



# **AUDIT OF THE FEDERAL BUREAU OF PRISONS' CONTRACTING FOR AND MANAGEMENT OF RESIDENTIAL REENTRY CENTERS**

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# AUDIT OF THE FEDERAL BUREAU OF PRISONS' CONTRACTING FOR AND MANAGEMENT OF RESIDENTIAL REENTRY CENTERS

## EXECUTIVE SUMMARY

Since the 1980s, the Federal Bureau of Prisons (BOP) has utilized Residential Reentry Centers (RRCs), operated by private contractors, to transition inmates into communities prior to release from incarceration. RRCs provide a structured, supervised environment, along with support in job placement, counseling, and other services to facilitate successful reentry into the community after incarceration, while allowing inmates to gradually rebuild ties to the community. In addition, multiple studies have found that when inmates are transitioned through RRCs, rather than being released directly into society, the inmates are more likely to be gainfully employed and less likely to commit new crimes (recidivate). According to the BOP, 91 percent of inmates referred to RRCs successfully complete the RRC program and return to local communities.<sup>1</sup> From fiscal years (FY) 2008 through 2010, the BOP transitioned almost 90,000 inmates into RRCs prior to release from incarceration at a cost of about \$777.8 million.

The Second Chance Act, enacted in April 2008, required the BOP to expand its use of RRCs, as well as other reentry programs, and report annually on its utilization of RRCs.<sup>2</sup> During FYs 2008 through 2010, the BOP utilized 92 contractors to operate 177 RRC contracts throughout the United States. The RRC contractors are generally required to follow the Statement of Work for Residential Reentry Centers (SOW), updated May 2010, which outlines all of the BOP's requirements for operating RRCs.<sup>3</sup> Pursuant to the SOW, RRCs are required to develop individualized program plans for each inmate. As applicable, the individualized program plans focus

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<sup>1</sup> U.S. Department of Justice, Federal Bureau of Prisons, *State of the Bureau* (2008).

<sup>2</sup> 18 U.S.C. §3624 (2011).

<sup>3</sup> During the period included in our audit, the BOP utilized 13 performance-based contracts awarded to 8 contractors. The performance-based contracts are not governed by the SOW; however, many of the SOW requirements are included in the performance-based contracts. Five of the six RRCs included in our audit were governed by the SOW, while the remaining RRC included in our audit was governed by two performance-based contracts. Throughout this report, requirements described as contained in the SOW are also contained in the 13 performance-based contracts.

on reestablishing relationships with family, obtaining and maintaining employment, obtaining drug and alcohol treatment, and finding housing, which often requires that the inmate leave the RRC facility for approved absences. As a result, inmate accountability is also a critical SOW requirement, and RRCs must: (1) be able to locate and verify the whereabouts of inmates at all times, (2) establish a surveillance program to deter and detect the illegal introduction of drugs and alcohol into the facility, (3) effectively discipline inmates, and (4) prepare and maintain required documentation related to its performance under the SOW.

### **Office of the Inspector General Audit Approach**

The objectives of the audit were to determine whether: (1) RRC operations are conducted in compliance with BOP requirements and (2) the BOP effectively administers and monitors its RRC contracts. The scope of the audit was FYs 2008 through 2010.

We conducted audit work at six RRCs in Denver, Colorado (Denver RRC); Leavenworth, Kansas (Leavenworth RRC); El Paso, Texas (El Paso RRC); Boston, Massachusetts (Boston RRC); Kansas City, Missouri (Kansas City RRC); and Washington, D.C. (Washington RRC). We also interviewed officials at BOP Headquarters responsible for the contract solicitation and award, and the operation of the RRC program. In addition, we interviewed officials at the BOP Regional Office in Kansas City, Kansas; and BOP Contract Oversight Specialists (COS) responsible for monitoring RRCs and RRC billings in Denver, Colorado; Kansas City, Kansas; and El Paso, Texas. For comparison purposes, throughout this audit, it should be noted that the six RRCs reviewed varied in size. The bed capacities for each of the six RRCs are shown in Exhibit 1.

**EXHIBIT 1  
BED CAPACITIES FOR THE SIX RRCs AUDITED<sup>4</sup>**

FACILITY	BED CAPACITY
Denver RRC	<b>85</b>
Leavenworth RRC	<b>55</b>
El Paso RRC	<b>132</b>
Boston RRC	<b>88</b>
Washington RRC	<b>140</b>
Kansas City RRC	<b>90</b>
<b><i>Total</i></b>	<b><i>590</i></b>

Source: BOP

To determine whether RRCs are operating in compliance with BOP requirements, we selected a judgmental sample of 177 inmates out of the 8,736 inmates who were transferred to the six RRCs, from FYs 2008 through 2010, and reviewed all related documentation.<sup>5</sup> We also reviewed at least 3 months of RRC billings submitted to the BOP for each of the six RRCs.

Finally, to determine whether the BOP ensures the RRCs are operating in compliance with BOP requirements, we reviewed the BOP's FY 2010 full monitoring reports for all 177 RRC contracts and all BOP monitoring reports

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<sup>4</sup> The audited Washington RRC operated under two contracts. The BOP needed to expand the bed capacity in Washington, D.C. and chose to award a second contract rather than amending the original contract. The audited Washington RRC corresponds to the 2 Washington RRCs listed in Appendix III with bed capacities of 75 and 65. Although the audited Washington RRC operated under two contracts, it was managed as one facility with one facility director.

<sup>5</sup> Generally, 50 percent of our sample included escaped inmates and the remaining 50 percent was selected randomly from the remaining inmates included in the scope of our audit. However, in some instances there were not enough escaped inmates during the period to make up 50 percent of the sample, in which case we randomly selected additional inmates from the remaining non-escapees. As a result, our sample intentionally included a disproportionately higher number of escaped inmates than the 3 percent average number of escapes from all RRCs during the period reviewed.

from FYs 2008 through 2010 for the 6 RRCs reviewed.<sup>6</sup> Appendix I contains a more detailed description of our audit objectives, scope, and methodology.

## Results in Brief

As stated previously, the SOW sets out the requirements RRCs must follow to assist inmates in acquiring the skills necessary to successfully transition back into society, while at the same time ensuring that the inmates are accounted for at all times. In addition, the SOW requires RRCs to collect subsistence payments (generally 25 percent of the inmates' gross pay) from employed inmates to promote inmate financial responsibility and assist in reducing the costs of confinement. We found that the six RRCs we reviewed adequately met most of the SOW requirements. However, we found that all six RRCs did not fully comply with the SOW. We identified deficiencies related to substance abuse testing, inmate subsistence payments, escapes, and authorized inmate absences. These conditions increase the probability that inmates will not successfully transition back into society.<sup>7</sup>

Specifically, we found:

- 30 percent of inmates in our sample were not given one of the four required monthly drug tests and the Denver RRC did not administer breathalyzer tests to all inmates returning to the facility from unsupervised activities;

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<sup>6</sup> A full monitoring report is a comprehensive review by the BOP of all aspects of an RRC's operation and facility. The BOP conducts a full monitoring inspection and review of every major use (RRCs with an average daily population of 31 or more) and moderate use (RRCs with an average daily population of 16 to 30) RRC annually. Full monitoring inspections and reviews of minor use contracts (RRCs with an average daily population of 15 or less) are conducted once every 18 months. The full monitoring report is broken up into the following six areas: (1) inmate accountability, (2) inmate programming, (3) community relations, (4) RRC compliance with laws and regulations, (5) RRC staff, and (6) communications with the BOP. In addition to full monitoring inspections, the BOP also conducts pre-occupancy visits to assess whether the RRC is ready to begin performance, interim monitoring inspections – an unannounced on-site examination – to follow up on, but not limited to, previously identified deficiencies; and contractor evaluations rating the RRCs performance at the end of each 12-month performance period.

<sup>7</sup> The current Boston and Kansas City RRC facility directors explained that the majority of findings attributed to their facilities were a result of the previous RRC staff, who were replaced in February 2011 and November 2009, respectively.

- during the periods reviewed, the Denver RRC failed to collect 13 percent of the required subsistence payments, the Boston RRC failed to collect 14 percent of the required subsistence payments, and the Kansas City RRC failed to collect full subsistence payments for 14 percent of the payments reviewed;
- required disciplinary hearings were not conducted for 32 percent of the escaped inmates included in our sample; and
- 138 authorized absences from which inmates returned to the facility between 1 and 8 hours late without a documented reason for the delay.
- 33 of the 177 inmates in our sample arrived more than 1 hour late on multiple occasions, but 28 of the 33 were not formally disciplined.

We also identified issues related to incomplete or missing documentation at all six RRCs we visited. Together, these issues raise the concern that the RRCs cannot ensure compliance with SOW requirements related to: (1) inmate passes, (2) approval and documentation of authorized inmate absences, (3) inmate and official visitors, (4) inmate employment, and (5) maintaining inmate files. In addition, we identified areas that were not sufficiently addressed in the SOW related to: (1) collecting, documenting, and reporting inmate subsistence payments; (2) procedures for technical escapes; (3) disciplinary requirements for escapees; (4) timeframes for implementing escape procedures; and (5) timeframes for reporting unaccounted for inmates as escapes.

We found that in most areas, the BOP's procedures for administering and monitoring RRC contracts were adequate. However, we identified deficiencies in the BOP's processes for reviewing RRC invoices to determine if the correct amount of subsistence payments were collected and reported. Specifically, RRCs are not required to provide supporting documentation related to subsistence payments along with the monthly invoices; as a result, BOP staff do not have sufficient information to determine if the subsistence payment amounts reported were accurate. We also found that the BOP's RRC monitoring efforts failed to detect the significant deficiencies related to inmate subsistence payments, and that subsistence payment monitoring procedures were inconsistent across RRCs.

Finally, our review of the annual FY 2010 full monitoring reports for all 177 RRC contracts disclosed differences among the BOP Community

Corrections Management (CCM) offices in the way issues are reported.<sup>8</sup> In some reports we found issues that were reported as a “significant deficiency” for which the RRC was required to implement a formal corrective action plan, while in other reports similar issues were reported as an “area of concern” for which the RRC is not required to implement a formal corrective action plan.

In this report, we make 10 recommendations to assist the BOP in strengthening the operation, administration, and monitoring of the RRC program.

Our report contains detailed information on the full results of our review of the BOP’s RRC program. The remaining sections of this Executive Summary summarize in more detail our audit findings.

### **Substance Abuse Testing**

Each RRC must randomly test at least 5 percent of all inmates for drugs and alcohol monthly, with a minimum of one inmate tested per month, in order to deter and detect the illegal introduction of drugs and alcohol into the facility. Further, inmates with a history of drug abuse, or who are suspected of illegal drug use, are required to be tested for illegal substances no less than 4 times a month. In addition, RRCs must administer breathalyzer tests for alcohol every time an inmate returns to the facility from unsupervised activities.

From our sample of 177 inmates, we identified 123 inmates who were required to be given drug tests at least 4 times per month because the inmates had prior histories of substance abuse. We found at 5 of the 6 RRCs a total of 37 of the inmates identified from our sample (30 percent) were not given all four required drug tests during one of the 1-month periods. We did not find any instances of inmates missing more than one drug test during a 1-month period or any instances of inmates missing a drug test in more than 1 month. Additionally, we found that the Denver RRC selectively administered breathalyzer tests to a sample of inmates returning to the facility from unsupervised activities, rather than administering breathalyzer tests to all such inmates as required by the SOW. The missing drug testing and the Denver RRC’s failure to conduct all required alcohol testing could result in the RRCs and BOP not identifying inmates who have relapsed and not addressing substance abuse problems in a timely manner.

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<sup>8</sup> BOP CCM offices are responsible for all functions, programs, and services related to RRCs, including monitoring the RRCs for compliance with the SOW.

## Inmate Subsistence Payments

To promote financial responsibility the BOP requires inmates to make subsistence payments to RRCs each payday. Subsistence payments are generally 25 percent of the inmates' gross income, although waivers may be granted. RRCs are responsible for collecting the full subsistence payment amount due and providing inmates with receipts for all subsistence payments collected. The RRCs are also required to reduce the monthly BOP invoices by the amount of subsistence payments collected, thus decreasing the BOP's RRC program costs.

We found that three of the six RRCs reviewed—the Denver, Boston, and Kansas City RRCs—substantially failed to comply with subsistence payments collection, documentation, and reporting requirements. Specifically, we identified the following concerns related to subsistence payments at these three RRCs.

- The Denver RRC failed to collect 13 percent of the total required subsistence payments for the period reviewed, resulting in questioned costs totaling \$80,255.<sup>9</sup>
- The Boston RRC failed to collect 85 subsistence payments, equal to 14 percent of the total required subsistence payments for the period reviewed.<sup>10</sup> However, we were unable to calculate the amount of subsistence payments that was not collected because this RRC did not maintain sufficient documentation. In addition, we noted five instances for which the Boston RRC did not collect the full amount of subsistence payments owed, resulting in questioned costs totaling \$1,046, \$830 of which the BOP subsequently remedied, resulting in \$216 remaining questioned costs.
- The Kansas City RRC failed to collect the full amount owed for 14 percent of the subsistence payments reviewed for June through

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<sup>9</sup> At the Denver RRC we analyzed all subsistence payments for FYs 2008 through 2010.

<sup>10</sup> At the Boston RRC we analyzed subsistence payments for July 2008, March 2009, and August 2010. We did not review all subsistence payments at the Boston RRC for FYs 2008 through 2010 because the lack of adequate documentation and poor record keeping prevented us from calculating the actual amounts of subsistence that were not collected.



November 2008.<sup>11</sup> However, the Kansas City RRC collected excess subsistence payments for 12 percent of the payments reviewed during that same period, resulting in net questioned costs totaling \$1,824.<sup>12</sup> We also found 10 instances (9 percent) where the Kansas City RRC did not collect full subsistence payments from the 26 inmates included in our sample, resulting in additional questioned costs totaling \$258.

- The Denver, Boston, and Kansas City RRCs failed to report all subsistence payments collected on the invoices submitted to the BOP, as required by the SOW, resulting in questioned costs totaling \$4,756.

In total we identified \$87,309 in questioned costs related to subsistence payments that were not collected or were not reported to the BOP on the monthly billings and deducted from the total invoice amount. These funds should have been used to reduce the BOP's RRC program costs. However, this amount does not accurately reflect the total questioned costs related to subsistence payments at these RRCs because the Boston and Kansas City RRCs did not maintain sufficient documentation to calculate the amounts that were not collected or reported. We were also unable to accurately project the total questioned costs related to the RRC program as a whole because the lack of documentation did not allow for a statistically valid sample.

We also noted multiple deficiencies at the Denver, Boston, and Kansas City RRCs related to subsistence payments procedures. We found that the Denver RRC allowed inmates to maintain a running balance of subsistence payments owed. The Boston RRC only collected subsistence payments 1 day per week and if an inmate did not make the subsistence payment on the required day for any reason, the inmate was instructed to wait until the following designated subsistence payments collection day to pay the past due amount, decreasing the probability that the inmate would have sufficient funds. The Boston RRC also rejected inmate's attempts to

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<sup>11</sup> At the Kansas City RRC we analyzed subsistence payments for June through November 2008, as well as all subsistence payments made from 2008 through 2010 for the 26 inmates required to pay subsistence that were included in our sample. We did not review all subsistence payments at the Kansas City RRC for November 2007 (when the facility opened) through May 2008, and for FYs 2009 through 2010 because the RRC did not maintain sufficient documentation for us to calculate the amounts of subsistence payments not collected.

<sup>12</sup> Due to the poor recordkeeping at the Kansas City RRC, we were unable to determine whether the overpayments were an attempt to collect past due subsistence or if the RRC actually collected subsistence payments in excess of the amount due from the inmate. As a result, we netted the overpayments and underpayments to determine the total questioned costs.

make subsistence payments if the inmate's money order was for the incorrect amount or included change, since subsistence payments are supposed to be rounded down to the nearest dollar. In addition, the Boston RRC did not maintain a record of the amount of subsistence payments that was not collected. Finally, we found that the Kansas City RRC allowed inmates to make partial subsistence payments and did not track or collect the full amount of subsistence payments that should have been made.

In our judgment, not consistently enforcing the subsistence payment requirements risks undermining the goal of teaching the inmates financial responsibility, which is a critical skill necessary for the inmates to successfully transition back into the community. In addition, the RRCs' deficiencies with respect to subsistence payments increased the net cost of the RRC program to the BOP, as the BOP's net costs are directly increased by any amounts of subsistence payments that are not collected or not reported by the RRCs.

## **Inmate Accountability**

Approved inmate absences are an integral part of the RRC program. However, RRCs must be able to locate and verify the whereabouts of inmates at all times. The SOW states that when an inmate fails to return to the facility at the required time, the RRC officials should initiate escape procedures, and that these procedures should ordinarily take no longer than 20 minutes to complete. However, the SOW does not specify a timeframe for when RRC's should initiate escape procedures, if an inmate fails to return at the required time. Escape procedures include searching the facility, and contacting individuals and places where the inmate may be located (such as family, work, police stations, and hospitals). If the inmate has still not been located after the RRC has completed the required escape procedures the RRC is required to notify the BOP, who in turn notifies the U.S. Marshals Service (USMS) of the escape. The USMS is then responsible for attempting to locate the escaped inmate.

### *Escapes*

When an RRC cannot locate and verify the whereabouts of an inmate, or the inmate is arrested during an approved absence, BOP considers the inmate to have "escaped." The BOP tracks three categories of "escapes" from RRCs: (1) regular escapes – when an inmate leaves the facility without approval, fails to return to the facility at the scheduled time, or fails to arrive or remain at an approved outside activity; (2) technical new escapes – when an inmate is arrested for a new crime during an approved outside activity;

and (3) technical old escapes – when an inmate is arrested on an outstanding warrant.

From our sample of 177 inmates at the 6 RRCs, we identified 88 inmates who had escaped from the RRCs.<sup>13</sup> The length of escape before an inmate was apprehended ranged from 1 day to 901 days, and 53 percent of the inmates were not apprehended until more than 10 days after the escape was reported. As of December 2011, 3 of the 88 escaped inmates were still on escape status, all of whom had been reported to the USMS. For 28 of the 88 escaped inmates (32 percent), we found that the RRC did not conduct the required inmate disciplinary hearings related to the escape.<sup>14</sup>

In addition to the 88 escapes that were in our sample of 177 selected case files at the 6 RRCs we visited, we also reviewed the escape reports for the entire universe of escapes (299) from those 6 RRCs to verify that the RRCs notified the BOP. We found that the BOP did not have escape reports for 57 escapes (19 percent). Without escape reports, the BOP is missing key information related to inmate statistics that may be used in determining whether RRC inmate accountability procedures are adequate.

In addition, we found that although the SOW does not distinguish between regular and technical escapes, it is a common practice for the BOP and the RRCs to treat the multiple categories of escapes differently. For example, the BOP explained that escape reports were not provided for 42 of the 57 escapes that were missing reports because they were technical escapes, that is, the inmates were already in police custody by the time the escape report was required. However, in our judgment, the BOP should ensure that reports are provided for all escapes, including technical escapes so that it has an accurate record of the types of escapes that are occurring.

Finally, for the six RRCs we reviewed, we found that the average amount of time BOP officials took to report escaped inmates to the USMS was 15.25 hours; ranging from 3 minutes to 4.17 days. We also found that

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<sup>13</sup> The 88 escapes included in our sample consisted of 70 regular escapes (79 percent), 12 technical new escapes (14 percent), and 6 technical old escapes (7 percent). As previously stated, our sample intentionally included a disproportionately higher number of escaped inmates than the 3 percent average number of escapes from all RRCs during the period reviewed.

<sup>14</sup> As of December 2011, 3 of the 28 escaped inmates for which the RRC had not conducted the required disciplinary hearing were still on escape status. However, to meet the requirements of the SOW, the RRCs should have held the disciplinary hearing in absentia. The inmates' presence is not required for the disciplinary hearing in the event that the inmate has not yet been apprehended.

the BOP is not following its established procedures and timeframes for reporting escapes to the USMS immediately in the case of regular (non-technical) escapes. The BOP's delay in reporting escaped inmates at the six RRCs to the USMS in turn delays the USMS's search, and thus results in an increased risk that the escapees will not be apprehended in a timely manner.

### *Authorized Inmate Absences*

Authorized absences are a necessary part of the RRC program, in order to achieve specific programming objectives including seeking employment, strengthening family ties, engaging in religious activities, education, recreation, and counseling. Inmate absences for approved program activities are authorized by the RRCs through sign-out procedures.

We examined all of the approved absences, as well as all passes, for the 177 inmates included in our sample.<sup>15</sup> In total, we found that for 434 authorized absences, related to 92 of the 177 inmates in our sample (52 percent), the inmate returned to the RRCs more than 1 hour after the approved return time. We also found that disciplinary actions were not taken or not documented for 65 of the 71 inmates (92 percent) that arrived more than 1 hour late without a documented reason for the delay. In addition, we found that 33 of the 71 inmates (46 percent) had multiple incidents of returning from authorized absences more than 1 hour without a documented explanation. Nonetheless, 28 of the 33 inmates (85 percent) were never formally disciplined.

We also found that the SOW does not provide adequate guidance to the RRCs about how long to wait before initiating escape procedures. The SOW states that when an inmate fails to return to the facility at the required time, the RRC officials should initiate escape procedures, and that these procedures should ordinarily take no longer than 20 minutes to complete. However, the SOW does not specify how long the RRC should wait before implementing escape procedures or reporting inmates as escaped. In addition, RRC officials stated that they typically allow up to 2 hours before reporting inmate escapes, because the RRCs generally allow some time for the inmate to return to the facility before initiating escape procedures. In our judgment, the BOP should modify the SOW to provide guidance on how

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<sup>15</sup> Passes are used by RRCs for approved inmate absences overnight and on weekends, ordinarily to the inmate's release residence. Overnight or weekend absences are limited to the local community, up to a 100-mile radius. A pass may be approved by the RRC for inmates who are successfully completing their programming, which includes achieving their program plan goals and obtaining gainful employment.

long the RRCs should wait for late inmates to return to the facility before initiating escape procedures.

### **Missing or Incomplete Documents**

The SOW requires that “all records related to contract performance will be retained in a retrievable format for the duration of the contract.” The SOW also requires that the RRC “will document that all requirements of [the SOW] are being met.” During our review of the six RRCs included in the audit, we identified additional deficiencies related to the RRC’s compliance with these documentation requirements. Specifically, we found that:

- for 24 of 112 (21 percent) inmate passes reviewed, the RRC failed to make the required twice daily checks;
- the sign-out and sign-in logs for the 14,483 authorized absences reviewed were missing a total of 3,739 required entries including inmate signatures, employee initials approving inmates to leave the RRC, inmate register numbers, purpose, approved and actual return times, departure times, and destinations;
- the sign-in and sign-out logs for the 3,158 authorized visitors reviewed were missing a total of 1,005 required entries including arrival and departure times, purpose, organization, and name; and
- for the 95 employed inmates reviewed, 17 (18 percent) of the required employment verifications were not conducted during the inmate’s first week of employment, 20 (21 percent) of the subsequent monthly employment verifications were not conducted, and 4 (4 percent) of the written approvals for employment were not found in the inmates’ case files.

Together, these deficiencies raise a concern that the BOP lacks documentation of the RRC’s operations sufficient to ensure that the RRCs are fully meeting their requirements under the SOW.

### **BOP Monitoring Procedures**

The BOP is required to conduct regular monitoring of all RRCs to ensure compliance with applicable laws, regulations, policies, and contract requirements, and to ensure that fraud, waste, abuse, mismanagement, and illegal acts are prevented, detected, and reported. We found that the BOP’s monitoring procedures were sufficient to identify most RRC deficiencies

related to compliance with the SOW and that corrective actions were implemented, with the exception of inmate subsistence payments. In addition, the BOP needs to ensure that its monitoring and reporting processes are consistent.

We found that the BOP's controls over the collection and reporting of subsistence payments were inadequate. The BOP officials responsible for approving the monthly RRC invoices could not review the invoices to determine if the correct amount of subsistence payments were collected and reported because RRCs are not required to report the inmates' gross income in addition to subsistence payments collected on the monthly invoices. In addition, RRCs are not required to submit documentation supporting the subsistence payments reported. The lack of oversight and controls related to subsistence payments puts the BOP at risk for overpaying RRCs with funds that could have been used for other purposes.

We also found that the BOP's monitoring process failed to identify the significant deficiencies related to the collection, documentation, and reporting of subsistence payments at three of the six RRCs included in our audit. In addition, there were no standardized procedures for monitoring subsistence payment collection, documentation, and reporting. For example, one Contract Oversight Specialist (COS) stated that the RRCs were required to submit all subsistence payment documentation monthly. The COS also stated that all monthly subsistence payments were reviewed at the BOP CCM office, but the COS did not retain the subsistence payment documentation after the review was completed. Conversely, a second COS stated that random checks of subsistence payments were conducted on-site at the RRCs.

Finally, during our review of the FY 2010 full monitoring report for all 177 RRC contracts, we noted differences in the way the deficiencies identified during the monitoring were reported. We identified 100 reports that had issues reported as a "significant deficiency" for which the RRC was required to implement a formal corrective action plan, while in 37 reports a similar issue was reported as an "area of concern" for which the RRC is not required to implement a formal corrective action plan. These deficiencies included: (1) incomplete inmate sign-out and sign-in logs, (2) accountability checks that were not conducted for inmates away on passes and home confinement, and (3) problems with the inmates' individualized reentry programs. The monitoring reports did not contain sufficient detailed information to support the classification of the issues reported as a "significant deficiency" as compared to the similar issues that were reported as an "area of concern." As a result, we were unable to determine if the

similar issues were reported differently because of the severity of the issue or because of inconsistencies in full monitoring reporting process. In our judgment, the BOP should develop guidelines for determining the materiality of issues identified during its monitoring in order to ensure that deficiencies are reported consistently. In addition, the BOP should modify its monitoring reports to describe incidents in enough detail that “significant deficiencies” are clearly distinguished from “areas of concern.”

## **Conclusion and Recommendation**

We found that the six RRCs we reviewed substantially complied with SOW requirements. However, we found that the RRCs need to improve performance related to: (1) performing required breathalyzer tests; (2) collection, documentation, and reporting of inmate subsistence payments; (3) inmate escape procedures and reporting; (4) inmate accountability and discipline; and (5) documentation. Additionally, we found that the BOP needs to improve its procedures for monitoring inmate subsistence payments and reporting concerns identified through its monitoring process.

Our audit work and findings resulted in 10 recommendations to strengthen the BOP’s operation, administration, and monitoring of the RRC program.

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REENTRY CENTERS**

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# INTRODUCTION

The Federal Bureau of Prisons (BOP) utilizes Residential Reentry Centers (RRCs), commonly known as halfway houses, to transition inmates into communities prior to their release from incarceration. Inmates participating in release programming at RRCs remain in federal custody while serving the remainder of their sentences. At the same time, the inmates are allowed to work, visit with family members, and engage in a limited range of activities. According to the BOP, RRCs provide a structured, supervised environment, along with support in job placement, counseling, and other services to facilitate successful reentry into the community after incarceration. RRCs also make it possible for RRC staff and U.S. Probation Officers to supervise inmate activities during this important readjustment phase.

## Background

### *The Second Chance Act*

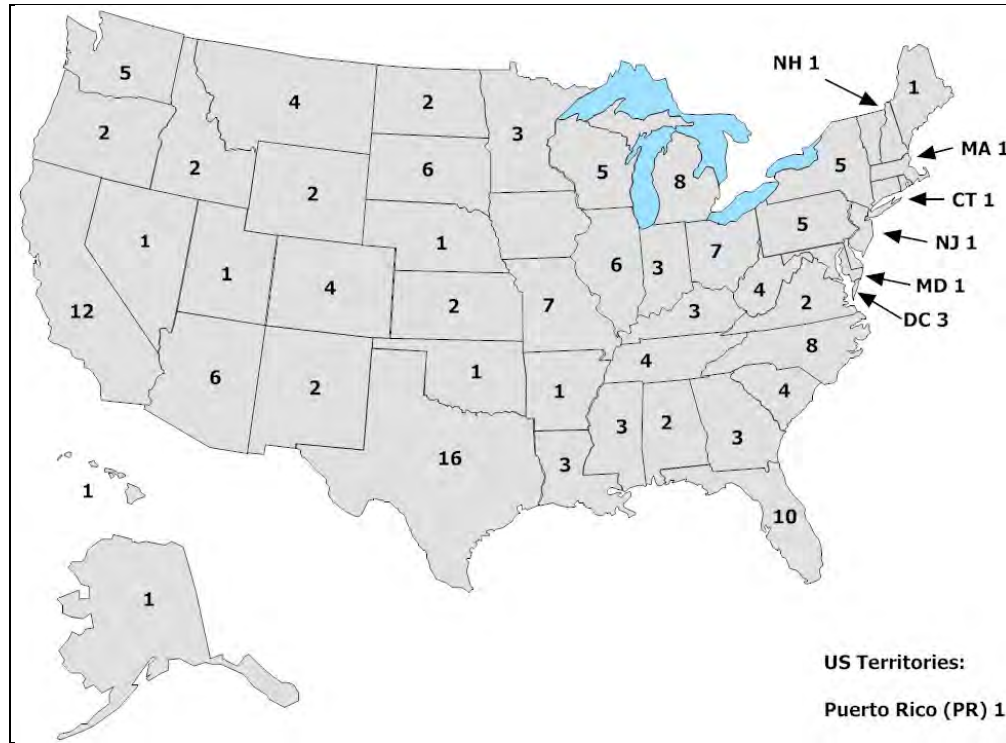
The Second Chance Act, enacted in April 2008, required the BOP to expand and report on its use of RRCs, as well as other reentry programs.<sup>1</sup> Specifically, the Second Chance Act requires the BOP to ensure, to the extent practicable, that “a prisoner serving a term of imprisonment spends a portion of the final months of that term (not to exceed 12 months), under conditions that will afford that prisoner a reasonable opportunity to adjust to and prepare for the reentry of that prisoner into the community.” According to the Act, such conditions may include community correctional facilities (RRCs are considered community correctional facilities). In addition, the Second Chance Act requires the BOP to report annually the number and percentage of inmates placed in RRCs during the preceding year, the average length of such placements, trends in such utilization, the reasons some prisoners are not placed in RRCs, and any other information that may be useful in determining if the BOP is utilizing RRCs in an effective manner.

During fiscal years (FY) 2008 through 2010, the BOP utilized 177 RRC contracts throughout the United States, as shown in Exhibit 1.

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<sup>1</sup> 18 U.S.C. §3624 (2011).

**EXHIBIT 1  
NUMBER OF BOP RRC CONTRACTS PER STATE  
FROM FYs 2008 THROUGH 2010**



Source: BOP

Each RRC is operated by one of 92 contractors to the BOP. The contractors are paid based on a negotiated daily per diem rate for each inmate housed at the facility.<sup>2</sup> Appendix III provides more detailed information on the RRC contracts and per diem rates. From FYs 2008 through 2010, the BOP transitioned almost 90,000 inmates into RRCs prior to release from incarceration at a cost of about \$777.8 million, as shown in Exhibit 2.

<sup>2</sup> The RRCs receive 50 percent of the daily per diem rate for inmates placed in home confinement.

**EXHIBIT 2**  
**RESIDENTIAL REENTRY CENTER FUNDING FROM**  
**FYs 2008 THROUGH 2010 (DOLLARS IN MILLIONS)<sup>3</sup>**

<b>FISCAL YEAR</b>	<b>NO. OF INMATES TRANSFERRED</b>	<b>DIRECT COSTS</b>	<b>SUPPORT COSTS<sup>4</sup></b>	<b>TOTAL</b>
2008	29,690	\$ 214.0	\$ 18.2	\$ 232.2
2009	29,572	244.3	18.2	262.4
2010	30,305	260.6	22.5	283.1
<b>Total</b>	<b>89,567</b>	<b>\$718.9</b>	<b>\$58.9</b>	<b>\$777.8</b>

Source: BOP

*Contract Requirements*

The Statement of Work for Residential Reentry Centers (SOW), updated May 2010, is the primary document that outlines all of the BOP's requirements for contractors operating RRCs.<sup>5</sup> The SOW requires RRCs to develop individualized program plans for each inmate that focus on, when applicable, reestablishing relationships with family, obtaining and maintaining employment, obtaining drug and alcohol abuse treatment, and finding housing. At the same time each RRC must: (1) be able to locate and verify the whereabouts of inmates at all times; (2) establish a surveillance program to deter and detect the illegal introduction of drugs and alcohol into the facility; (3) effectively discipline inmates; and (4) prepare and maintain required documentation. Inmates who fail to follow RRC rules may be returned to a BOP institution. This audit focused on the SOW requirements related to: (1) inmate programming, (2) inmate accountability, (3) inmate

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<sup>3</sup> Throughout this report, differences in the total amounts are due to rounding.

<sup>4</sup> Support costs are the costs associated with the BOP Community Corrections staff that provide direct oversight and administration of the RRC program. This includes contract monitors, contract oversight specialists, and administrative staff. This also includes the BOP Community Corrections staff administrative expenses, such as travel to BOP Community Corrections Management (CCM) offices, mandatory trainings, and office supplies.

<sup>5</sup> During the period included in our audit, the BOP utilized 13 performance-based contracts awarded to 8 contractors. The performance-based contracts are not governed by the SOW; however, many of the SOW requirements are included in the performance-based contracts. Throughout this report, requirements described as contained in the SOW are also contained in the 13 performance-based contracts.

discipline, (4) records and reports, (5) inmate escape procedures, and (6) cost reimbursement.

## **Prior OIG Reports**

In March 2004, the OIG issued an audit report on the BOP Inmate Release Preparation and Transitional Reentry Programs.<sup>6</sup> The audit concentrated on whether the BOP ensured that federal inmates received the maximum benefit from its programs designed to prepare inmates for successful reentry into society. The audit concluded that each BOP institution offered similar types of reentry programs that are generally recognized to reduce recidivism. According to the report, prior studies had found that RRC placement increases the chances of inmates' successful transition into society. However, the audit found that during FYs 2000 through 2002, between 28 and 54 percent of the institutions reviewed failed to meet their RRC utilization targets. As a result, the audit concluded that the BOP was not ensuring that all eligible inmates were provided the opportunity to transition through an RRC to help prepare them for reentry into society.

In September 2010, the OIG issued an audit report on the BOP's Furlough Program.<sup>7</sup> From FYs 2007 through 2009, a total of 85,453 inmates were furloughed to RRCs. The audit found that the BOP could not readily provide data associated with furlough-related escapes or information about crimes committed by furloughed inmates. The audit also found more than 2,600 instances where inmates were released to RRCs with more than 1 year remaining on their sentence. Additionally, the audit identified 339 inmates who were released to RRCs with more than 5 years remaining on their sentences. However, the majority of these instances were caused by data entry errors in the BOP's inmate database (SENTRY).<sup>8</sup> The audit also identified issues with tracking furlough-related escape information and updating SENTRY on inmates' status, and it recommended implementation of technological solutions to enhance the accuracy and usefulness of SENTRY.

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<sup>6</sup> U.S. Department of Justice Office of the Inspector General, *The Federal Bureau of Prisons Inmate Release Preparation and Transitional Reentry Programs*, Audit Report 04-16 (March 2004).

<sup>7</sup> U.S. Department of Justice Office of the Inspector General, *Audit of the Federal Bureau of Prisons' Furlough Program*, Audit Report 10-44 (September 2010).

<sup>8</sup> Developed in-house beginning in the mid-1970s, SENTRY is used to collect, maintain, and report all inmate information that is critical to the safe and orderly operation of the BOP facilities.

## OIG Audit Approach

The objectives of the audit were to determine whether: (1) RRC operations are conducted in compliance with BOP requirements and (2) the BOP effectively administers and monitors its RRC contracts. The scope of the audit was FYs 2008 through 2010.

We conducted audit work at six RRCs in Denver, Colorado (Denver RRC); Leavenworth, Kansas (Leavenworth RRC); El Paso, Texas (El Paso RRC); Boston, Massachusetts (Boston RRC); Kansas City, Missouri (Kansas City RRC); and Washington, D.C. (Washington RRC). We also interviewed officials at BOP Headquarters responsible for the contract solicitation and award, and the operation of the RRC program. In addition, we interviewed officials at the BOP Regional Office in Kansas City, Kansas; and BOP Contract Oversight Specialists (COS) responsible for monitoring RRCs and RRC billings in Denver, Colorado; Kansas City, Kansas; and El Paso, Texas. For comparison purposes, throughout this audit, it should be noted that the six RRCs reviewed varied in size. The bed capacities for each of the six RRCs are shown in Exhibit 3.

**EXHIBIT 3**  
**BED CAPACITIES FOR THE SIX RRCs AUDITED<sup>9</sup>**

<b>FACILITY</b>	<b>BED CAPACITY</b>
Denver RRC	<b>85</b>
Leavenworth RRC	<b>55</b>
El Paso RRC	<b>132</b>
Boston RRC	<b>88</b>
Washington RRC	<b>140</b>
Kansas City RRC	<b>90</b>
<b><i>Total</i></b>	<b><i>590</i></b>

Source: BOP

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<sup>9</sup> The audited Washington RRC operated under two contracts. The BOP needed to expand the bed capacity in Washington, D.C. and chose to award a second contract rather than amending the original contract. The audited Washington RRC corresponds to the two Washington RRCs listed in Appendix III with bed capacities of 75 and 65. Although the audited Washington RRC operated under two contracts, it was managed as one facility with one facility director.

To determine whether RRCs are operating in compliance with BOP requirements, we selected a judgmental sample of 177 inmates out of the 8,736 inmates who were transferred to the 6 RRCs reviewed, from FYs 2008 through 2010, and reviewed all related documentation.<sup>10</sup> We also reviewed at least 3 months of RRC billings submitted to the BOP for each of the six RRCs.

Finally, to determine whether the BOP ensures the RRCs are operating in compliance with BOP requirements, we reviewed the BOP's FY 2010 full monitoring reports for all 177 RRC contracts and all BOP monitoring reports from FYs 2008 through 2010 for the 6 RRCs reviewed.<sup>11</sup> Appendix I contains a more detailed description of our audit objectives, scope, and methodology.

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<sup>10</sup> Generally, 50 percent of our sample included escaped inmates and the remaining 50 percent was selected randomly from the remaining inmates included in the scope of our audit. However, in some instances there were not enough escaped inmates during the period to make up 50 percent of the sample, in which case we randomly selected additional inmates from the remaining non-escapees. As a result, our sample intentionally included a disproportionately higher number of escaped inmates than the 3 percent average number of escapes from all RRCs during the period reviewed.

<sup>11</sup> A full monitoring report is a comprehensive review by the BOP of all aspects of an RRC's operation and facility.

## **FINDINGS AND RECOMMENDATIONS**

### **I. RRC COMPLIANCE WITH BOP REQUIREMENTS**

The RRCs are required to assist inmates in successfully transitioning back into society through program planning, accountability procedures, and effective inmate discipline. While the six RRCs we reviewed adequately met most of the SOW requirements, we found that all six RRCs did not fully comply with the SOW or the purpose of the RRC program related to substance abuse testing, inmate subsistence payments, escapes, and authorized inmate absences. These conditions risk undermining important goals of the RRC and thus increase the probability that inmates will not successfully transition back into society. We also identified issues related to incomplete or missing documentation that we believe as a whole represent a concern that the six RRCs cannot always ensure that SOW requirements are being met related to: (1) inmate passes, (2) approval and documentation of authorized inmate absences, (3) inmate and official visitors, (4) inmate employment, and (5) maintaining inmate files. In addition, we identified areas that were not sufficiently addressed in the SOW related to collecting, documenting, and reporting inmate subsistence payments; procedures for technical escapes; disciplinary requirements for escapes; timeframes for implementing escape procedures; and timeframes for reporting unaccounted for inmates as escaped.

The findings related to the collection, reporting and documentation of subsistence payments were limited to the Denver, Boston, and Kansas City RRCs because of poor internal controls related to inmate subsistence payments. In addition, we did not identify any deficiencies related to substance abuse testing at the El Paso RRC and we did not identify any deficiencies related to escapes at the Washington RRC.<sup>12</sup>

#### **Substance Abuse Testing**

In order to deter and detect the illegal introduction of drugs and alcohol into the facility, RRCs must randomly test at least 5 percent of all inmates for drugs and alcohol monthly, with a minimum of one inmate tested per month.

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<sup>12</sup> It should be noted that, the current Boston and Kansas City RRC facility directors explained that the majority of findings attributed to their facilities were a result of the previous RRC staff, who were replaced in February 2011 and November 2009, respectively.



An inmate known to have a history of drug abuse, or who is suspected of illegal drug use, must be tested no less than 4 times per month. RRCs must also give inmates breathalyzer tests every time they return to the facility from an unsupervised activity.

During our review of 177 inmate files, we identified 123 inmates who had histories of substance abuse and were required to be given drug tests at least 4 times per month. We found that for 37 of these inmates (30 percent), the RRCs did not have documentation showing that the inmates were given one of the four required monthly drug tests. However, we did not find any instances of inmates missing more than one drug test during a 1-month period or any instances of inmates missing a drug test in more than 1 month.

We also found that the Denver RRC did not administer breathalyzer tests to all inmates returning to the facility from unsupervised activities. Instead, the RRC selectively administered the breathalyzer tests to a sample of inmates. The Denver RRC facility director believed that it would be problematic for them to administer the required breathalyzer test on every returning inmate due to the high volume of traffic from departing and returning inmates. However, this policy is in violation of the SOW requirements.

The missing drug testing and the Denver RRC's failure to conduct all required alcohol testing could result in the RRCs and BOP not identifying inmates who have relapsed and not addressing substance abuse problems in a timely manner. As a result, we recommend that the BOP enhance its monitoring procedures to ensure that the RRCs perform all required drug and breathalyzer tests.

## **Inmate Subsistence Payments**

To promote financial responsibility the BOP requires inmates to make subsistence payments to RRCs each payday to help defray the cost of their confinement. Most inmates are required to pay 25 percent of their gross income, not to exceed the per diem rate for the contract. Inmates who have other means of financial support (sale of property, Veteran's Administration benefits, worker's compensation, retirement income, or Social Security) must also contribute 25 percent of their determined weekly income. In cases of hardship, an RRC may request the BOP Community Corrections Management (CCM) office to waive or modify an inmate's required subsistence payments.<sup>13</sup>

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<sup>13</sup> BOP CCMs are responsible for all functions, programs, and services related to RRCs, including monitoring the RRCs for compliance with the SOW.

An inmate is not released from the subsistence payment responsibilities for being away on passes, furlough, or home confinement. RRCs are responsible for collecting the full subsistence payments due and providing the inmate with receipts for all subsistence payments collected. The receipt must indicate the amount collected, gross income, and time period covered. In addition, the RRCs are required to reduce monthly billings by the amount of subsistence payments collected, thus reducing the BOP's cost for the RRC program.

As discussed in the following sections, we found that the Denver, Boston, and Kansas City RRCs (half of the RRCs included in our audit) substantially failed to comply with subsistence payment collection, documentation, and reporting requirements of the SOW.

#### *Inmate Subsistence Not Collected*

At the Denver RRC we analyzed all subsistence payments for FYs 2008 through 2010. We found that the Denver RRC failed to collect \$80,255 (13 percent) of the \$604,512 required subsistence payments for the period reviewed. Instead, and in violation of the SOW, the Denver RRC allowed inmates to maintain a running balance of subsistence payments owed and required inmates to sign promissory notes for uncollected subsistence payments when the inmate was released from the facility. Our testing indicated that during FYs 2008 through 2010, the Denver RRC initially failed to collect subsistence payments totaling \$86,656, but subsequently collected \$6,401 on the promissory notes from inmates released from the RRC, resulting questioned costs of \$80,255 related to subsistence payments not collected from inmates. Denver RRC officials stated that the main reason full subsistence payments were not collected from inmates was that inmates did not have enough money in their savings to cover the subsistence payments owed. However, subsequent to our fieldwork, the Denver RRC revised its policy related to subsistence payments as of January 1, 2011. According to its new policy, inmates are now required to make full subsistence payments when they are due.

At the Boston RRC we analyzed subsistence payments for the 3 months included in our sample.<sup>14</sup> We found that the Boston RRC failed to collect 85 subsistence payments, which equates to 14 percent of the subsistence payments reviewed. However, we were unable to calculate the amount of subsistence payments that were not collected because the Boston RRC did

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<sup>14</sup> We did not review all subsistence payments at the Boston RRC for FYs 2008 through 2010 because inadequate documentation and record keeping prevented us from calculating the actual amounts of subsistence that were not collected.

not maintain sufficient documentation. We also noted five instances for which the Boston RRC did not collect the full subsistence payments, resulting in questioned costs totaling \$1,046. Subsequent to our fieldwork, the BOP remedied \$830 of these questioned costs by reducing the Boston RRC's May 2011 invoice by \$830, resulting in remaining questioned costs of \$216. The Boston RRC officials attributed the problems related to the collection of subsistence payments to previous management. However, since the change in management occurred only 3 weeks prior to our site work, we were unable to determine if the new management has corrected or will correct the issues related to the collection and reporting of subsistence payments.

At the Kansas City RRC, we analyzed 909 subsistence payments for June through November 2008, as well as 111 subsistence payments for the 26 inmates required to make subsistence payments that were included in our sample.<sup>15</sup> Based on our review of subsistence payment receipts for June through November 2008, we found that full subsistence payments were not collected for 128 (14 percent) of the 909 subsistence payments reviewed from June through November 2008. However, we also found that excess subsistence payments were collected for 110 (12 percent) of the 909 total payments reviewed. As a result, we identified net questioned costs related to subsistence payments that were not collected totaling \$1,824.<sup>16</sup> From the 26 inmates included in our sample, we also identified 10 additional instances (9 percent) out of the 111 subsistence payments reviewed for which the Kansas City RRC did not collect full subsistence payments, resulting in additional questioned costs totaling \$258. The Kansas City RRC attributes this deficiency to bad bookkeeping by an RRC staff member who was replaced in 2008. However, we found that beginning in December 2008, the RRC failed to record the inmates' gross pay on the subsistence payment receipts; as a result, we could not calculate the amount of subsistence payments that should have been made from December 2008 through September 2010.

It is difficult for RRCs to collect previously owed subsistence payments from inmates once they have been released. In recognition of this fact, the BOP requires RRCs to collect full subsistence payments from inmates when

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<sup>15</sup> We did not review all subsistence payments at the Kansas City RRC for November 2007 (when the facility opened) through May 2008, and for FYs 2009 through 2010 because inadequate documentation prevented us from calculating the actual amounts of subsistence that were not collected.

<sup>16</sup> Due to the poor recordkeeping at the Kansas City RRC, we were unable to determine whether the overpayments were an attempt to collect past due subsistence or if the RRC actually collected subsistence payments in excess of the amount due from the inmate. As a result, we netted the overpayments and underpayments to determine the total questioned costs.

they are due, and it subjects inmates who fail to make required subsistence payments to disciplinary action, including being returned to a BOP facility. In light of these requirements, we believe that the RRCs should not have allowed inmates to maintain a running balance of subsistence payments owed to the RRC, but rather the RRCs should have made every effort to collect full subsistence payments when they were due.

#### *Not Reporting Collected Subsistence Payments*

We also found that the Denver, Boston, and Kansas City RRCs, failed to report all subsistence payments collected to the BOP. The Denver RRC failed to report \$1,849 of the total subsistence payments collected from inmates after they were released. The Kansas City RRC did not maintain adequate documentation related to subsistence payments collected for November 2007 through May 2008, and for December 2008 through September 2010. However, based on a reconciliation conducted by the Kansas City RRC for FY 2008, we found that the Kansas City RRC failed to report \$2,851 of the total subsistence payments collected during that period. We also identified one instance of the Boston RRC collecting \$56 in subsistence payments from an inmate that was not reported to the BOP. In total, this resulted in the RRCs being double paid for the amounts collected that were not reported, resulting in questioned costs of \$4,756.

#### *Inadequate Subsistence Payment Procedures and Documentation*

In addition to the subsistence payments that were not collected or not reported to the BOP, we found that the Denver, Boston, and Kansas City RRCs did not have adequate procedures for collecting required subsistence payments from the inmates. As stated previously, at the Denver RRC we found that inmates were allowed to maintain a running balance of subsistence payments owed and that the Denver RRC required inmates to sign promissory notes for uncollected subsistence payments when the inmate was released from the facility.

At the Boston RRC, we found that subsistence payments were only collected 1 day per week, and that each inmate was only required to make subsistence payments on the designated day that corresponded with the inmate's pay period. For example, if an inmate was paid biweekly, the inmate was only required to report on the designated subsistence payments collection day every other week corresponding with the inmate's pay period. Following this practice, it is possible that inmates were not required to make subsistence payments for up to 6 days after receiving a paycheck, increasing the possibility that the inmate had already spent his or her income before the RRC attempted to collect subsistence payments. In addition, if an inmate did

not make the required amount of subsistence payments on the designated collection day, the inmate was instructed to wait until the following designated subsistence payments collection day to pay the past due amount. In this situation, the RRC noted that the inmate did not make a subsistence payment; however, it did not track the subsistence payment that should have been made or maintain a copy of the inmate's pay stub. Further, if the inmate made subsistence payments on the next designated day for the current pay period but not the previous pay period, no further actions were taken to collect the previously unpaid subsistence payment.

We also found that the Boston RRC rejected an inmate's attempt to make subsistence payments if the inmate's money order was for an incorrect amount or included change, since subsistence payments are supposed to be rounded down to the nearest dollar amount. Again, if the inmate's attempted subsistence payment was rejected, the inmate was instructed to pay the correct amount on the next designated subsistence payments collection day and no record was maintained to document how much past due subsistence payments were owed by the inmate. This practice resulted in inmates spending money that should have been used to make subsistence payments, rather than making the required subsistence payment on the next scheduled subsistence payment collection day. Boston RRC officials stated that this practice was a result of its corporate policy. In our judgment, RRCs should not refuse money from inmates for subsistence payments when it is owed, even when the amount proffered is less than the total owed, because refusing a payment increases the probability that the inmate will spend the money rather than make the required subsistence payment at a later date.

We also identified nine instances prior to June 2010 when the Boston RRC collected excess prorated assistance prior to inmates leaving the facility. The SOW requires RRCs to collect an inmate's last week of subsistence payment in advance of the inmate's departure from the facility. The Boston RRC was collecting advanced subsistence payments for 20 to 32 days prior to the inmate leaving the facility. According to Boston RRC officials, the BOP identified this issue during one of its monitoring reviews and verbally informed the Boston RRC of the deficiency. However, this deficiency was not mentioned in any BOP monitoring report for the facility. In response to the deficiency, the Boston RRC stopped collecting prorated subsistence payments from inmates prior to their departures from the facility in June 2010, which resulted in the BOP being overbilled by the amount of subsistence payments not collected. Because of the Boston RRC's inadequate records related to subsistence payments, we were unable to determine the amount of prorated subsistence payments that were not collected.

At the Kansas City RRC, we found that inmates were allowed to make subsistence payments for multiple paychecks, rather than collecting subsistence payments immediately after the inmate was paid. Like the Denver RRC's policy of allowing running balances and the Boston RRC's policy of refusing payments in the wrong amount, this policy increases the probability that the inmate will spend the money owed before the subsistence payment is collected. In addition, although the Kansas City RRC accepted partial subsistence, rather than refusing payments for incorrect amounts like the Boston RRC, Kansas City RRC personnel stated that when partial subsistence payments were made, inmates were required to pay the remaining balance within 24 hours. However, our audit found that the Kansas City RRC failed to follow its own policy of collecting the remaining subsistence payment balance within 24 hours, for all 10 instances we reviewed where inmate's made partial payments.

For all three RRCs, we identified a total of \$87,309 in questioned costs which should have been used to reduce the BOP's RRC program costs. These questioned costs related to subsistence payments that were not collected or were not reported to the BOP on the monthly billings and deducted from the total invoice amount. However, this amount does not accurately reflect the total questioned costs related to subsistence payments at the three RRCs because the Boston and Kansas City RRCs generally did not maintain sufficient documentation for us to calculate the amounts that were not collected or reported. In addition, we were unable to accurately project the total questioned costs related to the RRC program as a whole because of the lack of documentation prevented a statistically valid sample. The three RRCs' failure to collect and report the required subsistence payments resulted in increased costs for the BOP's RRC program since subsistence payments are used to reduce the amount of per diem paid to the RRC contractors. As a result, we recommend that the BOP remedy the \$87,309 questioned costs related to subsistence payments.

We also noted multiple deficiencies at the Denver, Boston, and Kansas City RRCs related to the collection, documentation, and reporting of subsistence payments. The primary mission of the RRC program is to enable inmates to obtain the skills necessary to transition into society. In our judgment, not consistently enforcing the subsistence payment requirements risks undermining the goal of teaching the inmates financial responsibility, which is a critical skill necessary for the inmates' to successfully transition back into the community. In addition, the RRCs' deficiencies with respect to subsistence payments increased the cost of the RRC program to the BOP, as the BOP's costs are directly increased by any amounts of subsistence payments that are not collected or not reported by the RRCs.

We therefore recommend that the BOP modify the SOW to provide detailed procedures for collecting, reporting, and documenting subsistence payments. These procedures should include guidance about the circumstances under which overpayments may be accepted and requirements that RRCs: (1) collect full subsistence payments immediately after the inmate is paid, (2) not refuse money from inmates for subsistence payments when it is owed, even when the amount proffered is less than the total owed, (3) establish a process for accurately tracking subsistence payments owed and timeframes for obtaining full subsistence payments if a partial payment is provided, and (4) report inmates to the BOP who have not made subsistence payments or the full subsistence payments within the established timeframes.

### **Inmate Accountability**

RRCs must be able to locate and verify the whereabouts of inmates at all times. Written procedures must be established by the RRC to guide its staff in meeting this requirement. RRCs must contact the inmate either by telephone or in-person at random times at work, at home, or at authorized destinations to maintain accountability. The RRC must conduct these checks at a frequency that ensures accountability and commensurate with the accountability risks of each individual inmate. If an inmate cannot be located, the RRCs are required to implement escape procedures, which include searching the facility, and contacting individuals and places where the inmate may be located (such as family, work, police stations, and hospitals). If the inmate has still not been found, the RRC is required to notify the BOP, who in turn notifies the USMS of the escape. The USMS is then responsible for attempting to locate the escaped inmate.

### *Escapes*

There are three categories of escapes from RRCs: (1) regular escapes, (2) technical new escapes, and (3) technical old escapes. A regular escape is when an inmate fails to remain in the custody of an RRC by:

- not reporting to the facility for admission at the scheduled time;
- not remaining at the approved place of employment, training, or treatment during the hours specified by the terms of the employment, training, or treatment program;
- not returning to the facility at the time prescribed;

- not returning from an authorized furlough or pass at the time and place stipulated;
- not abiding by conditions of employment, or curfew conditions of home confinement; or
- leaving the facility without permission from RRC staff.

A technical new escape is when an inmate fails to remain in the custody of an RRC by being arrested on a new charge. One example of a technical new escape is when an inmate, residing at an RRC, is arrested for shoplifting during their lunch break at work.

A technical old escape is when an inmate fails to remain in the custody of an RRC by being arrested on an outstanding warrant while residing at an RRC. Normally regulations require that an inmate with outstanding warrants be transferred to the authorities within the jurisdiction where the inmate has an outstanding warrant after the inmate's completion of their sentence at a BOP institution. Low level crimes, however, are often not reported to the BOP. The most common example of inmates being arrested for outstanding warrants occurs when the inmate goes to obtain a new driver's license, and the inmate is then arrested on an outstanding traffic violation.

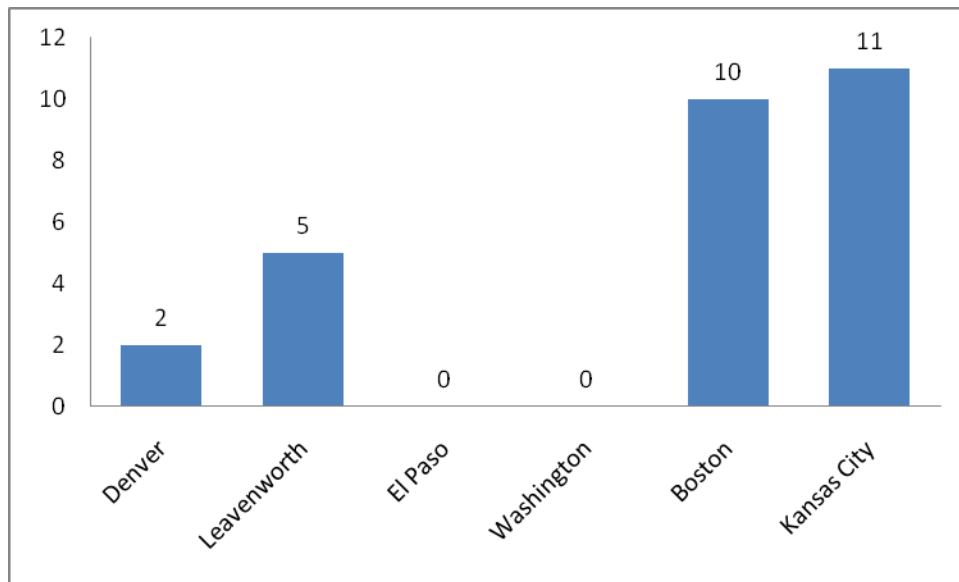
For FYs 2008 through 2010, 2,303 inmates escaped from RRCs, which is approximately 3 percent of the 89,567 inmates transferred to RRCs during the same period. The 2,303 escapes from RRC during FYs 2008 through 2010, included 1,735 regular escapes (75 percent), 293 technical new escapes (13 percent), and 275 technical old escapes (12 percent).

The SOW states that when an inmate fails to return to the facility at the required time, the RRC officials should initiate escape procedures, and that these procedures should ordinarily take no longer than 20 minutes to complete. However, the SOW does not specify a timeframe for when RRCs' should initiate escape procedures, if an inmate fails to return at the required time. If all efforts to locate the inmate fail, the inmate is considered an escapee and the RRC facility director must immediately notify the BOP CCM office. RRC officials stated that they typically allow up to 2 hours before reporting inmate escapes, because the RRCs generally allow some time for the inmate to return to the facility before initiating escape procedures. Once an inmate is placed on escape status, the RRC must prepare an incident report and conduct a disciplinary hearing.



Of the 177 inmate files we reviewed at the 6 RRCs, 88 were related to escapes. The 88 escapes included in our sample consisted of 70 regular escapes (79 percent), 12 technical new escapes (14 percent), and 6 technical old escapes (7 percent).<sup>17</sup> The length of escape before the inmate was apprehended ranged from 1 day to 901 days, and 53 percent of the inmates were not apprehended until more than 10 days after the escape was reported. As of December 2011, 3 of the 88 escaped inmates were still on escape status, all of whom had been reported to the USMS. We found that 28 of the 88 escaped inmates (32 percent) were not given the required disciplinary hearings for the escape, as shown in Exhibit 4.<sup>18</sup>

**EXHIBIT 4  
ESCAPES WITHOUT DISCIPLINARY HEARINGS**



Source: Data collected from fieldwork at RRCs

<sup>17</sup> Our sample purposely included a higher percentage of regular escapes and technical new escapes, and a lower percentage of technical old escapes than the averages for all RRCs during FYs 2008 through 2010 because technical old escapes are related to inmates arrested on a prior outstanding warrant while residing at an RRC. Therefore, technical old escapes are not related to the inmates' actions while residing at the RRC.

<sup>18</sup> This includes 18 regular escapes, 7 technical new escapes, and 3 technical old escapes. In addition, as of December 2011, 3 of the 28 escaped inmates for which the RRC had not conducted the required disciplinary hearing were still on escape status. However, to meet the requirements of the SOW, the RRCs should have held the disciplinary hearing in absentia. The inmate's presence is not required for the disciplinary hearing in the event that the inmate has not yet been apprehended.

The Denver RRC facility director commented that one of its escapes without a disciplinary hearing was because action was taken by the inmate's assigned probation officer, and therefore the RRC chose not to hold a disciplinary hearing. The Denver RRC facility director believes it is possible the second missing escape without a disciplinary hearing was due to the document being stored electronically and corrupted or deleted during a transfer of data. The Leavenworth RRC facility director was unable to provide an explanation for their five escapes without disciplinary hearings. Both the current Boston and Kansas City RRC facility directors explained that the escapes that did not result in a disciplinary hearing were a result of the previous RRC staff, who have since been replaced. As a result, we recommend that the BOP enhance its monitoring procedures to ensure that RRCs hold required disciplinary hearings for escapes.

We also reviewed all 299 escape reports related to inmates who escaped from the six RRCs reviewed during our audit scope, to verify that the RRCs notified the BOP. We found that the BOP did not have escape reports for 57 escapes (19 percent). BOP officials from both regional and CCM offices explained that escape reports were not provided for 42 of these escapes because they were technical escapes, that is, the inmates were already in police custody by the time an escape report was required. For the remaining 15 instances (5 percent), the BOP was unable to provide an explanation for the missing reports. Without escape reports, the BOP is missing key information related to inmate statistics that may be used in determining whether RRC inmate accountability procedures are adequate. As a result, we recommend that the BOP ensure that required escape reports are being filed by BOP CCM offices for all escapes.

In addition, we found that although the SOW does not distinguish between regular, technical new, and technical old escapes, during our review we noted that it is common practice for the BOP and RRCs to treat the different types of escapes differently. For example, we found 42 instances of technical new and technical old escapes not reported as escapes to the BOP because the inmates were already in police custody at the time they were found by the RRC. As mentioned above, the Denver RRC facility director also explained that for one technical escape the RRC took no disciplinary action because the inmate's probation officer disciplined the inmate. However, in our judgment, the BOP should ensure reports are provided for all escapes, including technical escapes, so that it has an accurate record of the types of escapes that are occurring.

Finally, for the six RRCs we reviewed, we found that the average amount of time BOP officials took to report escaped inmates to the USMS was 15.25 hours, ranging from 3 minutes to 4.17 days. We also found that the

BOP is not following its established procedures and timeframes for reporting escapes immediately to the USMS. In our judgment, the BOP's delay in reporting escaped inmates to the USMS can increase the risk that the escapees will not be apprehended. As a result, we recommend that the BOP ensure that its procedures for immediately reporting escapes to the USMS are followed.

We also found that for two inmates who were ultimately reported as escapees, when the inmates failed to return to the El Paso RRC at the approved time, the facility director granted the inmates a 2-hour extension without contacting the inmates to determine if they were late for a valid reason. As stated previously, the SOW stipulates that if an inmate fails to return to an RRC on time, RRC staff must attempt to locate the inmate, which includes searching the RRC, as well as calling local hospitals, police stations, and known friends and family members. Yet the RRC did not start escape procedures until the inmates failed to return to the RRC after the extended 2-hour period of time. This caused a delay of 2 hours in RRC staff attempting to locate the inmates, and a commensurate delay in RRC staff reporting the inmates as escapees to the BOP. Although both inmates were subsequently apprehended and returned to BOP custody, one inmate was on escape status for 53 days and the other was on escape status for 303 days.

#### *Authorized Inmate Absences*

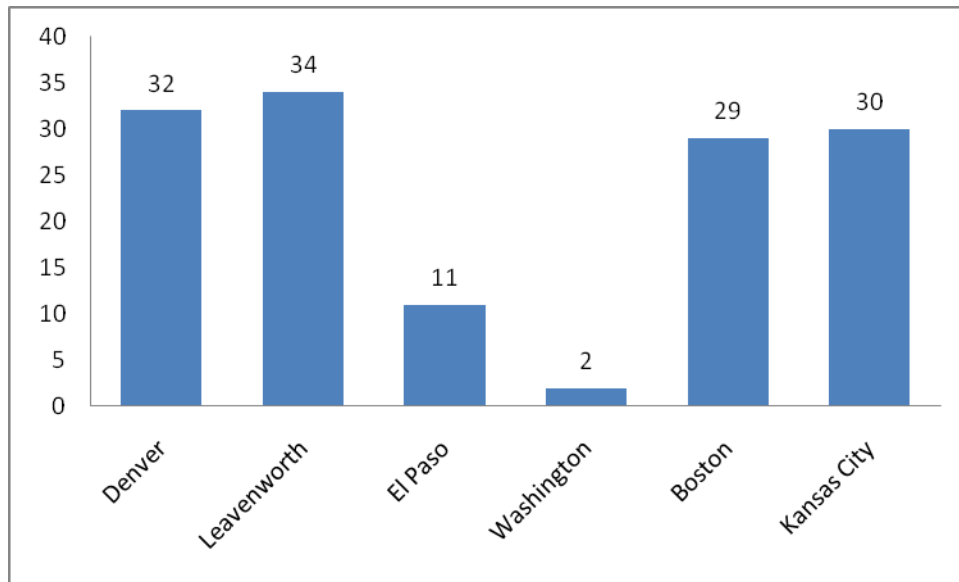
RRCs can only authorize an inmate to leave the facility through sign-out procedures and only for an approved program activity. Approved program activities typically include job searches, employment, religious services, and visitations with family and friends. Other than for employment or programming activities, such as drug abuse counseling, an inmate must generally be at the RRC facility from 9:00 p.m. to 6:00 a.m. unless the facility director has granted an exception. However, RRCs can also utilize passes or furloughs to release inmates overnight, or to travel distances of more than 100 miles.

During authorized absences, the RRC is still responsible for inmate accountability. The RRC must have written procedures for inmate accountability that include authorized absences for job searches, work, religious services, programming activities, social passes, furloughs, and placement on home confinement. The SOW stipulates that if an inmate fails to return to an RRC on time, RRC staff must initiate escape procedures. The SOW states this process should ordinarily take no more than 20 minutes.

We examined all authorized absences, as well as all passes, for the 177 inmates included in our sample. We found that for 434 authorized

absences, related to 92 of the 177 inmates (52 percent), the inmate returned to the RRC more than 1 hour after the approved return time. For 296 of these 434 authorized absences for which the inmate returned more than 1 hour late, a reason, such as a transportation delay, was provided in the log. However, for the remaining 138 instances, related to 71 inmates for which the inmate was more than 1 hour late, no reason for the delay was documented. Exhibit 5 shows a breakdown by RRC of the 138 authorized absences for which the inmate was more than 1 hour late and no reason for the delay was documented.

**EXHIBIT 5  
NUMBER OF AUTHORIZED ABSENCES FOR WHICH  
INMATES RETURNED MORE THAN 1 HOUR LATE  
WITHOUT AN EXPLANATION BY THE RRC**



Source: Data collected from fieldwork at RRCs

We also found that disciplinary actions were not taken or not documented for 65 of the 71 inmates (92 percent) that arrived more than 1 hour late without a documented reason for the delay. In addition, we found that 33 of the 71 inmates (46 percent) had multiple incidents of returning from authorized absences more than 1 hour without a documented explanation. Nonetheless, 28 of the 33 inmates (85 percent) were never formally disciplined. Exhibit 6 shows the distribution of the number of incidents per inmate returning more than 1 hour late from approved absences without a reason for the delay.

**EXHIBIT 6**  
**FREQUENCY OF INDIVIDUAL INMATES RETURNING FROM**  
**AUTHORIZED ABSENCES MORE THAN ONE HOUR LATE**  
**WITHOUT AN EXPLANATION**

NUMBER OF INCIDENTS RETURNING MORE THAN 1 HOUR LATE	NUMBER OF INMATES	TOTAL NUMBER INCIDENTS RETURNING MORE THAN 1 HOUR LATE
6	1	6
5	4	20
4	3	12
3	12	36
2	13	26
1	38	38
	<b>71</b>	<b>138</b>

Source: Data collected from fieldwork at RRCs

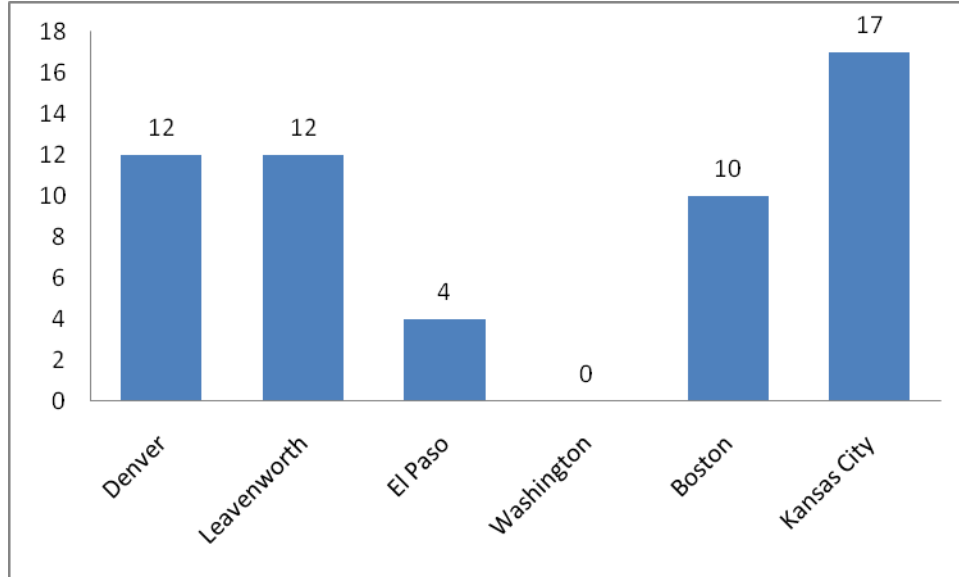
We also found that disciplinary actions were not taken or not documented for 65 of the 71 (92 percent) inmates that arrived more than 1 hour late without a documented reason for the delay, despite the fact that 33 of these 71 inmates (46 percent) had multiple incidents of returning from authorized absences more than 1 hour without a documented explanation. Inmate accountability is vital to the role RRCs play in transitioning inmates into society after their incarceration within a BOP institution. One of the primary reasons that inmates are transitioned through RRCs is to teach the inmates the responsibility necessary to work and function in society, including timeliness. Inmates who demonstrate consistent accountability problems are failing to meet this primary objective of the RRC program. In our judgment, RRCs that allow inmates to return to the facility over 1 hour late without documenting the reason for the delay and initiating disciplinary procedures demonstrate a failure to comply with the SOW accountability requirements related to approved inmate absences.

We also found that the SOW does not adequately address the types of disciplinary action that should be taken when inmates are significantly late returning to the facility without providing a legitimate excuse. Overall, we found that disciplinary action was only formally taken for 6 of the 71 inmates (8 percent) that returned to the RRC more than 1 hour after the approved return time without a documented reason for the delay. The facility directors at the six RRCs we visited emphasized that the disciplinary action given to inmates is uniquely chosen based upon what the RRCs' staff believes would be best to improve an inmate's behavior. While some inmates may only

respond to formal disciplinary hearings, others may require only informal verbal warnings. However, we believe the lack of uniformity with regard to inmate lateness is an area of concern. The purpose of the RRC program is to teach inmates the skills necessary to successfully transition into society after incarceration and demonstrating responsibility through timeliness is an integral part of the RRC program. For example, in order to successfully maintain employment, it is necessary to arrive for work on time. The RRCs' failures to formally discipline inmates who are significantly late, especially inmates with multiple infractions, could result in the inmates not being taught this vital skill. As a result, we recommend that the BOP create uniform formal disciplinary procedure for inmates who return significantly late to the RRC on multiple occasions without an excuse, such as a late bus, and that the procedure include definitions of what is considered significantly late.

RRC officials stated that they typically allow up to 2 hours before reporting inmate escapes, because the RRCs generally allow some time for the inmate to return to the facility before initiating escape procedures. The SOW does not specify a timeframe for when RRCs should initiate escape procedures, if an inmate fails to return at the required time. Using the longer timeframes estimated by RRC officials, we identified 208 authorized absences, related to 63 of the 177 inmates (36 percent) in our sample, for which the inmate was more than 2 hours late. For 153 of the 208 authorized absences (74 percent), the RRC provided an excuse in its log, such as a transportation delay. However, for the remaining 55 authorized absences related to 36 of the 177 inmates (20 percent), the RRC provided no reason for the delay, and therefore these incidents should have been but were not reported to the BOP as escapes. These 55 authorized absences for which inmates were more than 2 hours late without an explanation from the RRC are shown in Exhibit 7.

**EXHIBIT 7  
NUMBER OF AUTHORIZED ABSENCES FOR WHICH  
INMATES RETURNED MORE THAN 2 HOURS LATE  
WITHOUT AN EXPLANATION BY RRC**



Source: Data collected from fieldwork at RRCs

As stated previously, the SOW states that when an inmate fails to return to the facility at the required time, the RRC officials should initiate escape procedures, and that these procedures should ordinarily take no longer than 20 minutes to complete. The SOW further states that, if all efforts to locate the inmate fail, the inmate is considered an escapee and the RRC facility director must immediately notify the BOP CCM office. This criterion appears to imply that escape procedures should be initiated the minute an inmate is late and that after the 20 minutes allotted for completing the escape procedures, the inmate should be reported as an escapee. However, RRC officials stated that they typically allow up to 2 hours before reporting inmate escapes, because the RRCs generally allow some time for the inmate to return to the facility before initiating escape procedures. We found that the SOW does not adequately address how long an RRC should wait before implementing escape procedures or reporting inmates as escapees. As a result, there is an inconsistency among RRCs and even between incidents within an RRC on how these issues are addressed. Therefore, we recommend that the BOP create specific guidelines for determining when to report an inmate as having escaped, including how long RRCs should wait for an inmate to return before implementing escape procedures, and that RRCs should document the reasons for the delay if the inmate subsequently returns to the facility.

## **Additional Concerns Regarding Missing or Incomplete Documentation**

The SOW requires that “[a]ll records related to contract performance will be retained in a retrievable format for the duration of the contract.” The SOW also requires that the RRC “will document that all requirements of [the SOW] are being met.” During our review of the six RRCs included in the audit, we identified additional concerns related to documenting compliance with the SOW that as a whole raise the concern that the RRCs cannot ensure compliance with SOW requirements related to: (1) inmate passes, (2) inmate sign-out and sign-in logs, (3) visitor sign-in and sign-out logs, (4) inmate employment, and (5) inmate files. As a result, we recommend that the BOP enhance its monitoring procedures to ensure that RRCs maintain complete and accurate documentation related to the performance of SOW requirements.

### *Inmate Passes*

Pursuant to the SOW, passes may be used by RRCs for approved inmate absences overnight and on weekends, ordinarily to the inmate’s release residence. Overnight or weekend absences are limited to the local community, up to a 100-mile radius. A pass may be approved by the RRC if an inmate is successfully completing their programming.

For purposes of accountability, the RRCs perform and document random inmate checks to determine compliance with the conditions of the pass. These checks may be made by telephone or in-person unless otherwise specified by the BOP CCM office. Such checks must occur at least twice a day. The intent is to set a frequency that provides for appropriate inmate accountability.

We reviewed 112 overnight and weekend passes for the inmates included in our sample. We found for 24 of the inmate passes reviewed (21 percent) the RRC failed to make or failed to document the required twice daily checks.

### *Inmates Sign-Out and Sign-In Logs*

Pursuant to the SOW, documentation of an inmate’s movement in and out of RRCs must include, at a minimum: inmate’s signature and staff initials, the inmate’s full name and register number, type of inmate, method of transportation, work contact information, pass site contact information, time out, destination, purpose, authorized return time, time in, and a section for special comments.



During our review of the 14,483 authorized inmate absences for the inmates included in our sample, we found that the sign-out and sign-in logs were missing:<sup>19</sup>

- 1,351 (9 percent) inmate signatures;
- 1,300 (9 percent) employee initials approving inmates to leave the RRC;
- 815 (6 percent) inmate register numbers; and
- a combined total of 273 miscellaneous items, including the purpose, actual return times, stipulated return times, departure times, and destinations.

#### *Visitor Sign-In and Sign-Out Logs*

RRCs are required to identify and document all individuals entering or exiting the facility by using a sign-in and sign-out system, including the visitor's name, organization, purpose, and times in and out of the facility.

We examined 3 months of visitor logs for each RRC reviewed, totaling 3,158 authorized visitors, and found that the entries in the visitor sign-in and sign-out logs were frequently incomplete. Specifically, we found that sign-in and sign-out logs for the authorized visitors were missing:<sup>20</sup>

- 722 (23 percent) visitor departure times;
- 268 (8 percent) visitor arrival times; and
- a combined total of 15 miscellaneous items, including missing visitor purposes, organizations, and names.

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<sup>19</sup> In some instances, multiple elements were not documented in the sign-out and sign-in log for a single authorized absence.

<sup>20</sup> In some instances, multiple elements were not documented in the sign-out and sign-in log for a single authorized visitor.

## *Inmate Employment*

Ordinarily, inmates are expected to be employed 40 hours a week within 15 calendar days after their arrival at the RRC.<sup>21</sup> RRCs are required to have staff available to assist inmates in obtaining employment through a network of local employers, employment job fairs, and training classes in resumé writing and interview techniques. For each job an inmate acquires, the RRC must verify employment by an on-site visit during the first 7 calendar days. Thereafter, at least monthly, the RRC is required to contact the inmate's employment supervisor by phone or site visit to substantiate attendance and discuss any problems which may have arisen.

During our review of 177 inmate files, we identified 95 inmates (54 percent) that were employed during their time at an RRC. Of those 95 inmates, we identified 17 inmates (18 percent) for which the RRCs did not conduct the required employment verifications during the inmate's first week of employment and 20 inmates (21 percent) for which the RRC did not always conduct the required monthly employment verifications subsequent to the initial check. The majority of the missing employment verifications (30 of 37) were at the Boston and Kansas City RRCs.

We also identified four inmates (4 percent) for which written RRC approval for employment was not found in the inmates' case files. All four inmates were from the Boston and Kansas City RRCs.<sup>22</sup> As previously stated, the current Boston and Kansas City RRC facility directors explained that the majority of findings attributed to their facilities were a result of the previous RRC staff, who were replaced in February 2011 and November 2009, respectively.

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<sup>21</sup> The RRC facility directors stated that due to the poor economy it is taking longer for inmates to obtain employment and some inmates are unable to obtain employment while at the RRCs.

<sup>22</sup> The Kansas City RRC was responsible for three of the instances, and the Boston RRC was responsible for one of the instances.

## *Inmate Files*

RRCs must maintain a file on each inmate that includes all significant decisions and events relating to the inmate, including: (1) a signed orientation checklist, (2) the initial intake information form, (3) a signed acknowledgment of receipt of RRC rules, (4) a signed acknowledgment of receipt of disciplinary policy, and (5) an individualized reentry plan.

During our review of 177 inmate files, we identified documentation that was missing from the inmates' case files, including:

- 20 terminal reports (11 percent);
- 11 inmate subsistence payment agreement forms (6 percent); and
- 5 orientation checklists signed by the inmate (3 percent).

## **Other SOW Compliance Matters**

In addition to the matters noted above, we found that the RRCs generally complied with requirements related to programming, home confinement, and searches.

### *Programming*

RRCs are required to implement a multi-disciplinary Program Review Team to determine inmate program needs for reentry. Such reentry issues include focusing on family, employment, housing, and drug and alcohol treatment issues. Pursuant to the SOW, during the inmate's first 2 weeks at the RRC, staff will complete an individualized reentry plan for each inmate.<sup>23</sup> During an inmate's first 6 weeks at an RRC, program planning meetings are conducted weekly, and bi-weekly after the first 6 weeks.

During our review of 177 inmate files, we found that most inmate files 170 of 177 (96 percent) contained the necessary initial individualized reentry plans. However, we identified 7 inmates (4 percent) for whom the inmate file did not contain an initial individualized reentry plan. We also identified

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<sup>23</sup> The auditors did not evaluate the quality of reentry programming. However, we did assess whether individualized reentry plans were developed for each inmate, and whether the plans contained the necessary elements. In addition, the auditors assessed whether the RRCs regularly met with inmates to discuss reentry planning, monitored the inmate's progress towards achieving the reentry plan, and implemented corrective actions when necessary.

6 inmates (3 percent) whose individualized reentry plans were not updated weekly during the first 6 weeks, and 38 inmates (21 percent) whose individualized reentry plans were not updated bi-weekly after the first 6 weeks. Additionally, we also identified 11 inmates (6 percent) who were not making necessary progress towards their individualized reentry plans for which it does not appear that corrective action was taken by the RRC.<sup>24</sup> Overall, with the exception of the few instances noted above, the RRCs were adequately planning and monitoring reentry programming.

### *Home Confinement*

Home confinement provides an opportunity for inmates to assume increasing levels of responsibility, while at the same time providing sufficient restrictions to promote community safety and convey the sanctioning value of the sentence. Inmates placed on home confinement are required to remain in their home when not involved in approved activities including employment or programming activities, such as drug abuse counseling. Compliance with home confinement may be monitored by the RRC through telephone, in-person contacts, or electronic monitoring equipment. During our review of 177 inmate files, we found no indication that the RRCs failed to conduct the required home confinement checks.

### *Searches for Contraband*

The SOW requires RRCs to have written policy and procedures for searches to control contraband and its disposition. RRC staff conduct searches of the facility and personal belongings of inmates, including any motor vehicles operated by an inmate, as needed, but at least once per month.<sup>25</sup> RRCs must maintain the documentation of these searches in a log. During our review of the six RRCs included in our audit, we identified no indication that contraband searches were not being conducted as required.

## **Conclusion**

The SOW sets out several requirements the RRCs are required to follow, with the purpose of helping inmates acquire the skills necessary for their reintroduction into society and decreasing recidivism. While the six RRCs we reviewed adequately met the SOW requirements related to

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<sup>24</sup> One example of an inmate not being on track with their program would be the inmate failing to obtain employment.

<sup>25</sup> RRC staff may also conduct random searches of inmates as necessary, which do not need to be documented.

programming, home confinement, and searches for contraband, we found that all six RRCs did not fully comply with the SOW or the purpose of the RRC program. We identified deficiencies related to substance abuse testing, inmate subsistence payments, escapes, and authorized inmate absences. These conditions increase the probability that inmates will not benefit from the RRC program, as they will not learn the necessary skills required for a smooth transition into society prior to their eventual release into their communities.

We also identified issues related to incomplete or missing documentation at all 6 RRCs we visited. Together, these issues raise the concern that the RRCs cannot ensure compliance with SOW requirements related to: (1) inmate passes, (2) approval and documentation of authorized inmate absences, (3) inmate and official visitors, (4) inmate employment, and (5) maintaining inmate files. In addition, we identified areas that were not sufficiently addressed in the SOW related to collecting, documenting, and reporting inmate subsistence payments; procedures for technical escapes; disciplinary requirements for escapes; timeframes for implementing escapes procedures; and timeframes for reporting unaccounted for inmates as escapes.

It should be noted that the findings related to the collection, documentation, and reporting of subsistence payments were limited to the Denver, Boston, and Kansas City RRCs because of poor internal controls. In addition, it should be noted that we did not identify any deficiencies related to substance abuse testing at the El Paso RRC, and we did not identify any deficiencies related to escapes at the Washington RRC. Finally, and as previously stated, the current Boston and Kansas City RRC facility directors explained that the majority of findings attributed to their facilities were a result of the previous RRC staff, who were not performing as BOP required and were replaced in February 2011 and November 2009, respectively.

## Recommendations

We recommend that the BOP:

1. Enhance its monitoring procedures to ensure that RRCs: (1) perform all required drug and breathalyzer tests, (2) hold required disciplinary hearings for escapes, and (3) maintain complete and accurate documentation related to the performance of SOW requirements.
2. Remedy the \$87,309 in questioned costs related to subsistence payments.
3. Modify the SOW to provide detailed procedures for collecting, reporting, and documenting subsistence payments. These procedures should include guidance about the circumstances under which overpayments may be accepted and requirements that RRCs: (1) collect full subsistence payments immediately after the inmate is paid; (2) not refuse money from inmates for subsistence payments when it is owed, even when the amount proffered is less than the total owed; (3) establish a process for accurately tracking subsistence payments owed and timeframes for obtaining full subsistence payments if a partial payment is provided; and (4) report inmates to the BOP who have not made subsistence payments or the full subsistence payment within the established timeframes.
4. Ensure that required escape reports are filed by BOP CCM offices for all escapees, including technical escapes, so that it has an accurate record of the types of escapes that are occurring.
5. Ensure that its procedures for immediately reporting escapes to the USMS are followed.
6. Create uniform formal disciplinary procedure for inmates who return significantly late to the RRC on multiple occasions without an excuse, such as a late bus, including definitions of what is considered significantly late.
7. Create specific guidelines for determining when to report an inmate as having escaped, including how long RRCs should wait for an inmate to return before implementing escape procedures, and requiring that RRCs should document the reasons for an inmate's delay if the inmate subsequently returns to the facility.

## II. BOP RRC MONITORING

We found that the BOP's procedures for administering and monitoring the RRC contracts were generally adequate. However, we found that the BOP staff responsible for approving monthly RRC billings could not determine from the invoices whether the correct amount of subsistence payments were collected and reported. We also found that the RRCs are not required to provide supporting documentation related to subsistence payments along with the monthly invoices. In addition, we found that the BOP's RRC monitoring efforts failed to detect the deficiencies we found related to inmate subsistence payments and that the subsistence payment monitoring procedures were inconsistent. Finally, we found that deficiencies identified during the BOP's monitoring process were reported differently in the BOP's full monitoring reports among RRCs.

The use of contractor-operated RRCs assists the BOP in its mission of transitioning inmates back into society by allowing the inmates to be placed closer to the communities into which the inmates will eventually be released. The contractors who operate RRCs are subject to the BOP requirements set forth in the standard SOW.<sup>26</sup> The BOP is responsible for administering the RRC contracts and ensuring that monthly billings are accurate. The BOP is also required to conduct regular monitoring of all RRCs to ensure compliance with applicable laws, regulations, policies, contract requirements, and to ensure that fraud, waste, abuse, mismanagement, and illegal acts are prevented, detected, and reported.

Based on our audit work, we found that the BOP's monitoring procedures were sufficient to identify most RRC deficiencies related to compliance with the SOW and that corrective actions were implemented. However, as discussed in the following sections, we found that the BOP needs to improve its procedures for monitoring subsistence payments, which includes ensuring that subsistence payments reported on the RRCs' monthly invoices are accurate. In addition, the BOP needs to ensure that its monitoring and reporting processes are consistent.

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<sup>26</sup> During the period included in our audit, the BOP utilized 13 performance-based contracts awarded to 8 contractors. The performance-based contracts are not governed by the SOW; however, many of the SOW requirements are included in the performance-based contracts. Five of the six RRCs included in our audit were governed by the SOW, while the remaining RRC included in our audit was governed by two performance-based contracts. Throughout this report, requirements described as contained in the SOW are also contained in the 13 performance-based contracts.

## **Inadequate Subsistence Payment Monitoring and Reporting Requirements**

As previously mentioned, to promote financial responsibility the BOP requires inmates to make subsistence payments to RRCs to help defray the cost of their confinement. The BOP considers an RRC deficient if it does not collect full subsistence payments from inmates. RRCs are also required to reduce monthly billings by the amount of subsistence payments collected and indicate this on its monthly bill to the BOP. However, as stated in Finding I we noted significant deficiencies related to the collection, documentation, and reporting of subsistence payments at three of the six RRCs included in our audit.

We found that the BOP's controls over the collection, documentation, and reporting of subsistence payments were inadequate. The BOP officials responsible for approving the monthly RRC invoices could not determine from the invoices whether the correct amount of subsistence payments were collected and reported. In addition, the BOP does not require RRCs to report gross wages on the monthly billings or submit copies of the inmates' earnings statements and the subsistence payment receipts provided to the inmates by the RRCs.<sup>27</sup> As a result, the BOP officials responsible for reviewing and approving RRC invoices do not have sufficient information or documentation to determine if all required subsistence payments were collected, or if all subsistence payments collected were reported to the BOP and deducted from the BOP billings. The lack of oversight and controls related to subsistence payments puts the BOP at risk for overpaying the RRCs with funds that could have been used for other purposes.

We also found that the BOP's monitoring process failed to identify significant deficiencies related to the collection, documentation, and reporting of subsistence payments at three of the six RRCs included in our audit, as discussed in Finding I. We discussed this issue with BOP officials who stated that the Contract Oversight Specialists (COS) are responsible for monitoring subsistence payments. However, we found that there were no standardized procedures for monitoring subsistence payment collection, documentation, and reporting. For example, a COS in Kansas City stated that the RRCs are required to provide copies of all subsistence payment documentation on a monthly basis, including inmate pay statements, money orders, and subsistence payment receipts, to determine if the full subsistence payments were collected and deducted from the monthly invoice. However, the

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<sup>27</sup> Subsistence receipts are receipts given by the RRC to the inmate as verification for the amount of subsistence paid by the inmate.



Kansas City CCM office did not maintain the monthly subsistence payment records provided by the RRCs. In comparison, the COS in Denver stated that subsistence payments are reviewed by selecting a sample of inmate files at the RRC during the full monitoring process, but that no documentation of this review was maintained.

The BOP's lack of consistency for monitoring subsistence payments may have contributed to the fact that the significant deficiencies we identified related to the RRCs collection, documentation, and reporting of subsistence payments were not identified during the BOP's monitoring process. As a result, we recommend that the BOP require RRCs to submit copies of inmates' paystubs, waivers, and subsistence payment collection receipts along with the monthly billings, which should be maintained by the BOP along with the approved invoices. In addition, we recommend that the BOP implement procedures for reviewing subsistence payments along with the monthly invoices, and for ensuring that RRCs remedy inaccurate or uncollected subsistence payments.

### **BOP Monitoring and Inspections**

The BOP generally conducts a full monitoring inspection of every RRC annually to ensure compliance with applicable laws, regulations, policies, and contract requirements, and to ensure that fraud, waste, abuse, mismanagement, and illegal acts are prevented, detected, and reported.<sup>28</sup> Each RRC receives feedback from the BOP in the form of monitoring reports or direct correspondence, which may include deficiencies that the RRC must remedy. The BOP determines a deficiency is present when evidence indicates that the RRC did not meet the performance requirements of the contract. Pursuant to the SOW, the evidence that supports a deficiency must be factually sufficient to lead a knowledgeable, reasonable person who is not an expert in the program area to come to the same conclusion as the reviewer.

Specifically, the BOP conducts the following types of monitoring.

- **Pre-Occupancy Visits** - After the contract is awarded, but before the Contracting Officer issues the "notice to proceed," the BOP may conduct a pre-occupancy visit at the RRC facility to assess whether the RRC is ready to begin performance.

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<sup>28</sup> The BOP conducts a full monitoring inspection and review of every major use (RRCs with an average daily population of 31 or more) and moderate use (RRCs with an average daily population of 16 to 30) RRC annually. For minor use contracts (RRCs with an average daily population of 15 or less), full monitoring inspections are only required every 18 months.

- **Full Monitoring Inspections** - A full monitoring is a comprehensive review of all aspects of the RRC's operation and facility. This full monitoring inspection includes examining: (1) inmate accountability, (2) inmate programming, (3) relationships with the community, (4) compliance with laws and regulations, (5) staffing levels and qualifications of staff, and (6) communication with the BOP.
- **Interim Monitoring Inspection** - An interim monitoring inspection is an unannounced on-site examination by BOP officials. Ordinarily BOP officials inspect previously identified deficiencies during an interim monitoring inspection, but they are not limited to inspecting such deficiencies.
- **Contractor Evaluation Forms** - The Contractor Evaluation Form is an annual assessment conducted by the Contracting Officer's Technical Representative (COTR). The evaluation assesses the RRC's: (1) accountability, (2) programs, (3) community relations, (4) site validity and suitability, (5) personnel, and (6) communication and responsiveness. The rating period represents 12 months of contract performance and ordinarily is conducted at the end of each performance period as identified on the Contract Award document.

### *Inconsistent Monitoring*

We obtained the annual FY 2010 full monitoring reports for all 177 RRC contracts. For the full monitoring reports we reviewed for the 177 RRC contracts, the full monitoring reports for 100 contracts identified "significant deficiencies" for which the RRC was required to implement a formal corrective action plan, the full monitoring reports for 37 contracts only identified "areas of concern" for which the RRC is not required to implement a formal corrective action plan, and the full monitoring reports for 40 contracts did not identify any issues. The monitoring reports did not contain sufficient detailed information to support the classification of the issues reported as a "significant deficiency" as compared to the similar issues that were reported as an "area of concern." As a result, we were unable to determine if the similar issues were reported differently because of the severity of the issue or because of inconsistencies in full monitoring reporting process. For example, 18 RRCs (10 percent) received a deficiency related to accountability procedures, including incomplete inmate sign-out and sign-in logs, home confinement checks that were not conducted, and accountability checks that were not conducted for inmates away on social passes. However, for eight additional RRCs (5 percent), we found that the same issues were only reported as a comment or area of concern. However, none of the 26 reports with deficiencies related to accountability procedures provided sufficient

detail to determine the extent of the deficiency, such as the number of files reviewed or the number of incomplete inmate sign-out and sign-in logs, home confinement checks that were not conducted, and accountability checks that were not conducted for inmates away on social passes.

In our judgment, the BOP should develop guidelines for determining the materiality of issues identified during its monitoring in order to ensure that deficiencies are reported consistently. In addition, the BOP should modify its monitoring reports to describe incidents in enough detail that "significant deficiencies" are clearly distinguished from "areas of concern." As a result, we make recommendations to that effect to the BOP.

## **Conclusion**

We found the BOP needs to improve its procedures for monitoring inmate subsistence payments and that the monitoring reports did not contain sufficient detailed information to support the classification of the issues reported. The BOP staff responsible for approving monthly RRC invoices could not determine from the invoices whether the RRCs had collected and reported the correct amount of subsistence payments, and the RRCs were not required to provide supporting documentation related to subsistence payments along with the monthly invoices. We also found that the BOP's RRC monitoring efforts failed to detect the significant deficiencies related to inmate subsistence payments, and that subsistence payment monitoring procedures were inconsistent.

We also noted several inconsistencies related to the way issues are reported among CCM offices. In some reports we found issues reported as a "significant deficiency" for which the RRC was required to implement a formal corrective action plan, while in other reports similar issues were reported as an "area of concern" for which the RRC is not required to implement a formal corrective action plan.

## **Recommendations**

To strengthen the BOP's administration and monitoring of the RRC program, we recommend that the BOP:

8. Require RRCs to submit copies of inmates' paystubs, waivers, and subsistence payment collection receipts along with the monthly billings, which should be maintained by the BOP along with the approved invoices.

9. Implement procedures for reviewing subsistence payments along with the monthly invoices and following up on inaccurate or uncollected subsistence payments.
10. Develop guidelines for determining the materiality of issues identified during its monitoring in order to ensure that deficiencies are reported consistently. In addition, the BOP should modify its monitoring reports to describe incidents in enough detail that "significant deficiencies" are clearly distinguished from "areas of concern."

## STATEMENT ON INTERNAL CONTROLS

As required by the *Government Auditing Standards*, we tested, as appropriate, internal controls significant within the context of our audit objectives. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to timely prevent or detect: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations. Our evaluation of the BOP's internal controls was *not* made for the purpose of providing assurance on its internal control structure as a whole. The BOP management is responsible for the establishment and maintenance of internal controls.

As noted in the Findings and Recommendations section of this report, we identified deficiencies in the BOP's internal controls that are significant within the context of the audit objectives and based upon the audit work performed that we believe adversely affect the BOP's ability to operate the RRC program. Specifically, its monitoring of RRC contractor performance is insufficient to prevent significant deficiencies.

Because we are not expressing an opinion on the BOP's internal control structure as a whole, this statement is intended solely for the information and use of the BOP. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## OBJECTIVES, SCOPE, AND METHODOLOGY

### Objectives

The objectives of the audit were to determine whether: (1) RRC operations are conducted in compliance with BOP requirements and (2) the BOP effectively administers and monitors its RRC contracts.

### Scope and Methodology Section

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

To determine whether the BOP effectively monitors RRC performance and ensures the RRCs are operating in compliance with BOP requirements, we reviewed the BOP's RRC program to determine whether operations were in accordance with BOP's SOW for RRC contracts.<sup>29</sup> There were no laws or regulations that were significant within the context of the audit objectives. As a result, our audit report does not contain a Statement on Compliance with Laws and Regulations.

We conducted audit work at six RRCs in Denver, Colorado (Denver RRC); Leavenworth, Kansas (Leavenworth RRC); El Paso, Texas (El Paso RRC); Boston, Massachusetts (Boston RRC); Kansas City, Missouri (Kansas City RRC); and Washington, D.C. (Washington RRC). We also interviewed officials at BOP Headquarters responsible for the contract solicitation and award, and the operation of the RRC program. For comparison purposes, throughout this audit, it should be noted that the six RRCs reviewed varied in size. The bed capacities for each of the six RRCs are shown in Exhibit 8.

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<sup>29</sup> During the period included in our audit, the BOP utilized 13 performance-based contracts awarded to 8 contractors. The performance-based contracts are not governed by the SOW; however, many of the SOW requirements are included in the performance-based contracts. Five of the six RRCs included in our audit were governed by the SOW, while the remaining RRC included in our audit was governed by a performance-based contract. Throughout this report, requirements described as contained in the SOW are also contained in the 13 performance-based contracts.

**EXHIBIT 8**  
**BED CAPACITIES FOR THE SIX RRCs AUDITED<sup>30</sup>**

FACILITY	BED CAPACITY
Denver RRC	<b>85</b>
Leavenworth RRC	<b>55</b>
El Paso RRC	<b>132</b>
Boston RRC	<b>88</b>
Washington RRC	<b>140</b>
Kansas City RRC	<b>90</b>
<b><i>Total</i></b>	<b><i>590</i></b>

Source: BOP

In addition, we interviewed officials at the BOP Regional Office in Kansas City, Kansas; and BOP Contract Oversight Specialists (COS) responsible for monitoring RRCs and RRC billings in Denver, Colorado; Kansas City, Kansas; and El Paso, Texas.

To determine whether RRCs are operating in compliance with BOP requirements, we selected a total sample of 177 inmates out of the 8,736 inmates who were transferred to the 6 RRCs visited from FYs 2008 through 2010, and reviewed all related documentation.<sup>31</sup>

We reviewed each sample inmate file to determine whether:

- inmates signed and dated an orientation checklist upon arriving at an RRC;

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<sup>30</sup> The audited Washington RRC operated under two contracts. The BOP needed to expand the bed capacity in Washington D.C. and chose to award a second contract rather than amending the original contract. The audited Washington RRC corresponds to the two Washington RRCs listed in Appendix III with bed capacities of 75 and 65. Although the audited Washington RRC operated under two contracts, it was managed as one facility with one facility director.

<sup>31</sup> Generally, 50 percent of our sample included escaped inmates and the remaining 50 percent was selected randomly from the remaining inmates included in the scope of our audit. However, in some instances there were not enough escaped inmates during the period to make up 50 percent of the sample, in which case we randomly selected additional inmates from the remaining non-escapees. As a result, our sample intentionally included a disproportionately higher number of escaped inmates than the 3 percent average number of escapes from all RRCs during the period reviewed.

- inmates were interviewed upon their arrival at an RRC;
- passes issued to inmates were in compliance with the requirements set forth in the SOW;
- employment checks of inmates were completed;
- the inmate sign-out and sign-in procedures were followed;
- visitor sign-in and sign-out procedures were followed;
- vehicle searches were performed on inmates' vehicles;
- inmate files contained all required documentation, including an initial intake form, signed acknowledgment of receipt of facility rules, signed acknowledgment of receipt of disciplinary policy, individualized reentry plan, signed release of information forms (including medical), terminal report, and subsistence payment agreement form;
- RRCs randomly drug tested at least 5 percent of inmates monthly;
- RRCs tested for alcohol every time an inmate returned from an unsupervised activity;
- RRCs tested inmates with a substance abuse history at least four times a month;
- RRCs conducted a weekly program planning meeting during an inmate's first 6 weeks at the RRC;
- RRCs conducted a bi-weekly program planning meeting subsequent to an inmate's first 6 weeks at the RRC;
- RRCs forwarded incident reports to the BOP for all escapees;
- RRCs conducted disciplinary hearings for all escapees; and
- RRCs documented an explanation when inmates had more than 12 months remaining on their sentences when transferred to an RRC.

We also reviewed 3 sample months of RRC billings to the BOP for each RRC visited to determine whether RRCs:



- billed for any unallowable items, such as days of an escape;
- collected full subsistence payments from inmates;
- reduced their monthly billings by the amount of subsistence payments to be collected from inmates; and
- sought pre-approval for non-emergency medical treatment for inmates.

Finally, to determine whether the BOP ensures the RRCs are operating in compliance with BOP requirements, we reviewed the BOP's FY 2010 full monitoring reports for all 177 RRC contracts and all BOP monitoring reports from FYs 2008 through 2010 for the 6 RRCs reviewed.<sup>32</sup>

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<sup>32</sup> A full monitoring report is a comprehensive review by the BOP of all aspects of an RRC's operation and facility. The BOP conducts a full monitoring inspection and review of major use (RRCs with an average daily population of 31 or more) and moderate use (RRCs with an average daily population of 16 to 30) RRCs annually. Full monitoring inspections and reviews of minor use contracts (RRCs with an average daily population of 15 or less) are conducted every 18 months. The full monitoring report is broken up into the following six areas: (1) inmate accountability, (2) inmate programming, (3) community relations, (4) RRC compliance with laws and regulations, (5) RRC staff, and (6) communications with the BOP. In addition to full monitoring inspections, the BOP also conducts pre-occupancy visits to assess whether the RRC is ready to begin performance, interim monitoring inspections – an unannounced on-site examination – to follow up on, but not limited to, previously identified deficiencies; and contractor evaluations rating the RRCs performance at the end of each 12-month performance period.

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<b>QUESTIONED COSTS:<sup>33</sup></b>	<b>AMOUNT</b>	<b>PAGES</b>
Subsistence Payments Not Collected	\$82,553	9-10
Subsistence Payments Not Reported	\$4,756	11
<b>TOTAL QUESTIONED COSTS:</b>	<b>\$87,309</b>	

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<sup>33</sup> *Questioned Costs* are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**APPENDIX III**

**LIST OF RRC CONTRACTS, PER DIEM RATES, AND CAPACITY**

<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Birmingham	AL	56	62
Montgomery	AL	67	30
Ester	AK	88	4
Florence	AZ	77	40
Phoenix	AZ	74	100
Tucson	AZ	81	25
Tucson	AZ	83	50
Tucson	AZ	93	25
Tucson	AZ	225	5
Little Rock	AR	78	70
Bakersfield	CA	78	21
El Monte	CA	74	70
Fresno	CA	83	43
Garden Grove	CA	92	69
Los Angeles	CA	64	60
Los Angeles	CA	88	70
Los Angeles	CA	91	70
Oakland	CA	82	81
Riverside	CA	92	31
Salinas	CA	87	10
San Diego	CA	84	170
San Francisco	CA	82	76
Colorado Springs	CO	76	32
Denver	CO	58	85
Durango	CO	83	4
Fort Collins	CO	57	10

<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Hartford	CT	89	50
Washington	DC	94	25
Washington	DC	97	75
Washington	DC	100	65
Broward County	FL	73	88
Fort Myers	FL	82	38
Jacksonville	FL	54	50
Miami	FL	70	80
Miami	FL	80	72
Ocala	FL	72	26
Orlando	FL	58	70
Pensacola	FL	65	25
Tampa	FL	70	77
West Palm Beach	FL	74	60
Atlanta	GA	58	154
Macon	GA	75	50
Savannah	GA	40	43
Honolulu	HI	90	82
Cour d'alene	ID	100	12
Nampa	ID	100	15
Champaign	IL	87	10
Chicago	IL	57	55
Chicago	IL	99	175
Marion	IL	97	42
Peoria	IL	84	16
Springfield	IL	92	20
Evansville	IN	89	28
Indianapolis	IN	63	40
Michigan City	IN	61	52

<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Leavenworth	KS	87	55
Wichita	KS	83	35
Ashland	KY	72	8
Lexington	KY	86	32
Louisville	KY	83	33
Baton Rouge	LA	82	22
Lake Charles	LA	90	14
New Orleans	LA	87	60
Portland	ME	98	20
Baltimore	MD	67	60
Boston	MA	88	88
Benton Harbor	MI	70	24
Detroit	MI	95	107
Detroit	MI	105	20
Grand Rapids	MI	98	45
Grand Rapids	MI	101	41
Kalamazoo	MI	70	9
Marquette	MI	86	24
Saginaw	MI	70	31
Duluth	MN	86	10
Elmore	MN	220	8
Roseville	MN	91	60
Hattiesburg	MS	84	30
Jackson	MS	64	25
Tupelo	MS	63	30
Columbia	MO	48	15
Farmington	MO	78	24
Kansas City	MO	71	90
Popular Bluff	MO	78	17

<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Springfield	MO	83	50
St. Louis	MO	58	4
St. Louis	MO	73	17
Billings	MT	64	15
Butte	MT	66	15
Galen	MT	256	20
Great Falls	MT	63	26
Hastings	NE	79	20
Las Vegas	NV	67	90
Manchester	NH	124	20
Newark	NJ	70	99
Albuquerque	NM	59	120
Las Cruces	NM	75	44
Binghamton	NY	99	10
Bronx	NY	109	106
Buffalo	NY	69	48
Rochester	NY	68	30
Syracuse	NY	100	34
Asheville	NC	91	15
Charlotte	NC	72	65
Durham	NC	91	16
Fayetteville	NC	69	30
Greensboro	NC	80	40
Raleigh	NC	68	51
Wilmington	NC	82	20
Winston Salem	NC	80	36
Bismarck	ND	75	20
Fargo	ND	91	26
Akron	OH	77	29

<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Cincinnati	OH	76	35
Cleveland	OH	70	65
Columbus	OH	76	40
Dayton	OH	79	16
Toledo	OH	87	16
Youngstown	OH	64	23
Oklahoma City	OK	38	50
Portland	OR	110	15
Portland	OR	112	75
Harrisburg	PA	94	30
Philadelphia	PA	63	75
Philadelphia	PA	72	30
Pittsburgh	PA	76	70
Scranton	PA	83	20
Santurce	PR	63	30
Columbia	SC	73	37
Florence	SC	75	22
Greenville	SC	83	38
North Charleston	SC	75	34
Chamberlain	SD	206	10
Huron	SD	276	12
Mitchell	SD	74	17
Rapid City	SD	71	45
Sioux Falls	SD	97	42
Sioux Falls	SD	169	5
Chattanooga	TN	85	67
Knoxville	TN	85	48
Memphis	TN	58	92
Nashville	TN	67	58

<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Austin	TX	66	57
Beaumont	TX	84	34
Brownsville	TX	70	70
Corpus Christi	TX	62	35
Del Rio	TX	133	12
Edinburg	TX	67	82
El Paso	TX	66	132
Fort Worth	TX	65	78
Houston	TX	51	190
Hutchins	TX	59	110
Laredo	TX	70	73
Lubbock	TX	74	33
Midland	TX	63	70
San Antonio	TX	76	127
Tyler	TX	79	52
Waco	TX	86	34
Salt Lake City	UT	73	60
Lebanon	VA	74	25
Newport News	VA	84	100
Bellingham	WA	133	16
Seattle	WA	99	60
Spokane	WA	98	40
Tacoma	WA	104	23
Tacoma	WA	107	24
Clarksburg	WV	69	30
Hillsboro	WV	128	15
Saint Albans	WV	54	48
Wheeling	WV	84	8
Green Bay	WI	82	10



<b>LOCATION</b>	<b>STATE</b>	<b>PER DIEM RATE (\$)</b>	<b>BED CAPACITY</b>
Jonesville	WI	101	25
Madison	WI	97	4
Madison	WI	100	4
Milwaukee	WI	93	40
Casper	WY	73	20
Gillette	WY	81	12



U.S. Department of Justice


Federal Bureau of Prisons

Office of the Director

Washington, DC 20334

February 24, 2012

MEMORANDUM FOR RAYMOND J. BEAUDET  
ASSISTANT INSPECTOR GENERAL  
FOR AUDIT

FROM:  Charles E. Samuels, Jr., Director

SUBJECT: Response to the Office of Inspector General's (OIG)  
DRAFT Report: Audit of the Federal Bureau of  
Prisons' Contracting For and Management of  
Residential Reentry Centers

The Bureau of Prisons (BOP) appreciates the opportunity to respond to the open recommendations from the draft report entitled Audit of the Federal Bureau of Prisons' Contracting For and Management of Residential Reentry Centers.

Please find the Bureau's response to the recommendations below:

**Recommendation 1:** "Enhance its monitoring procedures to ensure that RRCs: (1) perform all required drug and breathalyzer tests, (2) hold required disciplinary hearings for escapes, and (3) maintain complete and accurate documentation related to the performance of SOW requirements."

**Response:** The BOP concurs with the recommendation. The "Full Monitoring Instrument" in Program Statement (PS) 7300.09, Community Corrections Manual, will be revised to add enhanced monitoring procedures not already included in the instrument, which will require

negotiation with the union. In the meantime, a guidance memorandum, currently in the review process, will be issued to Residential Reentry Management staff prior to March 30, 2012. The guidance memorandum will provide direction to improve our current monitoring procedures to ensure Residential Reentry Centers: (1) perform all required drug and breathalyzer tests; (2) hold required disciplinary hearings for escapes; and (3) maintain complete and accurate documentation related to the performance of SOW requirements.

**Recommendation 2:** "Remedy the \$87,309 in questioned costs related to subsistence payments."

**Response:** The BOP concurs with the recommendation. The Contracting Office is in the process of verifying the amounts with the contractors and plans to pursue reimbursement of the verified amounts to the Government through the processes identified in Federal Acquisition Regulation (FAR) 32.6, Contract Debts. The Contracting Officer will be issuing a demand for payment letter to each of the three identified contractors in March 2012. In accordance with FAR 32.606(a) the contractor has 30 days to liquidate the debt or request installment payments or deferment of collection.

**Recommendation 3:** "Modify the SOW to provide detailed procedures for collecting, reporting, and documenting subsistence payments. These procedures should include guidance about the circumstances under which overpayments may be accepted and requirements that RRCs: (1) collect full subsistence payments immediately after the inmate is paid; (2) not refuse money from inmates for subsistence payments when it is owed, even when the amount proffered is less than the total owed; (3) establish a process for accurately tracking subsistence payments owed and time frames for obtaining full subsistence payments if a partial payment is provided; and (4) report inmates to the BOP who have not made subsistence payments or the full subsistence payment within the established time frames."

**Response:** The BOP concurs with the recommendation. The RRC SOW, used for all new solicitations was revised on February 13, 2012, and provides detailed procedures for collecting, reporting, and documenting subsistence payments. See attached modification. These procedures include guidance regarding the circumstances under which overpayments may be accepted and requirements that RRCs: (1) collect full subsistence payments within 48 hours after the inmate is paid; (2) not refuse money from inmates for subsistence payments when it is owed, even when the amount proffered is less than the total owed; (3) establish a process for accurately tracking

subsistence payments owed and time frames for obtaining full subsistence payments if a partial payment is provided; and (4) report inmates to the BOP who have not made subsistence payments or the full subsistence payment within the established time frames by immediately issuing a disciplinary report. The revised SOW has been incorporated into the newly issued solicitation for RRC services in El Paso, Texas, and will be utilized for all future RRC solicitations.

**Recommendation 4:** "Ensure that required escape reports are filed by BOP CCM offices for all escapees, including technical escapes, so that it has an accurate record of the types of escapes that are occurring."

**Response:** The BOP concurs with the recommendation. A guidance memorandum, currently in the review process, will be issued to Residential Reentry Management staff prior to March 30, 2012. The guidance memorandum will provide direction to ensure required escape reports are filed for all escapees, including those involved in technical escapes.

**Recommendation 5:** "Ensure that its procedures for immediately reporting escapes to the USMS are followed."

**Response:** The BOP concurs with the recommendation. A guidance memorandum, currently in the review process, will be issued to Residential Reentry Management staff prior to March 30, 2012. The guidance memorandum will provide direction to ensure policy is followed as it relates to reporting escapes to the USMS.

**Recommendation 6:** "Create uniform formal disciplinary procedure for inmates who return significantly late to the RRC on multiple occasions without an excuse, such as a late bus, including definitions of what is considered significantly late."

**Response:** The BOP concurs with the recommendation. A SOW work group has been established to evaluate revisions to the SOW. This recommendation will be included in the SOW work group discussions and a procedure will be developed to create a uniform disciplinary procedure. The initial meeting of the work group is scheduled for the week of March 19, 2012.

**Recommendation 7:** "Create specific guidelines for determining when to report an inmate as having escaped, including how long RRCs should wait for an inmate to return before implementing escape procedures,

and requiring that RRCs should document the reasons for an inmate's delay if the inmate subsequently returns to the facility."

**Response:** The BOP concurs with the recommendation. A guidance memorandum, currently in the review process, will be issued to Residential Reentry Management staff prior to March 30, 2012. The guidance memorandum will provide direction to ensure policy is followed as it relates to escape reporting requirements. Additionally, a SOW work group has been established to evaluate revisions to the SOW. The SOW work group discussions will include specific guidelines for escape reporting. The initial meeting of the work group is scheduled for the week of March 19, 2012.

**Recommendation 8:** "Require RRCs to submit copies of inmates' paystubs, waivers, and subsistence payment collection receipts along with the monthly billings, which should be maintained by the BOP along with the approved invoices."

**Response:** The BOP concurs with the recommendation. A guidance memorandum, currently in the review process, will be issued to Residential Reentry Management (RRM) staff prior to March 30, 2012. The guidance memorandum directs the RRM staff to ensure RRCs submit copies of inmates' paystubs, waivers, and subsistence payment collection receipts along with the monthly billings. This documentation will be maintained with the approved invoices.

**Recommendation 9:** "Implement procedures for reviewing subsistence payments along with the monthly invoices and following up on inaccurate or uncollected subsistence payments."

**Response:** The BOP concurs with the recommendation. A guidance memorandum, currently in the review process, will be issued to Residential Reentry Management (RRM) staff prior to March 30, 2012. The guidance memorandum will remind RRM staff to follow established procedures in PS 7300.09, Community Corrections Manual, and T7300.01, Community Corrections Technical Reference Manual, for reviewing subsistence payments along with the monthly invoices and following up on inaccurate or uncollected subsistence payments.

**Recommendation 10:** "Develop guidelines for determining the materiality of issues identified during its monitoring in order to ensure that deficiencies are reported consistently. In addition, the BOP should modify its monitoring reports to describe incidents in enough detail that "significant deficiencies" are clearly distinguished from "areas of concern."

**Response:** The BOP concurs with the recommendation. The "Full Monitoring Instrument" in PS 7300.09, Community Corrections Manual, will be revised to include a detailed description of deficiencies so significant incidents are clearly distinguished. Revisions to the monitoring instrument will require negotiation with the union. In the meantime, the guidance memorandum, currently in the review process, will be issued to Residential Reentry Management staff prior to March 20, 2012. The guidance memorandum will emphasize the importance of accurately documenting deficiencies and maintaining complete and accurate documentation. Additionally, it will remind staff to seek technical guidance from the Regional Management Team and review the program review guidelines.

If you have any questions regarding this response, please contact H. J. Marberry, Assistant Director, Program Review Division, at (202) 353-2302.

Attachment

## OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft of this audit report to the BOP. The BOP's response is incorporated in Appendix IV of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### Recommendation Number:

1. **Resolved.** The BOP concurred with our recommendation to enhance its monitoring procedures to ensure that RRCs: (1) perform all required drug and breathalyzer tests, (2) hold required disciplinary hearings for escapes, and (3) maintain complete and accurate documentation related to the performance of SOW requirements. The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will provide direction to improve the BOP's current monitoring procedures.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.

2. **Resolved.** The BOP concurred with our recommendation to remedy the \$87,309 in questioned costs related to subsistence payments. The BOP stated in its response that the Contracting Officer will be issuing a demand for payment letter to each of the three identified contractors in March 2012.

This recommendation can be closed when we receive evidence that the \$87,309 in questioned costs have been remedied.

3. **Closed.** The BOP concurred with our recommendation to modify the SOW to provide detailed procedures for collecting, reporting, and documenting subsistence payments. The BOP stated in its response that the RRC SOW used for all new solicitations was revised on February 13, 2012, and provides detailed procedures for collecting, reporting, and documenting subsistence payments. The BOP provided a document containing the modified language in the SOW with its response to the draft report.

We reviewed this documentation and determined this action adequately addressed our recommendation. Therefore, this recommendation is closed.

4. **Resolved.** The BOP concurred with our recommendation to ensure that required escape reports are filed by BOP CCM offices for all escapees, including technical escapes, so that it has an accurate record of the types of escapes that are occurring. The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will provide direction to enhance required escape reports are filed for all escapees, including those involved in technical escapes.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.

5. **Resolved.** The BOP concurred with our recommendation to ensure that its procedures for immediately reporting escapes to the USMS are followed. The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will provide direction to ensure policy is followed as it relates to reporting escapes to the USMS.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.

6. **Resolved.** The BOP concurred with our recommendation to create uniform formal disciplinary procedure for inmates who return significantly late to the RRC on multiple occasions without an excuse, including definitions of what is considered significantly late. The BOP stated in its response that a SOW work group has been established to evaluate revisions to the SOW. The BOP stated that this recommendation will be included in the SOW work group discussions and a procedure will be developed to create a uniform disciplinary procedure.

This recommendation can be closed when we receive evidence of the uniform formal disciplinary procedure.

7. **Resolved.** The BOP concurred with our recommendation to create specific guidelines for determining when to report an inmate as having escaped, including how long RRCs should wait for an inmate to return



before implementing escape procedures, and requiring that RRCs should document the reasons for an inmate's delay if the inmate subsequently returns to the facility. The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will provide direction to ensure policy is followed as it related to escape reporting requirements.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.

8. **Resolved.** The BOP concurred with our recommendation to require RRCs to submit copies of inmates' paystubs, waivers, and subsistence payment collection receipts along with the monthly billings, which should be maintained by the BOP along with the approved invoices. The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will direct the staff to ensure RRCs submit copies of inmates' paystubs, waivers, and subsistence payment collection receipts along with the monthly billings.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.

9. **Resolved.** The BOP concurred with our recommendation to implement procedures for reviewing subsistence payments along with the monthly invoices and following up on inaccurate or uncollected subsistence payments. The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will remind staff to follow established procedures in PS 7300.09, Community Corrections Manual, and T7300.01, Community Corrections Technical Reference Manual, for reviewing subsistence payments along with the monthly invoices and following up on inaccurate or uncollected subsistence payments.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.

10. **Resolved.** The BOP concurred with our recommendation to develop guidelines for determining the materiality of issues identified during its monitoring in order to ensure that deficiencies are reported consistently, as well as modifying its monitoring reports to describe

incidents in enough detail that "significant deficiencies" are clearly distinguished from "areas of concern." The BOP stated in its response that a guidance memorandum will be issued to Residential Reentry Management staff which will emphasize the importance of accurately documenting deficiencies and maintaining complete and accurate documentation. Additionally, it will remind staff to seek technical guidance from the Regional Management Team and review the program review guidelines.

This recommendation can be closed when we receive evidence of the guidance memorandum and that the memorandum has been issued to Residential Reentry Management staff.