource that should be discussed and reviewed during meetings to facilitate decision-making and monitoring. The following table also indicates how the recommended information is currently used by the JCB.

**Table 3-1: Recommended Information for Board Review**

<b>Time Frame</b>	<b>Recommended Information for Review</b>	<b>Current JCB Practice</b>
<b>Two weeks before meeting</b>	<ul style="list-style-type: none"> <li>• Agenda</li> <li>• Information about issues for discussion</li> <li>• Financial information</li> <li>• Committee reports</li> <li>• Memo or progress report from director summarizing current activities, accomplishments, and needs</li> <li>• Annual report</li> <li>• Strategic plan</li> <li>• Audit reports</li> <li>• Updated material for bylaws and reference material</li> <li>• Advance copies of publications, brochures, or promotional material</li> </ul>	<ul style="list-style-type: none"> <li>• The JCB chair distributes the agenda one to two weeks beforehand, but no financial information is reviewed or discussed.</li> <li>• The JCB does not use committees.</li> <li>• The director does not provide a progress report regarding CBCF activities.</li> <li>• The JCB has not reviewed the annual report or strategic plan for the Summit CBCF.</li> <li>• The JCB has reviewed the most recent BCS program audit.</li> <li>• The JCB does not have bylaws or consolidated reference materials (see <b>F3.1</b> and <b>F3.2</b>).</li> <li>• The JCB does not review advance copies of promotional materials or other publications.</li> </ul>
<b>After each board meeting</b>	<ul style="list-style-type: none"> <li>• Minutes</li> <li>• Notice of next meeting</li> </ul>	<ul style="list-style-type: none"> <li>• The JCB publishes and distributes meeting minutes and schedules meetings in advance.</li> </ul>
<b>Monthly/Quarterly</b>	<ul style="list-style-type: none"> <li>• Financial report</li> <li>• Significant published articles about the organization</li> <li>• Programmatic progress report</li> </ul>	<ul style="list-style-type: none"> <li>• The JCB does not regularly review or discuss financial reports (see <b>F3.9</b>).</li> <li>• The JCB does review and discuss publications related to CBCF (e.g., UC Study).</li> <li>• The JCB does not review programmatic progress reports regarding Summit CBCF outcomes (see <b>programs and staffing</b>).</li> </ul>

Source: JCB meeting minutes, interviews, and BoardSource

By not regularly reviewing evaluative, decision-based information, the JCB is limited in its ability to effectively monitor and provide direction for the CBCF.

**R3.3** The JCB should focus on information that necessitates decisions and board action as well as evaluative information that facilitates monitoring and oversight. This information can be gathered by an independent contract manager on behalf of the JCB, and submitted for review prior to regularly scheduled meetings (see **R3.6**). Specifically, the JCB should regularly review programmatic and financial progress reports presented by either the CBCF director or proposed contract manager to continually assess CBCF performance. Also, the JCB should consider establishing committees to review specific issues that require additional assessment, such as offender grievances and AWOLs (see **programs and staffing**). Committee reports, along with CBCF annual reports and strategic

planning documents, can also be reviewed in advance of scheduled meetings. By receiving this information at least two weeks prior to scheduled meetings, JCB members can be more adequately prepared to discuss significant issues and thus facilitate more productive meetings.

- F3.4 The JCB has not provided sufficient guidance to the CAB regarding its legal duties and expectations as an advisory board. As a result, the CAB is not performing responsibilities as outlined in statute and is underused by the JCB. Although the Summit CAB does appear to have a diverse membership with relevant qualifications pursuant to ORC section 2301.53, the JCB has not established formal expectations, guidelines, and rules for the appointment of CAB members or CAB operations. Specifically, the CAB must conduct regular public meetings in the communities that are served by the Program to obtain public feedback and to refer subsequent recommendations to the JCB. However, according to members of the JCB and the CAB chair, the CAB has not held a meeting nor made recommendations to the JCB to enhance CBCF operations since its separation from the OAB in June 2002. The CAB chair also indicated that his appointment length, duties, and responsibilities are unclear.

Although peer CABs do not perform all of the duties prescribed in statute, Butler CAB does provide its JCB with programmatic recommendations and has facilitated community service opportunities. For example, Butler's CAB recently identified volunteers to conduct Bible study classes and helped implement an adult literacy program. Without sufficient JCB guidance regarding its overall purpose and the individual roles of its members, the CAB cannot effectively advise the JCB on matters pertaining to the CBCF.

- R3.4** As part of its bylaws, the JCB should establish formal expectations and guidelines for the CAB regarding meeting frequency, responsibilities and terms of officers, and other operational requirements necessary to ensure the CAB can operate effectively and meet statutory requirements (see **R2.2** and **R3.2**). In addition, the JCB should take steps to engage the CAB to become more involved in CBCF oversight and Program enhancement. For example, the JCB could delegate specific projects to the CAB such as conducting surveys, promoting awareness through special events, and recommending programmatic improvements. By establishing clear guidelines and expectations for the CAB, the JCB will be better able to promote public awareness of the Program and facilitate the provision of community services pursuant to ORC section 2301.54.

- F3.5 The JCB does not formally evaluate the performance of the appointed CBCF director, nor does the director's current job description address responsibilities specific to the Program. Rather, the job description is applicable to the president/CEO of Oriana which administers a number of correctional programs and services. The JCB has indicated that by renewing Oriana's grant agreement, it is expressing satisfaction with the director's performance. Moreover, the Summit CBCF director does not manage the daily operation

of CBCF facilities, but delegates these duties to Oriana staff. However, this practice is not formally stipulated in a job description. Furthermore, compared to peers, the director is less involved in the day-to-day management of CBCF operations and only charged approximately 100 hours to the CBCF grant in FY 2002. Conversely, both Butler and Franklin CBCF directors charged 2,080 hours to the CBCF grant in FY 2002, while the director of Mahoning CBCF charged 1,040 hours.

ODRC program standards and ACA accreditation standards require performance evaluations and job descriptions for CBCF personnel, including the director. Franklin JCB conducts annual performance evaluations of its CBCF director based on duties and expectations outlined in a job description. These duties include: managing daily operations, enforcing rules and regulation, developing and implementing the budget, and monitoring subcontractor compliance with contract provisions. Butler CBCF director's job description also includes duties specific to the Program. Similar to Summit CBCF, a nonprofit entity (Talbert House, Inc.) operates the Butler CBCF.

According to BoardSource, every board should annually evaluate the chief executive's performance. When properly administered, performance evaluations provide a forum for reviewing progress made during the past year, setting expectations and goals for the upcoming year, and raising and resolving management concerns and issues. According to the Society for Human Resource Management (SHRM), up-to-date job descriptions and regular reviews foster a greater understanding of duties and responsibilities, and can be used by employees as a reference in performance evaluations. Without a job description that formally stipulates the director's duties including those that may be delegated, the JCB cannot effectively assess the director's performance as expectations are not formalized. By not conducting annual performance evaluations, the JCB is limited in its ability to hold the director accountable for CBCF operations.

**R3.5** The JCB should annually evaluate the performance of the appointed director or a contract manager (see **R3.6**) to provide guidance, to communicate expectations, and to help advance the Program's mission. To facilitate an effective evaluation, the JCB should develop a job description for the director that is specific to the Program which outlines important duties and provides clear performance expectations. By developing a job description and by conducting annual reviews, the JCB can more effectively monitor and oversee the CBCF operation. The annual evaluation is particularly important because many of the director's duties are delegated to other Oriana management staff. If the JCB chooses to employ a contract manager, a job description should be developed and an annual evaluation should be conducted to ensure the JCB's oversight and monitoring expectations are met (see **R3.6** and **R3.7**).

## Governing Structure

F3.6 Summit CBCF's current governing structure may not serve the public's interest because the for-profit priorities of Oriana's affiliates may not be aligned with the public nature of Summit CBCF's responsibilities. Additionally, some JCB members have stated that their time is too limited to provide effective programmatic and fiscal oversight, depending largely on BCS and the County. Moreover, the director has the primary duty to supervise all fiscal matters related to State funds received by the JCB (OAC 5120:1-14-02). Because the statutorily appointed director of Summit CBCF is also the president/CEO of the Program's implementing agency, Oriana, a potential conflict of interest exists as the director is required to oversee the financial activities of his own corporation. This arrangement is considered particularly high risk in light of internal control weaknesses and JCB's failure to provide fiscal oversight of Oriana's CBCF activities (see **F3.9** and **financial systems**). In addition, Oriana has contracted with related party entities for various services. For example, Oriana has leased office space from Oriana Services, Inc., a related nonprofit affiliate which was formerly a for-profit entity and whose president/CEO is also the executive vice president of Oriana. Furthermore, Oriana recently contracted with Correctional Health Services, Inc., a related for-profit entity of which the Summit CBCF director also serves as president/CEO. These transactions foster an appearance of impropriety and raise questions regarding the effective allocation of public funds.

According to ORC section 102.03(D), no public official or employee shall use authority or influence of office to secure a thing of value if it has substantial and improper influence upon the public official or the employee in the performance of their duties. During the course of this performance audit, AOS sought a formal opinion on whether the CBCF director is a public official subject to Ohio Ethics Law from the Ohio Ethics Commission (OEC) and the Supreme Court of Ohio Board of Commissioners on Grievances and Discipline. Both entities, however, indicated that they do not have jurisdiction in the matter (see **F2.10** in **compliance**). Also, BCS has not provided sufficient guidance in several areas to JCBs that contract Program services to private vendors, including:

- Request for Proposal (RFP) process (see **F3.7**);
- Performance-based budgeting and contracting (see **F3.8**);
- Fiscal and programmatic monitoring (see **F3.9**);
- Risk assessment process;
- Disclosure of information (e.g., related party transactions); and
- Role of JCB, the county, and other governing bodies.

Currently, ODRC employs full-time compliance monitors (i.e., contract managers) to oversee private vendors that operate prison facilities. ODRC compliance monitors perform the following duties:

- Monitor the operation of the facility based on contract stipulations;
- Identify cost saving measures;
- Investigate complaints and potential instances of contract non-compliance and ensure corrective actions are implemented;
- Educate the contractor about agency expectations; and
- Ensure the availability of accurate, complete, and timely performance information.

Additionally, according to the National Institute of Corrections (NIC), to engage in comprehensive monitoring and contract review, a correctional agency should continually assess service provider effectiveness in three primary areas, including the following:

- *Program Monitoring:* Develop minimum levels of program standards to provide a framework for measuring programmatic activities in accordance with contract provisions. Without such standards, problems of poor performance may be difficult to correct (see **programs and staffing** for more information on performance measures).
- *Data Evaluation:* Set measurable goals and objectives, through data collection and management information systems which are capable of organizing and distributing performance-related data (see **programs and staffing** for more information on goals and objectives).
- *Fiscal Monitoring:* Assess cost effectiveness of service provision in accordance with contract stipulations through regular reviews of various financial processes and fiscal information (see **F3.9** and **financial systems** for more information on fiscal monitoring).

Appointing a contract manager independent of Oriana and its affiliates would eliminate potential conflicts of interest and allow for comprehensive and objective monitoring of the contract and Oriana's overall performance. The NIC suggests that contract managers participate in both the needs assessment and RFP processes, and act as a liaison – assisting the contractor in its ongoing relationship with its service provider. The County has indicated its willingness to provide resources from either its Criminal Justice or

Internal Audit departments to assist with CBCF contract management. BCS also indicated that CBCF grant funding could be used for this purpose.

Summit CBCF's current governing structure hinders the JCB's ability to effectively monitor Oriana's performance in carrying out the Program. Specifically, by not using a contract manager who is independent of the CBCF implementing agency, the JCB cannot fully ensure the efficient and effective use of public funds for the Program.

**R3.6** The JCB should appoint a contract manager who is independent of Oriana and its affiliated companies to oversee and monitor the CBCF, and to ensure the appropriate separation of public and for-profit priorities. Contractually, Oriana may continue as the implementing agency, but a contract manager could replace or supplement the position of CBCF director and act on behalf of the JCB to ensure Oriana operates in accordance with Program requirements and contract stipulations. Replacing the position of director would necessitate changes to OAC and the CBCF grant manual (see **R3.7**). As a result, Oriana's president/CEO would serve only one role in Program operations - the president of the implementing agency contracted to operate the Summit CBCF. With clear expectations from the JCB, the contract manager could perform the following duties:

- Perform a detailed review of documentation requested by the JCB (e.g., performance-based status reports and fiscal documentation);
- Educate the JCB about technical and fiscal issues, and make recommendations for improvement;
- Serve as a liaison and assist the JCB in its ongoing relationship with Oriana;
- Maximize available County resources (e.g., Criminal Justice and Internal Audit departments);
- Assist the BCS in its audit process;
- Perform a risk assessment and continually evaluate the CBCF internal control environment (see **financial systems**); and
- Assist in developing RFPs and in evaluating proposals (see **R3.8**).

By appointing an independent contract manager, the JCB can maximize Program accountability through increased monitoring and oversight. Effective and independent contract management will help to protect the JCB and CBCF against conflicts of interest and the appearance of impropriety.

*Financial Implication:* By appointing an independent contract manager, whose salary is similar to ODRC's compliance monitor position, Summit CBCF will incur an estimated annual cost of approximately \$65,000 in salary and benefits, payable through the CBCF grant.

**R3.7** BCS should provide additional guidance in several key areas to those JCBs that contract Program services to private vendors. Either through ODRC's agency rules (i.e., OAC) or through its CBCF grant manual, BCS should clearly delineate the respective roles and responsibilities for JCBs, CBCF directors, and counties in monitoring contracted entities. Moreover, BCS should establish general guidelines for those JCBs that appoint contract managers to help monitor contracted entities. BCS should establish guidelines for the RFP process for CBCF services, performance-based contracting, fiscal and programmatic monitoring, risk assessment, and information disclosure. By providing additional guidance to JCBs, BCS can assign accountability and help safeguard public resources.

### *CBCF Contracting and Monitoring*

F3.7 The JCB has not issued an RFP for CBCF operations since 1987. Moreover, the original RFP process did not adequately ensure fair and open competition because Oriana's president/CEO assisted both the County and JCB in establishing the Program, thus enabling Oriana to submit the only proposal within the required, two-week timeframe. The timeframe from public advertisement to proposal submission deadline seems particularly short given the scope and complexity of the RFP requirements for operating the Program. ODRC typically allows at least 30 days while the NIC recommends 4 to 6 weeks from the date an RFP is first advertised to the date a proposal is due. Furthermore, ODRC typically identifies potential contractors before the RFP is issued. With the exception of Oriana, however, other potential vendors were not identified by the JCB.

The original proposal also did not fully address RFP requirements, particularly those outlined by ODRC in its *Design Guide for Ohio's Community Based Correctional Institution* (Design Guide). For example, the Design Guide requires definitive information be provided regarding the treatment program. Oriana's original proposal, however, only stated that it would collect data about the target population and community resources, and analyze the data to develop the Program. No detail about Oriana's treatment philosophy or other programmatic details were presented. Although the Design Guide also requires specific staffing information including the number of positions necessary to achieve Program goals, Oriana only listed two staff positions in its proposal.

According to several JCB members, initiating another RFP process would be unproductive because no competition exists in the area. However, other JCB members and Oriana indicated that there are entities interested in competing for the CBCF contract. If Program services are obtained through the county, JCBs are not statutorily required to competitively bid and issue RFPs to operate CBCFs (ORC section 307.86). Furthermore, BCS does not provide guidance regarding the issuance of RFPs and the subsequent contracting process (see **R3.7**). As a result, neither Summit JCB nor the peers regularly issue RFPs for CBCF services. However, according to the NIC, an effective RFP process protects the public interest through the systematic and impartial selection of contract

providers. While an RFP document can be prepared in a variety of formats, NIC states that an effective RFP should specifically identify the following:

- **The need for service:** This was included in the Summit RFP; however, the need for service was described as a consultant to serve as a project manager.
- **Kinds and quality of services sought:** The proposal's narrative requirements provide general language about the kinds and quality of services sought, but detailed requirements were referenced in the Design Guide.
- **Activities to be performed:** Detailed descriptions of required activities were in the Design Guide, referred to in the RFP.
- **Target population to be served:** This item was not specifically described in the original RFP.
- **An acceptable cost range:** This item was not included in the original RFP.
- **Administrative requirements:** The proposal narrative requirements provide general language about the activities, but detailed requirements were referenced in the Design Guide.
- **Procedure and timeframe for proposal submission and review:** The procedure and timeframe for proposal submission was included, but not for the review process.
- **Procedure for appealing the award procedure:** No appeal procedure was provided in the original RFP.

According to the NIC, an RFP process is the formal invitation issued by a government office to prospective contractors to submit proposals for providing a service. It allows governments to select the best service at the most favorable cost. Moreover, an effective RFP process should include the following steps:

1. *Identify potential contractors.* The issuing office should develop a profile of a prototypical agency which could provide the service and include programmatic experience, technical skills, capacity, and location. This information should be used to compile a list of potential vendors. There is no evidence, however, that

the JCB attempted to identify or contact potential contractors outside of advertising in an area newspaper.

2. *Develop the RFP.* The RFP package should include a cover letter, general information for respondents, and a work statement. It should also outline the response deadline, oral presentation requirements, contract type and term, validity period, source of funding, and appeal of award procedure. The Summit CBCF RFP included all these elements, except for an appeal of award procedure and no oral presentation was required.
3. *Manage the pre-proposal period.* The pre-proposal period (beginning with the announcement of the RFP and ending on the closing date for submitting proposals) should be managed by a single individual in the issuing office who will respond to questions, publish addenda to the RFP, and convene any pre-proposal conferences. When the RFP is complex, it may be necessary to hold a pre-proposal conference to provide bidders an opportunity to ask questions. The RFP should be broadly published, usually in business dailies, and should be sent to the vendors identified in step one. The JCB did not hold a pre-proposal conference.
4. *Evaluate and select proposals.* The evaluation should demonstrate the fairness and objectivity that characterized the proposal period. An evaluation committee should be established by the proposal manager, but the proposal manager should not participate in rating the proposals. An effective committee should include two to four representatives from the issuing office, a representative from the purchasing department, a non-bidding expert in the field of corrections, and a community representative. The JCB did not convene a committee to evaluate submitted proposals.

The end-result of the RFP process should be the development of a performance-based contract that reflects the expectations and service stipulations outlined by the issuing office in the RFP. Vendor performance can then be monitored based on agreed-upon terms (see **F3.8**). By not regularly issuing an RFP in accordance with NIC recommendations, the JCB cannot ensure an open and competitive process for selecting a CBCF implementing agency.

**R3.8** The JCB should issue an RFP to solicit bids from prospective contractors to operate the Summit CBCF. Based on the performance of the current implementing agency and in conjunction with the biennial grant process, the JCB should consider issuing an RFP following the steps and procedures recommended by NIC. Additionally, the JCB should identify potential vendors and hold a pre-proposal conference to assist prospective contractors in developing proposals due to the complexities involved in operating Summit CBCF. To ensure an open and competitive process that generates a number of

service proposals, the JCB should also extend its timeframe for submission to at least six weeks and advertise in several regional newspapers as well as in relevant industry publications. An RFP process will allow the JCB to gauge the cost effectiveness and service quality provided by the implementing agency, while promoting public confidence and accountability in the Summit CBCF governing structure.

- F3.8 The three-party agreement between the County, the JCB, and Oriana for Program services does not stipulate JCB expectations and thus, cannot be used as a tool to assess the performance of the implementing agency. While the JCB is legislated to administer the Program in accordance with ORC section 2301.51, the three-party agreement does not clearly assign responsibilities for administering Summit CBCF. The three-party agreement generally enables the County, as the grantee, to disburse ODRC grant funds to Oriana, the implementing agency. In addition, the agreement requires the JCB and Oriana to adhere to all policies, standards, and guidelines established by ODRC (e.g., grant manual). However, this language is general and does not identify specific measures of programmatic and fiscal performance expectations.

Although Summit CBCF regularly provides JCB members with ODRC audit reports, the JCB cannot use these reports to sufficiently assess programmatic and fiscal effectiveness because they are largely compliance audits (see **compliance**). In addition, BCS does not provide sufficient guidance to JCBs that contract Program services to private vendors (see **R3.7**). Finally, the three-party agreement is not the end-result of an RFP process by which an implementing agency has been selected through open and competitive bidding (see **F3.7**).

According to the Office of Federal Procurement Policy (OFPP), performance-based contracting helps to structure all aspects of an acquisition around the purpose of the work to be performed with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes. Generally, performance-based contracts do the following:

- Describe the requirements in terms of results required (i.e., outcomes) rather than the methods used in performing the work;
- Use measurable performance standards (i.e., terms of quality, timeliness, quantity, etc.) and quality assurance plans;
- Specify procedures for reductions of fee or for reductions to the price of a fixed-price contract when services are not performed or do not meet contract requirements; and
- Include performance incentives where appropriate.

Although none of the peers that contract with private, nonprofit providers have adopted performance-based contracting, Butler JCB included a number of desired outcomes and measurable indicators in its RFP for CBCF services in 1993. Moreover, the resulting contract is a service agreement between only two parties: Butler JCB and its implementing agency, Talbert House, Inc. Butler County Commissioners also sign the subsidy grant agreement which requires the County to make quarterly grant payments to the implementing agency. However, this practice differs from Summit CBCF as BCS has not provided sufficient guidance in terms of the county role as the grantee (see **F3.6**). Nevertheless, the Butler CBCF contract contains specific duties to be performed by the implementing agency. For example, the contract requires the implementing agency to prepare RFPs and obtain all other professional services for the CBCF. Although general in nature, the contract also provides the services that the implementing agency agrees to perform. For example, while Butler JCB is ultimately responsible for Butler CBCF, the Talbert House agrees to oversee all fiscal management of the facility in conjunction with the Butler County Auditor's Office. Without a contract that stipulates JCB expectations in terms of results and outcomes for the Summit CBCF, there are no grounds on which programmatic and fiscal performance can be assessed beyond ODRC guidelines.

**R3.9** The JCB should establish a performance-based contract with Oriana that includes specific, measurable programmatic and fiscal expectations that can be used to assess performance. Additionally, upon clarification from BCS, the current three-party agreement should be revised to clearly delineate the County's and the JCB's respective roles and responsibilities in disbursing grant funds and monitoring CBCF services (see **R3.7**). Performance-based contracting is well suited to the governing approach of many JCB members, who prefer to rely on the ODRC biennial audit process for procedural oversight yet are satisfied as long as the implementing agency produces positive outcomes. JCB members, however, need to jointly determine those outcomes on which Oriana's performance can be measured. On behalf of the JCB, the contract manager (see **R3.6**) should measure the implementing agency's successful completion rate, recidivism rate, cost per successful completion, and costs per bed day (see **programs and staffing and financial systems** for more information on programmatic and fiscal outcomes).

Additionally, the contract manager should develop a quality assurance plan which outlines the process used to assess contractual performance. With ODRC approval, a portion of the Summit CBCF grant allocation could be set aside and used to reward the implementing agency for exceeding JCB expectations. For example, Oriana could receive a monetary incentive for improving its successful completion rate from the previous year. By establishing a performance-based contract with specific and measurable expectations, the JCB will clarify vendor responsibilities, establish desired outcomes, delineate monitoring roles, and increase accountability for those involved in Program implementation.

F3.9 Summit JCB does not monitor the fiscal operations of Summit CBCF. According to many JCB members, the JCB has neither the time nor the expertise to monitor the fiscal operations of Summit CBCF. In addition, JCB members indicate that the responsibility for fiscal oversight lies with ODRC and Summit County, because the Program is State funded and the grant agreement lists the County as grantee. In practice, however, the County does not monitor CBCF fiscal operations, nor does ODRC consider the County responsible for this activity. ODRC financial monitoring consists of biennial fiscal audits and quarterly expenditure reviews. Although ODRC's fiscal audits cover a significant portion of CBCF operations, they are detective and retrospective in nature and do not facilitate ongoing fiscal monitoring (see **compliance**). Moreover, ODRC's quarterly expenditure reviews are cursory and high level and do not sufficiently assess the appropriateness of expenditures and other fiscal efficiencies (see **financial systems** for more information on fiscal monitoring).

According to ORC section 2301.51, the JCB is responsible for overseeing and administering the CBCF, while OAC section 5120:1-14-02 states that the CBCF director is responsible for supervising all fiscal matters related to State funds received by the JCB. Furthermore, BCS indicates that the JCB is the contracting authority, the applicant, the recipient of funds, and the appointing authority accountable for CBCF operations. However, each JCB has developed its own level of involvement and oversight, with Summit JCB providing the least fiscal oversight compared to the peers. For example, the Franklin JCB chair reviews and approves all CBCF service contracts, while the entire board approves each, individual CBCF financial policy. According to meeting minutes, however, Summit JCB does not review or approve CBCF service contracts and only recently provided blanket approval for all Oriana's policies and procedures, including those related to fiscal operations.

According to the NIC, effective fiscal monitoring ensures that contracted service providers employ a sound financial management system that meets the needs and expectations of the contracting authority. Additionally, to effectively assess the financial stability of a service provider and respond to the complexity of a contract, correctional agencies or local jurisdictions should have the capability of reviewing the financial data of its contractors. The Ohio Financial Accountability Certification (OFAC) program may serve to assist the JCB in fulfilling its fiscal monitoring duties. Produced by the Government Finance Officers Association (GFOA), this program is specifically designed to teach public officials about financial topics that affect local governments with a focus on purchasing, fraud prevention, procurement, internal controls and multi-year budgeting. By not directly monitoring CBCF fiscal operations and relying on other parties to ensure fiscal effectiveness, the JCB cannot ensure the efficient and effective use of public funds for the Program.

**R3.10** The JCB should fulfill its statutory obligation to administer the Summit CBCF operation by performing sufficient fiscal monitoring and oversight activities. Although a contract manager can perform many of the day-to-day financial monitoring activities, the JCB is ultimately accountable. Therefore, it should review and approve major fiscal decisions that affect the overall direction of the Program. Specific steps the JCB should take to improve fiscal oversight of CBCF operations and the implementing agency include the following:

- Clarify fiscal monitoring roles and responsibilities via formalized bylaws (see **R3.2**) and an orientation program (see **R3.1**);
- Regularly issue an RFP to help gauge the cost effectiveness and service quality provided by current and potential implementing agencies (see **R3.8**);
- Ensure the contract and the quality assurance plan include fiscal-related outcomes that can be used to measure performance (see **R3.9**);
- Employ a contract manager to act on behalf of the JCB and monitor CBCF fiscal operations (see **R3.6** and **financial systems**);
- Obtain training (e.g., OFAC) to develop the necessary skills for fiscal oversight;
- Implement those recommendations regarding financial management in the **financial systems** section of this report.

Effective fiscal oversight will enable the JCB to meet its statutory obligations, to better monitor CBCF operations, and to ensure grant funding is well spent.

*Financial Implication:* Assuming all 10 JCB members become certified through OFAC at \$65 per person, Summit CBCF will incur a one-time cost of \$650, payable through the CBCF grant.

## Financial Implications Summary

The following table summarizes the total estimated implementation costs identified in recommendations presented in this section of the report.

### Financial Implications Summary

<b>Recommendation</b>	<b>Estimated Implementation Cost (One-time)</b>	<b>Estimated Implementation Cost (Annual)</b>
<b>R3.6</b> – Appoint an independent contract manager		\$65,000
<b>R3.10</b> – Obtain OFAC certification	\$650	

## **Conclusion Statement**

The JCB only recently began meeting as a separate board to govern Summit CBCF operations. As a result, members may not be fully aware of their roles and responsibilities as well as those of the CAB, BCS, and the County in monitoring the delivery of Program services. For example, some members believe that the JCB should provide minimal oversight while others have indicated that the JCB should be more actively involved in monitoring CBCF programmatic and fiscal operations. By creating an orientation program for new JCB members, establishing formal bylaws and other procedural rules, and by setting clear expectations and guidelines, the JCB will have a better understanding of its duties as a governing body and will foster improved oversight and accountability.

Currently, the JCB relies too heavily upon BCS and the CBCF director to monitor the Program, thus hindering the JCB's ability to oversee the implementing agency's performance. Specifically, BCS does not provide sufficient guidance to JCBs, like Summit, that contract Program services to private implementing agencies. Moreover, because the CBCF director is also the president/CEO of the contracted implementing agency, Oriana, a potential conflict of interest exists. The JCB should appoint a contract manager, independent of Oriana, to monitor the CBCF and to help ensure the efficient and effective use of public funds. While Oriana can remain as the implementing agency of the Program, the JCB should further strengthen its management controls by regularly issuing RFPs to solicit open and competitive bids, by establishing a performance-based contract with Oriana that includes specific and measurable expectations, and by performing sufficient fiscal monitoring of CBCF operations.

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# Financial Systems

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## Background

This section of the report assesses the financial activities of the Summit County Community Based Correctional Facility (Summit CBCF), specifically focusing on the systems and controls that ensure the efficient and effective use of CBCF grant funding. According to Ohio Revised Code (ORC) section 2301.51, the Judicial Corrections Board (JCB) is ultimately responsible for the CBCF Program (Program) in Summit County. Since its inception in 1987, daily operations of the Summit CBCF have been carried-out by Oriana House, Inc. (Oriana), a contracted vendor that operates several criminal sanction programs in Summit County. Additionally, the JCB appoints a director who is statutorily charged with supervising all fiscal matters related to the Program – pursuant to Ohio Administrative Code (OAC) section 5120:1-14-02(E). In Summit County, the appointed CBCF director is also the president/CEO of the Program’s implementing agency, Oriana. In addition to managing the financial operations of other correctional programs in Summit County, Oriana’s finance department also manages the receipt and expenditure of CBCF grant funding.

As part of the Ohio Department of Rehabilitation and Correction (ODRC), the Bureau of Community Sanctions (BCS) oversees the Program statewide and allocates funding for all CBCFs, providing approximately \$5.1 million annually for Summit CBCF. More specifically, BCS reviews CBCF grant applications, approves funding, receives CBCF quarterly expenditure reports, and conducts annual program audits. Furthermore, ODRC conducts separate fiscal audits for each CBCF every two years, covering the previous grant period. The primary objective of the ODRC fiscal audit is to ensure CBCF compliance in four general areas including revenues received, disbursements made, payroll charges, and equipment inventory. Based on audit testing results, ODRC makes recommendations and, when necessary, computes an approved reimbursement amount that CBCFs must return to ODRC. For example, CBCFs may be required to reimburse ODRC for unapproved disbursements, unallowable costs, and grant under-spending. Beginning in 2003, however, the Auditor of State (AOS) will perform all CBCF fiscal audits pursuant to ORC 2301.56 and 117.10.

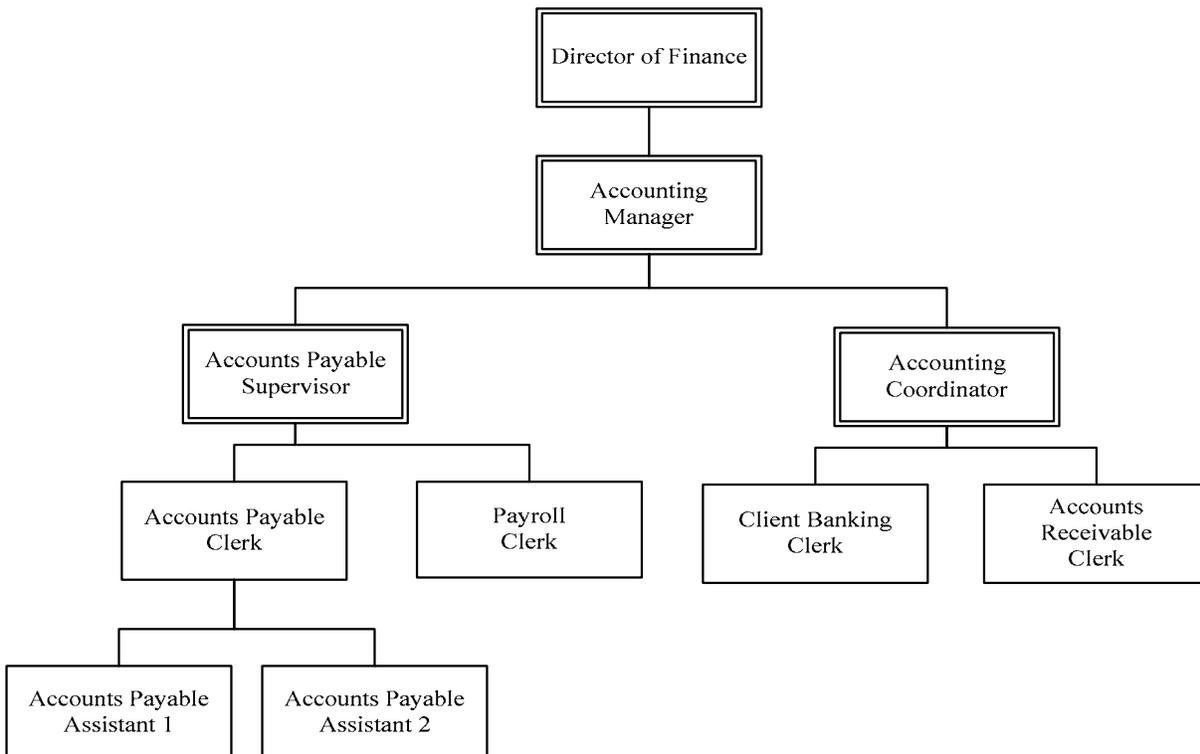
Although Summit County does not monitor the fiscal activities of Summit CBCF, the County, along with the JCB and Oriana, is a party to key Summit CBCF agreements, including the contract for Oriana’s services (three-party agreement), the grant application, and the grant agreement (see **governance** for more information on Summit County’s role in overseeing CBCF operations). Nonetheless, BCS indicated that the JCB is considered the contracting authority, the applicant, and the recipient of Program funding; while the County is responsible for receiving and disbursing Program grant payments on behalf of the JCB. Findings contained in this section

of the report are predominantly based on Summit CBCF financial activities during the FY 2002-03 grant period.

### Organization and Staffing

**Chart 4-1** illustrates the organizational structure of Oriana's finance department, including those positions involved with Summit CBCF financial operations.

**Chart 4-1: Oriana Finance Department as of January 2003**



**Source:** Summit CBCF

In late 2002, Oriana reorganized its finance department and added additional staff (e.g., accounts payable supervisor). Positions illustrated in **Chart 4-1** that were budgeted to the grant in FY 2002 include the accounting coordinator, payroll clerk, accounts payable clerk, accounts payable assistant 1, and the client banking clerk. Of these positions, 3.7 FTEs charged the grant during FY 2002. Other positions shown in **Chart 4-1** were either vacant or were not allocated to the CBCF grant in FY 2002, working predominantly on other Oriana correctional programs (see **F4.16**). Following the reorganization, however, all 10 positions illustrated in **Chart 4-1** perform the following duties as they relate to the Program:

- **Director of finance:** Oversees all accounting and finance functions, manages staff, and ensures compliance with all policies, State laws, and accepted accounting practices.
- **Accounting manager:** Supervises the accounts payable supervisor and the accounting coordinator. In addition, this position supervises some activities performed by the payroll clerk and helps to reconcile daily account balances to ensure the proper segregation of duties within the accounts payable cycle.
- **Accounts payable supervisor:** Supervises the accounts payable clerk and the payroll clerk. Furthermore, this position reviews Oriana invoices for proper cost allocation and authorization.
- **Accounts payable clerk:** Supervises accounts payable assistants, reviews transactions for proper coding in Oriana’s accounting system, and authorizes Oriana’s purchasing orders. This position also provides further review of payables (e.g., invoices).
- **Accounts payable assistant 1:** Processes the majority of Oriana’s payables including contracts for goods and services (e.g., offender supplies and outsourced physician services).
- **Accounts payable assistant 2:** Processes non-purchase order payables (e.g., utilities) and also functions as the inventory clerk, maintaining the fixed asset inventory records.
- **Payroll clerk:** Reviews approved payroll entries to ensure proper allocation of hours to Oriana’s various correctional programs. This position also prepares payroll data for electronic submission to Oriana’s payroll contractor, Automatic Data Processing, Inc. (ADP).
- **Accounting coordinator:** Supervises the client banking clerk and the accounts receivable clerk. This position also compiles monthly labor distribution reports to assist Oriana management in allocating payroll and other expenses to the appropriate programs, including CBCF.
- **Client banking clerk:** Deposits client (i.e., offender) employment checks as well as quarterly CBCF grant payments and records offender banking transactions in the general ledger.
- **Accounts receivable clerk:** Records quarterly CBCF grant payments and processes all receivable transactions in Oriana’s accounting system.

### *Summary of Operations*

Oriana carries out its major functional duties through the following operational processes:

**CBCF Budget and Receipt of Funds:** CBCF funding is disbursed through quarterly grant payments to Summit County, which in turn, issues quarterly checks to Oriana. These quarterly payments are based on a biennial budget which is completed by Oriana and approved by the JCB chair, the Summit County Council and Executive, and ODRC. The Program budget is compiled jointly by the Oriana grant department, finance department, and key management personnel. The CBCF grant agreement and addendums to the budget are signed by both the JCB chair and Summit County Executive.

**Purchasing:** The finance department processes approved purchase orders and matches them with invoices. The finance director selects the invoices to be paid in the current accounts payable cycle based upon cash flow needs and the due dates of the invoices. Checks are then generated and signed by at least two of the six eligible management personnel.

**Payroll Processing:** The finance department uses an electronic timecard system with individual employee swipe cards to record hours worked. Electronic entries are then approved by each employee's supervisor, as well as the payroll clerk. Payroll data is electronically submitted to ADP, which deposits funds into employee checking accounts. The payroll clerk enters payroll data into Oriana's accounting system, in accordance with ADP's payroll ledger.

**Offender Banking:** The finance department receives and deposits offenders' paychecks and money delivered by their relatives. In addition, the finance department deducts predetermined amounts for court costs and restitution from offenders' accounts. The finance department also withholds a predetermined percentage from offenders' paychecks, which is used to supplement Program costs.

**Inventory Management:** Although not part of the finance department, the warehouse clerk processes equipment by affixing ownership tags, completing inventory acquisition forms, and entering equipment and other inventory into a ledger. Next, the accounts payable assistant 2 reviews acquisition forms and records inventory data into a spreadsheet. By statute, any equipment purchased with CBCF grant funds is considered property of ODRC for five years and reverts to the county thereafter.

**Financial Reporting:** The finance department prepares internal financial reports for periodic review by management and Oriana's Board of Trustees. Compiled monthly, these reports include a consolidated income statement and balance sheet. Historically, financial reports have only been forwarded to the JCB upon request (see **governance**). Moreover, Summit CBCF does not have an audit or finance committee, independent of Oriana (see **F4.15**). The finance department must follow ODRC requirements as outlined in the BCS grant manual (see

**compliance**). For example, Summit CBCF must submit quarterly expenditure reports to BCS. These reports enable BCS to determine whether expenditures have been pre-approved via the budget process.

Additionally, the finance department performs the following activities, as they relate to Summit CBCF:

- Deposits and journalizes the receipt of grant funding;
- Works with ODRC fiscal auditors;
- Safeguards public funds and other Oriana resources via internal controls (e.g., reconciling quarterly grant invoices with deposit slips); and
- Prepares financial data for the biennial grant application.

*Performance Measures*

The following questions were used to conduct the review of Summit CBCF financial operations:

- How does Summit CBCF compare to peers with respect to Program expenses? Does the CBCF contractor expense public funds efficiently?
- Does Summit CBCF have an effective budgetary process as it relates to the expenditure of CBCF funds under the 501 subsidy grant?
- Does the contract contain sufficient measures to ensure CBCF funds are spent appropriately and effectively?
- Is JCB fulfilling fiscal monitoring requirements for CBCF funds in accordance with State requirements?
- Does the current subcontracting process ensure that the most qualified, independent, cost-efficient vendor is selected to carry-out CBCF services (e.g., formal competitive bid process)?
- Are the internal controls over the receipt and expenditure of CBCF funds effective in ensuring monies are deposited, recorded, and spent appropriately?

*Assessments Not Yielding Recommendations*

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **Fringe Benefits Costs:** Summit CBCF fringe benefits costs were higher than BCS's allowable limit of 30 percent in FY 2002. However, due to recent increases in health care costs, BCS approved the budgeted increase which only exceeded the limit by 1.1 percent.

## Findings/Recommendations

### Program Expenses

F4.1 Of the four major cost categories Summit CBCF exceeds the peer average in personnel expenses per FTE and offender. Furthermore, compared to Franklin CBCF, the most similar peer in terms of capacity and demographics, Summit CBCF's program expenses are high. **Table 4-1** compares FY 2002 financial statistics for Summit CBCF and peers in the areas of personnel, general operating, equipment, and program expenses.

**Table 4-1: FY 2002 Expense Analysis**

	Summit CBCF	Butler CBCF	Franklin CBCF	Mahoning CBCF	Peer Average
<b>ODRC Grant Allocation</b>	\$5,072,200	\$2,683,300	\$4,580,400	\$2,005,000	\$3,089,600
<b>FTEs</b>	100.0	47.0	81.1	46.8	58.3
<b>Offenders Admitted</b>	508	266	577	189	344
<b>Personnel Expenses<sup>1</sup></b>	\$3,931,300	\$1,644,400	\$3,354,600	\$1,460,700	\$2,153,200
• <i>Per FTE</i>	\$39,300	\$35,000	\$41,400	\$31,200	\$36,900
• <i>Per Offender Served</i>	\$7,700	\$6,200	\$5,800	\$7,700	\$6,300
<b>General Operating Expenses</b>	\$816,800	\$450,600	\$779,200	\$409,900	\$546,600
• <i>Per FTE</i>	\$8,200	\$9,600	\$9,600	\$8,800	\$9,400
• <i>Per Offender Served</i>	\$1,600	\$900	\$1,400	\$2,200	\$1,600
<b>Equipment Expenses</b>	\$38,800	\$93,800	\$130,700	\$65,400	\$96,600
• <i>Per FTE</i>	\$400	\$2,000	\$1,600	\$1,400	\$1,700
• <i>Per Offender Served</i>	\$100	\$400	\$200	\$300	\$300
<b>Program Expenses</b>	\$285,200	\$335,300	\$128,400	\$72,700	\$178,800
• <i>Per FTE</i>	\$2,900	\$7,100	\$1,600	\$1,600	\$3,100
• <i>Per Offender Served</i>	\$600	\$1,300	\$200	\$400	\$500
<b>Total Expenses</b>	<b>\$5,072,100</b>	<b>\$2,524,100</b>	<b>\$4,392,900</b>	<b>\$2,008,700</b>	<b>\$2,975,200</b>
• <i>Per FTE</i>	<b>\$50,700</b>	<b>\$53,700</b>	<b>\$54,200</b>	<b>\$42,900</b>	<b>\$51,000</b>
• <i>Per Offender Served</i>	<b>\$10,000</b>	<b>\$9,500</b>	<b>\$7,600</b>	<b>\$10,600</b>	<b>\$8,600</b>

Source: Summit CBCF and BCS

<sup>1</sup> Includes costs for salaries and fringe benefits charged to the CBCF grant.

As part of the grant application process, each CBCF is required to submit a proposed budget outlining expenses within each of the four major cost categories. BCS assesses the budgeted amounts for reasonableness, requests additional information to justify the budgeted expenses if necessary, and approves the budget. According to the grant manual, personnel expenses consist of employee salaries, as well as fringe benefits (e.g., retirement, health care, vision/dental, and life insurance). General operating expenses include supplies, utilities, advertising, communications, insurance, legal and accounting fees, program transportation, and maintenance and repairs. Equipment expenses include any items with a useful life of at least one year, and a cost of at least \$100 (e.g., equipment lease purchases). Finally, program expenses comprise offender drug testing,

risk/need level assessments (see **programs and staffing**), medical and counseling services, educational supplies, and bus tokens.

In FY 2002, Summit CBCF's total personnel expenses exceeded the peer average by approximately \$1.8 million, or about \$2,400 per FTE and \$1,400 per offender. Overall, Summit CBCF is slightly overstaffed, serving approximately 10 percent fewer total offenders per FTE for all functional areas than the peers (see **Table 5-11 in programs and staffing** for more information on staffing levels and personnel expenses). Although Summit CBCF's total general operating expenses exceed the peer average, it is equal to the peer average (\$1,600) on a per offender basis. Furthermore, Summit CBCF's equipment expenses fall significantly below the peer average.

With the exception of Butler CBCF, Summit CBCF significantly exceeds the peers in program expenses. More specifically, it appears that Summit CBCF spends significantly more than the peers in the areas of offender drug testing and medical services. For example, in FY 2002, Summit CBCF charged the grant approximately \$102,700 for offender drug tests, while Franklin CBCF only charged approximately \$5,500 in FY 2002 and budgeted \$27,300 in FY 2003. Although cost variances could be attributed to the number of tests administered, types of drugs screened, differences in how CBCFs calculate costs for drug screens, and the extent to which CBCFs screen offenders, Summit CBCF significantly exceeds the peer average costs per drug screen. Oriana pays \$15.00 per drug screen performed, while the peer average is \$3.30 per drug screen.

BCS does not have a standardized method detailing how CBCFs should calculate cost efficiency measures, nor does it verify the accuracy of data contained in individual CBCF annual reports. For example, based on interviews conducted with Oriana personnel, Summit CBCF's computation of drug screen costs, which are analyzed by BCS via annual reports, include testing supplies, lab assistant personnel costs, and utility costs associated with operating an in-house laboratory. The peers, however, do not appear to include all of these expenses in their computations for drug screen costs. Because Summit CBCF could not provide corroborative documentation to appropriately exclude these additional expenses, AOS could not adjust its drug screen costs to allow for more reliable comparisons. Notwithstanding, according to Oriana's general ledger, it appears that costs for reagents, chemicals that indicate the presence of illicit drugs, are particularly high (about \$86,700). In contrast, Mahoning CBCF, which purchases reagents from the same vendor as Summit CBCF, spent approximately \$11,000 in FY 2002. To further illustrate this comparison, Summit CBCF tested approximately 36,300 assays, while Mahoning CBCF tested about 13,700. Assays are the individual components of a drug testing kit which screen for specific drugs using reagents. Based on reagent costs and the number of assays tested in FY 2002, Summit CBCF spent \$2.39 per assay, while Mahoning CBCF spent only \$0.80. Moreover, Summit CBCF reallocated an additional \$79,600 for reagents on the last day of the fiscal year, which

suggests that drug costs were not allocated in the most reasonable manner (see **F4.16**) nor were grant funds used efficiently.

With regard to medical services, Summit CBCF charged the grant approximately \$53,800 for a contracted physician and \$52,300 for pharmacy and prescription drug costs. Oriana's contract for medical services contains several fee-based provisions including a monthly administrative fee of approximately \$2,000. According to the contract, the administrative fee is compensation for the following services performed by the physician: phone consultation, chart review, medical screening form review, and assistance in insurance billing. In contrast, Franklin CBCF charged approximately \$26,000 for a physician and \$9,000 for pharmacy and prescription drug costs in FY 2002. According to Oriana, Summit CBCF serves more psychotropic offenders who require regular medication and also serves female offenders who require a higher level of medical care. However, Franklin CBCF serves a similar population including female offenders. With higher costs in the areas of offender drug testing and medical services, Summit CBCF's overall program expenses are relatively high when compared to peers.

**R4.1** The CBCF director, or proposed contract manager (see **R3.6** in **governance**), should closely examine the cost of administering offender drug tests, obtaining reagents, providing medical services, and obtaining pharmacy and prescription drugs to determine whether alternatives exist to help reduce program expenses. Specifically, Summit CBCF should seek competitive bids or issue requests for proposal (RFP) to ensure the most qualified and cost effective options are explored (see **R4.12**, **R4.13**, and **R4.14** for more information on Summit CBCF's process for purchasing and subcontracting). Additionally, the CBCF director or proposed contract manager should consult with Mahoning CBCF to assess current reagent expenses and identify other, more cost effective means of administering drug screens. To ensure drug costs are appropriately allocated and to prevent significant year-end reallocations, the JCB should require Oriana to revise its internal controls policy to specify how various indirect costs are to be allocated among all correctional programs, including CBCF (see **R4.17**).

Moreover, the CBCF director should assess current medical service expenses, including costs related to the contracted physician, pharmaceuticals, and prescription drugs to identify potential savings which do not impact service delivery. The CBCF director should also evaluate the necessity of various fee-based provisions (e.g., monthly administrative fee) contained in its contract for medical services and determine whether cost savings can be achieved. Finally, the JCB should regularly review financial reports based on individual program functions and by cost category (see **R4.3**) to ensure specific program expenses are accurate and appropriate. By reducing costs related to offender drug tests, pharmacy and prescription drugs, and medical services, Summit CBCF program costs will be in line with the peer average.

*Financial Implication:* Assuming Summit CBCF either renegotiates with its current vendor to reduce charges for reagents or uses competitive bids or RFPs to obtain reagents at prices similar to Mahoning CBCF on a per assay basis (\$0.80) and tests the same number of assays as in FY 2002 (36,300), Summit CBCF can save approximately \$57,700 annually, or \$1.59 per assay. Furthermore, by eliminating the \$2,000 monthly administrative fee from its contract for medical services, Summit CBCF can save approximately \$24,000 annually – bringing these costs in line with its most similar peer, Franklin CBCF.

- R4.2** BCS should develop a standardized method specifying how CBCFs should calculate cost efficiency measures (e.g., cost per drug screen), as presented in CBCF annual reports. Moreover, BCS should verify the data contained within individual CBCF annual reports to ensure the comparability of the information. This will help BCS to more accurately assess cost efficiency among CBCFs. Additionally, this information can be used by other oversight bodies, such as JCBs and Citizens Advisory Boards (CAB), to assess Program effectiveness and ensure grant funds are used efficiently.

### *Budgetary Effectiveness and Fiscal Monitoring*

- F4.2 The JCB does not currently review detailed financial reports produced by Oriana which, if evaluated, could be used to assess Summit CBCF's fiscal operations. The JCB has not reviewed key financial reports regarding Summit CBCF as it only recently began meeting as a public body. Additionally, the JCB has not formally defined its role in administering the Program nor has it stipulated its collective expectations regarding budgetary performance in its agreement for services with Oriana (three-party agreement). See **governance** for more information regarding JCB's role in monitoring Summit CBCF.

The National Institute of Corrections (NIC) indicates that the budget of a correctional facility serves as an operational guide that directs financial resources toward work activities designed to achieve specified performance objectives. Also, governing boards that oversee contracted community corrections programs should review fiscal documents relevant to internal controls, balance sheets, inventory control reports on all property and assets, debt, cash flows, revenue and expense reports, and employee bonding. Reviewing these documents enables governing boards to thoroughly evaluate and assess the financial operations of the contracted agency. In contrast to Summit JCB, Franklin JCB reviews ODRC quarterly expenditure reports, cash reconciliation statements, and Industrial and Entertainment (I & E) balance reports detailing offender funds collected and expended by Franklin CBCF.

The JCB's ability to effectively monitor CBCF fiscal operations is inhibited by the absence of budgetary performance expectations as well as reporting requirements stipulated in the three-party agreement (see **F3.8** in **governance**). For example, Oriana

does not report Summit CBCF expenditures to the JCB based upon individual programmatic functions (e.g., cognitive skills, education, employment/vocational, and treatment). More specifically, Summit CBCF's budget includes expenditures for educational programming which has associated personnel and supply costs. However, the JCB has not stipulated specific budgetary measures by which Summit CBCF can assess functional performance (e.g., cost per GED test failed/passed or operating expenses per FTE).

Furthermore, by referencing the ODRC grant manual, the three-party agreement includes record access requirements but only requires high level financial reporting via quarterly expenditure reports. Oriana produces the required CBCF quarterly expenditure reports for BCS review; however, this report is not sufficiently detailed and lacks necessary supporting documentation to facilitate effective management oversight. For example, Oriana is not required to provide income statements from its accounting system that could be used to verify the accuracy and completeness of the expenditure and cash reconciliation data.

The State of Washington Office of Financial Management (WOFM) recommends that service contracts include financial reporting provisions that require a contractor to report on and allow access to financial information at defined intervals during the contract and upon contract termination. Furthermore, effective financial reporting provisions define the type of information and documentation required, specify reporting frequency, and require access to contractor staff, records, place of business, and client records, as appropriate. WOFM also recommends that contracts include key clauses that clearly define fiscal expectations, including the following:

- **Fair and Reasonable Charges for Service:** Terms for payment should be clearly outlined in the contract and include a requirement that only reasonable and fair charges will be paid. Also, contract managers should ensure the contractor has adequately demonstrated the satisfactory delivery of services and should verify the reasonableness of charges. At minimum, payment documentation should include evidence of purchase authorization, receipt of goods or services, and payment approval.

The three-party agreement does not specifically require charges to the grant be fair and reasonable, nor does the JCB require Oriana to demonstrate satisfactory service delivery before providing payment. Rather, the County makes quarterly payments directly to the implementing agency, without Oriana having to provide any information, such as expense reports and invoices, to the JCB or the County regarding the delivery of services.

- **Payment Terms and Work Description:** The method of payment and a clear statement of work should be stipulated in the contract. Also, desired outcomes, expectations, sanctions, and corrective action procedures for areas of noncompliance should be outlined in contract provisions.

Although the three-party agreement outlines a payment method and, by referencing the grant manual, includes sanctions for noncompliance, the agreement does not include procedures for corrective action. Furthermore, the agreement does not empower the JCB to impose financial incentives or penalties.

- **Duplicate Payments:** The contract should prohibit duplicate payments for the same or similar service and include provisions that hold the contractor liable for requesting double payment for work. Moreover, the BCS grant manual requires all CBCFs to have a budgeting and accounting system that links program functions and activities to the cost necessary for their support.

The three-party agreement does not formally prohibit duplicate charges for the same service nor does it prohibit charging multiple programs for the same good or service. Also, neither the ODRC nor the JCB reviews financial reports that segregate financial data by each program operated by Oriana (including the CBCF program). However, Oriana's accounting software program codes financial transactions to individual projects, thus enabling financial reporting by program.

By not requiring the CBCF implementing agency to regularly provide detailed financial reports as part of its contract for services, the JCB does not have the means to assess Summit CBCF fiscal operations. Moreover, by not formally stipulating fiscal and budgetary expectations in its contract for CBCF services, the JCB limits its ability to hold the implementing agency accountable for financial performance.

- R4.3** The JCB or the proposed contract manager should review detailed financial reports produced by the implementing agency to assess Summit CBCF's fiscal operations. Additionally, the JCB and the contract manager should formally stipulate which budgetary performance measures and financial reports require periodic review via the recommended performance-based contract (see **R3.9** in **governance**). The JCB should regularly review financial reports based on individual program functions and by cost category (see **F4.1**), as recommended by the NIC (e.g., balance sheets, inventory control reports, and revenue and expense reports). By reviewing these reports, the JCB can obtain a better understanding of Summit CBCF assets and liabilities and the Program's overall fiscal position. A detailed review of financial reports would also increase the reliability of financial reporting and compliance with applicable laws and regulations.

Additionally, the JCB should include recommended key clauses which clearly define fiscal expectations. For an implementing agency, like Oriana, that administers several correctional programs, the JCB should formally require the implementing agency to segregate CBCF financial information to ensure grant funding is not commingled with other program funding. This would also help to eliminate any duplicate payments and ensure charges for services are fair and reasonable. By reviewing segregated financial reports for all of Oriana's programs, the JCB would be better able to identify duplicate payments while promoting public confidence that CBCF grant funds are being used appropriately.

- F4.3 The JCB does not review an annual audited financial statement for all of Oriana's programs nor does Oriana include a budget versus actual income statement as part of its financial statement. Because Oriana administers a number of correctional programs with multiple funding sources, the Program operates within a high-risk environment, whereby public funds are susceptible to misappropriation or reporting errors (see **F4.14**).

The Government Finance Officers Association (GFOA) recommends that all State and local governments present audited financial statements that include budgets to actual comparisons. These comparisons enable oversight bodies and the public to monitor an agency's adherence to the legal budget which is often used in making key fiscal decisions. Furthermore, the BCS grant manual prohibits CBCF grant revenue from being commingled with revenue for other programs. Additionally, CBCF grant funds should be readily identifiable and able to be audited independently.

Oriana is reluctant to share its audited financial statement with outside entities because it contains proprietary information. Oriana believes this information could be used by competitors to gain an advantage in obtaining correctional contracts with public entities. Additionally, Oriana has not considered the benefit of supplying stakeholders with budget versus actual comparisons, and has only been compiling the necessary data for a few years.

By not reviewing audited financial statements, CBCF oversight bodies (e.g., the JCB and the BCS) are unable to determine whether CBCF grant funding has been commingled with revenue for other correctional programs. The JCB is also unable to ensure Program spending is within the BCS-approved budget and is properly accounted for among Oriana's various correctional programs.

- R4.4** The JCB should require access to audited financial statements for the implementing agency's CBCF and non-CBCF programs and include this requirement as a part of its performance-based contract. Furthermore, either the chair of the JCB or the proposed contract manager should review these statements each year upon its release. This requirement should be formally stipulated in the RFP (see **F3.7** in **governance**) and

included as part of a compliance monitoring plan (see **R4.5**). Additionally, the JCB should require Oriana to include a budget versus actual income statement as part of the audited financial statement. The budget versus actual income statement would help the JCB identify those areas that necessitate additional or fewer resources for the next biennial budget. Reviewing audited financial statements would enable the JCB to help ensure CBCF funds are not commingled and spent in accordance with the BCS-approved budget.

- F4.4 The JCB does not monitor the fiscal operations of Summit CBCF (see **F3.9 in governance**) nor has it identified those monitoring activities to ensure contractor compliance with various fiscal requirements. Historically, the JCB has relied on Summit County and ODRC for fiscal oversight; however, the County does not monitor CBCF fiscal operations while ODRC provides biennial fiscal audits and quarterly expenditure reviews. These reviews are high-level in nature and primarily consist of comparisons between budgeted versus actual expenditures among the four general cost categories. These reviews also do not include detailed analyses of expenditures to facilitate effective, ongoing fiscal oversight. For example, these reviews did not enable ODRC to assess personnel cost overruns on an individual basis nor to assess the proper use of offender fees. Furthermore, ODRC's biennial fiscal audits do not assess ongoing CBCF operations and have historically not detected significant areas of non-compliance prior to the FY 2000-01 grant period.

As part of the performance audit process, AOS assessed Summit CBCF's compliance with various fiscal requirements including those stipulated in ORC, OAC, ODRC's grant agreement, grant manual, the three-party agreement and Summit CBCF fiscal policies and procedures (see **compliance**). For example, AOS reviewed the general ledger detail for FY 2002 to identify areas of noncompliance with the grant manual and also assessed a number of service contracts to determine CBCF adherence to Summit County's purchasing requirements. AOS determined that Summit CBCF is noncompliant with various fiscal requirements in the following areas:

- Not providing BCS with a revised budget approving the increases in CBCF-related personnel costs (**F4.5**);
- Not accounting for and spending offender revenues from vending machine commissions, telephone vendor commissions, and per diem fees in accordance with grant requirements (**F4.6**);
- Not receiving an independent audit of its I & E funds which account for offender fees (**F4.6**);
- Not purchasing goods or services from preferred purchasing consortiums, including Minority Business Enterprises (MBE) and the Ohio Industries for the Handicapped (OIH) (see **F2.8 in compliance** and **F4.8**);

- Not adhering to BCS's travel reimbursement guidelines (**F4.9**);
- Not adopting a policy on employee bonding (**F4.10**); and
- Maintaining a purchasing policy that does not require Summit CBCF to follow County purchasing guidelines (**F4.11**).

To ensure effective fiscal oversight and contractor compliance, WOFM recommends developing a compliance monitoring plan that addresses risk assessments, the frequency of monitoring visits, and the type of monitoring activities used to assess compliance. Further, the plan can identify how monitoring activities might be coordinated among various funding agencies. More specifically, WOFM recommends the following monitoring activities:

- Require the contractor to submit compliance reports, based on pre-defined criteria, and review the reports for verification of services provided and adherence to program requirements;
- Review any required audit reports and supporting documentation to ensure the contractor takes appropriate corrective action;
- Review invoices to ensure services rendered are in line with contract stipulations and ensure costs are reasonable; and
- Conduct regular onsite reviews to verify contractor compliance with predetermined criteria (e.g., policies and procedures and grant requirements). Specific activities include reviewing client case records, management reports, and personnel records to ensure fiscal compliance requirements are met. The results of these visits should be documented in writing and compared with various requirements.

According to WOFM, the level and nature of monitoring activities for a particular contractor should be commensurate with the level of risk involved in providing the contracted service. Summit CBCF meets all the requirements for a high risk designation (see **F4.14**). Without an effective monitoring process, the JCB is unable to ensure appropriate use of Program resources and cannot ensure contractor compliance with fiscal requirements.

**R4.5** The JCB and the CBCF director should cooperatively develop a monitoring plan that specifies those monitoring activities that would ensure compliance with various fiscal requirements. Specifically, the plan should include those activities recommended by WOFM such as regular onsite reviews and the periodic submission of compliance reports. Furthermore, the plan should address those issues of noncompliance identified in this performance audit.

In developing its monitoring plan, the JCB should identify which compliance monitoring activities should be delegated to other entities or individuals (e.g., an independent contract manager or a finance/audit committee), and which activities should be performed directly by the JCB. The decision to delegate specific monitoring activities should be based upon independence from the contractor, necessary expertise, available resources, and the nature of information to be reviewed. For example, the JCB may choose to rely on a contract manager to perform detailed compliance reviews and provide the JCB with regular updates on issues of noncompliance. Although the JCB may delegate compliance monitoring activities, ultimate accountability for CBCF operations lies with the JCB (see **F3.9** in **governance**). By developing a compliance monitoring plan, the JCB can strengthen its role in overseeing CBCF fiscal operations and ensure grant funding is spent in accordance with pertinent laws, ODRC guidelines, and contract stipulations.

F4.5 In certain cases, Oriana's actual CBCF-related payroll costs fall below budgeted amounts approved by BCS, while others charged more than approved budgeted amounts. However, as required by the grant manual, Oriana did not provide BCS with a revised budget approving the increases. As a result, Oriana may be required to reimburse BCS for unspent, budgeted payroll amounts once a fiscal audit is completed. AOS tested four CBCF employees by comparing budgeted payroll amounts against actual charges to the Program. AOS also assessed a year-end adjustment for FY 2001 and other significant variances in payroll costs for FY 2002 and found the following:

- A year-end adjustment of approximately \$181,200 was made at the end of FY 2001, of which \$126,000 accounts for extra hours charged to the grant in excess of the approved budget;
- In aggregate, four employees received approximately \$7,100 in excess of approved, budgeted payroll amounts over the latter half of FY 2001 (not included in the year-end adjustment);
- In aggregate, these same four employees charged approximately \$16,600 under the approved, budgeted payroll amounts for FY 2002; and
- The CBCF director received a bonus of approximately \$20,000, about \$1,000 of which was charged to the CBCF grant in FY 2002.

These payroll cost variances may go undetected as the JCB does not monitor the fiscal operations of Summit CBCF (see **F3.9** in **governance**) and therefore, does not review detailed financial reports that would enable it to detect variances in payroll costs (see **F4.2**). Also, Oriana's cost allocation policy does not adequately specify the methodology by which expenses are charged to various programs, including CBCF (see **F4.16**). Finally, Oriana's accounting system (Blackbaud) does not have a payroll module and is therefore incapable of producing reports which segregate employee payroll costs per position and per program. According to Oriana, it could not provide the AOS requested

payroll reports from the accounting system because employee payroll charges are grouped by expense categories and by location, not segregated per position. Also, ADP payroll data cannot be uploaded to the accounting software program with its current accounting modules. According to Blackbaud, it will be releasing a new payroll module in 2003 that will enable users to produce reports that segregate employee hours and payroll costs per program and per position. This module, and associated training, will cost approximately \$4,100.

Pursuant to the grant manual, only employees or positions specified in the grant application will be compensated with grant funds, and payroll records must include time and attendance reports for all individuals who charge the CBCF grant. Additionally, the grant manual stipulates that total expenditures shall not exceed the grant award for the fiscal year. Accordingly, if the grantee wishes to increase its grant award, it must submit a revised budget with accompanying justification to BCS. Conversely, if the grantee under-spends approved, budgeted amounts within a cost category (e.g., personnel costs) but spends these amounts in another area within the same cost category, it must be able to justify the reallocation. Finally, the grant manual states that grant funds cannot be used as payment for bonuses or awards. By not seeking approval for payroll increases (e.g., bonuses) and by not justifying payroll reallocations, Summit CBCF is noncompliant with BCS grant requirements and risks financial sanctions from ODRC.

**R4.6** By improving its fiscal monitoring activities, as recommended throughout this report, the JCB would ensure that the implementing agency obtains BCS approval for all payroll increases that exceed pre-approved budgeted amounts. Additionally, the JCB should ensure payroll reallocations are justified and approved by BCS. Furthermore, the JCB should ensure that the implementing agency does not use grant funds to pay for employee bonuses or awards, as prohibited by the grant manual. By obtaining BCS approval for payroll increases and prohibiting the use of grant funds for bonuses or awards, Summit CBCF will comply with grant requirements and can avoid ODRC financial sanctions.

In addition, Oriana should consider updating its accounting system by purchasing a new payroll module. The JCB or proposed contract manager should regularly review payroll reports produced by this module, which detail employee hours and payroll costs by program, including CBCF. By reviewing detailed payroll reports, the JCB is better able to ensure grant compliance and that Program funding is used appropriately.

Assuming Summit CBCF is unable to provide sufficient documentation to justify payroll costs in excess of budgeted amounts covering the 4 employees and the year-end adjustment for FY 2001, Summit CBCF may be required to reimburse ODRC approximately \$188,300. Furthermore, assuming Summit CBCF is unable to provide sufficient documentation to justify the under-spending of payroll costs and the awarding of employee bonuses in FY 2002, Summit CBCF may be required to reimburse ODRC an

additional \$17,600, pending the outcome of ODRC's FY 2001 fiscal audit and future AOS fiscal audits for FY 2002.

*Financial Implication:* By purchasing a payroll module and obtaining associated training, Summit CBCF would incur a one-time cost of approximately \$1,000, 25 percent of total costs, pursuant to the proposed cost allocation policy (see **R4.17**).

- F4.6 Summit CBCF does not account for and spend offender revenues from vending machine commissions, telephone vendor commissions, and per diem fees in accordance with grant requirements. Furthermore, these revenues, which are segregated from quarterly grant payments in I & E funds, are required to be annually audited in accordance with BCS program standards. However, Summit CBCF did not receive an independent audit of these funds in FY 2002. These revenues and corresponding expenditures may not be accounted for properly since the JCB does not monitor the fiscal operations of Summit CBCF (see **F3.9** in **governance**) and therefore, is not able to identify issues of noncompliance. Additionally, ODRC has never found Summit CBCF noncompliant in its accounting and expenditure of I & E revenues.

According to the grant manual, all offender fees collected for specific grant-related activities must be collected at actual cost and reimbursed to the same cost category as the expenditure (e.g., medical fees, drug testing, or electronic monitoring). Although Summit CBCF's corresponding policy provides overall guidance on how offender fees will be collected and spent to ensure "clients pay for program services at a reasonable rate," the policy does not specify which programmatic expenses offender fees will help offset. As compared to grant requirements regarding I & E funds and the expenditure of offender revenues, AOS identified the following issues of noncompliance or inconsistency:

- Oriana's policy on vending machine commissions earmarks vending profits for employee tuition reimbursement; however, the grant manual requires these revenues to reimburse the same cost category as the expenditure (e.g., operating expenses). Additionally, the grant manual specifically disallows Program funding to be used for tuition reimbursement.
- Oriana Services, Inc. (a related-party affiliate) collects the commissions from CBCF offenders' use of telephones; however, the grant manual requires offender revenues generated from grant-related activities to be reimbursed to the same cost category as the expenditure (e.g., equipment).
- Oriana charges offenders per diem fees at 20 percent of their gross pay to recoup Program costs; however, as required by the grant manual, the unspent portion of

total per diem fees was not used to reduce Program costs, augment grant funding, nor was it returned to ODRC. Rather, the unspent portion (\$31,700) was retained by Oriana as cash reserve.

According to the American Correctional Association (ACA), offender fees should be used for the offenders' welfare and recreation, set at a reasonable rate as determined by the governing authority, and strict controls should be maintained over all surplus funds and profits. Additionally, procedures on offender fees should specify how they are determined, collected, and recorded. The ACA also recommends independent audits of I & E funds to help safeguard the integrity of operations and to help detect weaknesses in the internal control structure. Furthermore, if the program is provided by a contracted agency, a monthly report should be provided to the governing body detailing offender account activity. For instance, Franklin JCB regularly reviews I & E balance reports, which summarize the receipt and expenditure of offender fees. By not accounting for and spending offender revenues in accordance with BCS requirements, Summit CBCF is noncompliant and may be subject to ODRC financial sanctions. Furthermore, by not adhering to BCS grant requirements, Summit CBCF is not fully augmenting Program funding.

**R4.7** To ensure compliance with BCS grant requirements, the JCB should require Oriana to revise its policy on offender fees to include a provision that requires these funds to reimburse the same cost category from which the revenue was generated. Pursuant to ACA recommended standards, the policy should also stipulate how offender fees are determined, collected, and recorded. Furthermore, to help safeguard resources and improve internal controls, the JCB should require Summit CBCF to obtain an annual audit of I & E funds and approve all offender fees to ensure their reasonableness. To improve those specific areas AOS found either noncompliant or inconsistent with grant requirements, the JCB should formally require Oriana to do the following:

- Revise the vending machine commissions policy to ensure these profits are not used for tuition reimbursement;
- Reallocate telephone vendor commissions, generated from CBCF offenders, from Oriana Services Inc., to the same Program cost category from which the revenue was generated (e.g., equipment); and
- Either return the unspent portion of total per diem fees to ODRC or reallocate the revenue to an appropriate Program-related cost category.

Finally, the JCB should require the implementing agency to submit monthly reports summarizing the receipt and expenditure of offender fees and detailing offender account activity. By reviewing these reports, the JCB or proposed contract manager can identify

areas of noncompliance and help ensure offender revenue is used to augment Program funding and not misappropriated.

*Financial Implication:* Assuming Oriana returns the unspent portion of total per diem fees from FY 2002, Summit CBCF could offset Program costs by \$31,700 in grant funding.

F4.7 Although it appears that Summit CBCF makes a reasonable effort to augment grant funding, there are additional procedures which if implemented, could be used to further offset Program costs in Summit County. ORC section 5120.112(C)(9) requires Summit CBCF to “make a reasonable effort to augment the funding received from the state.” Currently, Summit CBCF augments grant funding by collecting a 20 percent per diem fee from offenders’ paychecks and by seeking reimbursement for offenders’ medical co-pays, prescriptions, bus tokens, and taxi fees. ORC chapter 2301 permits CBCFs to further augment grant funding in the following ways:

- Require offenders to pay a reception fee or a fee for any medical treatment or service requested (ORC section 2301.56) – Franklin CBCF charged offenders \$3 for each medical visit, totaling approximately \$2,500, or \$4 per offender in FY 2003.
- Establish a commissary, either in-house or via contracted vendor, for indigent offenders to purchase hygiene articles and writing materials (ORC section 2301.58) - Butler CBCF collected approximately \$4,800, or \$18 per offender, annually in commissary-related profits from its contracted vendor in FY 2002.

Additionally, for offenders who have health insurance, CBCFs are statutorily permitted to submit claims for repayment of medical services. Although Summit CBCF complies with ORC section 5120.112 via offender per diem fees, it does not maximize all available opportunities to pass Program costs onto offenders.

**R4.8** Summit CBCF should maximize all available opportunities to augment grant funding and pass Program costs to offenders. Similar to peers and per ORC guidelines, Summit CBCF should require offenders to pay fees for medical visits, as well as establish a commissary for offender purchases. In addition, for offenders covered under a health insurance or health care policy, Summit CBCF should ensure that claims are submitted for repayment of services. Summit CBCF could also augment funding by earmarking vending machine profits for programmatic activities instead of employee tuition reimbursement and by ensuring CBCF telephone commissions are used to offset Summit CBCF equipment costs (see **R4.7**). By shifting Program costs from taxpayers to

offenders, Summit CBCF could achieve cost savings whereby additional grant funding could be returned to ODRC or used to address other CBCF programmatic needs.

*Financial Implication:* Assuming Summit CBCF collects fees for medical visits and collects commissary-related profits at \$4 and \$18, respectively, per each offender admitted in FY 2002 (508), it can augment grant funding by approximately \$11,100 annually.

- F4.8 Oriana's purchasing policy, as it relates to the Program, does not include procedures to ensure compliance with MBE, OIH, and Ohio Penal Industries (OPI) requirements, as set forth in the BCS grant manual. Specifically, with regard to MBE requirements, the grant manual requires that CBCFs set aside at least 15 percent of total purchasing costs for subcontracts with certified minority vendors (ORC section 125.081). However, Summit CBCF did not meet this requirement in FY 2001, spending approximately \$33,200 (or 3 percent) on subcontracts with certified minority vendors. During the course of this performance audit, Oriana established formal procedures to comply with MBE purchasing requirements. However, these new procedures have not been formally approved by the JCB. Although Oriana complies with ORC section 5147.07 by purchasing goods from OPI, it could not demonstrate compliance with OIH requirements (ORC section 4115.31-35).

Because these purchasing requirements are not integrated into Oriana's purchasing policy, Summit CBCF personnel may not be aware that MBE, OPI, and OIH are preferred sources of goods and services. By not following these purchasing guidelines, Summit CBCF does not comply with the BCS grant manual and is subject to sanctions from ODRC.

- R4.9** The JCB should review and approve an amended Summit CBCF purchasing policy that incorporates MBE, OPI, and OIH purchasing requirements. The amended policy should outline specific internal procedures for meeting these requirements. For example, Summit CBCF should regularly review OPI and OIH catalogs, as well as a list of MBE vendors. Adopting a formal policy with detailed procedures should help to ensure a consistent and fair purchasing process, while documenting compliance with BCS requirements (see **R2.5 in compliance**).

- F4.9 Summit CBCF's travel reimbursement policy does not comply with BCS grant requirements. Although the travel reimbursement policy appears sufficient and requires that employees receive prior authorization, the policy does not stipulate reimbursement rates for mileage, meals, and overnight lodging. According to the grant manual, if rates for mileage, meals, and overnight lodging are not specified, then Ohio Office of Budget and Management (OBM) rates apply. OBM specifies the following rates for travel reimbursement:

- **Mileage:** \$0.30 per mile for travel in a privately owned automobile;
- **Meals:** Up to a maximum of \$30 without receipts, or \$40 with receipts, for a full calendar day; and
- **Lodging:** Up to a maximum of \$75 (excluding taxes) for in-State, commercial lodging per calendar day.

During the course of the performance audit, Oriana updated its travel reimbursement policy to stipulate specific reimbursement rates for meals. However, by not complying with all BCS grant requirements related to travel reimbursement, Summit CBCF could be subject to financial sanctions as travel reimbursements could be deemed unallowable.

**R4.10** The CBCF director should update the travel reimbursement policy to stipulate specific reimbursement rates for mileage and lodging. Otherwise, the CBCF director should ensure CBCF-related travel costs are reimbursed at OBM rates, as required by the grant manual. Once updated, and prior to implementation, the JCB should review and approve Summit CBCF's travel reimbursement policy (see **R2.4** in **compliance**). By updating this policy to include specific reimbursement rates, Summit CBCF can ensure its compliance with BCS grant standards and can strengthen its controls involving CBCF-related travel.

F4.10 Although Oriana has a \$200,000 fidelity bond to protect against employee theft, it does not have a corresponding fiscal policy and associated procedure as required by the BCS grant manual. Neither the JCB nor BCS have ever found Summit CBCF noncompliant for not maintaining a policy on employee bonding. However, according to the grant manual, which reflects ACA standards, the facility must have written policies and procedures adopted by the JCB which include: internal controls (see **F4.14**), petty cash, bonding, signature controls on checks, offender funds (see **F4.6**), and employee expense reimbursements (see **F4.9**).

Butler CBCF is compliant with BCS requirements as its policy formally states that a fidelity bond, which applies to all employees, will be purchased to protect against dishonesty. Furthermore, the policy stipulates that the amount of the bond (currently \$550,000) will be determined by the president of Talbert House. Without a formal policy that addresses employee bonding, Summit CBCF is noncompliant with Program requirements.

**R4.11** The JCB should require that the implementing agency develop an employee bonding policy and associated procedure that provides sufficient coverage against theft by any employee. Once established, the JCB should formally approve the policy. Furthermore, the policy should be revised as needed by the CBCF director to meet changing conditions caused by new programs, revisions to existing programs or laws, or accounting practices.

For example, the coverage amount could be reduced if the implementing agency can demonstrate that its internal controls are operating effectively (see **F4.14**). By developing a fiscal policy and procedure for employee bonding that is ultimately approved by the JCB, Summit CBCF will be compliant with BCS grant manual requirements.

F4.11 Oriana's purchasing policy does not stipulate County requirements, as required by the BCS grant manual. The grant manual requires that purchases made with State funds comply with all applicable county or State competitive bidding requirements. Summit County purchasing guidelines indicate the following:

- No requirements for purchases under \$100;
- Solicit 3 written quotations for purchases between \$100 and \$15,000; and
- Obtain competitive bids for purchases greater than \$15,000.

AOS reviewed purchasing documentation for several CBCF-related subcontracts; however, only half of these subcontracts were compliant with County purchasing guidelines. Oriana indicated that quotes were obtained from vendors, but supporting documentation was not maintained.

In accordance with Franklin County purchasing requirements, Franklin CBCF uses one, standardized form to document and compare vendor quotes. Once approved by the CBCF director, the chair of Franklin JCB reviews the form which contains the following information:

- **Requestor information:** including name, department, phone number, date, and a description of goods or services requested;
- **Vendor bid information:** including quantity, unit price, labor or installation costs, materials cost, and any additional charges;
- **Vendor contact information** including the vendor's name, contact person, address, telephone number, etc.; and
- **Selection recommendation information:** including a ranking of vendor bids with accompanying justifications.

Without a policy that includes County purchasing requirements, Oriana is noncompliant with the BCS grant manual. Although Oriana indicates that it follows these requirements informally, there is not a formal mechanism in place to ensure goods and services are purchased in accordance with the grant manual.

**R4.12** Summit CBCF’s purchasing policy should be amended to include County purchasing requirements. Approved by the JCB, this policy should outline specific internal procedures for meeting County requirements. For example, Summit CBCF could use a standardized quote form, similar to Franklin CBCF, to document compliance with purchasing requirements and to facilitate JCB review and approval of subcontractor selection. Adopting a formal policy with detailed procedures should help ensure a consistent and fair purchasing process, while documenting compliance with BCS requirements (see **R2.5 in compliance**).

### *Subcontracting*

F4.12 The JCB does not formally review and approve Oriana’s CBCF-related subcontracts for goods and services (e.g., medical services, reagents, and food services). Furthermore, the CBCF-related subcontracts do not contain language specifically prohibiting conflicts of interest. Oriana has contracted with related party entities for various services, fostering an appearance of impropriety and raising questions regarding the effective allocation of public funds (see **F3.6 in governance**). The JCB indicates that reviewing and approving subcontracts is the responsibility of the County and ODRC; and neither the grant manual nor the three-party agreement stipulates the JCB’s role in this area. According to the NIC, contracts for correctional services should require contractors (i.e., implementing agencies) to seek written approval before subcontracting. Furthermore, the Office of Federal Procurement Policy (OFPP) recommends that the contracting entity ensure that any actual or potential conflicts of interest are identified and that appropriate steps are taken to avoid, neutralize, or mitigate them. OFPP further recommends that service contracts are not to be awarded to any individual or organization that has an unfair competitive advantage over competing contractors, unless every effort is first taken to mitigate such conflicts or advantages. According to OFPP, full and open competition will assure cost effectiveness and reduce the potential for favoritism and conflicts of interest.

The chair of Franklin JCB formally reviews and approves all CBCF-related subcontracts, while the Butler CBCF contract stipulates that final decisions on subcontracting are the joint responsibility of Butler JCB and the implementing agency. By not reviewing and approving CBCF-related subcontracts, the JCB is unable to ensure whether purchased goods and services meet the needs of the Program at the lowest possible cost to the CBCF grant. Additionally, without language specifically prohibiting conflicts of interest in its subcontracts, Program funding could be used inappropriately.

**R4.13** Similar to Franklin JCB, the JCB or the proposed contract manager should formally review and approve the CBCF-related subcontracts of the implementing agency. More specifically, the JCB should review a standardized quote form to facilitate subcontractor selection (see **R4.12**). In addition, pursuant to NIC and OFPP recommendations, the JCB

should formally stipulate this responsibility in its contract for CBCF services while the subcontracts should also include language specifically prohibiting conflicts of interest. Including such language would formalize the JCB's intent to avoid potential ethical violations.

The implementing agency should also provide the JCB with necessary information that supports its selection of individual subcontractors. Moreover, the implementing agency should formally demonstrate its compliance with County and ODRC purchasing requirements (see **F2.8** in **compliance** and **R4.12**). While the responsibility for monitoring subcontractor performance lies with the implementing agency, the JCB, as a governing board, should ensure purchased goods and services meet the needs of the Program and appear reasonable in terms of cost prior to approval. The JCB can improve its ability to monitor fiscal operations by reviewing and approving the CBCF-related subcontracts of the implementing agency.

- F4.13 Summit CBCF does not jointly contract with Summit County on any of its subcontracts to achieve cost savings associated with cooperative purchasing. With the exception of food service, Oriana has not considered jointly contracting with Summit County to obtain services, supplies, or equipment (e.g., waste disposal and office supplies) for any of its subcontracts, totaling nearly \$1.1 million in FY 2002. According to ORC section 2301.55, the JCB may enter into contracts with the county to provide buildings, goods, and services to the CBCF facility and Program. Franklin CBCF jointly contracts with the County on over 50 contracts including food service, paper products, cleaning supplies, and warehouse rentals. According to the purchasing manager, Franklin CBCF achieves cost savings by leveraging Franklin County's buying power and by reducing administrative time spent obtaining bids and quotes to make purchasing decisions. For example, in FY 2002, Franklin CBCF spent approximately 4 and 25 percent less than Summit CBCF for waste disposal services and snow plowing services, respectively. By not jointly contracting with Summit County, Summit CBCF may not be using grant funding in the most cost efficient manner.

- R4.14** The JCB should require the implementing agency to jointly contract with Summit County for CBCF goods and services, whenever feasible and financially beneficial. This requirement should be formally stipulated in any future three-party agreement with the County and in the recommended performance-based contract (see **R3.9** in **governance**). As part of this inquiry, Summit CBCF should conduct a comparison of its subcontractors with those of Summit County and consider the cost, quality, and comparability of the good or service. As part of reviewing and approving CBCF-related subcontracts, the JCB or proposed contract manager should verify that the implementing agency evaluated the costs and benefits of jointly contracting with the County. By jointly contracting with the County, Summit CBCF could achieve cost savings whereby additional grant funding could be returned to ODRC or used to address other CBCF programmatic needs.

*Financial Implication:* Assuming Oriana could reduce its overall subcontracting costs by a minimum of 5 percent, Summit CBCF could save approximately \$53,500 annually in grant-funded subcontracts.

### *Internal Control Environment*

F4.14 Oriana does not have an internal audit function to formally assess risk and to identify and evaluate internal control weaknesses that could adversely affect the achievement of the Program's operational and compliance objectives. Moreover, Summit CBCF operates in a particularly high-risk environment, whereby public funds are susceptible to misappropriation or reporting errors as control of the Program is contracted to a private, non-profit entity and the JCB has not provided sufficient programmatic and fiscal oversight (see **compliance** and **governance** for more information on JCB duties and responsibilities). According to the American Institute of Certified Public Accountants (AICPA),

An internal control is a process – effected by an entity's board of directors, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Major internal control areas include budget management, payroll administration, procurement and disbursement, property management, and personnel (e.g., conflicts of interest). Most internal controls are classified as either preventive or detective. Preventive controls are designed to discourage errors or irregularities, while detective controls are designed to identify errors or irregularities after they have occurred. The JCB currently relies on Oriana's finance department to perform various internal control activities and to implement policies as approved by Oriana's Board of Trustees. However, Oriana does not have an independent, internal audit function that reports to the JCB on the effectiveness of the internal control environment surrounding Summit CBCF. Throughout the performance audit process, a number of internal control weaknesses were identified including the following:

- Summit CBCF does not have a finance/audit committee to help oversee financial operations and to facilitate various Program-related audits (F4.15).
- Oriana's cost allocation policy does not specify the costing methodologies for various indirect expense categories among Oriana's programs (F4.16).

- Summit CBCF’s policies on inventory and asset controls do not contain specific procedures to guide CBCF staff in maintaining current and complete inventory records (F4.17).
- Summit CBCF does not have collateral for funds in its operating checking account in excess of \$100,000, as provided by the Federal Deposit Insurance Company (FDIC) (F4.18).
- The JCB does not require the CBCF director to file a financial disclosure statement either with the Ohio Ethics Commission (OEC) or with the chair of the JCB (see F2.10 in compliance).
- The JCB is formally precluded from making decisions related to conflict of interest involving Summit CBCF (F4.19).

According to the GFOA, a formal internal audit function is particularly valuable for agencies whose activities involve a higher degree of risk because they have been contracted to private vendors. An effective internal audit function begins with a risk assessment process that identifies, analyzes, and manages the potential risks that could hinder or prevent the achievement of objectives. WOFM has identified the following risk factors which are applicable to Summit CBCF’s control environment:

- **Risk Associated with the Contractor:** Is there a past history of noncompliance, legal violations, or internal control weakness? For example, contracting with related entities or entities that implement numerous programs funded by different agencies is indicative of a high risk environment (see F3.6 in governance).
- **Risk Associated with the Program:** Do programs require the protection of health and safety, effective handling of funds, and the proper maintenance of valuable assets?
- **Complexity:** Do programs require numerous financial transactions, collect revenue from several sources, or require a complex accounting structure?
- **Consequences for Non-performance:** Does contractor non-performance result in a loss of funding, a failure to meet a key agency mission, and a decreased level of service?

- **Impact on the Public or on Other Entities:** Does the implementing agency have direct contact with the public via service delivery?

Without an internal audit function, risks associated with Summit CBCF are not regularly identified, assessed, and controlled. Also, internal control weaknesses will persist and may cause errors in financial reporting and potential misappropriations of CBCF grant funding. Furthermore, the current governing structure of the Program in Summit County increases the level of risk and necessitates additional controls to mitigate those risks.

**R4.15** The JCB and the CBCF director should establish an internal audit function for the Program. Once established, the internal auditor should focus on identifying internal control weaknesses in the areas of budget management, payroll administration, procurement and disbursement, property management, and personnel. Furthermore, the internal auditor should take steps to strengthen those weaknesses identified throughout this report (e.g., allocating costs, following purchasing guidelines, and reconciling budgeted to actual payroll expenses).

The internal auditor could work independently at Oriana and report to Oriana's Board of Trustees regarding the control environment impacting all programs (e.g., Day Reporting and Halfway House), while this position should regularly report to the JCB and recommended finance/audit committee (see **R4.16**) specifically regarding the CBCF. Moreover, as a part of its RFP process (see **R3.8** in **governance**), the JCB should formally require that prospective implementing agencies demonstrate their ability to perform internal audit functions. Finally, the internal audit function should be formally stipulated within the proposed performance-based contract and further monitored via a quality assurance plan (see **R3.9** in **governance**).

If the JCB determined that this position would not be sufficiently independent as an Oriana employee, the proposed contract manager could perform internal audit functions in addition to those duties outlined in **R3.6** in **governance**. Furthermore, the County has indicated its willingness to provide resources from either its Criminal Justice or Internal Audit departments to annually evaluate Summit CBCF's internal control environment. Nonetheless, the proposed contract manager can act on behalf of the JCB to facilitate control adjustments, operational improvements, and other internal audit functions.

Whether performed by the proposed contract manager or an internal auditor at Oriana, a formal risk assessment process should be established to identify the source and any contributing factors of potential risks facing the Program. Formal internal controls can be developed from this assessment to ensure that the Program's objectives are achieved, compliance is monitored, and any deviations are corrected. The JCB can increase accountability, foster public trust, and improve Summit CBCF's internal controls by establishing an independent internal audit function that continually assesses risk.

*Financial Implication:* Assuming Oriana hires an internal auditor for all of its programs, without County assistance, and assuming this position would be compensated at a rate similar to that of a County internal auditor, Oriana would incur annual salary and benefits costs totaling \$63,700. However, the CBCF grant would only incur annual costs of approximately \$15,900, or 25 percent of total costs, pursuant to the proposed cost allocation policy (see **R4.17**).

- F4.15 The JCB has not established either a finance committee or an audit committee to help oversee CBCF financial operations and to facilitate auditing activities pertaining to the Program in Summit County. Summit CBCF is regularly audited by a number of organizations including ODRC, BCS, the ACA, and AOS – pursuant to House Bill 510. Oriana’s Board of Trustees is currently considering establishing an audit committee which would also examine financial issues impacting all of its programs, including CBCF. However, neither a finance committee nor an audit committee, dedicated solely to CBCF operations, has been created as the JCB only recently began meeting as a public body and has not yet established any committees to assist in overseeing the Program (see **R3.3** in **governance**).

Talbert House, Inc. (Talbert House), the non-profit agency contracted to administer the Butler CBCF, has a finance committee which meets quarterly to discuss financial issues related to a number of programs, including CBCF, and prepares recommendations for Talbert House’s Board of Trustees. The finance committee performs the following functions for Butler CBCF as well as other Talbert House programs:

- Receives and reviews agency financial reports (e.g., income statements, balance sheets, and cash flow statements);
- Assesses agency-wide operating budgets for reasonableness;
- Investigates issues pertaining to the accounting system and the internal control structure; and
- Examines significant financial areas (e.g., retirement, insurance, debt service, real estate acquisitions, capital expenditures, salaries, purchasing, and contracts).

The National Commission on Fraudulent Financial Reporting (NCFRR) recommends the creation of an audit committee to enhance the credibility of an agency’s financial reporting and to strengthen its internal control structure. Typically, an audit committee works with management and internal and external audit staff to select accounting standards, to discuss sensitive audit areas, and to resolve disagreements between management and audit staff. In short, an audit committee acts as an objective body to help reduce fraudulent financial reporting and to facilitate both internal and external audits. According to NCFRR, an audit committee usually includes a diverse group of individuals from management and the governing board who are knowledgeable of agency

operations. Additionally, some committee members are independent of the agency yet have relevant financial or operational experience. Membership for a finance committee is similar to that of an audit committee.

Without an audit or a finance committee to help monitor CBCF fiscal operations and to facilitate CBCF audits, the JCB may not be able to identify and improve financial processes nor implement audit recommendations to correct issues of noncompliance.

**R4.16** Regardless of whether the current implementing agency creates an audit committee that examines financial issues for all of its programs, the JCB should establish an independent finance/audit committee to monitor Summit CBCF's fiscal operations and to facilitate various audits. Committee members should possess knowledge of CBCF programmatic and financial operations and have experience in the community corrections field. For example, members of Summit CBCF's CAB could serve on a finance/audit committee as they are familiar with community corrections in Summit County (see **F3.4 in governance**). The finance/audit committee should meet regularly to monitor Summit CBCF's financial reporting and internal control activities, and to report any significant findings to the JCB via the proposed contract manager. A finance/audit committee could strengthen JCB oversight of the CBCF by performing the following functions:

- Periodically reviewing the process used to prepare financial information submitted to the JCB via the contract manager;
- Regularly assessing key financial processes and issues to improve CBCF financial operations;
- Serving as liaison with internal and external audit staff;
- Reviewing and evaluating audit recommendations;
- Ensuring all audit recommendations are appropriately addressed; and
- Ensuring an independent review of CBCF fiscal operations.

The JCB can improve CBCF fiscal oversight by establishing an independent finance/audit committee that facilitates Program audits and ensures issues of noncompliance are sufficiently addressed. An effective finance/audit committee can also assist the JCB in meeting its statutory obligations to monitor CBCF operations and ensure CBCF grant funding is well spent.

F4.16 Oriana's indirect costs are not allocated in the most reasonable manner pursuant to its internal controls policy. Oriana allocates indirect costs among its various correctional programs, including CBCF, based predominantly on the number of offenders which may not be the most appropriate allocation method. For example, Oriana allocates drug testing costs among its correctional programs based on the number of offenders screened,

as opposed to the number and type of tests administered per program. Additionally, in several cases, Oriana did not provide AOS with sufficient documentation to determine how indirect costs were allocated.

According to the BCS grant manual, the expenditure of grant funds must be clearly documented and solely dedicated to CBCF activities. Also, revenue received from other sources must not be commingled with CBCF grant funds. Correspondingly, Oriana's policy on internal controls requires all expenses to be charged to the department or facility that received the benefit or incurred the expense. Furthermore, administrative expenses should be allocated to the department or facility on the basis of reasonableness (i.e., full-time equivalents, square footage, or client population). However, since February 2002, all indirect costs have been allocated based predominantly on the number of offenders within each Oriana program. Conversely, Butler CBCF has a cost allocation policy that describes how each indirect cost category is to be allocated. The cost allocation policy stipulates the costs and associated allocation methods for a number of indirect expenses, including the following as illustrated in **Table 4-2**:

**Table 4-2: Butler CBCF Cost Allocation Examples**

Indirect Cost Category	Allocation Method
Health insurance	Total gross payroll hours
Retirement costs	Total wages
MIS department	Number of computers
Transportation	Number of services provided
Administration	Total Expenses
Training	Total gross payroll hours

Source: Butler CBCF

As shown in **Table 4-2**, Butler CBCF allocates its indirect costs using a number of different methods depending on the particular cost category. For example, basing MIS department costs on number of computers used by each program correlates more directly with the services provided by the MIS department, rather than basing costs on number of offenders per program.

Furthermore, AOS reviewed nine Oriana invoices and noted that six lacked sufficient documentation to determine which programs were charged and what cost allocation method was used. Additionally, the invoices did not have authorization signatures from supervisory personnel indicating a weakness in internal controls (see **F4.14**). Moreover, Oriana lacked sufficient documentation to demonstrate and justify how administrative salary costs were allocated between Summit CBCF and Oriana's other programs. Without sufficient supporting documentation, AOS could not determine if costs were allocated in a reasonable manner for different types of expenses. Because Oriana allocates indirect costs based solely on number of offenders, the CBCF grant could be

inappropriately charged for expenditures that should be allocated to other correctional programs.

**R4.17** To ensure grant funds are solely dedicated to CBCF activities and not commingled with revenue from other sources, the JCB should require Oriana to revise its internal controls policy to specify how various indirect costs are to be allocated among all correctional programs, including CBCF. Similar to Butler CBCF's cost allocation policy, Oriana's policy should stipulate the most reasonable allocation method for each indirect cost. The JCB should also require its implementing agency to maintain sufficient documentation to verify that it is allocating costs in accordance with its policy. The JCB could rely on the proposed contract manager to ensure that the most appropriate method is used for each cost category. Additionally, the JCB or the contract manager should ensure that the cost allocation method seems reasonable, is supported by source documentation, and that significant variances are explained by the implementing agency. Taking these steps should help ensure the accuracy and the appropriateness of costs allocated to the CBCF grant, while improving Program accountability and ensuring resources are used properly.

F4.17 Summit CBCF's policies on inventory and asset controls do not contain specific procedures to guide CBCF staff in maintaining current and complete inventory records. Oriana's policy on inventory procedures requires supervisors or their designees to maintain appropriate and accurate inventory records. Additionally, Oriana's policy on asset controls only requires an annual reconciliation between the asset register and the general ledger balance as well as an annual physical inventory. However, the policies do not outline the process by which inventory records are to be kept current and complete.

According to ACA, inventory records should contain the following information:

- Purchase date and price;
- Source of funds;
- Current value;
- Location; and
- Name of person charged with custody.

Although Summit CBCF uses acquisition forms and ledgers to record and track this information, Oriana's policies do not describe how they are to be used and who is responsible for maintaining them. For example, AOS tested acquisition forms for three items purchased in October of 2002 and found none were listed on the most recent asset inventory ledger, suggesting that Oriana is not maintaining accurate inventory records as required by its policy. Butler CBCF's policy on property inventory and controls provides specific procedures for maintaining current and complete inventory records that are in-

line with BCS and ACA standards. For example, the policy requires all equipment be added to the general inventory list (i.e., inventory ledger) at the time of receipt, while proof of receipt must be forwarded to the finance department.

Without specific procedures to guide personnel, CBCF inventory may not be properly maintained and safeguarded. Additionally, personnel may be unclear as to their responsibilities for inventory control. Moreover, by allowing inventory acquisitions to occur without timely recording in the fixed asset subsidiary ledger, Summit CBCF may be unaware of the status of its assets, increasing the potential for loss or theft.

**R4.18** The JCB should require Oriana to revise its policies on inventory and asset controls. Procedures should be added which would facilitate ongoing tracking and monitoring of CBCF inventory. Similar to Butler CBCF, and in accordance with ACA standards, Oriana's policies should include a process for ensuring inventory is recorded at the time of receipt, while proofs of purchase should be forwarded to the finance department. Additionally, Oriana should update and review its fixed asset subsidiary ledger either monthly or quarterly to ensure timeliness and accuracy in financial reporting and to strengthen internal controls surrounding CBCF inventory.

F4.18 Summit CBCF does not have collateral for funds in its operating checking account in excess of \$100,000, as provided by the FDIC. Summit CBCF's operating checking account balance significantly exceeds the amount covered by the FDIC. Additionally, Oriana's finance director indicated that another external auditor identified the need for additional collateral to insure operating revenue against bank institution failure. According to the GFOA, the safety of public funds should be the foremost objective in public fund management. Collateralization of public deposits through the pledging of appropriate securities or surety bonds by depositories is an important safeguard for public deposits. Without proper collateralization of public deposits, Summit CBCF could lose grant funding in the event of a bank institution failure.

**R4.19** The JCB should require that the implementing agency obtain sufficient collateral for bank accounts in excess of FDIC insured amounts, either through securities or surety bonds, as recommended by the GFOA. Furthermore, either the JCB or the proposed contract manager should review documentation pertaining to the protection of Program accounts to ensure grant funding is sufficiently insured against bank institution failure.

F4.19 Oriana's conflict of interest policy complies with BCS grant manual requirements and ACA recommended standards; however, final decision making authority regarding conflicts of interest lies with the president/CEO of Oriana. Because the statutorily appointed director of Summit CBCF is also the president/CEO of the implementing agency, a potential conflict of interest exists as the director is required to oversee the financial activities of his own corporation (see **F3.6 in governance**). Moreover, the JCB

is formally precluded from making decisions related to conflicts of interest involving Summit CBCF because the majority of Oriana's policies and procedures, including conflict of interest and code of ethics, are blanket policies – covering all of Oriana's programs and employees. Finally, although CBCF employees are required to acknowledge an understanding of these policies via signature, the JCB does not review and approve Summit CBCF policies and procedures on an ongoing basis (see **F2.7** in **compliance**).

Butler CBCF's code of ethics policy stipulates that issues involving conflicts of interest are to be reported to a compliance committee via a compliance monitor. However, conflicts of interest involving the president must be reported to the Board of Trustees. Although this policy does not include the Butler JCB, final decision making authority regarding conflicts of interest lies with a separate committee. Granting the president/CEO ultimate responsibility in determining conflicts of interest contributes to the high risk environment surrounding Summit CBCF (see **F4.14**) and fosters a potential appearance of impropriety.

**R4.20** The JCB should require the CBCF director to revise the current conflict of interest policy to remove final decision making authority from the president/CEO of Oriana, granting this authority to the JCB. Furthermore, the director should require that CBCF employees read the JCB-approved policy and formally acknowledge their understanding via signature. Adopting a revised conflict of interest policy will help the JCB to ensure accountability and minimize potential appearances of impropriety. Moreover, by requiring that CBCF employees formally acknowledge the revised policy, the JCB can more effectively ensure employees are aware of its expectations regarding conflicts of interest.

## Financial Implication Summary

The following table summarizes the total estimated cost savings and implementation costs from the recommendations presented in this section of the report.

### Financial Implications Summary

<b>Recommendation</b>	<b>Estimated Cost Savings (Annual)</b>	<b>Estimated Implementation Cost (Annual)</b>	<b>Estimated Implementation Cost (One-time)</b>
<b>R4.1</b> – Obtain reagents at prices similar to Mahoning CBCF and eliminate monthly administrative fee from medical services contract	\$81,700		
<b>R4.6</b> – Purchase new payroll module and obtain associated training			\$1,000
<b>R4.7</b> – Return unspent portion of FY 2002 per diem fees to ODRC	\$31,700		
<b>R4.8</b> – Begin collecting offender fees for medical visits, as well as commissary-related profits	\$11,100		
<b>R4.14</b> – Reduce overall subcontracting costs by five percent	\$53,500		
<b>R4.15</b> – Hire internal auditor		\$15,900	
<b>Total</b>	<b>\$178,000</b>	<b>\$15,900</b>	<b>\$1,000</b>

## **Conclusion Statement**

Of the four major cost categories Summit CBCF exceeds the peer average in personnel and program expenses. Although the **programs and staffing** section of this report assesses those factors which contribute to Summit CBCF's relatively high personnel costs, it appears that Summit CBCF spends significantly more than the peers in the areas of offender drug testing and medical services, impacting overall program expenses. The CBCF director, or proposed contract manager should closely examine the cost of administering offender drug tests, obtaining reagents, providing medical services, and obtaining pharmacy and prescription drugs to determine whether alternatives exist to help reduce program expenses. Specifically, Summit CBCF should seek competitive bids or issue requests for proposal (RFP) to ensure the most qualified and cost effective options are explored. BCS should also develop a standardized method specifying how CBCFs should calculate cost efficiency measures (e.g., cost per drug screen), as presented in CBCF annual reports.

The JCB does not monitor the fiscal operations of Summit CBCF nor has it identified those monitoring activities to ensure contractor compliance with various fiscal requirements. AOS determined that Summit CBCF is noncompliant with a number of BCS fiscal requirements. For example, Summit CBCF does not account for and spend offender revenues from vending machine commissions, telephone vendor commissions, and per diem fees in accordance with grant requirements. Additionally, the JCB does not currently review detailed financial reports produced by Oriana which, if evaluated, could be used to assess Summit CBCF's fiscal operations, nor has it stipulated its collective expectations regarding budgetary performance in its three-party agreement. For an implementing agency, like Oriana, that administers several correctional programs, the JCB should formally require the implementing agency to segregate CBCF financial information to ensure grant funding is not commingled with other program funding. The JCB should also require access to audited financial statements as a part of its contract with the implementing agency, and either the chair of the JCB or the proposed contract manager should review the statement each year upon its release. Finally, the three-party agreement does not specifically require grant charges to be fair and reasonable nor does the JCB require Oriana deliver satisfactory services before providing payment.

The JCB does not formally review and approve Oriana's CBCF-related subcontracts for goods and services (e.g., medical services, reagents, and food services). By not reviewing and approving CBCF-related subcontracts, the JCB is unable to ensure whether purchased goods and services meet the needs of the Program at the lowest possible cost to the CBCF grant (e.g., medical services, reagents, and pharmacy and prescription drugs). Although it appears that Summit CBCF makes a reasonable effort to augment grant funding, there are additional procedures which if implemented, could be used to further offset Program costs in Summit County. Therefore, Summit CBCF should maximize all available opportunities to augment grant funding and pass Program costs to offenders, which could ultimately help reduce taxpayer contributions.

Furthermore, Oriana does not have an internal audit function to formally assess risk and to identify and evaluate internal control weaknesses that could adversely affect the achievement of the Program's operational and compliance objectives. Summit CBCF operates in a particularly high-risk environment, whereby control of the Program is contracted to a private, non-profit entity and the Program's governing board, the JCB, has not provided sufficient programmatic and fiscal oversight. Consequently, public funds are susceptible to misappropriation or reporting errors.

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# Programs and Staffing

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## Background

Established under Ohio Revised Code (ORC) section 2301.51, and Ohio Administrative Code (OAC) chapter 5120, the CBCF Program (Program) is an alternative to prison incarceration for adult felony offenders. The core curricula of the Program include chemical dependency treatment, cognitive skills, employment training, community service, and educational programming. OAC chapter 5120 requires all CBCF programs to provide the following:

- A general treatment program which is to be applied individually to each offender referred or committed by a court or courts;
- A 30-day orientation period during which each offender is evaluated to determine placement in rehabilitation programs;
- Temporary release for the purpose of employment, consistent with applicable work release programs, vocational training, and educational or rehabilitative programs; and
- Utilization of available community resources for treatment.

In this section of the report, Summit CBCF programmatic operations and staffing are compared to those of peer CBCFs: Butler, Clermont, and Warren CBCF (Butler CBCF) – a tri-county facility, Franklin CBCF, and Mahoning CBCF. Additional comparisons are made with standards established by the American Correctional Association (ACA).

### *Recidivism and Offender Risk/Need Level*

Recidivism is defined as the re-arrest or re-incarceration of an offender who successfully completed the Program after a given period of time due to a parole violation or conviction of a new crime. Throughout this section, Summit CBCF and peers are evaluated, in part, based upon their ability to impact recidivism. Diverting offenders from prison and reducing offender recidivism are the primary goals of the Program.

A key factor impacting recidivism is an offender's risk for criminal behavior and need for treatment. As the risk and need level of an offender increases, the likelihood an offender will recidivate also increases (see **F5.1**). Butler, Franklin, and Summit CBCFs each use an instrument called the Level of Service Inventory-Revised (LSI-R) to assess an offender's risk/need levels. The LSI-R is a quantitative survey of offender attributes and situations. It includes 54 items that measure the

following 10 components of offender risk/need: criminal history, education and employment, financial status, family and marital status, living accommodations, leisure and recreational activities, companions, alcohol and drug problems, emotional and personal issues, as well as attitudes and sexual orientations. The LSI-R helps CBCF personnel to predict parole outcome, success in correctional halfway houses, institutional misconduct, and recidivism. According to the Ohio Department of Rehabilitation and Correction (ODRC), the LSI-R is an effective risk/need assessment tool. With the exception of Mahoning CBCF, which uses the Minnesota Multiphasic Personality Inventory (MMPI-2), all Ohio CBCFs use the LSI-R to evaluate risk/need levels. According to Multi-Health Systems, Inc. (MHS), a treatment management organization that supplies the LSI-R to participating CBCFs, offender LSI-R scores can be broken down by risk level in the following manner, as shown in **Table 5-1**.

**Table 5-1: LSI-R Score, Risk/Need Level, and Chance of Recidivism**

Risk/Needs Level	Male Offender Scores	Female Offender Scores	Chance of Recidivism <sup>1</sup>
High	41+	40-47	76%
Moderate to High	34-40	31-39	57%
Moderate	24-33	20-30	48%
Low to Moderate	14-23	10-19	31%
Low	0-13	0-9	12%

Source: MHS

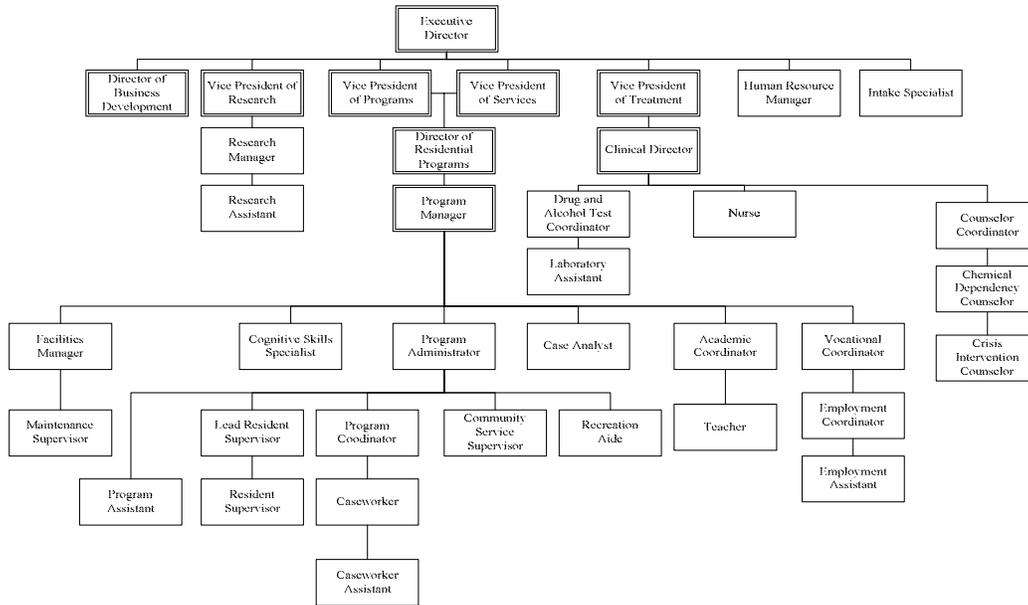
<sup>1</sup> Re-incarceration within one year following release from CBCF.

As **Table 5-1** shows, the higher the LSI-R risk/need score, the more likely an offender is to recidivate. For example, a moderate risk/need offender has a 36 percent higher chance of recidivating than a low risk offender and high risk offender has a 28 percent higher chance of recidivating than a moderate risk/need offender. Therefore, a CBCF's success in reducing recidivism is impacted by the risk/need level of offenders. Recent reports released by the University of Cincinnati (UC Study) and by Huskey and Associates, Inc. (Huskey Report), a criminal justice consultation group hired by the County, indicate CBCFs should accept moderate to high risk/need offenders in order to maximize program benefits and reduce recidivism (see **F5.1**).

### *Organization and Staffing*

**Chart 5-1** illustrates the organizational structure of Summit CBCF, as of 2002.

**Chart 5-1: Summit CBCF Organization Chart**



**Source:** Summit CBCF

**Note:** Organization chart does not illustrate certain Oriana administrative positions not involved with the Program.

The key responsibilities for the positions shown in **Chart 5-1** can be categorized according to the following programmatic categories: executive/research, administrative (see **financial systems**), facility/security, cognitive skills, community service, education, employment/vocational, and treatment (i.e., medical, mental health, and chemical dependency).

**Table 5-2** presents the number of full-time equivalent employees (FTEs) who charged to the CBCF grant in FY 2002. The positions of vice president of research and vice president of treatment did not charge to the CBCF grant in FY 2002, but are included in **Chart 5-1** because of the impact they have on CBCF curricula and staffing decisions.

**Table 5-2: FY 2002 Summit CBCF Staffing**

Positions	Budgeted FTEs	Actual FTEs	Vacancies
<b>EXECUTIVE AND RESEARCH</b>			
• Executive Director	0.1	0.1	0.0
• Vice President of Programs	0.1	0.1	0.0
• Vice President of Services	0.2	0.2	0.0
• Director of Residential Programs	0.2	0.2	0.0
• Director of Business Development	0.2	0.2	0.0
• Research Manager	1.0	1.0	0.0
• Research Assistant	1.0	1.0	0.0
• Executive Assistant	0.5	0.5	0.0
<b>SUBTOTAL</b>	<b>3.3</b>	<b>3.3</b>	<b>0.0</b>
<b>ADMINISTRATIVE</b>			
• Human Resource Manager	0.9	0.9	0.0
• Program Manager of Projects	0.5	0.5	0.0
• Compliance Manager	0.5	0.5	0.0
• Intake Specialist	4.0	4.0	0.0
• Administrative Assistant of Resident Accounts	1.0	0.0	1.0
• Accountant	0.6	0.6	0.0
• Accounting/Clerical	1.8	1.6	0.2
• Clerical Assistant	1.0	1.0	0.0
• Payroll Assistant	1.0	1.0	0.0
• Public Information	0.3	0.3	0.0
• Personnel	0.8	0.8	0.0
• Network Administrator	0.7	0.7	0.0
• Support Services	0.2	0.2	0.0
• Receptionist	2.0	2.0	0.0
• Training Coordinator	0.5	0.5	0.0
• Training Assistant	0.5	0.5	0.0
• Communication Specialist	0.5	0.5	0.0
<b>SUBTOTAL</b>	<b>16.8</b>	<b>15.6</b>	<b>1.2</b>
<b>FACILITY AND SECURITY</b>			
• Facilities Manager	0.5	0.5	0.0
• Maintenance Supervisor	1.0	1.0	0.0
• Program Manager	1.0	1.0	0.0
• Program Administrator	2.0	2.0	0.0
• Program Coordinator	1.0	1.0	0.0
• Program Assistant	2.0	2.0	0.0
• Caseworker	10.0	9.2	1.8
• Caseworker Assistant	2.0	2.0	0.0
• Case Analyst	1.0	1.0	0.0
• Lead Resident Supervisor	2.0	2.0	0.0
• Resident Supervisor	34.5	31.0	3.5
• Recreation Aide	2.0	2.0	0.0
<b>SUBTOTAL</b>	<b>59.0</b>	<b>54.7</b>	<b>4.3</b>
<b>EDUCATION</b>			
• Academic Coordinator	1.0	1.0	0.0
• Teacher	2.0	2.0	0.0
<b>SUBTOTAL</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>
<b>COGNITIVE SKILLS, COMMUNITY SERVICE, AND EMPLOYMENT/VOCATIONAL</b>			
• Cognitive Skills Specialist	3.0	2.0	1.0
• Community Service Supervisor	2.0	2.0	0.0
• Vocational Coordinator	1.0	0.0	1.0
• Employment Coordinator	1.0	1.0	0.0

Positions	Budgeted FTEs	Actual FTEs	Vacancies
• Employment Assistant	2.0	2.0	0.0
<b>SUBTOTAL</b>	<b>9.0</b>	<b>7.0</b>	<b>2.0</b>
<b>TREATMENT</b>			
• Clinical Director	0.4	0.4	0.0
• Counselor Coordinator	1.0	1.0	0.0
• Crisis Intervention Counselor	2.0	2.0	0.0
• Certified Chemical Dependency Counselor	8.0	7.0	1.0
• Nurse	4.5	4.5	0.0
• Drug and Alcohol Test Coordinator	0.5	0.5	0.0
• Laboratory Assistant	1.0	1.0	0.0
<b>SUBTOTAL</b>	<b>17.4</b>	<b>16.4</b>	<b>1.0</b>
<b>TOTAL</b>	<b>108.5</b>	<b>100.0</b>	<b>8.5</b>

**Source:** Summit CBCF FY 2002 salary and wages summary as submitted to ODRC

**Note:** The executive assistant position and administrative personnel provide indirect support to Summit CBCF.

As shown in **Table 5-2**, 100 FTEs charged the CBCF grant in FY 2002. Positions directly involved in Program operations that are presented in **Chart 5-1** and **Table 5-2** include the following:

### *Executive and Research*

- **Executive director:** Sets the overall direction and administration of programs and services. Represents Summit CBCF and acts as a liaison with regulatory agencies, local officials, the JCB, and community based organizations by interpreting and explaining Summit CBCF's curricula, policies, and areas of mutual interest.
- **Vice president of research:** Oversees overall direction of Oriana's strategic planning, research, quality initiatives, and technology. Also, this position oversees the development and implementation of research studies, surveys, and needs assessments.
- **Vice president of treatment:** Directs the development and maintenance of Summit CBCF's chemical dependency, cognitive skills, and mental health programs, as well as offender medical services. This position assists with the preparation of treatment-related budgets and monitors treatment service contracts to ensure compliance with specified practices and standards.
- **Vice president of programs:** Oversees the overall operation and management of Summit CBCF's residential, non-residential, and non-cognitive-behavioral programs. This position also approves final grant applications and oversees Oriana's compliance with various grants, including the CBCF grant.

- **Vice president of services:** Directs the management of offender services, including education, employment, food services, drug testing, and facility maintenance. In addition, this position develops and disseminates policies and procedures pertinent to offender services and ensures contractual compliance with service providers.
- **Director of residential programs:** Administers day-to-day operation and management of Summit CBCF's residential programs and the supervision of residential program managers. This position also approves, develops, and disseminates program policies and procedures pertinent to the delivery of program services and reviews reports prepared by program managers to monitor compliance with audit standards and other requirements.
- **Director of business development:** Researches, implements, and monitors business development strategies, such as Program accreditation, and grant funding proposals that emphasize community outreach. Furthermore, this position participates in program audits and accreditation reviews as well as local and statewide business development task forces.
- **Research manager and research assistant:** Conduct research, including data collection and analysis, program and process evaluation, and outcome studies.

### *Facility and Security*

- **Facilities manager:** Supervises maintenance staff and manages the upkeep of Summit CBCF's equipment and facilities. Furthermore, this position provides 24-hour on-call security services and maintains records, code inspection reports, warranties, preventive maintenance plans, building permits, and health and safety certificates.
- **Maintenance supervisor:** Assists the facilities manager with maintaining and cleaning the facility and making necessary repairs.
- **Program manager:** Oversees the overall operation and management of the CBCF facility, personnel, and offender population. Specifically, this position trains employees, conducts performance evaluations, handles employee discipline, ensures compilation of required statistical data, and coordinates religious activities (e.g., Bible study) within the facility. Additionally, this position participates in grant and budget preparation and conducts regular meetings with offenders and staff.

- **Program assistant:** Supports the program manager with entering data, organizing case files, proofreading documents, distributing schedules, and answering telephones.
- **Case analyst:** Reviews individual offender files and reports to upper management regarding successful and unsuccessful completions. This position also reviews employment and education referrals to identify trends and to determine whether offender needs have been identified.
- **Program administrator:** Manages the development, implementation, and provision of programming services. Additionally, this position supervises the activities of the program coordinator, resident supervisors, and assists the program manager in evaluating program policies and procedures. This position oversees and participates in team meetings to assist caseworkers in managing offender issues.
- **Program coordinator:** Supervises caseworkers, assigns caseloads, assists the program administrator, and reviews case files for accuracy and completeness.
- **Caseworker:** Meets with offenders to establish program goals and monitor compliance through the development of individual program plans (IPPs). This position reviews program policies and procedures with offenders and schedules their activities and outside meetings. Also, this position advocates for offenders regarding grievances and other issues involving CBCF operations.
- **Caseworker assistant:** Aids in preparing offender files, typing correspondence, preparing staff for program audits, verifying offender leave passes, and scheduling.
- **Lead resident supervisor:** Supervises resident supervisors and conducts rounds of the facility, checking for unsafe conditions and cleanliness.
- **Resident supervisor:** Provides direct, 24-hour supervision of offenders within each facility, conducts head counts of offenders, makes rounds in the facility, supervises fire drills, communicates facility policies and procedures to offenders, and monitors offender visitations.
- **Recreation aide:** Accompanies offenders to scheduled recreational events in the community. This position helps plan and supervise in-house recreation activities and maintains and repairs recreation equipment.

### ***Education***

- **Academic coordinator:** Supervises teachers and recreation aides, and ensures they meet minimum certification and training requirements. Furthermore, this position directs the educational assessment of offenders and the administration of academic placement exams. This position also maintains library resources and the on-site General Equivalency Diploma (GED) testing facility.
- **Teacher:** Instructs offenders and works with caseworkers to develop lesson plans which address identified offender needs or goals in math, reading, English, and other subjects pertinent to obtaining a GED.

### ***Cognitive Skills, Community Service, and Employment/Vocational***

- **Cognitive skills specialist:** Provides direct behavioral programming to offenders and coordinates with caseworkers to evaluate progress and ensure compliance with IPPs.
- **Community service supervisor:** Monitors offender completion of assigned community service hours. Other duties include scheduling and documenting community service hours served and ensuring offender linens are cleaned weekly.
- **Employment and vocational coordinators:** Oversee career readiness classes designed to improve the employability of offenders. These positions also promote the benefits of hiring CBCF offenders to area employers.
- **Employment assistant:** Provides offenders with information and resources necessary to obtain employment and facilitates courses such as interview skills, writing resumes, and conducting job searches. Furthermore, this position refers offenders to prospective employers and assists caseworkers in monitoring offender activities by verifying itineraries, paychecks, and work schedules.

### ***Treatment***

- **Clinical director:** Develops clinical programming and supervises the delivery of clinical services. This position also conducts random interviews with offenders to determine satisfaction levels, serves as the community liaison on clinical matters, and participates in grant development and budget preparation.

- **Nurse:** Provides around-the-clock medical consultation for offenders and tracks medication use - acting as a liaison to caseworkers for any medical issues. In addition, this position provides wellness education classes, such as CPR and nutrition.
- **Drug and alcohol test coordinator:** Administers urine drug screen program.
- **Laboratory assistant:** Performs drug testing procedures and maintains drug testing equipment.
- **Counselor coordinator:** Supervises treatment and crisis intervention counselors.
- **Certified chemical dependency counselor (CCDC):** Assesses offenders to determine the need for substance abuse and dependence treatment services, and develops treatment plans.
- **Crisis intervention counselor:** Advises caseworkers and other staff seeking assistance for offenders in crisis (e.g., depression and suicidal tendencies), meets with offenders in crisis, and assists with offender referrals for mental health services.

### *Key Statistics*

**Table 5-3** compares key programmatic statistics for Summit CBCF and the peers.

**Table 5-3: FY 2002 CBCF Statistics**

	Summit CBCF	Butler CBCF <sup>1</sup>	Franklin CBCF	Mahoning CBCF <sup>1</sup>	Peer Average
<b>ODRC Grant Allocation (in millions)</b>	\$5.1	\$2.7	\$4.6	\$2.0	\$3.1
<b>Offenders Screened</b>	830	402	950	778	710
<b>Offenders Eligible</b>	752	375	758	590	574
<b>Offenders Admitted</b>	508	266	577	189	344
<b>Percent of Screened Offenders Deemed Eligible</b>	91%	93%	80%	76%	81%
<b>Percent of Eligible Offenders Admitted</b>	68%	71%	76%	32%	60%
<b>FTEs</b>	100.0	47.0	81.1	46.8	58.3
<b>Bed Capacity<sup>2</sup></b>	180	100	180	70	117
<b>Offenders per FTE<sup>3</sup></b>	1.8	2.1	2.2	1.5	2.0
<b>Average Length of Stay in Days</b>	117	137	120	126	128
<b>Average Community Service Hours Performed per Offender</b>	40.0	5.0	31.0	49.0	28.3
<b>Total Offender Days Served</b>	67,193	36,709	67,589	25,550	43,283
<b>Grant Dollars per Offender Days Served</b>	\$76	\$74	\$68	\$78	\$72
<b>Grant Dollars per FTE</b>	\$51,000	\$57,400	\$56,700	\$42,700	\$53,200

Source: FY 2002 grant applications and annual reports

Note: Figures have been rounded and peer averages for ratios are calculated between relevant rows.

<sup>1</sup> Butler CBCF and Mahoning CBCF do not admit female offenders.

<sup>2</sup> Generally, Summit CBCF and the peers exceed capacity, but not significantly.

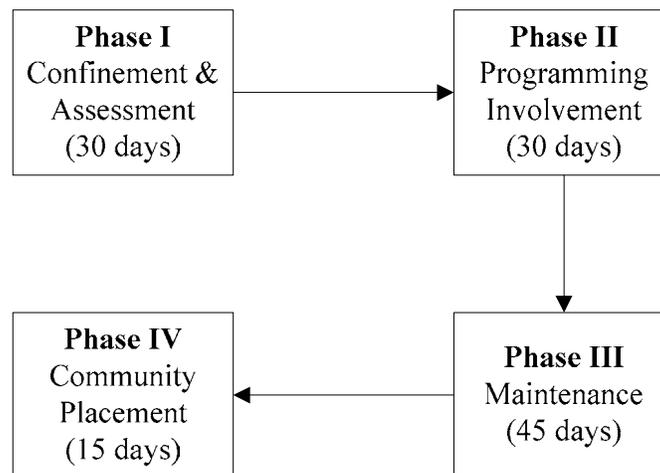
<sup>3</sup> Assumes CBCF is at maximum bed capacity.

As shown in **Table 5-3**, Summit CBCF received approximately \$2 million (65 percent) more from ODRC than the peer average, and screened and admitted more offenders in FY 2002 (approximately 17 and 48 percent, respectively). Of those screened, Summit CBCF deemed more offenders eligible than the peer average. Correspondingly, Summit CBCF admitted approximately eight percent more eligible offenders than the peers. Although Summit CBCF employs about 70 percent more FTEs, the number of offenders per FTE is similar to the peer average, assuming each CBCF is at maximum bed capacity. On average, Summit CBCF offenders remain in the Program 117 days, 11 days fewer than the peer average, and perform nearly 12 more hours of community service. In total, Summit CBCF offenders served approximately 55 percent more days than the peer average, which can be attributed to the relatively high number of offenders admitted to the Program. For each day served in the Program, Summit CBCF spent about \$4, or 6 percent, more per offender than the peer average (see **financial systems** for more information on operational costs). Finally, Summit CBCF received approximately \$2,000 less in ODRC grant funding per FTE than the peer average. The variances among key statistics, as presented in **Table 5-3**, can be attributed to such factors as offender risk/need levels, staffing, and programming philosophies. These and other factors which impact programmatic outcomes are further addressed in this section.

### Summary of Operations

Summit CBCF is comprised of two facilities: one that houses approximately 120 male offenders and one that houses approximately 60 female offenders. Each facility is equipped with sleeping quarters, group and classroom space, activity rooms, recreation yards, and programming support space. The male facility is currently accredited by the ACA and the female facility is scheduled for an accreditation review in August 2003. The general program characteristics are the same at both the male and female facility. Similar to the peers, Summit CBCF programming is divided into four progressive phases that last a total of four to six months. According to the UC Study, CBCF programming should range in duration from three to nine months to provide positive outcomes. Pursuant to the Summit CBCF policy and procedure manual, **Chart 5-2** illustrates Program phases with typical timeframes for each.

**Chart 5-2: Summit CBCF Program Phases**



#### Phase I: Confinement and Assessment

During Phase I, offender needs are assessed in terms of medical, educational, chemical dependency, and mental health. All offenders are given a preliminary health assessment by an osteopathic physician, and a psychiatrist from the Summit County Alcohol, Drug Addiction, and Mental Health Services Board (Summit ADAMH) conducts mental health assessments. Summit CBCF offenders are also assessed by CCDCs to determine the extent of their involvement with alcohol and drugs. Like peers, Summit CBCF uses the Substance Abuse Subtle Screening Inventory-2 (SASSI-2) and the Michigan Alcohol Screening Test (MAST) to determine offender needs and to make appropriate treatment referrals to either external or internal programs. Summit CBCF's initial orientation process also includes a review of all rules and a facility tour. By law, offenders are not permitted to

leave the CBCF facility for the first 30 days, except under extreme circumstances, such as a medical emergency.

Offenders are expected to follow all Program rules and make progress on their IPPs, which are individualized with goals for each offender (e.g., obtaining a GED and seeking employment). Similar to peers, Summit CBCF offenders must submit to random drug and alcohol tests, maintain a daily journal, and work with a caseworker to develop an IPP. Offenders may have days added to their confinement for failure to comply with their IPPs and CBCF rules. By law, however, offenders cannot remain in the CBCF facility for more than 180 days. On average, offenders who successfully complete the Summit CBCF program are released after 130 days.

In addition to successfully completing the Program, offenders may be released either unsuccessfully or administratively. An offender may be released unsuccessfully for absconding - absent without leave (AWOL), committing excessive rule violations, or committing a new crime. Typically, unsuccessfully released offenders will be sent to State prison because they have violated a condition of their sentence. Although uncommon, offenders may be released administratively for medical or mental health reasons.

### **Phase II: Programming Involvement**

During Phase II, offenders are expected to participate in programs and classes designed to build positive community contacts via volunteer work, employment, or church activities. Offenders are required to perform a minimum of 40 hours of volunteer community service, conduct job searches four days per week, prepare weekly job search itineraries, and obtain verification from each employer visited. Once employed, Summit CBCF monitors offenders by requiring the submission of paychecks, by verifying the number of hours worked, and by performing random telephone checks to the workplace. Offenders must also develop a personal budget which includes a schedule for debt repayment (e.g., to pay court costs, fines, and restitution) and open a savings account. Additionally, caseworkers review IPPs in weekly meetings with offenders to ensure adherence to plans and to make recommendations for improvement.

### **Phase III: Maintenance**

During Phase III, offenders must progress in all employment/vocational, education, and treatment programs based upon their IPP goals. Community contacts must increase, for example, and offenders can earn non-employment related passes to leave the facility for up to 48 hours by following Program rules and progressing on their IPPs.

## Phase IV: Community Placement

During Phase IV, probation officers approve offenders' plans for final discharge from Summit CBCF. Offenders are then referred to a non-residential transitional services program, live at an approved residence, and meet weekly with a caseworker. Although this is a non-residential phase, offenders are still subject to routine drug and alcohol tests. Following Phase IV, offenders are considered to have successfully completed the Program, though they are placed on community control or probation.

### *Programs and Services*

Summit CBCF's mission is to assist felony offenders in becoming productive members of society through positive change and by combining treatment, education, employment, and case management services with family involvement. Summit CBCF programs designed to promote individual responsibility, accountability, and social development include the following:

#### **A. Chemical Dependency Treatment**

- *Residential Chemical Dependency Treatment* – A three-week program, consisting of day-long sessions covering various treatment issues including disease concept education, sobriety support planning, usage triggers, and defense mechanisms;
- *Relapse Prevention Program* – An eight-week program which focuses on prevention and education areas. This program is designed for offenders who have had periods of sobriety and relapse;
- *Alcohol, Drug Education, and Prevention* – A three-week class which discusses the disease concept and methods to identify drug and alcohol abusers. This class is designed for offenders who have a history of drug and alcohol use, but do not require relapse prevention;
- *12-Step Meetings* – Alcoholics Anonymous (AA), Cocaine Anonymous (CA), and Narcotics Anonymous (NA) meetings are offered throughout the week; and
- *Aftercare* – A twelve-session, non-residential program designed to reinforce sobriety skills.

Peer CBCFs offer similar drug, alcohol, and aftercare programs. According to the UC Study, aftercare and relapse prevention programming help to reduce the risk of recidivism.

**B. Education**

Similar to the peers, Summit CBCF assesses offender educational needs by reviewing writing samples and by administering the Test of Adult Basic Education (TABE) as well as the Slosson Oral Reading Test (SORT). Summit CBCF also offers educational classes and resources similar to the peers. For instance, both Summit CBCF and Mahoning CBCF develop Individual Education Plans (IEPs) to identify individualized educational goals and objectives. Offenders can receive basic literacy instruction, GED preparation and testing, basic Spanish, and college tutoring. Outside resources available to offenders include the University of Akron and Project: LEARN literacy tutoring.

**C. Employment/Vocational**

Similar to the peers, Summit CBCF's career readiness class focuses on developing communication skills, completing job applications, writing resumes, and developing personal budgets. After the first 30 days of Phase I and upon successful class completion, offenders may earn passes to exit the facility for job searches.

**D. Community Service**

Offenders at Summit CBCF are required to complete 40 hours of community service, which may be completed at any of more than 20 government or non-profit corporations in the Akron area, including Summit County Children's Services, Arlington Housing for Seniors, and Planned Parenthood.

**E. Cognitive Skills**

Like the peers, Summit CBCF offers a version of cognitive-behavioral programming called *Cognitive Skills*; a three to four-week program that teaches offenders how to solve problems responsibly and to consider the potential consequences of their actions. Part of Summit CBCF's core curriculum, this program is mandatory for all offenders. Similarly, Butler CBCF offers *Corrective Thinking*, and Franklin CBCF offers *Responsible Adult Culture*, both designed to minimize thinking errors that lead to criminal behavior. Additional behavior-based courses include the following:

- *Life Skills* – Teaches independent living topics such as healthy eating, budgeting, and shopping;
- *Anger Management* – Teaches offenders to identify personal triggers of anger, recognize physiological responses, and to use anger management techniques; and
- *Stress Management* – Teaches offenders how to recognize the symptoms of stress and to develop stress management techniques.

According to the UC Study, effective CBCFs offer behavioral programs that target the following “criminogenic” traits: antisocial attitudes, negative peer associations, family conflicts, identification with criminal role models, and chemical dependencies. Summit CBCF and the peers target these traits in their respective programs.

**F. Health: Physical, Emotional, and Social**

According to Summit CBCF, many offenders lack the basic skills necessary to form healthy relationships as well as appropriate personal and social behavior. Programs designed to address these multi-dimensional issues include: Resident Orientation, Family Orientation, Parenting Skills, Men’s/Women’s Health, AIDS Awareness, CPR Certification, Positive Peer Influence, Arts and Recreation, Yoga, and Tai Chi. These programs are typically optional, although they may be required as a part of an offender’s IPP. Peer CBCFs offer less in the way of optional programming. According to the ACA, Summit CBCF has the advantage of offering offenders the opportunity to develop hobbies (e.g., Yoga and Tai Chi) as healthy alternatives to drug and alcohol use.

### *Performance Measures*

The following questions were used to assess Summit CBCF programs and staffing:

- Is Summit CBCF effectively reducing recidivism?
- Are Summit CBCF's programs effective in accomplishing stated goals?
- Is Summit CBCF adequately staffed to efficiently and effectively operate programs?
- How can Summit CBCF's operations and structure be altered to more efficiently and effectively operate programs?

### *Assessments Not Yielding Recommendations*

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **Offender Demographics:** Overall, Summit CBCF is equipped to provide programming to the various demographic groups it serves.
- **Increased Efficiency through Use of Technology:** ODRC requires CBCFs to submit such electronic operational reports as offender demographics, GED passage rates, restitution dollars collected, drug tests administered, educational levels, and community service hours served via the Community Corrections Information System (CCIS). Summit CBCF also uses Client Management Information System (CMIS) software, which enhances operational efficiencies by reducing paperwork and by allowing for instant, electronic access to offender-related data.
- **Caseworker Monitoring of Offender Progress:** An AOS review of offender case files revealed that Summit CBCF caseworkers regularly meet with offenders to develop program goals and to monitor progress.

## Findings/Recommendations

### *Program Effectiveness*

F5.1 Pursuant to UC Study recommendations, Summit CBCF admits more moderate to high-risk/need level offenders than the peers. Specifically, a CBCF is more effective at reducing recidivism if it admits offenders who demonstrate a higher risk/need level. **Table 5-4** summarizes findings issued in the Huskey Report, which compares the percent of offenders in each risk/need level category as well as the average LSI-R score for Summit, Butler, and Franklin CBCFs.

**Table 5-4: FY 2000 Offenders by Risk/Need Level Comparison**

	Summit CBCF	Butler CBCF	Franklin CBCF	Peer Average
<b>Offenders Admitted</b>	482	273	480	377
<b>High</b>	2.1%	1.5%	0.0%	0.8%
<b>Moderate-to-High</b>	17.8%	24.5%	7.5%	16.0%
<b>Moderate</b>	62.2%	56.0%	49.4%	52.7%
<b>Low-to-Moderate</b>	16.2%	13.6%	37.9%	25.8%
<b>Low</b>	1.7%	4.4%	5.2%	4.8%
<b>Average LSI-R</b>	28.4	28.5	24.4	26.5

**Source:** Huskey and Associates, Inc.

**Note:** Risk level is based upon LSI-R score. Mahoning CBCF does not use the LSI-R and was not included.

In FY 2000, approximately 80 percent of Summit CBCF's offenders fell within the moderate or moderate-to-high-risk/need ranges, exceeding the peer average by approximately 11 percent. Also, Summit CBCF admitted only about 18 percent of offenders in the low and low-to-moderate risk/need categories, while the peer average was nearly 31 percent. Additionally, Summit CBCF offender LSI-R scores exceeded the peer average by approximately 7 percent.

**Table 5-5** summarizes key findings from the UC Study which examines the effectiveness of Ohio CBCFs in reducing recidivism for offenders with varying risk/need levels.

**Table 5-5: University of Cincinnati Recidivism Reduction Study Results**

	Summit CBCF	Butler CBCF	Franklin CBCF	Mahoning CBCF	Peer Average
<b>Recidivism Reduction Rate for Low-Risk/Need Offenders</b>	0%	(11%)	1%	(29%)	(13%)
<b>Recidivism Reduction Rate for Moderate-Risk/Need Offenders</b>	5%	4%	9%	9%	7%
<b>Recidivism Reduction Rate for High-Risk/Need Offenders</b>	10%	12%	13%	32%	19%
<b>Overall Recidivism Reduction Rate</b>	<b>9%</b>	<b>7%</b>	<b>10%</b>	<b>0%</b>	<b>6%</b>

Source: University of Cincinnati

Note: Recidivism is defined as re-incarceration following release from CBCF in FY 1999 only.

For the UC Study, data was collected regarding offenders released from Ohio CBCFs during FY 1999 and analyzed against comparison groups of offenders released from State prisons during the same time period. Based on this analysis, the percentages in **Table 5-5** represent each CBCF's ability to reduce instances of recidivism. Summit CBCF exceeds the peer average overall recidivism reduction rate by approximately three percent. Only Franklin CBCF has a higher overall rate of recidivism reduction. Additionally, Summit CBCF and the peers are most effective in reducing recidivism among high risk/need offenders and least effective with low risk/need offenders. In fact, Summit CBCF has no impact on the recidivism rate of low risk/need offenders while Butler and Mahoning CBCFs increase recidivism among low risk/need offenders. Although Mahoning CBCF outperformed the peers in reducing recidivism for high risk/need offenders in the UC Study, its overall recidivism rate is higher than the peer average (see **Table 5-6**). In short, the UC Study found that Ohio CBCFs should focus programming efforts primarily on moderate to high-risk/need offenders, to more effectively reduce recidivism – a practice employed by Summit CBCF.

- F5.2 Although higher than the peer average in terms of reducing recidivism, Summit CBCF's successful completion rate is well below the peer average and slightly below the UC Study's recommended rate (see **Table 5-7**). In addition, offender AWOLs and grievances are significantly higher at Summit CBCF compared to the peers. **Table 5-6** illustrates the findings of a recidivism study conducted by ODRC, at AOS's request, for offenders who successfully completed the Program at Summit CBCF and the peers in FY 2000.

**Table 5-6: 2000-02 CBCF Recidivism Rate Comparison**

	Summit CBCF	Butler CBCF	Franklin CBCF	Mahoning CBCF	Peer Average
<b>Successful Completions in 2000</b>	336	215	346	166	243
<b>Average Length of Stay (days) in 2000</b>	130	150	148	103	134
<b>Successful Completions Who Recidivated within 2000-2002<sup>1</sup> – Due to New Crime</b>	12%	13%	9%	10%	11%
<b>Successful Completions Who Recidivated within 2000-2002<sup>1</sup> – Due to Technical Violation</b>	24%	24%	17%	30%	24%
<b>Successful Completions who Recidivated within 2000-2002<sup>1</sup> – Due to Unknown Reason<sup>2</sup></b>	2%	1%	2%	1%	1%
<b>Overall Recidivism Rate<sup>3</sup></b>	<b>38%</b>	<b>38%</b>	<b>28%</b>	<b>41%</b>	<b>36%</b>

Source: ODRC, Summit CBCF, and the peers

Note: Figures have been rounded.

<sup>1</sup> Following discharge from CBCF program.

<sup>2</sup> ODRC could not determine the exact reason for recidivism.

<sup>3</sup> For offenders released in FY 2000 and re-incarcerated any time after release and through FY 2002.

Of the offenders who entered Summit CBCF in 2000, 336 successfully completed after an average stay of 130 days. Due to differences in capacity, number of successful completions, itself, is an insufficient measure of Program effectiveness. Therefore, this study also focuses on the ratio of successfully completed offenders who recidivated following release from the respective CBCF. According to **Table 5-6**, Summit CBCF is commensurate with the peer average in recidivism rates caused by new crimes, technical violations, and other reasons. However, compared to Franklin CBCF, the most similar peer in terms of capacity and demographics, Summit CBCF's overall recidivism rate is significantly higher.

**Table 5-7** presents additional performance measures for assessing Program effectiveness between Summit CBCF and the peers.

**Table 5-7: FY 2002 Additional CBCF Performance Measures**

	Summit CBCF	Butler CBCF <sup>1</sup>	Franklin CBCF	Mahoning CBCF <sup>1</sup>	Peer Average
Average LSI-R Score upon Admission	27	28	25	N/A	26
Average Length of Stay (days)	117	120	126	137	128
Average Education Level upon Admission	6.9	6.0	7.3	8.1	7.1
Average Education Level upon Release	8.4	7.9	8.4	9.3	8.5
Rate of Increase in Education Level	22%	32%	15%	15%	21%
GED Passage Rate <sup>2</sup>	65%	77%	65% <sup>3</sup>	74%	72%
Successful Completion Rate	68%	91%	74%	86%	84%
Percentage of Offender AWOLs	15%	1%	12%	2%	5%
Percentage of Offender Grievances <sup>4</sup>	16%	14%	2%	0%	5%

Source: FY 2002 grant applications, annual reports, and Summit County Sheriff's reports

Note: Figures have been rounded and peer averages for ratio calculations are calculated between relevant rows.

N/A: Mahoning CBCF does not conduct the LSI-R.

<sup>1</sup> Butler CBCF and Mahoning CBCF do not admit female offenders.

<sup>2</sup> Ratio of tests passed over tests taken.

<sup>3</sup> From FY 2001 annual report, since Franklin CBCF did not conduct GED tests for three months during FY 2002.

<sup>4</sup> Grievance processes are similar among peers.

As evidenced by the average LSI-R score, Summit CBCF admits higher risk/need offenders, similar to the peers, whose average length of stay in the Program is 117 days, 11 fewer days than the peer average. Although Summit CBCF's GED passage rate is seven percent below the peer average, offender education levels increase at a higher rate at Summit CBCF than the peers. These performance measures indicate that Summit CBCF admits the recommended target population, releases offenders well within statutorily mandated timeframes (180 days), and provides sufficient educational programming.

On the other hand, Summit CBCF's successful completion rate falls well below the peer average (16 percent), but only slightly below the UC Study's recommended rate of 70 to 75 percent. CBCFs with high rates of successful completions could be admitting more low risk offenders who are likely to successfully complete but do not benefit from the Program (see **F5.1**). These offenders may benefit more from a less intensive sanction (e.g., halfway house or day-reporting program). In addition to a low successful completion rate, instances of offender AWOLs and grievances are significantly higher at Summit CBCF than the peers (see **F5.7**). Mahoning CBCF indicated that offenders typically do not file formal grievances, but work with caseworkers to resolve issues before they escalate.

There are many contributing factors that impact Summit CBCF's successful completions, AWOLs, and grievances, most of which are interrelated and may ultimately affect recidivism rates. In part, variances in performance measures may be attributed to the following:

- Admitting higher risk/need offenders;
- Setting uniform program requirements that do not account for offender risk/need levels;
- Assigning offenders to caseworkers based predominantly on caseload; and
- Not assessing programmatic effectiveness, measuring offender satisfaction levels, or identifying areas for improvement via post-testing.

By maintaining a relatively low successful completion rate and a high number of offender AWOLs and grievances, Summit CBCF may be limiting its ability to provide effective programming and to reduce recidivism. These outcomes and performance measures may also affect the public's perception of the Program and potentially result in reduced grant funding from ODRC.

**R5.1** Summit CBCF should address a number of factors that contribute to improved programmatic performance measures, particularly successful completion rate, offender AWOLs, and grievances. Summit CBCF can improve programmatic performance measures by:

- Continuing to admit higher risk/need level offenders (see **F5.1**);
- Linking program requirements to offender risk/need levels (see **R5.2**);
- Assigning caseworkers to offenders based risk/need levels, in addition to caseload (see **R5.3**);
- Assessing programmatic effectiveness, measuring offender satisfaction levels, and identifying areas for improvement via post-testing (see **R5.4** and **R5.5**); and
- Establishing targeted, outcome-based goals (see **R5.6**).

By addressing these contributing factors in particular, Summit CBCF can improve programmatic performance measures and will be better able to reduce recidivism at a rate similar to Franklin CBCF.

**F5.3** Generally, Summit CBCF program requirements are uniform and do not account for offender risk/need levels. For example, Summit CBCF offenders are typically permitted to exit the facility to seek employment and perform community service after 30 days, regardless of risk/need level. While peer CBCFs do not tailor programs based upon risk, they do have notable practices that differ from Summit CBCF and suggest possible areas for varying program requirements. For example, Butler CBCF does not permit offenders to leave the facility for community service purposes: preferring they focus on core programming, such as

*Corrective Thinking.* Furthermore, Butler and Franklin CBCF offenders may leave the facility to seek employment only after 90 days.

Additionally, the UC Study indicates that effective programs have varying requirements, such as intensity and length, based upon the risk/need levels of offenders. The UC Study also suggests that CBCF programming may actually increase recidivism rates for low-risk/need offenders (see **Table 5-5**). By setting uniform program requirements, Summit CBCF may hinder Program effectiveness as treatment is not tailored to particular risk/need levels of offenders. More specifically, AWOLs and grievances may increase as programs are not well-suited to the unique criminogenic traits of offenders.

**R5.2** The Summit CBCF director should consider tailoring certain program requirements (e.g., length of the lock-down period, community service hours, and employment expectations) based upon the risk/need levels of offenders. For example, Summit CBCF may consider requiring a longer confinement period for higher risk offenders, enabling them to focus on cognitive skills and other pertinent curricula (e.g., education) - potentially reducing AWOLs and grievances. By tailoring Program requirements to the risk/need levels of offenders, Summit CBCF can more effectively treat the unique criminogenic traits of offenders, while improving programmatic outcomes and performance measures (e.g., recidivism, successful completion rate, AWOLs, and grievances).

F5.4 Summit CBCF caseworkers are assigned to offenders based predominantly on caseload, rather than risk/need levels. In FY 2002, at maximum capacity, nearly 20 offenders could be assigned to each Summit CBCF caseworker, regardless of case difficulty and offender needs. Assigning offenders to caseworkers based on caseload appears to be a common practice among Ohio CBCFs.

According to the UC Study, however, offenders should be placed with caseworkers who can best relate to their individual risks and needs. For instance, Butler CBCF recently began using LSI-R scores to assign offenders to caseworkers. Specifically, higher risk offenders are placed with more experienced and higher performing staff to better meet the needs of offenders. By assigning offenders to caseworkers based predominantly on caseload, Summit CBCF may hinder treatment effectiveness as case management is not geared to the specific risk/need levels of offenders. Moreover, grievances and AWOLs are likely to increase as offenders may not positively respond to service provision.

**R5.3** Upon JCB approval, the Summit CBCF director should develop additional criteria for assigning offenders to caseworkers. Pursuant to the UC Study and similar to Butler CBCF, Summit CBCF should establish a process whereby offenders are assigned to caseworkers

based on risk/need levels as well as caseload. This will enable Summit CBCF to enhance treatment effectiveness and improve Program outcomes and performance measures.

- F5.5 Summit CBCF does not conduct offender pre- or post-testing of its cognitive skills program, nor does it administer follow-up LSI-R tests to offenders after a period of at least 90 days to determine programmatic effectiveness. Currently, offenders are referred to Summit CBCF for Program eligibility screening by intake specialists. Intake specialists establish case records, conduct interviews with offenders, and administer the LSI-R. While in the Program, Summit CBCF uses both the Test of Adult Basic Education (TABE) and the Slosson Oral Reading Test (SORT) as a pre- and post-testing assessment of the educational needs and progress of offenders. GED passage rates also serve as a broader measure of educational programming effectiveness (see **Table 5-7**). Summit CBCF does administer follow-up LSI-R tests to offenders immediately before successful completion and release from the facility, but not after they have re-entered the community.

Butler CBCF offenders are required to pass a cognitive-behavioral skills exam to successfully complete the Program. Whether through the LSI-R or the MMPI-2, all of the peers perform initial testing to determine the risk/need levels of offenders. However, only Butler CBCF regularly follows-up with offenders after release, a practice endorsed by the ACA. Specifically, Butler CBCF administers the LSI-R to a random sample of nearly 34 percent of offenders who have successfully completed the program, 90 days following release. This practice enables Butler CBCF to more effectively monitor the success of offenders after they have completed the Program and to identify areas necessitating improvement. According to Butler CBCF, it is necessary to wait at least 90 days after the offender has been released and is active in the community to more accurately determine if the Program has positively impacted LSI-R scores. According to Butler CBCF, the cost to conduct follow-up tests is less than \$500 or \$6 per test.

Without sufficient pre- and post-testing, and by only conducting follow-up LSI-R testing immediately before successful completion and release, Summit CBCF limits its ability to identify and correct ineffective services to subsequently improve programmatic outcomes.

- R5.4** Upon approval from the JCB, the Summit CBCF director should conduct pre- and post-testing to assess the effectiveness of its cognitive skills program. In addition, the Summit CBCF director should institute a procedure for administering follow-up LSI-R tests to a random sample of offenders who have successfully completed the Program, after a period of at least 90 days. By conducting pre- and post-testing and tracking LSI-R scores upon admission and following release, Summit CBCF will be better able to determine the impact of Program services, set risk/need assessment goals, make programmatic changes, and improve overall outcomes.

*Financial Implication:* Assuming Summit CBCF conducts follow-up LSI-R tests for one-third of successfully completed offenders at \$6 per test, Summit CBCF will incur annual costs of approximately \$700.

F5.6 Although Summit CBCF uses exit evaluations to assess overall offender opinions of Program services, Summit CBCF does not use targeted evaluations to evaluate the effectiveness of individual courses and to assess instructor performance in a timely manner. While the current exit evaluation process enables offenders to complete surveys pertaining to chemical dependency treatment and cognitive skills programming, this process does not cover all available courses or instructors. Moreover, Summit CBCF's evaluation process is offered immediately prior to offender release, rather than after individual course completion. Although an exit evaluation process is common among Ohio CBCFs, the untimely and generalized nature of this process does not facilitate sufficient collection of feedback regarding individual courses and accompanying instructors. Mahoning CBCF conducts an offender evaluation survey that assesses employment/vocational programming in general, as well as case management. Without adequate and timely offender feedback, Summit CBCF may limit its ability to identify programmatic areas in need of improvement or replacement.

**R5.5** The Summit CBCF director should develop targeted evaluations to evaluate the effectiveness of individual course and instructor performance. Moreover, Summit CBCF should conduct these evaluations immediately following course completion to obtain pertinent and timely offender feedback. Targeted course and instructor evaluations can be used to supplement Summit CBCFs current exit evaluation process, providing a comprehensive means by which courses can be improved or replaced. In addition, targeted evaluations can provide offenders a means to offer input and become more directly involved in efforts to improve the Program. With improved curricula that reflect offender feedback, Summit CBCF may also be able to reduce offender grievances.

### *Goals and Outcomes*

F5.7 In general, Summit CBCF's goals are broad and process oriented; and thus, they cannot be used to effectively monitor programmatic outcomes. Pursuant to the Bureau of Community Sanction's (BCS) FY 2004-05 grant manual, all CBCFs are required to submit specific and measurable goals on a biennial basis. **Tables 5-8** and **5-9** present Summit and Butler CBCF goals for FY 2002-03.

**Table 5-8: FY 2002-03 Summit CBCF Goals**

<b>Goal</b>	<b>Process Indicator</b>	<b>Output Measure</b>
<b>Divert 527 felony offenders per fiscal year from incarceration in the State prison system to the CBCF</b>	Screen and recommend CBCF placement for eligible felony offenders	Number of offenders placed into CBCF
<b>Provide chemical dependency treatment and/or referrals to 100% of offenders</b>	Assess 100% of all CBCF intakes for chemical dependency treatment needs	Number of completed chemical dependency assessments completed and referrals made
<b>Provide educational programming to 100% of offenders who need it</b>	Assess 100% of all CBCF intakes for educational needs	Number of educational assessments completed and services provided
<b>Provide employment and/or vocational programming to 100% of offenders who need it</b>	Assess 100% of all CBCF intakes for employment/vocational needs and skills	Number of employment/vocational assessments completed and services provided
<b>Provide cognitive skills programming to 100% of offenders who need it</b>	Assess 100% of intakes for cognitive skills needs	Number of cognitive skills assessments completed and services provided
<b>Achieve a 75% successful completion rate</b>	Administer the LSI-R to 100% of offenders upon intake, in addition to other assessments	Number of successful completions compared to number of releases

Source: FY 2002-03 Grant Application Summary

**Table 5-9: FY 2002-03 Butler CBCF Goals**

Goal	Process Indicator	Output Measure
<b>Divert 280 felony offenders in FY 2002 and 300 in FY 2003 from incarceration in the State prison system to the CBCF</b>	Recommend all appropriate offenders for placement into CBCF for an average of 135 days	Track monthly CBCF admissions Screen referrals within 48 hours 87% or more offenders will be accepted to CBCF and stay for no longer than 180 days
<b>Assist offenders in areas that relate to successful reintegration into the community</b>	Programming and case management which takes into account the need for successful reintegration and the factors which negatively impact it	Administer LSI-R to 100% of offenders and assign programs and caseworkers based on scores 85% successful completion rate Track 100% of unsuccessful completions and linked to areas indicated by LSI-R 30% of successful completions will be given the LSI-R 90 days after release and compared
<b>Ensure public safety and continued community support via a low absconder rate</b>	Provide program and security measures to reduce risk of absconding  Ensure absconder rate remains low	Offenders must complete 90 days in-house programming prior to work release Offenders in Phase I must be supervised in outside yard Offenders on work release given contract stipulating all rules 1% or less of total diversions abscond from facility property 3% or less of total diversions abscond from community setting
<b>Reduce recidivism by utilizing quality aftercare services</b>	Increase probability of successful community involvement	75% of successful completions referred to aftercare as condition of release
<b>Provide service to sex offenders as requested by the JCB</b>	Provide information to counties so that appropriate referrals are made  Provide specialized treatment to sex offenders from tri-county region	Number of referrals and assessments of sex offenders 85% of sex offenders complete 180-day CBCF program 100% of sex offender graduates referred to 18 months of aftercare
<b>Provide corrective thinking and chemical dependency programs that will positively affect youthful offenders</b>	Track successful completion of offenders under 21, and age 21+ by County and race  Allow more individualized treatment time for youthful offenders in corrective thinking and chemical dependency programs	Number of successful completions of youthful offenders Percentage of rules infractions and incident reports

Source: FY 2002-03 Grant Application Summary

Summit CBCF links goals to process indicators and output measures, rather than outcome measures. ODRC recognizes the need for CBCFs to base goals on outcome measures and is now requiring CBCFs to become ACA accredited. Summit CBCF, which is currently accredited (male facility), will be required to demonstrate compliance with new, outcome-

based ACA standards in FY 2003. ACA defines outcome measures as quantifiable events, occurrences, conditions, behaviors, or attitudes that demonstrate the extent to which a goal has been achieved.

Compared to Butler CBCF, Summit CBCF's goals are currently process oriented, rather than outcome-based. Moreover, Summit CBCF's goals are not specifically targeted to programmatic areas necessitating improvement and are typically based on data obtained from the previous year. Rather, they simply involve the provision of services to offenders in need. In contrast, Butler CBCF has established goals with multiple process indicators that are targeted to specific programmatic issues in need of improvement. For example, one goal specifically addresses the need to reduce offender AWOLs, which could explain why Butler CBCF leads the peers in this area (see **Table 5-7**). Furthermore, with multiple process indicators and output measures, Butler CBCF is better able to identify specific aspects of the goal that may be deficient and require significant improvement. In addition to being process oriented, Summit CBCF's goals have not changed, for the most part, in the last three years and do not account for offender risk/need levels.

Notable ACA and peer performance and outcome standards include, but are not limited to, the following:

**Process Indicators**

- Average daily offender population;
- Number of rule violations committed;
- Number of offenders arrested while in residence; and
- Number of CBCF staff who have left employment for any reason within past 12 months.

**Outcome Measures**

- Number of offenders employed full-time with benefits 12 months after release;
- Number of successful completions convicted or adjudicated for a felony crime within 6 to 12 months following release;
- Number of successful completions convicted or adjudicated for a misdemeanor crime within 6 to 12 months following release;
- Number of offenders supporting themselves after 6 to 12 months following release; and
- Number of offenders continuing substance abuse treatment 6 to 12 months following release.

According to Summit CBCF, some data is currently available to facilitate performance measurement and the adoption of ACA standards. However, ACA's outcome standards typically require performance measurement well beyond offender release. Therefore, Summit CBCF will need to conduct pre- and post-testing to measure these outcomes and to remain accredited (see **F5.5**). With broad, process-oriented goals that lack multiple process indicators, Summit CBCF is hindered in its ability to focus efforts on programmatic areas in need of improvement and monitor outcomes.

**R5.6** In anticipation of obtaining and maintaining ACA accreditation, the Summit CBCF director should develop outcome-based goals with multiple process indicators. Furthermore, Summit CBCF should gear its goals towards programmatic areas in need of improvement. For example, in accordance with BCS's FY 2004-05 grant manual, Summit CBCF should establish outcome-based goals for improving its successful completion rate and reducing offender grievances and AWOLs. **Table 5-10** illustrates a potential outcome-based goal with accompanying objectives that are targeted to areas for which Summit CBCF could improve.

**Table 5-10: Potential Summit CBCF Goal**

Goal	Objective	Process Indicator	Outcome Measure
<b>The CBCF will increase the rate of offender successful completions by at least 5% in FY 2004 – pursuant to UC Study recommended rates</b>	The CBCF will reduce offender AWOLs by 20% in FY 2004.	Number of absconders per admitted offenders	Rate of offender successful completion
	The CBCF will reduce offender grievances by 20% in FY 2004.	Number of grievances per admitted offenders	

Source: Based on BCS's FY 2004-05 grant manual

Although only two objectives are provided in **Table 5-10**, several could be established to address additional problematic areas that impact goal achievement. Moreover, specific objectives could be tailored to offender risk/need levels. Summit CBCF should also consider conducting offender pre- and post-tests to collect outcome data required by ACA (see **R5.4**).

By establishing targeted, outcome-based goals, Summit CBCF will have a formal means to monitor progress in addressing problematic areas. Establishing outcome-based goals will serve as an effective tool in communicating overall Program effectiveness to the JCB, ODRC, and other stakeholders.

**F5.8** Compared to peers, Summit CBCF does not provide the JCB with updates and status reports that would enable members to regularly assess Program effectiveness. According to Summit CBCF, various reports are available which contain data regarding offender and programmatic activities. For example, Summit CBCF publishes information on offender referrals from other counties, intake statistics, bed capacity, length of stay, and incident reports. However, these reports are accessible to the JCB only via the Summit County Criminal Justice

Advisory Board (CJAB) or upon the request of a JCB member. Although Summit CBCF regularly provides JCB members with ODRC audit reports, the JCB cannot use these reports to sufficiently assess Program effectiveness because they are largely compliance audits (see **compliance**). In addition to ODRC audit reports, Franklin CBCF submits monthly programmatic status reports directly to its JCB. These reports include information regarding offender referral and LSI-R statistics as well as the following process indicators, which serve to inform and update the JCB on current issues and activities:

- Number of offender hours spent with caseworkers;
- Number of offenders unemployed at intake;
- Number of offenders released with employment;
- Number of employee contacts made;
- Number of job site visits;
- Number of hours spent in GED, cognitive skills, employment/vocational, and chemical dependency classes;
- Number of hours staff spend in training;
- Number of emergency visits to hospital;
- Number of medical prescriptions ordered/dispensed;
- Number of fire drills; and
- Number of miles logged for offender transportation.

Because Summit CBCF does not submit status reports to the JCB, aside from ODRC audit reports, the JCB may be unaware of current operations and unable to regularly assess overall Program effectiveness.

**R5.7** The Summit CBCF director and JCB should cooperatively determine performance criteria and other key process indicators to facilitate regular Program assessment. These process indicators should be developed in conjunction with and linked to Summit CBCF's outcome-based goals (see **F5.7**). Similar to Franklin CBCF, Summit CBCF should submit a status report to the JCB, providing members with regular updates on Program performance. This will help to ensure adequate communication and feedback between the JCB and Summit CBCF, while increasing accountability.

**F5.9** ODRC does not publicly report on the overall performance of individual CBCFs. However, ODRC requires CBCFs to submit electronic operational reports via CCIS, including offender demographics, GED passage rates, restitution dollars collected, drug tests administered,

educational levels, and community service hours served. These measures are aggregated for all CBCFs when published in ODRC's annual report, yet individual performance is not reported.

The Ohio Department of Education (ODE) annually publishes its State Report Card to track the educational achievement of local school districts, based on a series of performance measures. According to Public Sector Benchmarking Services (PSBS), a government best practices organization, a balanced report card is effective for monitoring progress and introducing initiatives to improve performance. By not reporting on the performance of individual CBCFs, respective JCBs and other stakeholders cannot readily access information to determine the efficiency and effectiveness of local CBCFs.

**R5.8** ODRC should consider developing a CBCF report card that captures individual CBCF performance in relation to key outcome measures and other statistics. For example, ODRC could report recidivism and successful completion rates among Ohio CBCFs. By regularly reporting on the performance of individual CBCFs, ODRC can monitor Program trends and identify areas in need of improvement while supplying each JCB and other stakeholders with information specific to their local CBCF. Furthermore, a CBCF can identify peers with successful outcomes and contact them accordingly to ascertain strategies that, if implemented, could improve its outcomes. Finally, ODRC should work with Ohio CBCFs to identify appropriate outcome measures and to ensure these statistics are reported in a consistent and timely manner (see **financial systems** for more information on consistent reporting).

### *Staffing*

F5.10 Summit CBCF serves approximately 10 percent fewer total offenders per FTE for all functional areas, as compared to the peer average. However, certain functional areas related to core programming may be understaffed while other areas appear overstaffed (see **F5.11**, **F5.12**, and **F5.13**). **Table 5-11** compares Summit CBCF and peer staffing levels.

**Table 5-11: FY 2002 CBCF Staffing Comparison by Functional Area**

Functional Area	Summit CBCF	Butler CBCF	Franklin CBCF	Mahoning CBCF	Peer Average
	Actual FTEs	Actual FTEs	Actual FTEs	Actual FTEs	
<b>Bed Capacity</b>	180	100	180	70	117
<b>Executive/Research FTEs</b>	3.3	1.0	1.3	3.0	1.8
<b>Offenders per FTE</b>	55	100	139	23	65
<b>Administrative FTEs</b>	15.6	6.0	10.8	5.9 <sup>1</sup>	7.6
<b>Offenders per FTE</b>	12	17	17	12	15
<b>Facility/Security FTEs<sup>2</sup></b>	14.5	4.0	18.8	6.6	9.8
<b>Offenders per FTE</b>	12.4	25.0	9.6	10.6	11.9
<b>Resident Supervisors</b>	31.0	17.0	33.0	17.0	22.3
<b>Offenders per FTE</b>	5.8	5.9	5.4	4.1	5.2
<b>Caseworker FTEs</b>	9.2	6.5	4.2	2.0 <sup>3</sup>	4.2
<b>Offenders per FTE</b>	20	15	43	35	28
<b>Community Service</b>	2.0	1.3	0.2	0.3	0.6
<b>Offenders per FTE</b>	90	77	900	233	195
<b>Education FTEs</b>	3.0	3.0	2.0	3.0	2.7
<b>Offenders per FTE</b>	60	33	90	23	43
<b>Cognitive Skills FTEs</b>	2.0	2.6	2.8	2.0	2.5
<b>Offenders per FTE</b>	90	38	64	35	47
<b>Employment/Vocational FTEs</b>	3.0	2.0	1.0	5.0	2.7
<b>Offenders per FTE</b>	60	50	180	14	43
<b>Treatment FTEs<sup>4</sup></b>	16.4	3.6	7.0	2.0	4.2
<b>Offenders per FTE</b>	11	28	26	35	28
<b>Total FTEs</b>	<b>100.0</b>	<b>47.0</b>	<b>81.1</b>	<b>46.8</b>	<b>58.3</b>
<b>Total Offenders per FTE</b>	<b>1.8</b>	<b>2.1</b>	<b>2.2</b>	<b>1.5</b>	<b>2.0</b>

Source: FY 2002 Summit CBCF Salary and Wages summary and peer CBCFs

Note: Figures have been rounded. Peer averages for ratio calculations are calculated between relevant rows and assume CBCF is at maximum bed capacity.

<sup>1</sup> Includes two FTEs who perform intake for the Program, but do not charge the CBCF grant.

<sup>2</sup> Peer figures do not include cooks or other similar positions because Summit CBCF contracts out for food service and does not have staff who prepare food.

<sup>3</sup> Caseworkers spend approximately 50 percent of their time facilitating cognitive skills groups.

<sup>4</sup> Butler and Franklin CBCF could not provide staffing estimates for lab testing function.

ODRC does not currently assess the staffing levels of Ohio CBCFs and therefore, could not explain the variances between Summit CBCF and the peers. **Table 5-11** indicates that offenders per executive/research FTE, administrative FTE, community service FTE, and treatment FTE at Summit CBCF are lower than the peer average (see **F5.11**, **F5.12** and **F5.13**). However, Summit CBCF serves 17 more offenders per FTE than the peer average in the core functional areas of education and employment/vocational. Also, Summit CBCF serves 43 more offenders per FTE than the peer average in the cognitive skills area.

Conversely, Summit CBCF caseworkers serve eight fewer offenders per FTE than the peer average, although its and the peers' caseworkers appear to spend similar time directly interacting and working with offenders. Therefore, Summit CBCF appears understaffed in core functional areas but overstaffed in the number of caseworkers. Furthermore, Summit CBCF resident supervisors monitor a similar number of offenders per FTE as compared to Butler and Franklin CBCFs. As indicated in **Table 5-2**, Summit CBCF has vacancies in resident supervisors (3.5 FTEs), caseworkers (1.8 FTEs), cognitive skills (1.0 FTE) and vocational coordinator (1.0 FTE).

In FY 2002, the Franklin JCB approved the conversion of the CBCF's administrative structure to a unit management format. According to Franklin CBCF, this team approach breaks down the traditional separation between program and security staff which creates a more personalized and responsive management approach. Unit management relies on continuous communication among offenders and cross-trained staff, thus increasing community safety. Moreover, ODRC recognizes the value of this management approach and requires its use in correctional facilities operated by private entities, including substance abuse treatment facilities. The benefits of unit management include the following:

- Divides large groups of offenders into smaller, more well-defined units or teams;
- Increases the frequency of contact and enhances the quality of relationships between staff and offenders;
- Improves offender accountability through increased interaction; and
- Fosters a better understanding of offender needs, resulting in increased program flexibility.

While Summit CBCF is achieving relatively positive outcomes (see **F5.1** and **F5.2**), reallocating staffing resources to core programmatic areas could enhance services provided to its population and improve outcomes (e.g., recidivism rates, successful completions, educational achievement, and gainful employment). Unit management could also have an impact on staffing levels within the various programmatic categories.

**R5.9** The Summit CBCF director should consider reallocating staffing resources to core functional areas. Specifically, Summit CBCF may benefit from not filling vacant resident supervisor positions and instead, increase staffing levels in the core programmatic areas of education, cognitive skills, and employment/vocational. The director should also consider shifting caseworker positions to core program areas or consider cross-training caseworkers to provide additional support in these areas. In addition, the Summit CBCF director should consider adopting a unit management approach, which could facilitate the shift in staffing resources.

Unit management fosters closer supervision and pools staffing resources to focus on offenders' programmatic needs.

**R5.10** BCS should compare staffing levels by functional area to identify and assess significant variances among Ohio CBCFs. Effective assessment of staffing levels would enable BCS to minimize Program costs and ensure funding is used in an efficient manner to administer quality services. Through these assessments, BCS could also identify and share other effective operational and programmatic practices that foster improved system-wide outcomes.

F5.11 Oriana may be inappropriately charging staffing costs to the CBCF grant in the executive/research and administrative areas, causing staffing levels to appear relatively high compared to peer averages (see **Table 5-11**). Less than one-quarter of Oriana's total personnel directly contribute to Summit CBCF, while CBCF grant funding accounts for about one-fifth of Oriana's operating revenue. Remaining revenues are disbursed among Oriana's other correctional programs (e.g., day reporting and halfway house). According to **Table 5-2**, several executive/research and administrative FTEs charge more than one-quarter of their time to the CBCF grant, including the research manager, research assistant and executive assistant. With the exception of the support services position, all administrative FTEs charge more than one-quarter of their time to the CBCF grant. For example, the human resource manager and network administrator charge 90 percent and 70 percent of their time to the CBCF grant, respectively. While these positions indirectly support Summit CBCF operations, they may also support Oriana's other correctional programs. Without a JCB-approved internal controls policy that specifies how various indirect costs are to be allocated (see **financial systems**), CBCF grant funding may inappropriately support staffing resources for Oriana's other correctional programs, while inflating executive/research and administrative CBCF staffing levels.

**R5.11** Upon approval of an internal controls policy that specifies how indirect costs are to be allocated, the CBCF director should assess the reasonableness of executive/research and administrative CBCF staffing levels, in relation to Oriana's other correctional programs. Specifically, the JCB should ensure the policy enables Oriana's personnel to appropriately charge for responsibilities directly benefiting CBCF operations. By charging these responsibilities in accordance with an approved internal controls policy that specifies how indirect costs are to be allocated, Summit CBCF would ensure staff time is properly accounted for, increase accountability, and ensure executive/research and administrative staffing levels are adequate to support operations. Furthermore, if the policy results in executive/research and administrative personnel charging less time to CBCF, additional grant funding would be available to address programmatic needs.

*Financial Implication:* Without performing a detailed operational assessment of executive/research and administrative positions to determine the reasonableness of their cost allocations, a financial implication cannot be quantified.

- F5.12 Summit CBCF appears overstaffed in the area of treatment and may be able to streamline operations by maximizing available community resources (see **Table 5-11**). Treatment staffing variances between Summit CBCF and the peers can be attributed to additional programming and counseling services provided at Summit CBCF. Currently, Summit CBCF employs 16.4 treatment FTEs, including 7.0 CCDCs and 2.0 crisis intervention counselors, who are responsible for assessing and providing all mental health and chemical dependency treatment services in-house (see **Table 5-2**). On the other hand, Franklin CBCF – the most similar peer in terms of capacity and demographics – uses NetCare Access to coordinate offender referrals for both chemical dependency and mental health counseling to outside providers. A specialist from NetCare Access works part-time at Franklin CBCF to provide assessment services and referrals for offenders. Mental health counseling at Mahoning CBCF is handled externally as well.

According to Franklin CBCF, using community resources promotes the intent of the Program (community corrections) and also fosters treatment continuity once offenders are released from the facility. More specifically, in-house treatment personnel are not used at Franklin CBCF because offenders are in the facility for too short a period of time to complete necessary counseling and would need to initiate counseling with a new counselor upon release. Finally, according to the Huskey Report, CBCFs can effectively prevent future crimes through increased involvement with available community resources.

Rural areas with fewer outside providers, like Butler CBCF, or without an effective coordination network may not be able to rely exclusively on outside providers for counseling services. Summit County, however, appears to have a broad array of treatment providers to which CBCF offenders could be referred, including Summit ADAMH and Portage Path Behavioral Health. While Summit CBCF's treatment staffing levels are reasonable considering the amount of services provided in-house, Summit CBCF is not maximizing the use of available community resources from which cost savings could be achieved.

- R5.12** With approval from the JCB, the Summit CBCF director should consider referring offenders to external treatment providers, thus maximizing the use of available community resources. Based on the extent to which offenders are referred to external treatment providers, Summit CBCF could reduce treatment staffing levels and operational costs in this area. By using a referral system, similar to Franklin CBCF, Summit CBCF could facilitate treatment continuity and further promote the intent of the Program. If Summit CBCF refers offenders

to external treatment providers, it should closely monitor them via a sub-contracting process (see **financial systems**); thereby ensuring offenders are provided with quality services.

*Financial Implication:* Assuming Summit CBCF reduces treatment staffing levels by five FTEs, or half of its current CCDC and crisis intervention counselor positions (including the vacancy identified in **Table 5-2**), Summit CBCF could save approximately \$150,000 and avoid about \$35,100 annually in salaries and benefits. The proposed reduction would enable Summit CBCF to serve approximately 44 percent more offenders per FTE than it does currently. However, it would still be serving significantly fewer offenders per FTE (15) than the peers (28).

- F5.13 Summit CBCF appears overstaffed in the area of community service and may be able to streamline operations by reducing staffing levels to that of the peer average (see **Table 5-11**). Summit CBCF has elected to have more specialized staff with separate positions for community service, treatment, caseworkers, and cognitive skills, which creates a need for more staff. Conversely, peers use cross-trained staff to perform various functions. For example, Butler CBCF employs clinical service providers who perform caseworker, treatment counseling, and cognitive skills functions. Also, Franklin CBCF employs two unit managers who monitor the community service aspects of offender programming, which accounts for only 10 percent of their time. This may account for Summit CBCF falling 54 percent below the peer average in offenders served per community service FTEs.

Although each Summit CBCF offender performs an average of 12 more community service hours than the peers (see **Table 5-3**), ODRC does not require offenders to perform a specific amount of community service hours. For example, each Butler CBCF offender only performs five hours of community service because more emphasis is placed on cognitive skills programming. This approach to programming, which also limits an offender's opportunity to abscond, may impact Butler CBCF's lower instances of AWOLs (see **R5.2**). Furthermore, it does not appear that additional community service impacts recidivism rates, as Summit CBCF and Butler CBCF maintain similar rates (see **Tables 5-5** and **5-6**).

While Summit CBCF coordinates community service activities with more than 20 entities, Franklin CBCF relies primarily on 3 external entities, including the City of Columbus, Maryhaven (a non-profit counseling agency), and the Franklin County Court's Office of Public Facilities to coordinate community service. Working with a few large entities enables Franklin CBCF to provide a wide array of community services activities while streamlining the coordination process. Moreover, all three of these entities have extensive experience with Franklin CBCF and each employs one person to coordinate Franklin CBCF's community service activities at no cost. By employing more community service FTEs than the peers, Summit CBCF incurs higher operational costs in this area and limits resources that

could be allocated to other areas which have a greater impact on reducing recidivism and improving Program outcomes.

**R5.13** The Summit CBCF director should consider reducing community service staffing levels by one FTE to bring it in line with the peer average. Based upon workload and other staffing levels, one FTE can coordinate these duties with assistance from cross-trained caseworkers. Moreover, Summit CBCF should consider adopting a strategy similar to that of Franklin CBCF, whereby a few external entities assist in coordinating community service activities – reducing the time required to perform this function. By streamlining its community service coordination and reducing one community service FTE, Summit CBCF can still provide an effective community service program at a reduced cost.

*Financial Implication:* Reducing one community service supervisor position would result in an annual cost savings of approximately \$25,000 in salary and benefits.

## Financial Implications Summary

The following table summarizes the total estimated cost savings, cost avoidances, and implementation costs from the recommendations presented in this section of the report.

### Financial Implications Summary

<b>Recommendation</b>	<b>Estimated Cost Savings (Annual)</b>	<b>Estimated Cost Avoidance (Annual)</b>	<b>Estimated Implementation Cost (Annual)</b>
<b>R5.4</b> – Conduct follow-up LSI-R tests			\$700
<b>R5.12</b> – Reduce treatment staffing levels by 5.0 budgeted FTEs including the vacancy identified in <b>Table 5-2</b> .	\$150,000	\$35,100	
<b>R5.13</b> – Reduce community service staffing levels by one position	\$25,000		
<b>Total</b>	<b>\$175,000</b>	<b>\$35,100</b>	<b>\$700</b>

## **Conclusion Statement**

In general, Summit CBCF admits more moderate to high-risk/need level offenders than the peers, provides sufficient educational programming, and releases offenders well within statutorily mandated timeframes. However, Summit CBCF's rate of successful completions is low and instances of offender AWOLs and grievances are high when compared to peers. Factors which impact successful completions, AWOLs, and grievances are interrelated and may ultimately affect recidivism rates. Summit CBCF could enhance its operations and potentially improve outcomes by tailoring program requirements (e.g., length of lock-down period) and assigning offenders to caseworkers based upon risk/need levels. In addition, Summit CBCF can better identify areas in need of improvement by conducting offender pre- and post-testing of its cognitive skills program, similar to Butler CBCF; administering LSI-R tests to offenders after a period of 90 days following successful completion; obtaining pertinent and timely offender feedback via targeted evaluations that assess individual course and instructor performance; and developing outcome-based goals. Moreover, Summit CBCF can increase accountability and ensure adequate communication of Program effectiveness by providing the JCB with performance updates and status reports, similar to Franklin CBCF. Finally, ODRC can facilitate system-wide Program improvements and potentially reduce costs by developing a report card that presents individual CBCF effectiveness in relation to key outcome and performance measures (e.g., successful completion and recidivism rates, AWOLs, and grievances), and by assessing CBCF staff level variances.

Overall, Summit CBCF appears slightly overstaffed, serving approximately 10 percent fewer total offenders per FTE for all functional areas than the peers. However, certain functional areas related to core programming may be understaffed (e.g., education, cognitive skills, and employment/vocational). Therefore, the Summit CBCF director should consider reallocating staffing resources to core functional areas. Furthermore, Summit CBCF appears overstaffed in the areas of treatment and community service. Summit CBCF should consider maximizing available community resources in order to streamline operations and potentially reduce staffing levels. Specifically, Summit CBCF should consider referring offenders to external substance abuse and mental health providers, and consolidating current community service responsibilities. Oriana may also be inappropriately charging staffing costs to the CBCF grant in the executive/research and administrative areas, causing staffing levels to appear relatively high compared to peers. The CBCF director should determine the appropriateness of staffing levels in these areas pursuant to a JCB-approved internal controls policy that specifies how indirect costs are to be allocated. In short, staffing costs allocated to the CBCF grant should be reviewed for reasonableness in relation to Oriana's other correctional programs. Finally, BCS should assess major staffing variances among Ohio CBCFs by functional area. This would help ensure Program funding is spent efficiently and effectively. Such assessments would also enable BCS to identify and disseminate best practices that foster improved system-wide outcomes among Ohio CBCFs.