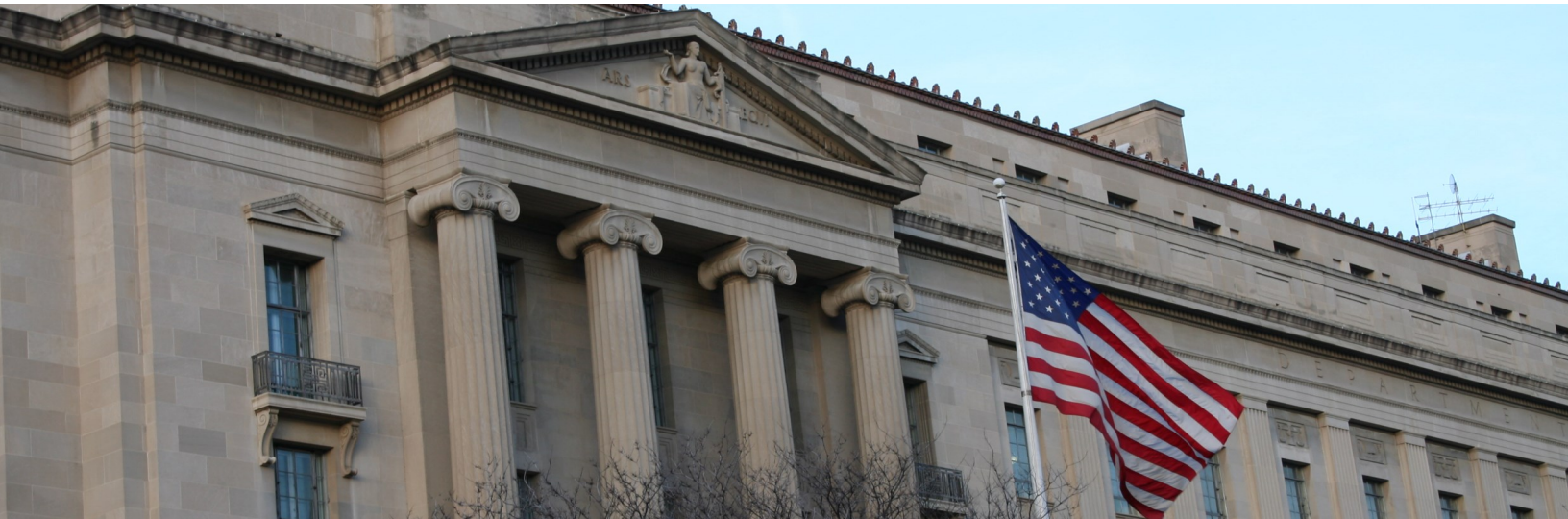




Office of the Inspector General U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Federal Bureau of Prisons' Residential Reentry Center Contracts Awarded to Reynolds & Associates, Inc., Washington, D.C.

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report to protect source selection information and individual privacy. The redactions are only contained in Appendix 3, the auditee's response, and are of source selection information and individuals' names.

Audit Division 18-30

September 2018



Executive Summary

Audit of the Federal Bureau of Prisons' Residential Reentry Center Contracts Awarded to Reynolds & Associates, Inc., Washington, D.C.

Objective

The Federal Bureau of Prisons (BOP) awarded three contracts valued at nearly \$18 million to Reynolds & Associates, Inc. (Reynolds), to provide residential reentry services from 2011 to 2021 for female offenders at its Fairview facility in Washington, D.C. The objective of this audit was to assess the BOP's contract administration, as well as Reynolds' performance and compliance with requirements applicable to these residential reentry center (RRC) contracts.

Results in Brief

The audit found that the BOP needs to strengthen its process to ensure price analysis documents show that the contract prices were fair and reasonable, did not adequately plan for the most recent firm-fixed-price (FFP) contract, and could improve its monitoring of Reynolds' compliance with the RRC requirements. While Reynolds met a number of important RRC requirements, it did not keep records required to support all paid services, and its Fairview facility experienced staffing challenges that contributed to repeated BOP-identified deficiencies. Lastly, we identified that Reynolds did not consistently track or collect subsistence payments from RRC residents. We believe that the BOP needs to strengthen RRC contract award procedures and oversight and Reynolds must improve how it documents its performance of many core RRC functions.

Recommendations

Our report includes 16 recommendations to the BOP to improve its RRC contract awarding and monitoring procedures, particularly with regard to Reynolds' Fairview RRC. We requested a response to our draft audit report from the BOP and Reynolds, which can be found respectively in Appendices 2 and 3. Our analysis of those responses is included in Appendix 4.

Audit Results

The BOP's RRC program seeks to transition federal inmates successfully into communities by providing them with a structured and supervised environment. Through the audited contracts, the BOP obligated over \$11.4 million for Reynolds to provide reentry services for female inmates at its Fairview RRC and on home confinement between January 2011 and October 2017.

BOP Contract Awarding and Inspection – We found the BOP needs to strengthen its process to ensure price analysis documents show that the contract prices were fair and reasonable. We also found that the BOP did not adequately plan for the most recent FFP contract (DJB200285) or support its fixed monthly price, leading to the award of a bridge contract and paying about \$1 million more in the first year of this contract than it would have paid for comparable services under the preceding indefinite-delivery, indefinite quantity type contract. We further found that the BOP could improve its monitoring of Reynolds' compliance with the Statement of Work (SOW), specifically with regard to the tracking of longstanding, repeat deficiencies.

RRC Contractor Performance – While Reynolds has implemented various employee retention initiatives, we found that it has not been able to retain key staff or effectively address the root causes of high staff turnover at the Fairview RRC. In addition, although Reynolds complied with some important contract requirements, its records could not consistently and completely demonstrate that it delivered certain resident services for which it was paid, and which were required to fulfill the RRC program goal of successfully transitioning inmates into the community.

Invoices and Subsistence Payments – We found that Reynolds generally billed the BOP at appropriate contracted rates. However, Reynolds did not always adequately collect and document subsistence payments made to the RRC by employed residents, which are used to offset the costs paid by the BOP, and the BOP did not receive complete subsistence records to verify payment accuracy. This led to instances of improper or inconsistent subsistence collection.

**AUDIT OF THE FEDERAL BUREAU OF PRISONS'
RESIDENTIAL REENTRY CENTER CONTRACTS AWARDED TO
REYNOLDS & ASSOCIATES, INC.,
WASHINGTON, D.C.**

TABLE OF CONTENTS

INTRODUCTION.....	1
BOP Residential Reentry Program.....	2
Reynolds and the Fairview RRC.....	3
OIG Audit Approach	3
AUDIT RESULTS	4
BOP RRC Contract Awarding and Inspection Process	4
Contract Solicitation	4
Price Analysis	5
Contract Type Selection.....	7
Use of a Bridge Contract	11
RRC Inspection Process	13
RRC Contractor Performance	16
RRC Staffing	16
Assessment of Services Provided to Residents.....	18
Invoices and Subsistence Payments	25
BOP Review of Contractor Billing.....	25
Contractor Efforts to Account for Subsistence Payments	26
CONCLUSION AND RECOMMENDATIONS	28
STATEMENT ON INTERNAL CONTROLS.....	30
STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS	31
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY	32
APPENDIX 2: BOP'S RESPONSE TO THE DRAFT AUDIT REPORT	34

APPENDIX 3: REYNOLDS & ASSOCIATES, INC.'S RESPONSE TO THE DRAFT
AUDIT REPORT 39

APPENDIX 4: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY
OF ACTIONS NECESSARY TO CLOSE THE REPORT 80

**AUDIT OF THE FEDERAL BUREAU OF PRISONS'
RESIDENTIAL REENTRY CENTER CONTRACTS AWARDED TO
REYNOLDS & ASSOCIATES, INC.,
WASHINGTON, D.C.**

INTRODUCTION

The Federal Bureau of Prisons (BOP) awards contracts with Residential Reentry Centers (RRC), conventionally known as halfway houses, to help transition a number of federal inmates into communities prior to their release from incarceration. According to the BOP, RRCs provide a structured, supervised environment – along with support in job placement, counseling, and other services – to facilitate a federal inmate’s successful reentry into the community. RRC residents may engage in outside employment, visit with family members, and participate in a limited range of activities in the community generally not permitted for other federal inmates.

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) has completed an audit of the BOP’s RRC contracts DJB200032, DJB200290, and DJB200285 awarded to Reynolds & Associates, Inc. (Reynolds). Under these contracts, Reynolds provides residential reentry and home confinement services for female offenders at its Fairview facility (Fairview RRC) located in Washington, D.C. The BOP awarded contracts DJB200032 and DJB200290 as an indefinite-delivery, indefinite quantity (IDIQ) type and contract DJB200285 as a firm-fixed-price (FFP) type.¹ Under the two IDIQ contracts, Reynolds billed the BOP each month based on the actual number of residents at the Fairview RRC facility and on home confinement according to set per diem rates, or the price per resident per day. In contrast, under the FFP contract, Reynolds bills set monthly prices, regardless of the number of residents staying at the RRC facility and those on home confinement.

As shown in Table 1, the three contracts, with all option years, span a performance period of over 10 years (January 2011 through August 2021) and have a maximum estimated award amount of about \$18 million.

¹ An IDIQ type of contract involves a minimum quantity of services but permits flexibility in both quantities and delivery scheduling, up to an agreed-upon maximum value. In contrast, an FFP type of contract involves a fixed price for services that is not subject to any adjustment. (FAR 16.501-2, FAR 16.504, and FAR 16.202).

Table 1
Audited Contract Periods and Value

Contract Type	Contract Number (Name)	Performance Periods	Timeframe	Maximum Value^a
IDIQ	DJB200032 (IDIQ Contract)	Base + 4 option years + 6 mo. extension	Jan. 2011 - Dec. 2011 Jan. 2012 - Dec. 2015 Jan. 2016 - Jun. 2016	\$7,548,780
IDIQ	DJB200290 (Bridge Contract)	Base + 1 mo. extension	Jul. 2016 and Aug. 2016	\$173,912
FFP	DJB200285 (FFP Contract)	Base + 4 option years	Sep. 2016 - Aug. 2017 Sep. 2017 - Aug. 2021	\$10,278,643
TOTAL MAXIMUM VALUE:				\$18,001,335

^a These approximate amounts are related to rates for residents at the Fairview RRC or on home confinement and do not include additional medical expenses.

Source: BOP contracts DJB200032, DJB200290, and DJB200285.

As of October 2017, the BOP had obligated over \$11.4 million, or about 64 percent of the total maximum value of the three contracts.

BOP Residential Reentry Program

The BOP Residential Reentry Contracting Section solicits and awards RRC contracts, while the BOP Reentry Services Division oversees RRC facility performance and billing via residential reentry management (RRM) field offices located throughout the United States. These offices report to one of three regional Residential Reentry Management Branch (RRMB) sector offices – Eastern, Central, or Western – that each, in turn, report to the BOP’s RRMB Central Office. The Residential Reentry Manager from the Baltimore (Maryland) Field Office and Contract Oversight Specialists (COS) based in the Washington, D.C. area oversee the RRC contracts for Reynolds’ Fairview RRC.

The BOP’s Community Corrections Manual sets its policy for managing RRCs. Generally, RRCs operate under the version of a Statement of Work (SOW), established by the RRMB Central Office, in place at the time the contract was awarded.² The BOP also can update key RRC contract requirements through contract modifications.

² The RRC SOW revised December 2008 applied to contracts DJB200032 and DJB200290, while the RRC SOW revised May 2015 applied to contract DJB200285. The May 2015 SOW included updates mainly in the area of programs and home confinement.

Reynolds and the Fairview RRC

Incorporated in 1998, Reynolds is a registered minority and veteran-owned business that provides residential reentry services at multiple facilities in Virginia and at the Fairview RRC in Washington, D.C. The Fairview RRC is a 60-bed, all female facility that houses offenders for both the BOP and Washington D.C. Department of Corrections. The reentry services provided at the facility include employment assistance, individual development, and other self-improvement programs and opportunities to assist residents transitioning from prison to release. Reynolds provides these services to offenders that both reside in the facility and are on local home confinement status.

OIG Audit Approach

The objective of our audit was to assess the BOP's administration of, and Reynolds' performance and compliance with, the terms, conditions, laws, and regulations applicable to contracts DJB200032, DJB200290, and DJB200285. Specifically, we evaluated the BOP's compliance with the Federal Acquisition Regulation (FAR) and its own requirements for contract solicitation, award, and monitoring included in the Community Corrections Manual and BOP's acquisition policy. Further, we tested Reynolds' compliance with what we considered to be the most important conditions of the contracts, as contained in the SOWs for RRC operations. Our audit focused on the reentry services Reynolds provided to female offenders in the Washington, D.C. area at its Fairview RRC.

The results of our audit were based on interviews with key personnel and documents provided to us by both the BOP and Reynolds officials. Our audit included reviewing BOP's contract files, monitoring reports, and accounting and billing records from January 1, 2011, through September 30, 2017. We also conducted numerous site visits at the Fairview RRC and reviewed resident files along with other facility records. Appendix 1 contains additional information on this audit's objective, scope, and methodology.

AUDIT RESULTS

BOP RRC Contract Awarding and Inspection Process

The BOP needs to strengthen its process for documenting the price analysis used to assess and approve the proposed prices for Reynolds' RRC services. Specifically, while BOP's price analysis compared contractor-proposed prices to other local and estimated RRC prices, the price analysis did not describe whether these prices were comparable to the proposed price. Because Reynolds was the only offer received as a result of the contract solicitations, the price analysis as documented cannot demonstrate that the agreed-to prices were fair and reasonable. We also found that the BOP did not adequately plan for the most recent FFP contract DJB200285 or support its fixed monthly price, leading to the award of a bridge contract and paying about \$1 million more in the first year of the FFP contract than it would have paid for comparable services under the preceding IDIQ contract. We further found that the BOP could improve its monitoring of Reynolds' compliance with the SOW, specifically with regard to the tracking of longstanding, repetitive deficiencies.

Contract Solicitation

The BOP Residential Reentry Contracting Section issued competitive solicitations for the first contract DJB200032 (IDIQ contract) and most recent DJB200285 (FFP contract). We determined that the BOP properly solicited for these contracts in accordance with the FAR. The BOP advertised these opportunities on FedBizOpps.gov and included the requirements, anticipated terms and conditions, information that must be included in the offeror's proposal, and proposal evaluation factors, as required by FAR Subpart 15.2. Despite Reynolds being the only offeror in each instance, BOP's contracting officers also performed a comparative assessment of each proposal against the source selection criteria in the solicitation, and evaluated the past performance, technical and management services to be provided, and price to the government before awarding both contracts.

Contract DJB200290 (bridge contract) served to continue Fairview RRC services under the original IDIQ contract from July 2016 to August 2016 when the FFP contract was awarded. The BOP issued this bridge contract to Reynolds using a justification for other than full and open competition (JOFOC) and publicized such on FedBizOpps.gov when award of the FFP contract was delayed. We examine the BOP's use of the bridge contract later in this report.

Price Analysis

In accordance with the FAR's pricing policy and proposal analysis guidance, the BOP contracting officers used price analysis to determine whether the contractor's proposed RRC prices were fair and reasonable.³ When using price analysis, the FAR requires contracting officers to obtain appropriate data on the prices at which the same or similar items have previously been sold and determine if the data is adequate for evaluating the reasonableness of the price.⁴

Local RRC Price Comparison

As part of the price analysis for the three contracts, the BOP contracting officers selected contemporaneous RRC contracts in the same geographical area and compared the per diem rates of each to Reynolds' proposed per diem rates. When comparing proposed prices to prices paid for similar acquisitions, the FAR specifies that the prior prices must be valid for comparison, taking into account timing, terms and conditions, and price reasonableness of the prior acquisitions. It also states adjustments must be made to account for differing quantities, terms and conditions, and market and economic conditions.⁵ Contracting officers must: (1) obtain and document all relevant data to support their price analyses and (2) consider a number of factors as they evaluate other contracts in comparison when conducting price analysis for a new RRC contract.

However, for the three contracts, BOP contracting officers did not include adequate information in their price analysis documentation to support that the other RRC contracts used as part of the price analyses were valid for comparison. For example, there was no mention of the SOW versions applicable to the other contracts, whether the contracts were sole source, the facility sizes, or the average population of federal residents.⁶ Such information is critically important to demonstrate obtaining a fair and reasonable price whenever there is a history of only one offeror responding to a solicitation, as was the case for all three contracts. Moreover, the price analysis documents for the bridge contract lacked contract numbers, contractor names, and contract time frames for the contracts used in comparison. Because the BOP's documentation for its price analysis was incomplete, the BOP does not have evidence that prices were fair and reasonable, particularly considering that only one offeror responded to the BOP's solicitation to serve female residents.

³ FAR 15.402, *Pricing Policy* and FAR 15.404-1, *Proposal Analysis Techniques*. According to FAR 15.404-1(b)(1), price analysis is the process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit.

⁴ FAR 15.404-1(b)(1).

⁵ FAR 15.404-1(b)(2).

⁶ In addition to these variables, Reynolds told us that the per-person cost for housing female residents is higher than the cost of housing male residents because female residents have specific needs that require additional staff and resources.

Independent Government Estimate (IGE)

The IGE represents BOP's estimated operating costs associated with paying the RRC contractor for the proposed contract. The IGE is part of the request for contract action (RCA) prepared by the RRMB Central Office program officials that contains the contract requirements and initiates the contract process. According to the Community Corrections Manual, yearly cost estimates should be based on BOP operating costs for the previous year, plus anticipated cost increases, multiplied by the estimated number of inmate days.⁷ The Community Corrections Manual further states that additional requirements imposed upon a contractor by a modified or new SOW must also be considered when estimating the rate.

While BOP contracting officers compared Reynolds' proposed prices to IGEs for each of the three contracts, the price analysis documents did not explain the basis of the rates and populations included in the IGEs. While the RCA associated with the IDIQ contract included support for the required number of RRC beds and home confinement placements based on historical population data and projections of future usage, it lacked support to justify the per diem rates applied to develop the IGE. Specifically, the RCA included a rate without explaining whether it was based on the previous contract price, contained a percentage increase for escalation, or considered any other factors, such as increasing SOW requirements. Furthermore, for the bridge contract, the RCA did not include any support for RRC resident and home confinement numbers or per diem rates used to calculate the IGE. For the FFP contract, although the initial RCA included historical population averages and future population projections to support the number of beds and home confinement placements, as well as a calculation to support the per diem rates used, the revised RCA had different RRC bed and home confinement estimates without any justification.⁸ While the same per diem rates were used between the initial and revised RCAs, there was no explanation of how the rates were calculated or whether any updates were warranted to support the IGE in the revised RCA. RCAs for the IDIQ and FFP contracts did not explain whether the BOP considered any changes in the SOW while developing the IGE.

With regard to price analysis, we conclude that the BOP needs to strengthen its process to ensure it has determined appropriate pricing and documented all supporting information used to make price comparisons, including any adjustments necessary to account for unique circumstances. Also, since contracting officers rely on the IGEs as part of their price analysis and overall price reasonableness determinations for the RRC contracts, the BOP needs to include more explanatory and supporting information for its IGEs, especially regarding how it determined RRC bed and home confinement placement estimates and per diem rates, and whether it considered SOW changes. Therefore, we recommend the BOP develop enhanced

⁷ The estimated number of inmate days is based on the RRC facility beds or home confinement placements required per day, multiplied by the number of days in a year.

⁸ Because the BOP changed the contract type for DJB200285 from IDIQ to FFP during the contract pre-award process, there were two RCAs associated with this contract: an initial and revised RCA. We address the change in contract type further in the Contract Type Selection section of the report.

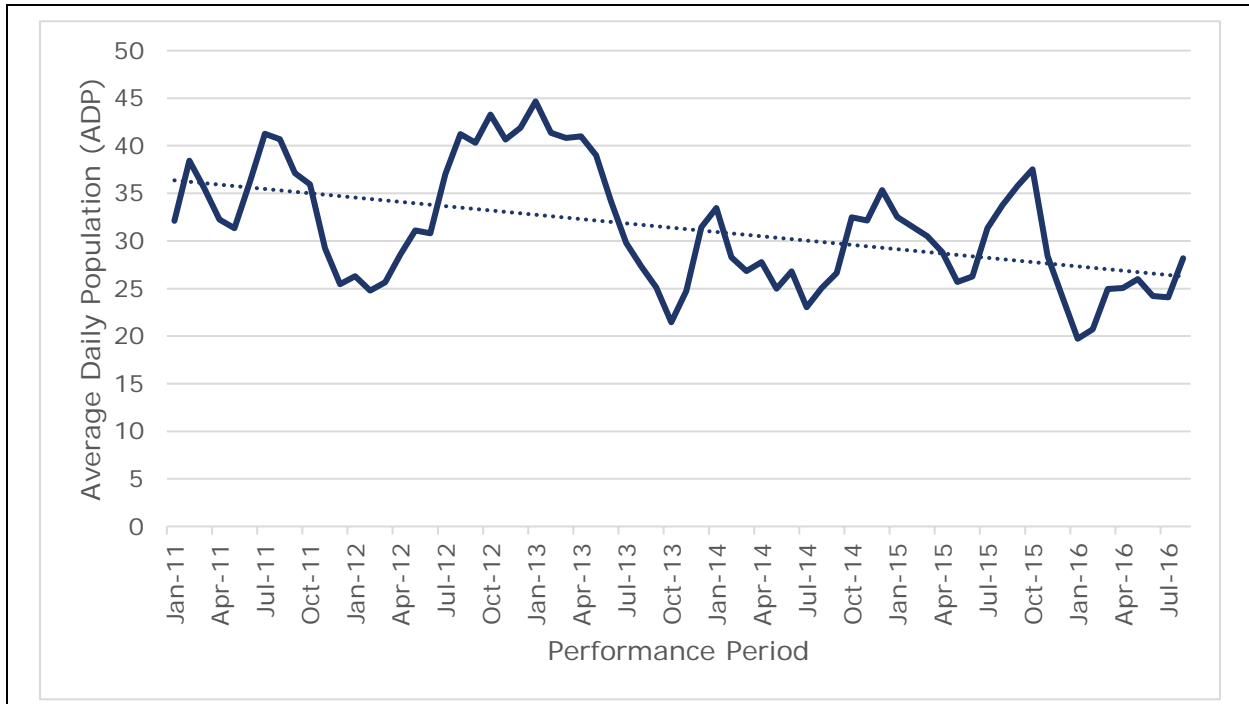
RRC price analysis procedures to require that: (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis. Adequate IGE information includes, for example, historical population data and any anticipated trends, as well as information on base rates, escalation rates, and specific SOW requirements.

Contract Type Selection

As previously mentioned, the BOP solicited and awarded the first two contracts as IDIQ contracts, while the third award was transitioned to an FFP contract. According to the FAR, IDIQ contracts should be used when the government cannot predetermine the precise quantities of supplies or services that it will require during the contract period. These types of contracts permit flexibility in the quantities of services ordered, as they only obligate the government to pay for a minimum quantity specified in the contract and order additional services as needed.

We reviewed the Fairview RRC's historical population data for residents during the performance period of the IDIQ contracts, from January 2011 through August 2016. As shown in Figure 1, we found that the average daily population (ADP) of residents fluctuated between the years.

Figure 1
Fairview RRC ADP
January 2011 through August 2016



Note: The overall ADP includes both the number of residents at the Fairview RRC facility and on home confinement, with home confinement numbers adjusted to count as half, as counted by BOP.

Sources: RRC invoices and BOP payment vouchers.

The IDIQ contract had a guaranteed minimum overall ADP of 20 residents and estimated maximum of 40 residents.⁹ As shown in Figure 1, the overall ADP for residents reached both lower than 20 residents (early 2016) and higher than 40 residents (2011, and late 2012 through early 2013). Based on these fluctuations, we believe that the IDIQ contract type provided the BOP needed flexibility to accommodate varying numbers of residents.

While the BOP originally structured the most recent Fairview RRC contract as an IDIQ, it ultimately awarded contract DJB200285 as an FFP contract. While planning of this award in mid-2015, BOP initiated a larger, nationwide effort to transition many of its RRC contracts to FFP. BOP officials cited various reasons for this transition, including that FFP contracts: (1) reduce administrative burdens because they are more predictable and easier to manage; (2) provide RRC

⁹ For the IDIQ contracts, BOP's overall ADP estimates were a combination of the residents at the Fairview RRC facility and residents on home confinement, with home confinement numbers adjusted to count as half. Later, when BOP awarded the FFP contract, it captured as monthly prices in separate contract line items the ADPs of Fairview RRC facility residents and of residents on home confinement.

contractors with a fixed budget that should allow more extensive programming and retention of staff numbers; and (3) incentivize contractors to place more eligible residents on home confinement, thereby helping them transition into society.¹⁰

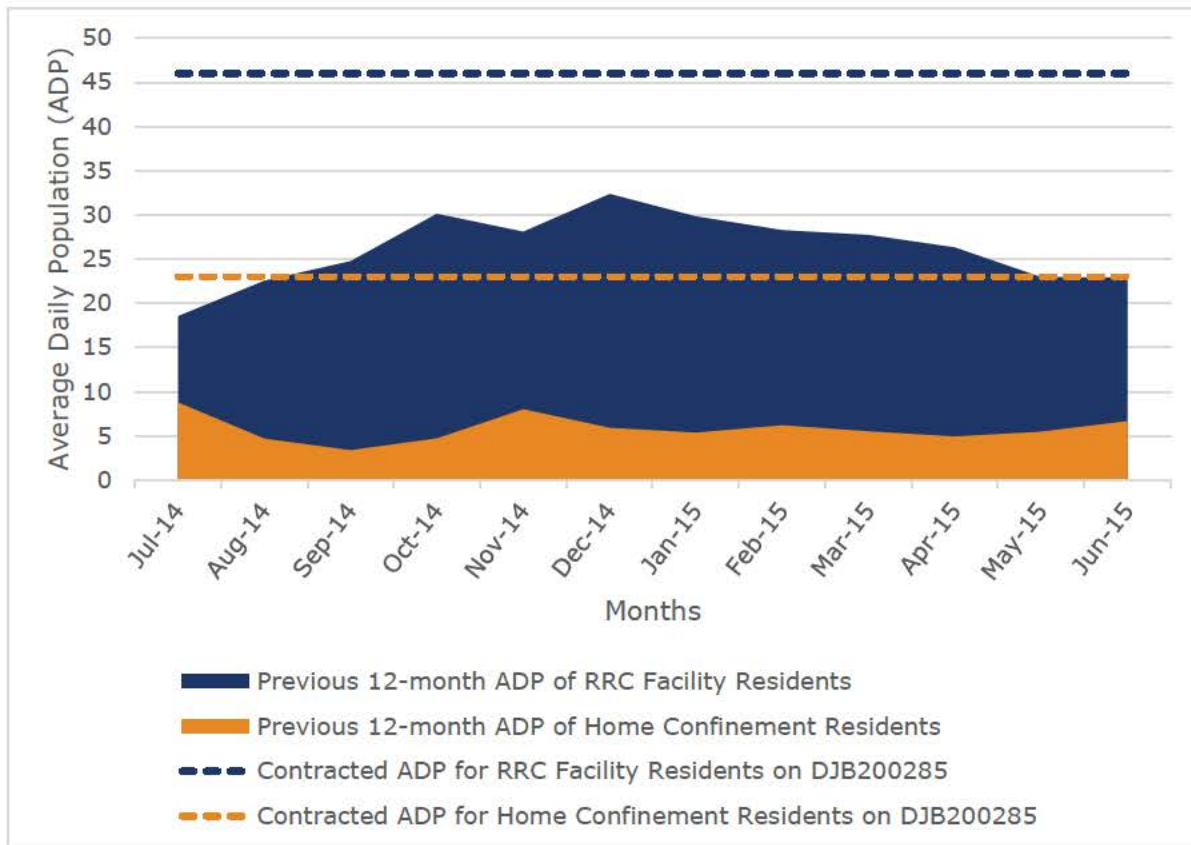
As stated in the FAR, an FFP contract is suitable for acquiring services on the basis of detailed specifications. The BOP provides its contractors with detailed specifications for RRC services in the SOW, and an FFP contract is most appropriate for RRCs when the population requirements are consistent. For the FFP contract, the BOP pays a fixed monthly price for services based on pre-determined estimates for the number of residents at the RRC facility and on home confinement, regardless of actual usage. For this reason, when using FFP contracts, the BOP needs to monitor RRC populations carefully to ensure the actual usage of RRC facility beds and home confinement services align with the fixed contracted amounts.¹¹

To determine if an FFP contract type was appropriate for the third contract, we analyzed the overall ADP of the Fairview RRC from July 2014 through June 2015, or the year prior to the contract's revised RCA. This analysis determined that the BOP did not adequately support its population estimates used on the FFP contract. In developing the fixed monthly price for the FFP contract, the BOP estimated a population significantly higher than the historical ADPs for both residents at the Fairview RRC and on home confinement without any additional support or justification. For the FFP contract, the BOP based the: (1) Fairview RRC resident price on an ADP of 46 residents, compared to the previous 12-month average of 26 residents, and (2) home confinement resident price on an ADP of 23 placements, compared to the previous 12-month average of 6 placements, as shown by Figure 2.

¹⁰ Under the IDIQ contracts, contractors are paid based on the actual number of residents; they are only paid half as much for residents on home confinement versus those in-house. Additionally, while the contractors are guaranteed payment for a minimum number of residents, if the RRC is underpopulated, the contractor may need to cut staff and programming for residents. IDIQ contracts therefore can create incentives to keep some residents in-house rather than transitioning them to home confinement when they are ready.

¹¹ We note that if, in developing an FFP contract, the BOP were to use a population estimate that accounted for the highs and lows in the historical RRC population, while weighing the benefits of increased capacity with the potential costs of paying for unused beds, an FFP contract could be appropriate despite population fluctuations.

Figure 2
Fairview Historical ADP July 2014 through June 2015
vs. Contracted ADP on FFP Contract



Sources: Fairview RRC invoices, BOP payment vouchers, and contract DJB200285.

The BOP offered no justification for the significantly higher population estimates in the revised RCA for the FFP contract compared to the initial RCA prepared for the original IDIQ contract. The FFP contract population of 46 RRC residents matches the proposed maximum RCA estimate developed for the contract when it was originally structured as IDIQ. However, we received no supporting documents to justify the BOP’s use of the 46-resident maximum as the basis of the FFP contract price which, unlike the IDIQ, obligated the BOP to pay for all 46 residents whether or not the beds were occupied. The BOP also did not support why it agreed to pay for 23 individuals on home confinement under the FFP when it had only an average of 6 individuals on home confinement under its IDIQ with the Reynolds RRC.

As previously discussed, the BOP must include adequate support in its RCAs for RRC contracts to justify population estimates used to support contract pricing, such as historical BOP population data and other population trend information. Overall, because of the significantly higher estimates, we calculated that the BOP

paid about \$1 million more in the first year of the FFP contract than it would have paid for comparable services under the preceding IDIQ contract.¹²

The BOP program office responsible for monitoring FFP contract performance must communicate closely with contracting officials to ensure that the BOP actually receives expected performance outcomes commensurate with the monthly price and average number of residents. For example, the Chief of the Residential Reentry Contracting Section stated to us that if the program office observes that bed space is unused and RRC services are not improved under a FFP contract, the BOP could choose to not exercise the contract option years and instead develop a new contract to better meet the population requirements. Yet, we found that the BOP did not adequately communicate the importance of continuous award monitoring to its oversight officials. Based on BOP Contractor Performance Assessment Reporting System (CPARS) reports, the Fairview RRC sustained the same performance rating under the FFP contract, even at times when it was receiving double the amount of funding for about the same average number of residents that it would have received under the IDIQ contract.¹³ Moreover, despite the number and trend of unused beds during the FFP contract's first year of performance, BOP officials exercised another contract option year to continue performance in September 2017 without changing any of its population estimates.¹⁴

In late 2016 and early 2017, we met with responsible BOP officials to discuss the use of FFP contracts to pay for potentially unused bed space at the Fairview RRC. In January 2018, the BOP began the process to re-solicit a new RRC contract in the Washington, D.C. area as an IDIQ type of award under an updated standardized SOW. Regardless of the type of contract structure, and as discussed above, we believe the BOP must adequately document price analysis to demonstrate that it is paying a fair and reasonable price for RRC services.

Use of a Bridge Contract

As previously mentioned, BOP contracting officials awarded a bridge contract to Reynolds to continue providing RRC services for 2 months (July and August 2016) under the expiring IDIQ contract. The BOP issued the bridge contract by citing a provision of the FAR authorizing a federal agency to award such a

¹² Reynolds stated in its response to the report that the 2015 SOW for the FFP contract added additional requirements in staffing, cognitive behavioral programming for residents, and home confinement monitoring, which should be considered when estimating a price difference between the contract types. We note that our estimate does take these differences into account, based on analysis of the 2015 SOW changes on FFP contract prices provided by the BOP.

¹³ CPARS is an automated system in which contractor performance is evaluated annually by the Contracting Officer's Representative, reviewed by the Contracting Officer, and reported to the contractor. The CPARS rating scale includes five levels - exceptional, very good, satisfactory, marginal, or unsatisfactory.

¹⁴ BOP officials stated that changing the population estimates in the middle of the contract would entail resoliciting for services and could create a gap in services before the awarding of a new contract. BOP officials explained that they thus maintained the FFP contract with the original population estimates to ensure continuity of services.

contract when “an unusual and compelling urgency precludes full and open competition and delay in award of contract would result in serious injury, financial or other, to the Government.”¹⁵ Under the bridge contract, Reynolds received higher per diem rates compared to those set under the original IDIQ. Specifically, for July 2016, the BOP paid a per diem of \$98.94, or \$2 more than the rate set in the previous option year. For August 2016, the BOP paid Reynolds a per diem of \$101.42, or about \$4.50 over what it had previously paid.¹⁶

The JOFOC documents accompanying the bridge contract cited the need to continue Fairview RRC services to prevent disruption of the program and protect the BOP’s interest, as moving residents to other RRC facilities would be costly, time consuming, and violate the intent of the reentry program to house offenders close to their release location so that they may receive family and community support. The JOFOC documents also highlighted that Reynolds was the only contractor that could provide RRC services for the period of performance required by the bridge contract without disruption, as it had personnel in place and required no start-up time to fulfill the contract work.¹⁷

The FAR recognizes that contract actions issued on an urgent basis generally result in restricting competition and increasing prices. The FAR specifies that: (1) contracting without providing for full and open competition cannot be justified simply because an awarding agency did not properly plan in advance; and (2) acquisition planning should begin as soon as an agency identifies a particular need, preferably well in advance of contract award.¹⁸ The BOP’s acquisition policy thus specifies a minimum 18-month lead time for RRC contracts.¹⁹ However, the RRMB Central Office submitted the RCA for the next award only 8 months before the end of the original IDIQ contract. This delay poorly positioned the BOP to acquire RRC services after the expiration of the IDIQ contract because it placed the BOP in the position of having to rely on a bridge contract, which in turn, reduced its leverage in negotiating fair and reasonable contract prices.²⁰

We recommend that the BOP implement controls to ensure that RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC contracts; and (2) specifically document

¹⁵ FAR 6.302-2(b)(1) and (2).

¹⁶ The contracting office found these prices reasonable because they were lower than another local RRC’s rates. However, similar to our previous reported concerns regarding the BOP’s price analysis documentation, the justification documents for the bridge contract lacked sufficient detail to confirm whether the other RRC contract was a valid candidate for comparison.

¹⁷ As Reynolds was the sole receiver of such contracts for the past 10 years, it follows that they would be the only contractor that could provide these urgent services.

¹⁸ See FAR 6.301(c) and 7.104(a) and (b), respectively.

¹⁹ Program Statement 4100.05, *BOP Acquisition Policy* § 7.102-70, *Acquisition Lead Times*.

²⁰ As stated previously, the BOP began a nationwide effort to transition its RRC contracts to FFP awards in mid-2015. A BOP official stated that this transition compounded the delays for this award because RRC contracting officers were directed to hold for a time all solicitation and award activities.

the circumstances that impact their ability to meet the lead-time requirement in the future.

RRC Inspection Process

The SOW in place for the audited contracts requires that the BOP monitor its RRC contractors regularly to ensure that they comply with applicable laws, regulations, and policies and also to prevent fraud, waste, abuse, mismanagement, and other illegal acts. The BOP performs various types of inspections (such as pre-occupancy, unannounced interim monitoring, and full monitoring), and its Community Corrections Manual details monitoring schedules for RRCs. According to this manual, monitoring instruments should assist BOP staff in thoroughly evaluating an RRC program based on contract requirements. BOP officials also stated that the monitoring reports provide the basis for an annual contractor performance evaluation reported in the CPARS.

Full monitoring inspections are announced, comprehensive visits to an RRC facility that generally occur once each year, while interim monitoring inspections are unannounced visits that occur more frequently and are limited in scope.²¹ Full monitoring inspections should follow a standard monitoring instrument to guide the review of the RRC's operation.²² Such inspections require that the BOP monitoring team closely examine every facet of contract requirements including: (1) RRC administration and personnel, (2) compliance with resident intake and exit requirements, (3) resident programming and program planning, (4) resident employment and subsistence payments, (5) resident drug testing and treatment, (6) resident accountability and discipline, and (7) resident records and reports.

We reviewed 22 monitoring reports that the Baltimore RRM field office issued for the Reynolds Fairview RRC from January 2012 through September 2017. In total, these reports identified 56 deficiencies in contractor performance, with several recurring or "repeat" deficiencies regarding, for example, the lack of onsite employment checks; disorganized, inconsistent, or missing information in resident files; the failure to account for resident absences; resident subsistence collection; and the lack of written incident reports for residents who failed drug tests or returned late from social passes. When an RRC has repeat deficiencies, the COS can conduct specialized training in the area and, if the contractor does not remedy

²¹ Interim monitoring visits review fire safety, sanitation, inmate accountability, inmate employment, and escapes. These visits typically involve inspection of areas previously identified as having performance deficiencies and do not assess full RRC compliance with the SOW.

²² Initially, we found that Baltimore RRM field office personnel were not consistently following the standard instrument to complete full-monitoring inspections. However, during our review, the BOP RRMB Central Office issued guidance requiring that all inspection personnel follow the standard monitoring instrument to complete inspections. Because this action addressed a recommendation of a previous OIG audit report, we do not cite this as a deficiency as part of this review. See U.S. Department of Justice Office of the Inspector General, *Audit of the Federal Bureau of Prisons Residential Reentry Center Contract No. DJB200244 Awarded to Centre, Inc. Fargo North Dakota*, Audit Report 17-25 (June 2017), 4-5.

a documented deficiency, then the BOP may withhold full or partial payment for nonperformance.

The BOP's oversight efforts focused on recent contractor performance, ranging from a few months to 1 year, rather than identifying deficiencies recurring throughout the life of multi-year RRC contracts. When the BOP inspected the Fairview RRC facility, it generally focused on ensuring that deficient areas noted during a previous BOP monitoring inspection had been corrected within 4 months. While the BOP indicated that the CPARS reports provide an overview of contractor performance, we noted the CPARS reports only address performance for a 1-year period and are not organized to capture trends in deficiencies throughout the entire contract performance period. Further, the CPARS reports do not include all elements evaluated in the BOP's monitoring reports, which measure performance against the SOW. Thus, due to how BOP monitoring and CPARS reports are designed, these reports do not readily capture broader trends in deficiencies over the life of an RRC contract.

In addition, BOP policy does not define what constitutes a "repeat deficiency" that would trigger corrective action. We found that the Baltimore RRM field office considered repeat deficiencies to be only those that it had identified in the immediately previous monitoring report, and did not consider same or similar deficiencies identified in non-consecutive monitoring reports issued over the life of an RRC contract as repeat deficiencies.

The inability to identify broad performance trends readily as well as sustained, repetitive deficiencies did not position the BOP to take action to address what may have been a longstanding and recurring problem. For example, the Fairview RRC has had persistent problems with maintaining resident case files. Under the IDIQ contract (January 2012 through June 2016), the BOP identified a total of seven deficiencies regarding deficient resident files. The BOP also identified two resident case file deficiencies under the FFP contract as of October 2017.²³ Despite this continued problem area, the BOP has never pursued contractor payment reductions and, as detailed later in this report, the resident files have continued to contain information insufficient to show that Reynolds has met specific SOW requirements.

We believe it is important that, as part of its monitoring efforts, the BOP track areas that continue to be identified as deficiencies throughout the life of an RRC contract as an overall indicator of contractor performance. We note that improved tracking of deficiencies throughout the entire contract would promote consistency in identifying persistent problems. The Baltimore RRM field office's current practice of identifying repeat deficiencies based only on consecutive monitoring visits instead of tracking deficiencies throughout the life of a contract does not allow BOP to take appropriate action, such as withholding payments, that should incentivize performance improvements. We recommend that the BOP

²³ The Fairview RRC Director acknowledged the incompleteness of resident files maintained by the Fairview RRC. Our audit also identified several deficiencies with regard to resident files, as discussed later in this report.

ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract. Further, we recommend that the BOP issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

RRC Contractor Performance

Reynolds has met some important contract requirements, such as performing mandated background checks on its workers, hiring workers that meet specific key qualifications, and training its workers. However, Reynolds did not effectively meet other performance requirements. Our review of whether Reynolds provided core services to BOP residents revealed significant recordkeeping shortcomings. The overall lack of sufficient documentation regarding a broad range of core services resulted in Reynolds not being able to demonstrate that it actually provided the support services for which it was paid, and that BOP residents require to fulfill the goals of the RRC program and successfully transition to the community. We also found that Reynolds has experienced significant employee turnover which contributed to some of the shortcomings demonstrated in its performance under the contracts.

RRC Staffing

We reviewed Fairview RRC's employee handbook and tested 15 personnel files for compliance with applicable personnel requirements detailed in the SOW. Specifically, the SOW requires that Reynolds conduct background checks on its workers, hire individuals that met specific key qualifications for certain positions, and ensure that its workers receive sufficient training. We found that, generally, Reynolds has complied with these requirements. Nevertheless, we found that Reynolds has struggled to retain key Fairview RRC staff over the life of the contracts. In addition, Reynolds did not ensure that 100 percent of key staff at the Fairview RRC are dedicated to the BOP contract, as required by the SOWs.

Employee Retention

The SOWs require the contractor to develop a retention program to minimize staff turnover. In its technical proposals, Reynolds cited a personnel plan that included strategies intended to retain qualified staff, such as its compensation and benefits package, incentive programs, mentoring, and a tuition reimbursement plan for its employees. The BOP cited these strategies for staff recruitment, training, and retention in its source selection decision document as a factor that strengthened Reynolds' proposal and ultimate selection.

However, the Fairview RRC has faced a continued staff retention issue that has affected its operations. From the start of the IDIQ contract in 2011 through February 2018, the Fairview RRC has had more than five individuals serving in the role of Director. In addition, a 2012 BOP inspection cited that a high turnover rate among key Fairview RRC personnel correlated to reported deficiencies and negatively affected the RRC's overall ability to promote adequate and knowledgeable oversight of its RRC program. BOP inspection results since 2012

have continued to cite concerns stemming in part from Reynolds' worker retention issues.²⁴

We spoke to Reynolds officials regarding the status of the Fairview RRC's employee retention efforts. Reynolds' Chief Operating Officer and Executive Vice President both told us that the job market in Washington, D.C. is highly competitive, which along with the unique skills required to work in an RRC environment and clearance requirements, has made it difficult for Reynolds to retain workers on a long-term basis. These officials further stated that Reynolds has convened a council that meets quarterly to discuss specific RRC facility operations and staff-retention initiatives.²⁵ Such initiatives have included: (1) surveying departing employees as to the reasons why each decided to leave employment and (2) developing a diversity and outreach program to help Reynolds identify potentially meritorious candidates for RRC facility jobs.

The BOP's March 2017 interim monitoring report stated that Reynolds had hired new staff to meet the Fairview RRC staffing requirements, as well as a "short-term" Director.²⁶ This Director acknowledged that staff turnover is a challenge at the Fairview RRC and told us that she initiated staffing practices to spur positive operational changes. Such practices included implementing a new employee onboarding process to facilitate attracting qualified workers and addressing concerns of key workers to keep them at the facility.

We believe that Reynolds' actions to improve Fairview RRC employee retention must address the root causes of its staff turnover and ensure that any ongoing retention challenges do not negatively affect the efficient and effective provision of core RRC services. Therefore, we recommend that the BOP ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

RRC Staffing Dedicated to BOP Contract

The SOW for the FFP contract required that all key RRC positions – the Director, Social Services Coordinator, Case Manager, and Employment Placement Specialist – devote 100 percent of their time to the BOP contract. However, we found that the Fairview RRC Director oversaw operations throughout the facility, including those pertaining to residents of the Washington, D.C. Department of Corrections. Although Reynolds requested, and the BOP approved, an exception to this requirement under the original IDIQ contract, we received no documentation to show that Reynolds obtained a similar exception under the FFP contract. To the

²⁴ BOP officials stated that they recognize RRCs nationwide face employee retention issues due to the challenging nature of their work with inmates.

²⁵ In its response to this report, Reynolds stated that this group, which it refers to as its Visionary Leadership Council, is comprised of its Chief Executive Officer, Executive Vice President, Chief Operating Officer, Controller, Human Resource Generalist, Facility Directors, Assistant Directors, and Executive Assistants.

²⁶ Reynolds hired this official for a 1-year term, and we note that the facility has a new Director as of January 2018.

contrary, in its FFP contract proposal, Reynolds explicitly stated that the Fairview RRC key staff would dedicate 100 percent of their time to federal residents.

When we asked the BOP about dedicated staffing for the FFP contract, a BOP official told us that the BOP could not locate a formal waiver relieving Reynolds of this requirement and instead quoted staffing language from the previous contract's technical proposal indicating that key staff would be available to the residents because of staggered shifts. The BOP official further told us that there would not be changes for the current FFP contract, and it is our understanding that the BOP did not object to the Fairview RRC Director not being fully dedicated to serving BOP residents. Nevertheless, we are concerned that Reynolds did not clearly explain its staffing approach in its recent FFP proposal, and it has not solicited or received from BOP a formal waiver of the 100 percent time requirement specified in the SOW. Without such a waiver, the RRC is not meeting contractual requirements for staffing. We recommend that the BOP review the level of staffing it has received from the Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW, unless a formal waiver is sought and received.

Assessment of Services Provided to Residents

As stated previously, the overall goal of the BOP's program is to assist inmates in returning from the prison environment back to the community. As such, RRC contractors are responsible for aiding their residents in successfully completing reentry programming. Key aspects of a successful transition include avoiding return to prison, obtaining housing, and acquiring employment or job skills. We assessed Reynolds' performance in meeting the following core services, as outlined in the SOWs during our site visits, staff interviews, and resident records review:

- (1) develop a customized plan for residents' reentry,
- (2) maintain accountability for residents' whereabouts,
- (3) help residents gain employment or complete volunteer or training activities,
- (4) effect discipline in a manner consistent with BOP policies,
- (5) ensure residents comply with prohibitions on substance abuse,
- (6) transition eligible residents to home confinement, and
- (7) coordinate and document post-custody release plans for the residents.

We selected a sample of 30 resident files assigned to the Fairview RRC within the performance period of all the contracts within the scope of our audit. We found that while Reynolds appeared to have delivered many of these core services, it did not maintain documents in resident case files necessary to demonstrate that it actually provided a number of core services. While the circumstances of each RRC

resident were unique, our review of resident case files identified commonalities in significant recordkeeping deficiencies.²⁷

Individualized Program Plans

The RRC is required to complete an Individualized Program Plan (IPP) for each resident upon arrival to serve as the roadmap for the resident's case management. Each IPP should detail all of the resident's program goals and the steps and time necessary to achieve these goals. Effective IPPs should also identify areas of concern related to a particular resident's ability to reenter society successfully and reduce his or her risk of recidivism. Recognizing that a complete and detailed IPP is an integral part of facilitating a resident's success through the RRC program, the SOW requires that the RRC maintain an original, signed copy of the IPP in a resident's file. Once established, designated RRC officials must review and update the IPP to reflect the progress of each resident on a regular basis (at least biweekly).²⁸

Our resident file sample noted that Reynolds officials generally initialized IPPs within the required timeframes; however, the initial goals detailed on the IPP for each resident tended to be vague and completion dates were not always noted or tied to specific milestones. For example, the IPP for one sampled resident included goals of "have a successful matriculation into society" and "get back acclimated within society," with few tangible intermediate stages as part of a larger plan to achieve such goals.

Although an RRC must modify each IPP to account for the unique needs and challenges a resident encounters while at the RRC, we found that a majority of the sampled resident files did not detail progress or update planned activity towards achieving established goals in the IPP. For instance, the one sampled IPP for an unemployed resident included the goal of obtaining employment. However, the IPP did not mention job training until 4 weeks after the resident arrived at the Fairview RRC.

The RRC must help each resident establish measurable, realistic goals that take into consideration individual needs and risks. The RRC must also demonstrate providing such help on each resident's IPP. To help residents achieve successful reentry, we recommend that the BOP ensure Reynolds properly develops, updates, and documents IPPs as required by the SOW. We note that Reynolds is using a

²⁷ During our audit scope, the Fairview RRC was transitioning paper-based resident files to a web-based system called SecurManage. Therefore, our review of resident files encapsulated both hardcopy and electronic records. Considering the documents found both in hardcopy and electronic formats, we nevertheless identified that resident records were incomplete, disorganized, and missing key information.

Despite this lack of documentation, Reynolds officials stated that they continuously offer various programs to facilitate the residents' reentry into the community on a number of issues, including life enhancement, family reunification, and employment.

²⁸ The SOW for the initial IDIQ contract required more frequent meetings during the first 6 weeks of a resident's arrival.

BOP template to develop IPPs, which it believes will facilitate it capturing required information needed for each resident.

Security and Accountability

RRCs must be able to locate and verify the whereabouts of residents at all times. To ensure that RRCs adequately track resident movement, the SOWs require that residents sign out of the facility each time they leave for an approved activity and sign in upon returning to the facility. We found Reynolds implemented an electronic sign-in and sign-out system that allowed it to track adequately the movement of Fairview RRC residents.

RRCs may grant certain residents authorization to be away from the facility to go to a specific location for an allowable activity, such as religious services, medical appointments, or to spend the night or weekend at their release residence. The RRC must approve each absence. For residents with an approved overnight or weekend pass, the RRC is required to conduct random checks at least twice per day to determine the resident's compliance with the conditions of their absence.

We compared electronic facility entry records with passes in each sampled resident file and found several instances when Reynolds did not: (1) maintain approved passes for overnight and weekend visits; or (2) document checking residents who left on authorized passes. For example, the resident file for one long-time resident in 2017 lacked approved passes for 7 times that the electronic facility entry records showed her leaving the facility.

Without evidence of proper approvals and checks of residents out of the facility on passes, Reynolds cannot demonstrate that it met RRC requirements and kept track of residents who are away from the RRC. We therefore recommend that the BOP ensure Reynolds implements internal controls that require it approve and document authorized absences and perform twice daily random checks for residents on approved passes as required by the SOW.

Resident Employment

RRC residents are generally expected to be employed within 30 days of arrival to the facility. According to the SOWs, the RRC must approve each job in writing and verify employment by conducting an on-site visit during the first 7 days a resident is employed. Thereafter, the RRC is required to contact a resident's work supervisor each month by phone or site visit. Reynolds officials stated that they have recorded a Fairview RRC resident employment rate of over 90 percent. While we could not independently confirm the overall resident employment rate reported to us by Reynolds officials, we determined the RRC generally was in compliance with SOW requirements regarding employment approval and verification.

If a resident does not achieve full-time employment within the required timeframe, the RRC must include in the resident files: (1) a biweekly report to the BOP describing how it is assisting the resident in obtaining employment, and (2) an

action plan of productive activities for the unemployed resident, such as volunteer work or community service, to minimize idle time. Our review noted resident files that did not meet these requirements. For example, we could not locate an action plan of productive activities in the file of one resident who faced delays in obtaining employment due to a lack of identification card. Specifically, the file contained no indication of productive activities for nearly 3 months until this resident began volunteering.

Obtaining employment is a key aspect of a resident's ability to integrate back into the community successfully. In support of this goal, RRCs must properly develop, document, and communicate employment action plans to ensure that residents are actively working towards obtaining vocational skills and effectively using their time in the RRC program. Therefore, we recommend that the BOP ensure Reynolds enhances its employment recordkeeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.

Discipline and Incident Reports

To ensure a safe and orderly environment for residents, the SOWs require that the contractor discipline residents who violate the rules of conduct established by the RRC and BOP. While the RRC Director may informally handle disciplinary action for minor violations, the RRC must document all major violations using an incident report developed by the BOP and include these reports in the resident files. More severe prohibited acts require action by an RRC's Discipline Committee and the BOP. For all violations that result in an incident report, there should be a record of resolution or follow-up.

This review noted many incident reports that had no further evidence of any disciplinary action or resolution. For example, one resident file we reviewed had 10 incident reports, including one report of a "high" severity incident of theft.²⁹ Of these, two incidents (including the "high" severity violation) had no evidence of resolution or sanctions, and for four incidents the RRC did not adequately document the actions taken. A second resident file had five incident reports, two of which had no evidence of follow-up and two had inadequate documentation of actions taken. Further, we identified a third resident who committed a major violation of the "greatest" severity involving drug possession, yet the RRC did not document follow-up or resolution in this resident's file. A BOP official explained that disciplinary action for such an incident could have included revoking privileges such as home confinement. Nevertheless, on the

²⁹ BOP Program Statement 5270, *Inmate Discipline Program* contains rules of conduct and prohibited acts for offenders in BOP custody. The list of prohibited acts is divided into four separate categories based on severity: greatest, high, moderate, and low. This guidance also includes a list of available sanctions for committing prohibited acts.

same day of this violation, Reynolds permitted this third resident to proceed to home confinement status without acknowledging the incident.³⁰

In response to these concerns, the Fairview RRC Director stated that the RRC is working to improve how it documents incidents and actions taken to resolve them via its electronic SecurManage recordkeeping system. For example, Reynolds leadership told us that they receive daily notifications from SecurManage that report resident headcounts, movements, and incidents, such as late returns, and confirm follow-up action, as appropriate.

The RRC has an obligation under the SOW to discipline residents to prepare them for law-abiding behavior upon release. Based on our testing, we found that Reynolds did not document violations in a manner consistent with BOP requirements and thus could not demonstrate that it provided the structured and disciplined environment required under the terms of the RRC contracts. We recommend that the BOP ensure Reynolds appropriately follows up on violations with adequately documented actions to address or resolve them.

Drug and Alcohol Testing

As part of maintaining a safe environment for residents, RRCs must take action to deter and detect illegal drugs and alcohol. Regular breathalyzer and drug tests are main components of Reynolds' strategy to meet this requirement. The SOWs require that an RRC test: (1) a minimum of 5 percent its total residents each month, and (2) all residents known to have a history of drug abuse no less than four times per month. The RRC must report all unauthorized positive test results to the BOP on the day of the result.³¹

We found that the Fairview RRC has a more stringent policy requiring multiple monthly drug tests for all residents. While we found evidence that Reynolds generally conducted required drug tests, Reynolds did not always document these drug test results. Further, Reynolds did not document that it forwarded all unauthorized positive test results to the BOP as required by the SOW, nor did Reynolds' records always detail the actions taken to address positive drug test results. When an RRC does not document responses to substance abuse violations, the BOP cannot be assured that residents are adhering to the conditions of their participation in the RRC program. We also note that two BOP monitoring reports cited the need for Reynolds to improve follow-up documentation of positive test results. Reynolds stated that residents taking prescribed medications caused many of the positive results and thus these results were authorized. Reynolds further reported that, subsequent to these two BOP monitoring reports, it implemented corrective action to include supporting documentation in the resident files. We recommend that the BOP ensure Reynolds documents the results of drug

³⁰ According to a 2013 BOP guidance memorandum, one of the basic criteria for home confinement includes no recent major disciplinary issues.

³¹ Positive test results may be due to residents taking prescribed medications.

and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.

Tracking Home Confinement Transfers

Designated RRC inmates scheduled for release should transition to home confinement status to aid in their reentry back to society.³² Thus, an important RRC role is supporting and tracking inmates' home confinement status. In offering this support, an RRC is responsible for reviewing whether inmates are eligible for home confinement and referring appropriate candidates to the BOP for approval. The SOW for the FFP contract requires the RRC to complete biweekly forms to update the BOP on progress towards achieving home confinement for each eligible inmate until a home confinement date is approved, and maintain these forms in the resident's file. Our resident file review therefore included ascertaining whether Reynolds appropriately assessed its residents for home confinement eligibility and transferred eligible residents in a manner consistent with BOP guidance.

Available records in the resident files did not demonstrate that Reynolds actively transitioned all eligible inmates to home confinement status per BOP guidance. While we noted improvement in the more recent files, our review identified instances when individuals eligible for home confinement nevertheless remained residents of the Fairview RRC without adequate explanations documented.³³ For example, one inmate was eligible for home confinement in an inspected and approved residence, but "chose not to do home confinement" and remained an RRC resident until her release date 3 months later without adequate justification. Reynolds thus charged \$3,870 more under the IDIQ contract to house this individual as a resident in the RRC instead of on home confinement. The RRC identified that another inmate "might be a good candidate" for home confinement in her initial assessment meeting, yet the RRC did not transition this resident when eligible. Although the resident had an approved release address, she remained at the RRC for 1 month without any explanation as to why home confinement was not pursued.

The BOP expects that RRC contractors transfer eligible individuals to home confinement as soon as possible. Considering that delaying or otherwise preventing an eligible inmate his or her home confinement opportunity represents an inefficient use of limited RRC facility space and results in additional costs charged under the IDIQ contracts, it is important to document the specific reasons why each eligible inmate is not on home confinement status. Although Reynolds reports as part of its monthly invoice billing the number of inmates eligible for home confinement who

³² Subject to various restrictions, RRC residents are eligible to transition to home confinement if they have a place to live and have demonstrated they no longer require the level of accountability and services RRCs provide. An eligible inmate may not be on home confinement status longer than 6 months or 10 percent of his or her sentence, whichever is shorter.

³³ According to a Reynolds official, a variety of extenuating circumstances may affect a resident's participation on home confinement, such as not feeling safe living away from the RRC. This official stated that Fairview RRC employees may not have always documented these issues due to sensitivity concerns.

are still in the facility, we found these reports did not contain sufficient detail and justification as to why eligible inmates were not yet on home confinement. Further, we found that some of these reports had mathematical inaccuracies. Therefore, we recommend the BOP ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status. In addition, to enhance the BOP's oversight of compliance with its home confinement policy, we recommend that the BOP confirm, as part of its invoice review, that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

Release Plans

For its residents approaching release, RRCs must submit a proposed release plan to the U.S. Probation Office (USPO) for investigation and approval at least 6 weeks prior to the anticipated release date. Each release plan must detail the resident's verified residence, employment information, medication needs, and any follow-up appointments for medical, mental health, or substance abuse treatment. We found that Reynolds did not submit many plans for residents in our file sample by the required 6-week deadline. In addition, we found that Reynolds did not include a copy of the USPO-approved release plan in some of the resident files we reviewed, as required by the SOW.

When the RRC submits release plans late, the USPO does not have sufficient time to investigate the suitability of the residents' release residence prior to their exit from custody. We recommend that the BOP ensure Reynolds submits release plans on time and records such documents in the resident file.

Invoices and Subsistence Payments

While Reynolds' invoices billed appropriate contracted rates, we identified weaknesses in how Reynolds collects, locally documents, and submits to the BOP records of subsistence payments made to the RRC by employed residents. Because improper or inconsistent subsistence collection risks undermining the goals of the RRC program and can affect the accuracy of overall contractor billing, the BOP needs to ensure that Reynolds improves its internal controls and provides complete employment information to substantiate the subsistence amounts collected.

BOP Review of Contractor Billing

The BOP Baltimore RRM field office received invoices each month from Reynolds and was responsible for ensuring that each invoice was proper.³⁴ The RRMB Central Office in turn also reviewed Reynolds invoices and approved the invoices for payment. Between January 2011 and September 2017, the BOP received 81 invoices from Reynolds for Fairview RRC services. To determine if Reynolds appropriately billed the BOP for Fairview RRC services, we judgmentally selected 27 of these invoices and for each: (1) compared line items that detailed inmate days with BOP SENTRY data, and (2) validated that Reynolds listed appropriate per diem rates or fixed monthly contract prices and correctly calculated total invoice amounts.³⁵ This review of 27 sampled invoices found that Reynolds billed appropriate rates as respectively established by the IDIQ contracts and the FFP contract.

Included in our sampled invoices were subsistence payments that Reynolds reported it collected from residents at the Fairview RRC. The BOP requires that RRC contractors collect subsistence payments from its residents in an effort to promote their individual financial responsibility.³⁶ RRC contractors, in turn, must deduct from invoices the total amount of subsistence payments received from its residents each month and provide a collection record along with its invoice (including copies of the residents' paystubs, applicable subsistence waivers, and signed collection receipts). For the three contracts under audit, the subsistence amount due to the RRC from each resident was 25 percent of his or her gross income.³⁷ According to the SOW, if a resident does not pay subsistence, the RRC should immediately issue a disciplinary report.

³⁴ Title 5 CFR §1315.9 (b) (2017)

³⁵ Implemented in 1981, SENTRY is a real-time information system consisting of various applications for processing sensitive but unclassified inmate information and for property management. Data collected and stored in the system includes information relating to the care, classification, subsistence, protection, discipline, and programs of federal inmates.

³⁶ The SOW requires that residents make subsistence payments to coincide with their payday – whether weekly, bi-weekly, or monthly – although payments are due within 48 hours of the time contractor staff receive the resident's pay information, regardless of pay frequency. The RRC may request in writing that the BOP waive or reduce subsistence payments in cases of individual hardship.

³⁷ In August 2016, the BOP removed the requirement for RRC contractors to collect subsistence payments from offenders on home confinement status.

We collected available BOP subsistence review documentation for our sampled monthly invoices. We found that Reynolds submitted a report of employed residents and supporting documents for collected subsistence payments with its monthly invoices to the BOP. Baltimore RRM field office personnel then reviewed at least 10 percent of the subsistence payments to ensure their accuracy. However, we found that the BOP Baltimore RRM field office relies on incomplete RRC contractor subsistence records to perform its subsistence review. Specifically, our sample found that Reynolds' subsistence records did not include resident employment start and end dates, first pay dates, or pay period frequencies. Without this information, the BOP cannot verify the accuracy and completeness of Reynolds' subsistence collection efforts. Accordingly, we noted examples of employed residents for whom Reynolds did not report subsistence collection. For example, one resident received multiple paychecks but made only one subsistence payment within a 5-month employment period. Notably, Reynolds' subsistence records showed neither an approved subsistence waiver for this resident nor an acknowledgement of any employment during 4 of those 5 months – even though pay stubs within this resident's file indicated she was employed during this time.

The BOP cannot ensure that subsistence payments have been appropriately collected and reported for all employed residents unless RRC contractors provide complete resident employment information. We found that Reynolds already tracks and uploads employment information for its residents in SecurManage and has improved its subsistence collection process since hiring a new Employment Placement Specialist in February 2017. We therefore recommend that the BOP require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.

Contractor Efforts to Account for Subsistence Payments

To ascertain how Reynolds compiled required subsistence information attached to its invoices, we assessed 16 months of supporting documents that accompanied invoices for all three contracts and individual subsistence records maintained in 30 resident case files. We also discussed Reynolds' subsistence collection process with RRC personnel responsible for overseeing employment and subsistence payments. This review found:

- Resident case files did not always include documents necessary to support subsistence payments received, such as pay stubs indicating gross pay and pay dates, checks or money orders from residents, subsistence receipts, approved subsistence waivers or reductions, and notes to explain discrepancies. Additionally, prior to 2014, the RRC did not include adequate explanations – such as proof of a waiver – to show why it did not collect subsistence from particular employed residents each month.
- The RRC did not always collect subsistence within 48 hours after residents received their wages or issue an incident report to residents for untimely payments, as required.

- The RRC at times collected incorrect subsistence amounts from individual residents due to calculation errors, resulting in either under payments or over payments.

Considering these issues, we believe that additional written guidance would enhance Reynolds' ability to collect accurate subsistence payments. For example, the Reynolds' Operations Manual does not contain the BOP requirement that subsistence payments must be collected within 48 hours. Reynolds also lacked detailed procedures regarding staff member responsibilities and segregation of duties in the subsistence collection and tracking process. We believe Reynolds' policies and procedures should detail the specific roles and responsibilities of RRC personnel to (1) collect accurate subsistence payments in the required timeframes and (2) account for and fully support subsistence payments in each applicable resident case file. We recommend that the BOP ensure Reynolds adequately collects and documents resident subsistence payments.

CONCLUSION AND RECOMMENDATIONS

With regard to the RRC contract awards, we found that the BOP needs to strengthen its process to ensure the price analysis documents show that the contract prices were fair and reasonable for services. We also found that the BOP did not adequately plan for the most recent FFP contract DJB200285 or support its fixed monthly price, leading to the awarding of a bridge contract and paying about \$1 million more in the first year of the FFP contract than it would have paid for comparable services under the preceding IDIQ contract. We further found that the BOP could improve its monitoring of Reynolds' compliance with the SOW, specifically with regard to the tracking of longstanding, repetitive deficiencies.

While Reynolds met some important contract obligations, our review of whether Reynolds provided core services to BOP residents revealed significant recordkeeping shortcomings. The overall lack of documentation regarding a broad range of core services means that Reynolds cannot demonstrate that it fully provided the services for which it was paid – services which BOP residents require to fulfill the goals of the RRC program and successfully transition to the community. We believe some of these shortcomings are attributable to issues that affect staff retention at its Fairview RRC and that Reynolds should continue to address.

While Reynolds' invoices billed appropriate contracted rates, our audit identified weaknesses in how Reynolds collected and accounted for subsistence payments it collected directly from employed RRC residents. The BOP needs to ensure that Reynolds improves its internal controls and provides complete employment information to substantiate the subsistence amounts collected, which affect the accuracy of overall contractor billing.

The results of our work overall evidence the need for the BOP to strengthen RRC contract award procedures and oversight. We also found that Reynolds must improve how it documents its performance in many of the tested areas that comprise the core RRC functions.

We recommend that the BOP:

1. Develop enhanced RRC price analysis procedures to require that: (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis.
2. Implement controls to ensure that RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC contracts; and (2) specifically document the circumstances that impact their ability to meet the lead-time requirement in the future.
3. Ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract.

4. Issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.
5. Ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.
6. Review the level of staffing it has received from the Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW, unless a formal waiver is sought and received.
7. Ensure Reynolds properly develops, updates, and documents Individualized Program Plans as required by the SOW.
8. Ensure Reynolds implements internal controls that require it approve and document authorized absences and perform twice daily random checks for residents on approved passes as required by the SOW.
9. Ensure Reynolds enhances its employment recordkeeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.
10. Ensure Reynolds appropriately follows up on violations with adequately documented actions to address or resolve them.
11. Ensure Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.
12. Ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status.
13. Confirm, as part of its invoice review, that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.
14. Ensure Reynolds submits release plans on time and records such documents in the resident file.
15. Require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.
16. Ensure Reynolds adequately collects and documents resident subsistence payments.

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 BOP's administration of contracts DJB200032, DJB200290, and DJB200285 and Reynolds' compliance with the contract requirements was *not* made for the purpose of providing assurance on its internal control structure as a whole. BOP's and Reynolds' management is responsible for the establishment and maintenance of internal controls.

As noted in the Audit Results section of this report, we found that BOP needs to strengthen its process to ensure price analysis documents show that the contract prices were fair and reasonable price for services, did not adequately plan for the most recent FFP contract DJB200285 or support its fixed monthly price, and could improve its monitoring of Reynolds' compliance with the SOW, specifically with regard to the tracking of longstanding, repetitive deficiencies.

We also found that Reynolds has not successfully retained key staff or effectively addressed root causes of high employee turnover, did not designate critical staff to work only with BOP residents, and had significant recordkeeping shortcomings to support the services for which it was paid and that BOP residents require to fulfill the goals of the RRC program and successfully transition to the community.

Lastly, we identified concerns with regard to improper or inconsistent subsistence collection of subsistence payments Reynolds collected from RRC residents.

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

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards* we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices, to obtain reasonable assurance that BOP's and Reynolds' management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. BOP's and Reynolds' management is responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following laws and regulations that concerned the operations of the auditees and that were significant within the context of the audit objectives:

- Federal Acquisition Regulation (FAR)
 - FAR Subpart 6.3, *Other Than Full and Open Competition*
 - FAR Subpart 7.1, *Acquisition Plans*
 - FAR Part 15, *Contracting by Negotiation*
 - FAR Subpart 16.2, *Fixed-Price Contracts*
 - FAR Subpart 16.5, *Indefinite-Delivery Contracts*
 - FAR Subpart 46.4, *Government Quality Assurance*

Our audit included examining, on a test basis, BOP's and Reynolds' compliance with the aforementioned laws and regulations that could have a material effect on BOP's and Reynolds' operations. We interviewed auditee personnel, assessed operating procedures, analyzed data, and examined billing records. As noted in the Audit Results section of this report, we determined that the BOP's pre-award activities regarding price analysis and planning for the FFP contract DJB200285 did not meet FAR requirements. Specifically, BOP failed to include adequate information to support that it used valid prior prices for comparison in its price analysis, as required by FAR 15.404, *Proposal Analysis*.

We also determined that the BOP monitoring efforts at the Fairview RRC under FAR Subpart 46.4, *Government Contract Quality Assurance*, were not adequate to ensure the contractor is performing in accordance with the contracts' Statement of Work.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit objective was to assess the Federal Bureau of Prisons' (BOP) administration of, and Reynolds & Associates, Inc.'s (Reynolds), performance and compliance with, the terms, conditions, laws, and regulations applicable to the contracts DJB200032, DJB200290 and DJB200285. To accomplish this objective, we assessed BOP's contract administration and oversight of the Reynolds' Fairview Residential Reentry Center (RRC) operations and contractor performance in the following areas: resident programs, accountability, and discipline; RRC staffing; and RRC billing accuracy, including subsistence collection.

Scope and Methodology

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 objective.

The audit focused on contracts DJB200032, DJB200290, and DJB200285 that the BOP awarded to Reynolds to provide residential reentry and home confinement services for federal female inmates in Washington, D.C. These contracts have a combined period of performance from January 2011 through August 2021, if all options are exercised. The maximum value for all three contracts is about \$18 million, of which over \$11.4 million (about 64 percent) was obligated as of October 2017, excluding resident medical expenses.

We reviewed all contracts, modifications, applicable task orders, pre-award documents, and selected monthly RRC invoices and BOP vouchers from January 2011 through September 2017. We also reviewed over 20 BOP monitoring reports of the Fairview RRC from January 2012 through September 2017. We held over 20 interviews with BOP personnel, including contracting officials from the Residential Reentry Contracting Sections, program and financial officials from the Residential Reentry Management Branch Central Office, and program officials from the Baltimore Residential Reentry Management Office responsible for overseeing the Fairview RRC.

To gain an understanding of the RRC's processes, we held over 10 interviews with Reynolds officials, including the Fairview RRC Directors, financial personnel, and other key staff including the Social Services Coordinators and Employment Placement Specialists. We tested compliance with what we considered to be the most important conditions of the Fairview RRC's activities related to the contracts audited. Specifically, we performed sample-based testing of resident case files, facility search logs, personnel files, and billing packages.

In these efforts, we employed a judgmental sampling designed to obtain broad exposure to the numerous requirements of the contracts we audited. This non-statistical sample design does not allow projection of the test results to the universe from which the sample was selected.

Billing Review

We obtained 81 monthly billing invoices and BOP vouchers for Fairview RRC services from January 1, 2011 through September 30, 2017. Of those, we selected 27 – one per quarter – for review of the reported resident populations, rates, and timing of payments. We also reviewed the RRC subsistence collection records for a subset of 16 billing months, as well as subsistence documentation included within 30 resident case files. Furthermore, we analyzed BOP's review of the RRC subsistence collection records for selected months from May 2015 through September 2017.

Additionally, the Fairview RRC submitted separate invoices for medical expenses on a monthly basis, which served to reimburse the RRC for resident medical expenses that it initially covered. Supporting documentation is required to accompany the reimbursement requests, including the signed authorization for treatment by a BOP Health Services Specialist and accompanying medical receipts. Of the 27 billing months in our sample, we reviewed 6 corresponding invoices that Reynolds submitted for medical services from September 2015 through October 2016, the BOP payment vouchers, and supporting documentation for the medical expenses. We noted some shortcomings in both how the BOP paid these invoices and how the RRC filled out the *Request for Medical Treatment and Reimbursement* forms. For example, the BOP did not always pay the medical invoices in a timely manner. Additionally, the RRC did not always include all required information to support the authorization forms, such as medication dosages, reasons for treatment, or medical receipts with enough detail to match the treatment listed on the authorization forms. However, we did not expand testing in this area because the BOP updated its healthcare procedures in January 2017 and consolidated all care under one provider through an electronic request, authorization, and treatment payment process. The BOP anticipates that this change will ameliorate the issues with medical billing and payments, and we did not opine further on this matter.

During our audit, we obtained information from BOP SENTRY and the Fairview RRC's SecurManage system. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems were verified with documentation from other sources.

BOP'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

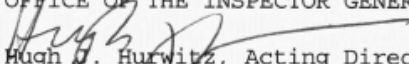
Federal Bureau of Prisons

Office of the Director

Washington, D.C. 20534

August 9, 2018

MEMORANDUM FOR JASON R. MALSTROM
ASSISTANT INSPECTOR GENERAL
OFFICE OF THE INSPECTOR GENERAL

FROM: 
Hugh G. Hurwitz, Acting Director
Federal Bureau of Prisons

SUBJECT: Response to the Office of Inspector General's (OIG) Draft Audit Report: Audit of the Federal Bureau of Prisons' Residential Reentry Center Contracts Awarded to Reynolds & Associates, Inc., Washington, D.C.

The Bureau of Prisons (BOP) appreciates the opportunity to provide a response to the Office of the Inspector General's above referenced report. Therefore, please find the BOP's responses to the recommendations below:

Recommendations:

Recommendation 1: Develop enhanced RRC price analysis procedures to require that: (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis.

Initial Response: The BOP agrees with this recommendation. The BOP will develop enhanced RRC price analysis procedures requiring (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis.

Recommendation 2: Implement controls to ensure that RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC

contracts; and (2) specifically document the circumstances that impact their ability to meet the lead-time requirement in the future.

Initial Response: The BOP agrees with this recommendation. The BOP will implement controls to ensure RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC contracts; and (2) specifically document the circumstances that impact their ability to meet the lead-time requirement in the future.

Recommendation 3: Ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract.

Recommendation 4: Issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

Initial Response: The BOP agrees with this recommendation. The BOP will issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

Recommendation 5: Ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

Recommendation 6: Review the level of staffing it has received from the Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW, unless a formal waiver is sought and received.

Initial Response: The BOP agrees with this recommendation. The BOP will review the level of staffing it has received from the Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW,

unless a formal waiver is sought and received.

Recommendation 7: Ensure Reynolds properly develops, updates, and documents Individualized Program Plans as required by the SOW.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds properly develops, updates, and documents Individualized Program Plans as required by the SOW.

Recommendation 8: Ensure Reynolds implements internal controls that require it approve and document authorized absences and perform twice daily random checks for residents on approved passes as required by the SOW.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds implements internal controls that require it approve and document authorized absences and perform twice daily random checks for residents on approved passes as required by the SOW.

Recommendation 9: Ensure Reynolds enhances its employment record keeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds enhances its employment record keeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.

Recommendation 10: Ensure Reynolds appropriately follows up on violations with adequately documented actions to address or resolve them.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds appropriately follows up on violations with adequately documented actions to address or resolve them.

Recommendation 11: Ensure Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive

test results, and documents the actions it takes to address positive drug tests.

Recommendation 12: Ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status.

Recommendation 13: Confirm, as part of its invoice review, that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

Initial Response: The BOP agrees with this recommendation. The BOP will confirm, as part of its invoice review, that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

Recommendation 14: Ensure Reynolds submits release plans on time and records such documents in the resident file.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds submits release plans on time and records such documents in the resident file.

Recommendation 15: Require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.

Initial Response: The BOP agrees with this recommendation. The BOP will require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.

Recommendation 16: Ensure Reynolds adequately collects and documents resident subsistence payments.

Initial Response: The BOP agrees with this recommendation. The BOP will ensure Reynolds adequately collects and documents resident subsistence payments.

If you have any questions regarding this response, please contact Paul W. Layer, Acting Assistant Director, Program Review Division, at (202) 307-2581.

**REYNOLDS & ASSOCIATES, INC.'S
RESPONSE TO THE DRAFT AUDIT REPORT**



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Certified Mail: Return Receipt

August 3, 2018

Mr. Jason R Malmstrom, Assistant Inspector General
U.S. Department of Justice
Office of the Inspector General
Washington Regional Audit Office
1401 S. Clark Street, Suite 9000
Arlington, VA 22202

Re: Response to the audit report of The Bureau of Prisons contract with Reynolds & Associates, Inc. (The Fairview), by Office of Inspector General (OIG)

Dear Mr. Malmstrom,

Reynolds & Associates, Inc. (R&A), acknowledges the receipt of the draft copy of the red line audit report, sent to us via email on 07/17/2018, by [REDACTED] Program Manager.

We would like to thank you and your team for providing this report, based on the Office of Inspector General's audit, of the Bureau of Prisons (BOP) contract, with R&A, Inc. (The Fairview facility), in Washington, DC and taking into consideration, our previous request dated 5/29/2018, to consolidate, soften and eliminate some of the language, in your report.

As requested, we are including the following:

- a. Our response to your sixteen (16) recommendations for the BOP.
- b. The management representation letter signed by our company President and CEO.



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Responses to the Conclusion and Recommendations, on pages 28 and 29:

#1. Develop enhanced RRC price analysis procedures to require that: (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis.

Reynolds Response: We agree with this recommendation.

The analysis should consider the cost of living for the various locations, including the current labor market and real estate costs. A 2016 US News and World Report survey, listed the Washington DC Metropolitan Area, as the Fourth Highest Cost of Living Area, in the country. According to a 2011 Department of Corrections study, the cost of housing females, is 50% higher, than for males. Female prisoners and returning citizens have specific needs (for instance: linen, toiletries, providing transportation, etc.), that require additional staff and resources, which cause the increase, in the cost of housing and services.

The price analysis has to consider the added expense of operating a business in Washington, D.C., specifically in regards to staffing and training. Due to the living wage requirements, in Washington, D.C., we are required to pay a higher salary for our staff at Reynolds, as opposed to other locations. We incur, up to 50% higher costs because of new hire training and development, due to employment turnover, and retention, in the Washington Metropolitan area.

The BOP needs to carefully review their price analysis, so that they can include accurate information, in the Request for Information (RFI) and Request for Proposal (RFP), so that they can receive accurate prices in the proposals, submitted by interested contractors.

#2. Implement controls to ensure that RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC contracts; and (2) specifically document the circumstances that impact their ability to meet the lead-time requirement in the future.

Reynolds Response: We agree with this recommendation.



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Unfortunately, this has not been done, which places the burden on us, the contractor, when organizing and submitting a bid. The BOP, we believe, at your recommendation, recently posted an IDIQ contract, in our area, while we are currently approved/contracted, for a one year option, which is confusing when done, at the same time. This was done without any notification or adherence, to their internal requirement, to provide an eighteen (18)-month lead time, and, seemingly, without consideration for the impact, that this would have on our current contract. Consultation with potential bidders, prior to a formal solicitation would allow the BOP to structure the most efficient and mutually beneficial contract, and provide the best services to the returning citizens. An IDIQ contract, to house twenty four (24) females, with a guaranteed minimum of six (6) in-house, and two (2) home confinement placements, does not appear to be the correct type of contract, for a high cost metropolitan area, such as Washington, DC. The per diem rate for such a contract would be prohibitively high.

As the incumbent contractor, we should have received notification, and communication, from the contracting office, for discussion, regarding this change, prior to the RFP being let. This would have allowed us to provide feedback and justification, as to why making this change is not beneficial to the returning citizens, the Washington, D.C. community, and to us, as the current provider of residential reentry services.

#3. Ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract.

Reynolds Response: We agree with this recommendation.

It is important for the Residential Reentry Management (RRM) field office to track deficiencies and work with us, their contractor, to provide us with their expectations. Tracking deficiencies for global trends is an important method to ensure contract compliance for the life of the contract. On May 21, 2018, after reading the initial report we received, we went back and completed a macro assessment, on all of the fifty-six (56) deficiencies we received, during the period of the OIG inspection. We identified trends in our performance, and began retraining our staff. We reviewed and updated our record-keeping, at all of our facilities, to ensure that we do not have these issues



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again. For the period of this audit, we have had four (4) different COS's, each with different expectations, management styles and modes of auditing that was not shared, with any of our staff, until our first audit. There was only one COS, who sat down with us, from the beginning, and outlined her expectations, her management style, and her mode of auditing, to assure the provision of excellent service, to our shared interests, the clients. Her first monitoring with us, was in November of 2013. Two (2) audits later, in June of 2014, Reynolds received its first zero (0) deficiency audit, since March 2011, which can be attributed to her diligent work with our staff, to improve contract compliance at Reynolds. This highlights the vital correlation between the collaborative initiatives of the BOP COS and the RRC Facility Director, which is an absolute necessity, for successful contract compliance. She was also the only COS to fully document the additional services, which we provide, above and beyond, contract requirements. She listed them on our audit reports, [REDACTED]

[REDACTED] which were directly due to her documentation. We reiterate to the BOP, that new COS's meet with the Directors of each RRC, and the key staff, nationwide, to discuss their expectations, management styles and mode of auditing, so that we can have this information, prior to any audits, and we can comply with the recommended changes, as stated above. In addition, our Executive VP/CAO/CHRO provided training to Reynolds staff in June of 2018, to reinforce the need to document individualized, specific information, during the IPP reviews. We moved forward with new management in 2018, and we have improved on our recent monitorings, with no deficiencies, in the past twelve (12) months (since June 2017).

#4. Issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

Reynolds Response: We agree with this recommendation.

Seeking clarity from the BOP, regarding what constitutes a repeat deficiency, and making sure that it is clear, is vital for contractors to continue to work collaboratively, with the BOP, in the best interests of returning citizens, and the community. The BOP needs to identify, their definition of sustained poor performance, and what kind of action will be taken, based on their definition. The BOP needs to clearly outline actions



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to be taken, and define measures to evaluate, whether sustained poor performance, has occurred. The contractor needs to be made aware, of the specific penalties possible, prior to the commencement of the contract. The BOP also needs to ensure that the contractor knows the parameters, for which a financial penalty for poor performance, can be accessed, and the amount of the sanction that can be levied.

#5. Ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

Reynolds Response: We agree with this recommendation.

We have always had a retention program and strategy in place, and we continue to implement and enhance them, to better serve our operations. Our Human Resource (HR) department meets every week, to discuss staffing vacancies and trends, along with candidates in the pipeline, to be recruited. Positions are always filled, within specified timelines, and if not, we have requested, and been granted (documented) extension, to ensure that we hire the most suitable candidate, for the position. While maintaining the continuity of operations can be overwhelming, it should be considered that we have only had two (2) deficiencies, as it relates to staff turnover, in March of 2012 and November of 2016. [REDACTED]

We are constantly training, learning, and working, towards expanding our abilities to manage better, for the returning citizens that we serve. We assess our retention and staffing plans quarterly, in our Visionary Leadership Council (VLC) meetings. We, also, have an annual retreat, for the VLC, which is comprised of our executive staff, management staff and the executive assistants, where we discuss and strategize on staffing & recruitment, staff training, staff retention issues, action plans, and other relevant staffing concerns. We have read and presented, at these meetings and our annual retreat, twenty-four (24) books, on management, organization, and other relevant topics, for the growth of our staff, and the organization. In May of 2016, we had an outside contractor complete an assessment of employee retention and morale, and we took specific action, based on her recommendations, to improve in these areas.



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Our Human Resource (HR) department diligently tracks vacancies, posts advertisements internally and externally, at the surrounding colleges and universities, and on various job portals, including the Department of Employment Services (DOES), and reaches out to our in-house Community Relations Advisory Board, we partner with local community project initiatives (for example, DC Project Connect), and participate in job fairs (such as Veterans, Military and University, etc.). In May 2017, we introduced a tracking report, which not only includes hiring and retention information, but also the diversity in our workplace, to mirror our population. We, primarily, promote from within the company, to foster employee morale and retention. A majority of our management and key staff employees were promoted from entry level positions.

A significant number of our employees, unfortunately, have been terminated, for not adhering to company policy and/or integrity violations, for which we have zero tolerance. This is also an integral part of our contract compliance because once BOP revokes clearances for these employees, who are under investigation, they can no longer work for us, until the investigation is complete, depending on the incidents and the findings. The fact that this has also had a significant impact, on our turnover rate, cannot be disregarded. We have had several employees who have reconsidered their resignations, and/or have requested to come back, post resignation. Approximately four (4) of them had been rehired, during this timeframe.

It is also important to consider that Washington, DC is a difficult city, to hire from and retain employees. Even though our salary base is competitive, with the Government Wage Determination, we are competing against Corporations, Capitol Hill staffing and other Social Service For-profit and Not-for profit organizations, whose salary bases are higher, because of the significantly higher budgets, grants and proposals, that they receive, to support the salaries that they provide. We find that millennials are not always candid and upfront, in the hiring process, which is a setback for us. When they are hired, they train with us, and then, they tend to go elsewhere, in a short period of time, that pays them more money. This is documented to be happening, in industries, all over the country.



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We have had five (5) Acting Directors on a temporary status – three (3) Assistant Directors from VA, One (1) Director and our Executive Vice President/Chief Administrative Office/Chief Human Resources Officer. The last acting Director, has been hired as the current Director, with over ten (10) years of experience, in our Virginia RRC, and since her arrival, we have had zero deficiencies.

Our population/clients can be very challenging for our employees, (coming in at entry level or even as key staff, with some experience), to deal with the issues, which our clients possess, coming out of incarceration. It is a different environment, than what they state in the interviews, that they can handle, and some find out too late, that they cannot handle it. This is not something that can be determined or predicted, in advance.

We are reiterating again, that the turnover challenges, mentioned several times in the report, cannot be viewed in isolation. It is important to note the external factors that contribute to these challenges that are out of our control.

#6. Review the level of staffing it has received from The Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW, unless a formal waiver is sought and received.

Reynolds Response: We agree with this recommendation.

We have complied with the request of the BOP, in our staffing pattern, and the costs for staffing, as indicated in our contract. We are allowed to request accommodations, as it relates to our staffing, from the BOP. Every staffing change that we make, we notify the BOP. For example, when we hire or terminate, or change a status of an employee, we notify the BOP, within the timeframe of the required guidelines. We were granted a waiver for staffing, as acknowledged by the OIG team, during their audit. Had we known that there was an expiration date, or had the BOP requested another formal waiver, we would, definitely, have provided another one, for their approval.



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For all of the contracts (DJB20032, DJB200290 and DJB200285), under this audit, the BOP has been aware of our staff utilization patterns. Our staffing proposals have been accepted and approved, and we have been awarded contracts, based on them. We have complied with the requirements of the contract, based on the SOW, without any issues. We always notify the BOP, as it relates to any staffing changes, within the required guidelines.

#7. Ensure Reynolds properly develops, updates, and documents Individualized Program Plans as required by the SOW.

Reynolds response: We agree with this recommendation.

Reynolds has made great improvement, regarding Individualized Program Plans (IPP's), over the past twelve (12) months, during this FFP contract, as identified on the recent monitoring reports. Beginning in February 2017, our Acting Director began IPP-specific auditing and training, with her staff, on IPP compliance. She met with her staff to review these forms, and tracked their compliance, with an excel datasheet. Using this report, she was able to maintain IPP compliance, by ensuring that due dates were met, in accordance with the SOW. Our current director began in January 2018, and continued to monitor IPP compliance, weekly. She provided additional training, for her key staff, and trained them to include more client specific information, on the bi-weekly IPP reviews, including: ID procurement, housing needs, employment history and needs, financial obligations, existing skills and challenges, their highest level of education, and their family support system. Our Executive VP/CAO/CHRO provided additional training, to Reynolds staff, in June of 2018, to reinforce the need to capture individual, specific information, during the IPP reviews.

We acknowledge our shortcomings in this area, and continue to strive for excellent contract compliance. Prior to contract award, and performance in accordance with the 2015 SOW, there was not a form provided, from the BOP, with clear expectations on exactly what was required in the IPP. Different COS's had different expectations and training modes. The last deficiency, for IPP compliance, was in March of 2017, which was only seven (7) months, into the new contract, utilizing the new format required by



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the SOW. A review of our previous, and current IPP's, in the client case files, indicates that Reynolds staff is not only meeting all timeframe requirements, but these IPP's are capturing the client focused, individualized, information required.

Each time we received a deficiency, in this area, we worked closely with the COS to implement our corrective action plan. Each corrective action plan that we submitted to the BOP was accepted, and the issue was considered, to be resolved.

#8. Ensure Reynolds implements internal controls that require it approve and document authorized absence and perform twice daily random checks for residents on approved passes, as required in the SOW.

Reynolds Response: We agree with this recommendation.

It should be noted that this was cited in two (2) monitoring reports, with the most recent being almost three (3) years ago, in September 2015. This report does not take into account that these errors have been corrected, since that time, with no issues reported during our last eight (8) monitoring, with the BOP. Per our procedures, we have our returning citizens fill out the pass, on paper, and this paper pass is signed, by the Facility Director, and filed, in Section 6, of the returning citizen's case file. Additionally, the SecurManage system will not allow a returning citizen to be signed out of the facility, on pass, without the Director approving this movement. Therefore, there is a two-step verification process that we complete, to ensure that passes have been appropriately approved. Our records consistently verify that we make at least one phone call for accountability, per shift, for any returning citizen taking a pass. Each person on pass must call the facility upon leaving their approved pass site, and again upon returning home. In order to verify this process is happening, we added a process for reviewing pass verification documentation, and a review of the pass call logs to our internal audit process, since the last deficiency, to ensure that we are in compliance with SOW requirements. We review the relevant documentation weekly, for all returning citizens; and review it, again, monthly, during our internal auditing process. Due to the actions we have taken, this has not been an issue, since September 2015.



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#9. Ensure Reynolds enhances its employment recordkeeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.

Reynolds Response: We disagree with this recommendation.

The BOP changed the employment requirements for the residents, from fifteen (15) to twenty one (21) to thirty (30) days, in recent SOWs, because BOP is aware of the difficulties, nationwide, in employing residents. In the District of Columbia, this is even more difficult. It is, also, even more difficult for female offenders to get jobs, compared to male offenders. We believe this report contradicts itself. On page 20, the report clearly states that “we determined the RRC generally was in compliance with these SOW requirements regarding employment approval and verification”. However, the report goes on to list one (1) instance, in a seven (7) year period, where this was not the case. We believe this is not a wide enough sample to list/label poor performance. Quite often, residents come to our facility, without the means (birth certificate, social security card) to obtain identification, upon their arrival. These are supposed to be provided, before they leave the facilities where they have resided. Due to the fact that this does not always happen, we have developed relationships, with local outside sources, to assist them in paying for, and acquiring, these documents. I reiterate that these are needs that are supposed to be met in the BOP institution, prior to their arrival at Reynolds. This creates a significant delay, in employment planning, for the resident. Additionally, we believe this is another instance of receiving mixed communication, from several different COS’s. For example, one COS will allow a resident to attend classes, or volunteer, and the next COS will not as readily allow this, in lieu of securing full time employment. This issue is, then, explained during the initial audit. These mixed messages create problems for our staff and residents, on the importance of, and difference in interpretations, of employment, in their release planning. Additionally, in our review of the monitoring reports, during the period of your audit, we did not receive a deficiency, for lack of employment planning. Obtaining employment in Washington, D.C. is very difficult. Our returning citizens are applying for the same jobs, as unemployed professionals.



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We have enhanced our documentation, on employment recordkeeping, since the last deficiency, was received, in March of 2017. A corrective action plan was submitted to the BOP, which was accepted. A review of our SecurManage system will verify that our Case Managers are currently documenting job searches, life enhancement program attendance, progress on their goals, etc., in their bi-weekly IPP reviews. This continues to be implemented and we have not had a deficiency in this area, since then.

Approximately three (3) years ago, our CEO required our Employment Placement Specialists (EPS), to go into the community, to personally contact employers, in order to develop relationships, with these employers. This relationship development has led to a significant increase, in the number of employers willing to hire our returning citizens. Our employment rate has been at or above ninety percent (90%) for the past twelve (12) months. This information is also reported, on the daily management reports, sent by each Director, to the Executive team. Our EPS has been instrumental, in increasing this rate, by getting returning citizens involved in training programs, and networking with employers, who routinely hire our returning citizens. Our successful employment efforts are already being verified, by reviewing the monthly employment reports, sent to the BOP, along with the billing reports. This recommendation should be eliminated.

#10. Ensure Reynolds appropriately follows up on violations with adequately documented actions to address or resolve them.

Reynolds Response: We agree with this recommendation.

In working with the current COS, and the Discipline Hearing Officer (DHO), this problem has not been identified as deficient since July of 2017. We have adequately addressed these issues each time, as identified in the monitoring reports, and corrective action was provided. Incident report processing is very individualized, and there could be multiple reasons for expungement, or reduction. The Director has put measures in place to ensure proper procedures are being followed, regarding incident report processing and follow-up. We are working collaboratively, with the BOP, to ensure appropriate sanctions and follow-ups are being documented in SecurManage. We also work closely with the BOP on returning citizens, who receive several incident reports, to ensure that



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sanctions are carried out, up to the level of disciplinary transfers. We have created, in our existing operational procedures, a process that requires any returning citizen, receiving a third infraction, be referred to a Center for Disciplinary Committee (CDC) hearing. By the fourth incident report, a disciplinary transfer is the recommendation made by the CDC, to the BOP. This is substantiated by reviewing incident reports, in our SecurManage system, where appropriate action and follow-up is documented. Additionally, in compliance with the direction from our COS, we are documenting all incident reports in the returning citizen's IPP's and SecurManage. This provides the Case Manager, and the returning citizen, with the opportunity to not only discuss the incident report, but address the behavior that lead to this infraction, in hopes of successfully modifying their behavior, and reducing criminogenic thoughts and behaviors, and recidivism. In accordance with BOP policies, all 100 and 200 level incident reports have been, and will continue to be, referred to a CDC hearing, regardless of the number of infractions.

We will continue to perform our contractual obligations to the BOP, in processing all incident reports, and are proud to have made tremendous gains in this area, as evidenced by our most recent four (4) monitoring reports, exhibiting zero deficiencies.

#11. Ensure Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.

Reynolds Response: We agree with this recommendation.

Each time this issue was identified in a monitoring report, we submitted corrective action, for these events, and have worked diligently with the BOP staff, to address these issues. We continue to document all drug and alcohol tests in our log books and report all unauthorized positive test results to the BOP, and complete the appropriate incident reports, as required by the SOW, and our operations manual. This report did not include the significant improvements that Reynolds has made since their last deficiency in this area, which was almost a year ago, in July of 2017. Specifically, that after the most recent deficiency, the Acting Director, and COO, instituted a process for more accurately



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reviewing drug tests, conducted on a weekly basis. This process focused on the Urine Monitor providing a report to the Director, on Thursday, of each week, indicating who has received a drug screen for the week, and who still had one pending. The Acting Director also reviews each positive drug screen and ensures that they are dealt with accordingly, and in compliance, with the SOW.

#12. Ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status.

Reynolds response: We disagree with this recommendation.

We never received a deficiency, in this area, for the entire period of this audit. [REDACTED]

[REDACTED] This report fails to consider the difficulties that female offenders face, when going onto home confinement, in the District of Columbia. Issues such as safe housing, transportation to work and treatment centers, and unstable home relationships make this a very sensitive issue for our residents. There are several instances, where an otherwise eligible female returning citizen, will decline to go onto home confinement, due to dangers in the household. For example, some of the returning citizens are implicated, rather than their significant other, charged. Therefore, this environment, could easily lead the returning citizen to recidivate. Also, some female returning citizens, confidentially disclose their fear of going back to the same volatile environment, that they originally, came from, and may wait until the last minute, to reveal this to us. We try not return them back to environments that could potentially, put them at risk. We do confer with the BOP and cannot always put in writing, the reasons for their extended stay.

Home confinement is not just determined by the eligibility date. There are several factors that we consider, before placing a returning citizen, on home confinement. These areas include:

- Housing: All returning citizens must have suitable housing. We assess the returning citizens' home situation and based on the criteria set, we determine if returning this client back to the identified home, is conducive to their transition



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back into society. If they have probation upon release, housing must be approved by their probation officer and Case Manager, and their housing must also meet the requirements of their supervised conditions. This is not always the case.

- **Disciplinary history and accountability:** All returning citizens must have either clear conduct, or have not displayed any major accountability issues, while at the RRC, which would indicate their lack of readiness, for home confinement.
- **Ability to check in:** All returning citizens must have transportation to meet the requirements of the weekly checks, into the facility. We have returning citizens that return, sometimes, over one hundred (100) miles, from our facility.

Issues such as safe housing, transportation to work and treatment, and unstable home relationships, make this a very sensitive issue for our residents. We take care in ensuring that we do not send one of our residents, into an environment that could be unsafe, or promote recidivism. Prior to September 2016, our case managers were documenting all home confinement updates, along with all other case related information, in the individual case note section of SecurManage. Beginning with the FFP contact, in September 2016, the requirement for IPP's changed how we document Home Confinement eligibility, by ensuring that all information is included in the IPP, in addition to the monthly home confinement tracking sheet, that is sent to BOP, by the 10th of each month. This form is filed in our records, and can be viewed upon request, during audits. Based on our response, and our intent, to continue our diligent compliance and documentation, we have no reason to believe that there is a need to make this recommendation. It should be eliminated.

#13. Confirm, as part of its invoice review, that the data provided in the Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

Reynolds Response: We disagree with this recommendation.

We feel that this recommendation is unnecessary because we have never received a deficiency, on a monitoring report, due to not transitioning eligible residents to home confinement, and we have always worked with the BOP, to ensure that this is



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completed. If there were ever inaccuracies, on the monthly billing report, regarding home confinement, we worked expeditiously, to correct these, when reported by the BOP. We are not aware of instances where these reports have been inaccurate and a correction has been requested. We therefore, reiterate the removal of this recommendation.

#14. Ensure Reynolds submits release plans on time and records such documents in the resident file.

Reynolds Response: We disagree with this recommendation.

A review of the monitoring reports, during this audit period, shows that we have not received a deficiency, regarding release plans or terminal reports. We continue to work with the BOP, and United States Parole Office (USPO), in securing safe release plans, for our residents. We have not received any complaints, from the USPO, regarding the lack of following timeframes, for release plan submission. Reynolds sends release plans to the USPO, either sixty (60) days prior to release, or as soon as the resident provides our staff, with their release address. Due to housing difficulties, or family concerns, there are frequently circumstances, where our staff is not provided a release plan, until immediately prior to the release of the resident, or at times, not at all. In this circumstance, we are unable to provide the release plan to the USPO, within the six (6) week deadline, or provide a signed copy in the residents file. We do communicate that to the USPO, and develop a strategy, for release. We have also had instances, where the family, or approved housing person, has changed their minds, at the last minute, and refused to allow the resident to come, to stay. We are in constant communication, with the probation officer assigned, throughout the returning citizen's stay at Reynolds, as part of their Program Review Team. Additionally, we continue to work with the BOP to complete terminal reports within five (5) working days of release. Prior to 2016, these would have been done on paper, and after this, they have been completed, in the BOP R3M software system. Due to the fact that we were never requested to provide any corrective action, from the BOP, for either of these instances, we believe that we have been in compliance. We feel that this recommendation is unnecessary, and we would like to reiterate that it should be eliminated, from this report.



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#15. Require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.

Reynolds Response: We disagree with this recommendation.

We have had no deficiencies, regarding our reporting, of the above information. We tracked, and continue to track, all of this information, in our SecurManage system, before and to date. This client-specific data is provided, in the employment report which is submitted, with the monthly billing reports, to the BOP. This information is also reported in the bi-weekly IPP reviews, conducted by the Case Manager, with each returning citizen. This audit report does not take into account that we are already capturing this information, which we can provide to the BOP, upon request. We are documenting everything we do in our electronic database, including all communication with the BOP, regarding payments, subsistence waivers, and employment information. Again, all of this information is reported, to the BOP, with the monthly billing invoice. We reiterate that we believe that this recommendation should be eliminated.

#16. Ensure Reynolds adequately collects and documents resident subsistence payments.

Reynolds Response: We agree with this recommendation.

We do not believe that this report accurately reflects the progress we have made, since our last deficiency for subsistence, in March of 2015. We have been in compliance, with BOP directives and expectations, regarding subsistence payments, for the last three (3) years. We have policies and procedures, in place, for the proper handling and documentation of subsistence payments, which have been approved by the BOP. The policies state, in part:

“The Federal Bureau of Prisons requires returning citizens to contribute to the cost of their community placement, through subsistence payments. From the returning citizen’s earnings, each returning citizen shall deduct twenty-five (25) percent of weekly gross income, rounded down to the whole dollar amount



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every pay period. Returning citizens who are unemployed and have other means of financial support will be required to pay an amount determined by the Bureau of Prisons.

Returning citizens are responsible for making subsistence payments on their pay date. Partial weeks are pro-rated. No payment is due the week of release, from the facility. Additionally, returning citizens on home confinement are not required to pay subsistence.

All payments must be submitted, in money order or cashier check form, with the appropriate pay stub. Money orders shall be in the exact amount and made payable to Reynolds & Associates. To assist the returning citizens, payment scales are posted on the returning citizen's Bulletin Board. Money orders, not rounded down, or over the designated amount, will not be accepted. Subsistence will be documented in the SecurManage system, with a record of the returning citizen's gross pay, pay date, and the amount of subsistence paid.

Failure to submit pay stubs and pay the proper amount of subsistence as outlined will result in disciplinary action.

In very unusual situations, subsistence reductions/waivers may be considered by the BOP, through the Residential Reentry Manager. A subsistence reduction or waiver will only be considered, after the returning citizen submits a budget outlining justification; proof of all expenses must be included. However, subsistence must be paid in accordance until approved by BOP."

Our EPS is in consistent communication with the BOP regarding subsistence waivers, subsistence reductions, and returning citizens who do not pay their subsistence. Additionally, the subsistence report, which is submitted along with the monthly billing, reflects all returning citizens' status, regarding subsistence payments. While there have been some deficiencies for not following these procedures, they have been reviewed, and approved, by the BOP, for subsistence collection and reporting. We did not receive



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any feedback, from the BOP, that these policies and procedures did not meet their requirements. We will continue to work with the BOP, to ensure that these policies and procedures accurately reflect, the expectation outlined in the SOW.

Conclusion:

Overall, we feel that there are several factors, which were not taken into consideration, when this report was written. The first, and probably most egregious, is that this report is very quick to address our staff retention issues, specifically the Director, and key staff, positions. As mentioned several times previously in our responses above, there is a correlation between the five (5) Directors and the four (4) COS's, overseeing this contract, during this same period of time, that needs to be attributed to our overall retention and a gap in some services. We are reiterating, again, that each COS had different expectations, management style, and mode of auditing than that of his, or her, predecessor.

Secondly, reviewing thirty (30) files, out of over one thousand (1000) files, over a seven (7) year period, from 2011 to 2018, is not a representative sample, to indicate noncompliance, as you have done in this report. We believe that this report does not take into account the significant improvements (IPP compliance, subsistence collection, incident report processing, high employment rates, increase in community involvement, improved security and accountability measures, lack of deficiencies, CPARS rating, strengths, etc.), which have been made since the commencement of the new FFP contract, in September of 2016, especially within the past four (4) monitoring periods, where we have received zero deficiencies, from the BOP.

In addressing our staff retention and turnover, we do not feel that this report adequately addresses the reasons some of our Directors, and other staff members have left our organization. Of the five (5) Directors mentioned in this report, two (2) of them resigned because they could not handle the stress of the position, one retired, one had to move out of town, due to significant family issues, and the other had her clearance removed, by the BOP, for an integrity violation. As you can see, many of these instances were out of our control. We do our best to ensure that we hire the best possible candidates, for this position. Another issue out of our control is the significant delay in the BOP completing integrity investigations. Once the BOP pulls the clearance, of a staff member, to work with federal inmates, our only options



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are termination, or placing them on administrative leave without pay, until they complete the investigation. In one instance, a staff member, whose clearance had been revoked, was placed on unpaid leave, pending the BOP investigation. It then took the BOP approximately twelve (12) to eighteen (18) months to complete this investigation. Obviously, this staff member could not stay with our company, and found another job. This delay in completing employee investigations, create significant voids, in our employee retention plan.

This report also fails to mention the agreements that we have with outside agencies, to work with our returning citizens. We have Memoranda of Understanding (MOU) with several agencies, including University Legal Services (USL), The Mayor's Office on Returning Citizen Affairs (MORCA) and Community Family Life Services (CFLS), which is operated by the same person that ran Our Place DC, before it went out of business. To better serve our returning citizens, we have had Mothers Day events, coat and purse drives, toy room and books for children during visitation, visits to the National African American Museum of History and Culture, and holiday parties for residents, which included gift donations to children, of winter coats, and robes for the residents, none of which, is mentioned anywhere, in this report. These are relevant events and services that are above and beyond the contractual requirements. We also manage a 501(c)3, non profit organization, entitled the Foundation for Residential and Rehabilitative Services, which we manage, without any administrative fees, to accept donations. One hundred percent (100%) of these donations are delivered directly to the returning citizens at our facilities.

During the entire course of this audit, we found it very disturbing that no one, after our initial meeting, reached out to conduct any interviews, with the Chief Executive Officer, the Chief Operations Officer, or the Chief Administrative Officer, until we brought this to your attention. It was only after we mentioned this, in our meeting on May 23, 2018, that you scheduled interviews with the three (3) Executives, who are key officials, and all of whom, have been with the company, throughout this entire time period and have the required level of knowledge and expertise, to have assisted you with this audit. Interviewing one, or all, of these Executives, during the audit process, would have provided you with a more accurate insight, into the workings of the organization, that we do not feel you were able to obtain, by only interviewing the facility staff.



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In attachment A, we have outlined what we feel are the inaccuracies, and our responses, as a twenty-one (21) page document. Please feel free to include this, as part of our response.

In summary, we do not feel that this report accurately reflects the operations, at Reynolds. It also does not include enough details, to determine compliance with the contract, or accurately reflect the services, which we provide to our returning citizens. We continue to work hard to provide our returning citizens with the absolute best level of service that we can provide. We are requesting, that your report shows consideration towards, or takes into account, the external factors that were out of our control, and challenges that were attributed to BOP turnover and operations (delay in integrity violation investigations, etc.), in conjunction to our turnover, and revisit the verbiage, to eliminate the recommendations where we have indicated we disagree, in this report.

If you have any questions, or need any additional information, please do not hesitate to contact me.

Sincerely,

Charles M. Reynolds, Jr.
President & CEO

- Cc: John Manning, OIG
- ██████████ Program Manager
- ██████████ OIG
- ██████████ Assistant Regional Auditor
- ██████████ Assistant Regional Auditor
- ██████████ Assistant Regional Auditor
- Johanna Hall, Chief, External Auditing Branch, BOP
- ██████████ Audit Liaison, BOP
- Reesa Motley Reynolds, Executive VP &, CAO/CHRO
- Benjamin Smith, COO
- Melanni Bolton, Director
- ██████████ Human Resource Generalist

Encl. (1) : Attachment A: Inaccuracies (Twenty-one (21) page document)



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ATTACHMENT A

Inaccuracies:

1. Page i, Paragraph 2 – The results in brief state that, “The audit found that the BOP needs to strengthen its process to ensure price analysis documents show that the contract prices were fair and reasonable, did not adequately plan for the most recent firm-fixed-price (FFP) contract, and could improve its monitoring of Reynolds’ compliance with the RRC requirements. While Reynolds met a number of important RRC requirements, it did not keep records required to support all paid services, and its Fairview facility experienced staffing challenges that contributed to repeated BOP-identified deficiencies. Lastly, we identified that Reynolds did not consistently track or collect subsistence payments from RRC residents. We believe that the BOP needs to strengthen RRC contract award procedures and oversight and Reynolds must improve how it documents its performance of many core RRC functions.”

Reynolds Response:

This paragraph indicates that the Office of Inspector General (OIG) found that the Firm Fixed Price (FFP) which was awarded, properly, to Reynolds & Associates, Inc., did not have a strong enough process in place, to ensure that the price analysis documents showed the contract prices to be fair and reasonable. Based on our cost analysis, the FFP contract is the best method to ensure that a contractor can continue to provide Residential Reentry Services (RRC) to the returning citizens in the Washington D.C. Metropolitan area.

While we did experience staffing challenges, they were consistent with the challenges faced in the Washington, DC, metropolitan area. This, also, occurred, during the time, where we experienced BOP contract staffing oversight challenges, with four (4) BOP Contract Oversight Specialists (COS), in a seven (7) year period. Each COS had their own expectations, management styles, and modes of auditing, than that of his or her



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predecessor. There is, in our opinion, a direct correlation, between our retention issues and the retention issues of the BOP, in the metro area.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

We object to the assertion that our records do not support payment for the services for which we have been paid. We believe that our records have always supported all paid services, especially to warrant the award of the FFP contract, in light of the inconsistent assignment of residents, by the BOP to the Residential Reentry Center (RRC). We agree that the BOP needs to strengthen "RRC contract award procedures and oversight", to include working more closely with the RRC, to develop, improve, and implement the SOW, for each award, in direct correlation to the population served, i.e. – females verses males and the drastic differences, in service provision to each population.

As indicated in our official response to recommendation #16, we have been in compliance with BOP directives and expectations, regarding subsistence payments, for the last three (3) years. We do not believe that this report accurately reflects the progress we have made since our last deficiency for subsistence, in March of 2015. We have policies and procedures, in place, for the proper handling and documenting, of proper subsistence payment.

2. Page 4, Paragraph 1, lines 8 through 12 - The report states that, "We also found that the BOP did not adequately plan for the most recent FFP contract DJB200285 or support its fixed monthly price, leading to the award of a bridge contract and paying about \$1 million more in the first year of the FFP contract than it would have paid for comparable services under the preceding IDIQ contract."

Reynolds Response:



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This statement is misleading, and implies that we were overpaid. It does not take into consideration that the requirements of the Statement of Work (SOW), for the FFP contract, were different than the requirements of the SOW, which we were operating under for the IDIQ contract. It also fails to recognize the services we provided, that were not required by the SOW.

We were paid for the services we provided, in line with the contract. The FFP contract required additional staffing, including an Employment Placement Specialist (EPS) which was a new position, and required to us provide two (2) Case Managers, due to the contractual number of returning citizens, of forty-six (46) in house placements, and twenty-three (23) home confinement placements. Under the IDIQ contract we would have been able to reduce one (1) Case Manager because the Average Monthly Population (AMP) of 28.1, for the first year of the contract, was fifty one percent (51%) lower, than the AMP of 57.5, in the original BOP projections. Under an IDIQ contract, we would have been able to request a waiver to eliminate this excess staff member.

We require an additional twenty (20) hours of annual training, above the twenty (20) hours of training required in the SOW, for a total of, at least, forty (40) hours of annual training. We facilitate this through the use of an online learning program called Relias Online Learning, and in-house staff trainings. We have also given our returning citizens, access to this program, for them to access their Life Enhancement Program online. To provide better accountability, we use electronic monitoring on all home confinement returning citizens. The SOW does not require the use of our satellite tracking system, for all returning citizens.

3. Page 5, Paragraph 3, lines 1 through 3 - The report states that, "However, for the three contracts, BOP contracting officers did not include adequate information in their price analysis documentation to support that the other RRC contracts used as part of the price analyses were valid for comparison."

Reynolds Response:



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We believe that the analysis should consider the cost of living for the various locations, including the current labor market and real estate costs. The BOP needs to carefully review their price analysis, so that they can include accurate information, in the Request for Information (RFI) and Request for Proposal (RFP), so that they can receive accurate and appropriate prices, in the proposals, submitted by interested contractors.

4. Page 11, paragraph 1, lines 10 through 14 states, "Based on the BOP Contractor Performance Assessment Reporting System (CPARS) reports, the Fairview RRF sustained the same performance rating under the FFP contract, even at times when is was receiving double the amount of funding for about the same average number of residents, that it would have received under the IDIQ contract."

Reynolds response:

This report indicates there was not much change in the CPARS rating from the last year (2015) of the IDIQ contract (DBJ200032), and the first year (2016-2017) of the FFP contract (DBJ200285), but the report fails to acknowledge that the required services for each contract were different. Both contracts were on different SOWs, with different requirements. For example, the requirement for the Cognitive Behavioral Group (CBG) protocol in the 2015 SOW, is much different than the requirement for the Transitional Skills classes, required in the previous SOW. IPP documentation, expectations, and follow-up requirements, are different between these SOWs. The emphasis on home confinement utilization, and the monitoring of home confinement is different between the two (2) SOWs. It is our opinion, that in the first year of acclimating to a new SOW, receiving [REDACTED] and [REDACTED] scores on the first CPARS, of a new contract, is in line with the expectations of the government, regardless of performance on previous CPARS, which were not comparing the same services. Therefore, this language should be eliminated.

5. Page 11, paragraph 2, lines 1 through 7 states, "In late 2016 and early 2017, we met with responsible BOP officials to discuss the use of FFP contracts to pay for potentially unused bed space at the Fairview RRC. In January 2018, the BOP began the process to



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re-solicit a new RRC contract in the Washington, D.C. area as an IDIQ type of award under an updated standardized SOW. Regardless of the type of contract structure, and as discussed above, we believe the BOP must adequately document price analysis to demonstrate that it is paying a fair and reasonable price for RRC services.”

Reynolds Response:

As previously pointed out, in the letter dated 05/29/2018, when considering an IDIQ contract, the BOP must consider the minimum staffing ratios. As RRC contractors, the SOW requires us to have two (2) staff members for security, in the facility, at all times. Additionally, under the 2017 SOW, contractors are required to have one Facility Director, one Employment Placement Specialist (EPS), and one Case Manager (CM) for every thirty (30) returning citizens. The most recent solicitation for the Washington D.C. area, is for a maximum of twenty four (24) in-house beds and seven (7) home confinement placements. The guaranteed minimum placements, for this contract, are six (6) in-house beds and two (2) home confinement placements. With the staffing pattern, facility costs, and services required, to adequately address the needs of female offenders, in Washington, D.C., these numbers would not provide adequate and reasonable income, to any business, unless supported by incredibly high per diem rates.

The OIG’s recommendation, should support that a Firm Fixed Price (FFP) contract, would best serve the needs of the BOP, the contractor, and the returning citizens, returning to the Washington, DC metropolitan community, after a fair and thorough comparative analysis, through a Request for Information (RFI), including the recommendation, for an eighteen (18)-month lead time, to prepare for the Request for Proposal (RFP).

6. Page 14, line 4 to 11 states that “While the BOP indicated that the CPARS reports provide an overview of contractor performance, we noted the CPARS reports only address performance for a 1-year period and are not organized to capture trends in deficiencies throughout the entire contract performance period. Further, the CPARS reports do not include all elements evaluated in the BOP’s monitoring reports, which measure performance against the SOW. Thus, due to how BOP monitoring and CPARS



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reports are designed, these reports do not readily capture broader trends in deficiencies over the life of an RRC contract.”

Reynolds Response:

This report indicates that the CPARS fails to capture deficiency trends, from one year to the next, and we believe the CPARS, more accurately, has failed to capture the positive trends, from one year to the next. A review of the CPARS, over this OIG audit period, has been completed. [REDACTED]

[REDACTED]

[REDACTED] if the OIG recommendation is that the CPARS recognizes negative trends from year to year, we emphasize it must, concurrently, highlight positive trends from year to year, and give full credit for these strengths.

- 7. Page 16, Paragraph 1, Lines 5 to 9 states, “The overall lack of sufficient documentation regarding a broad range of core services resulted in Reynolds not being able to demonstrate that it actually provided the support services for which it was paid, and that BOP residents require to fulfill the goals of the RRC program and successfully transition to the community.”

Reynolds response:

This statement is inaccurate. The language is conflicting and harsh, and if read by a third party, creates the perception that we are not providing the support services for which



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we are paid, for our returning citizens, which the OIG staff, stipulated, that we clearly are doing, in our meeting, on 5/23/18.

As it relates to the significant record keeping shortcomings, that was pointed out, in the report, and, we would like to say, that over the past three (3) years, we have significantly improved, in areas of compliance, specifically, as it relates to record keeping. We have reviewed our records, during this time period, and have documentation that supports we have been providing the services, to meet the needs of the returning citizens, and to satisfy our contract. Additionally, we have monthly internal audits, at our facility, coordinated by our COO, whereby, we monitor all aspects of compliance, within the BOP contract. We believe that our records have always supported all paid services, as verified by the BOP.

8. Page 16, Paragraph 2, Lines 8 to 9 states, "In addition, Reynolds did not ensure that 100 percent of key staff at The Fairview RRC are dedicated to the BOP contract, as required by the SOWs."

Reynolds Response:

We have complied with the request of the BOP, and our staffing pattern, and the costs for staffing, as indicated in our contract. We reiterate our official response to Recommendation #6, which states that we have complied with the request of the BOP, in our staffing pattern, and the costs for staffing, as indicated in our contract. We are allowed to request accommodations, as it relates to our staffing, from the BOP. Every staffing change that we make, we notify the BOP. For example, when we hire or terminate, or change a status of an employee, we notify the BOP, within the timeframe of the required guidelines. We were granted a waiver for staffing, as acknowledged by the OIG team, during their audit. Had we known that there was an expiration date, or had the BOP requested another formal waiver, we would, definitely, have provided another one, for their approval.



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For all of the contracts (DJB20032, DJB200290 and DJB200285), under this audit, the BOP has been aware of our staff utilization patterns. Our staffing proposals have been accepted and approved, and we have been awarded contracts, based on them. We have complied with the requirements of the contract, based on the SOW, without any issues. We always notify the BOP, as it relates to any staffing changes, within the required guidelines.

9. Page 16, Paragraph 4, Lines 2 to 4 states, "From the start of the IDIQ contract in 2011 through February 2018, The Fairview RRC has had more than five individuals serving in the role of Director."

Reynolds Response:

In addressing our staff retention and turnover, we do not feel that this report adequately addresses the reasons some of our Directors, and other staff members have left our organization. Of the five (5) Directors mentioned in this report, two (2) of them resigned because they could not handle the stress of the position, one retired, one had to move out of town, due to significant family issues, and the other had her clearance removed, by the BOP, for an integrity violation. In fact, one of the Directors who resigned due to stress, still wants to work with us, and he is, again, an active member of our Community Relations Board (CRB). Further, we have fortified this position, by the hiring of our current Director, who has over ten (10) years of experience, in our Virginia RRC, and since then, we have had zero deficiencies.

While it is true that we had five (5) Directors during this period, as mentioned previously in this document, and in our official response to Recommendation #3, we also had four (4) COS's, overseeing this contract, during this same period of time. We must reiterate that each COS had different expectations, management styles, and modes of auditing, than that of his, or her, predecessor. In fact, only one COS, who sat down with us, from the beginning and outlined her expectations, her management style, and her mode of auditing, emphasized her desire to work with us, and assuring the provision of excellent



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service to our shared interests, the clients. Her first monitoring, with us, was in November of 2013. Two (2) audits later, in June of 2014, Reynolds received its first zero (0) deficiency audit since March 2011, which can be attributed to her diligent work with our staff, to improve contract compliance at Reynolds. This highlights the vital correlation between the collaborative initiatives of the BOP COS and the RRC Facility Director, which is essential, for successful contract compliance.

10. Page 17, Paragraph 1, Lines 6 to 8 state, "These officials further stated that Reynolds has convened a company-wide council, generally, two or three times a year, to discuss specific RRC facility operations and staff-retention initiatives."

Reynolds Response:

The report inaccurately points out that we have convened a company-wide executive council, that generally meets two or three times a year. What we have created is the Visionary Leadership Council (VLC) that meets quarterly, and consists of staff from all of our facilities, in Virginia, Washington, D.C. and our corporate staff. The attendees are:

- President & CEO
- Executive Vice President and CAO/CHRO
- Chief Operating Officer
- Controller
- Human Resource Generalist
- Facility Directors (3)
- Assistant Directors (2)
- Executive Assistants/Human Resource Liaisons (2)

These quarterly meetings of high level staff, and support staff, not only discuss specific RRC facility operations and staff-retention initiatives, but strategically plan and execute, the overall budget, administration, and operations, of the companies.



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11. Page 17, Paragraph 3, Lines 1 to 4 state, "We believe that Reynolds' actions to improve Fairview RRC employee retention must address the root causes of its staff turnover and ensure that any ongoing retention challenges do not negatively affect the efficient and effective provision of core RRC services."

Reynolds Response:

As stated in Recommendation #5, we have an employee retention plan, in place, which was approved, by the BOP, upon award of our contract. We have always had a retention program and strategy in place, and we continue to implement and enhance them, to better serve our operations. Our Human Resource (HR) department meets every week, to discuss staffing vacancies and trends, along with candidates in the pipeline, to be recruited. While maintaining the continuity of operations can be overwhelming, it should be considered that we have only had two (2) deficiencies, as it relates to staff turnover, in March of 2012 and November of 2016. [REDACTED]

[REDACTED]

We are constantly training, learning, and working, towards expanding our abilities to manage better, for the returning citizens that we serve. Again, we assess our retention and staffing plans quarterly, in our Visionary Leadership Council (VLC) meetings. We, also, have an annual retreat, for the VLC, where we discuss and strategize, on staffing & recruitment, staff training, staff retention issues, action plans, and other relevant staffing concerns. We have read and presented, at these meetings and our annual retreat, twenty-four (24) books, on management, organization, and other relevant topics, for the growth of our staff, and the organization.

Our current Director, was hired, with over ten (10) years of experience, at our Virginia RRC, and since her arrival, we have had zero deficiencies.

Our clients can be very challenging for our employees, (coming in at entry level or even key staff with some experience), to deal with the issues, which our clients possess,



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coming out of incarceration. It is a different environment, than what they state in the interviews, that they can handle, and some find out too late, that they cannot handle it. This is not something that can be determined or predicted, in advance. We are reiterating again, that the turnover challenges, mentioned several times in the report, cannot be viewed in isolation.

12. Page 18, paragraph 1, lines 8 to 10 state "Nevertheless, we are concerned that Reynolds did not clearly explain its staffing approach in its recent FFP proposal, and it has not solicited or received from BOP a formal waiver, of the 100 percent time requirement, specified in the SOW."

Reynolds Response:

For all the contracts (DJB20032, DJB200290 and DJB200285), under this audit, the BOP has been aware of our staff utilization patterns. Our staffing proposals have been accepted and approved, and we have been awarded contracts, based on them.

We have complied with the request of the BOP, in our staffing pattern, and the costs for staffing, as indicated in our contract. We are allowed to request accommodations, as it relates to our staffing, from the BOP. Every staffing change that we make, we notify the BOP. For example, when we hire or terminate, or change a status of an employee, we notify the BOP, within the timeframe of the required guidelines. We were granted a waiver for staffing, as acknowledged by the OIG team, during their audit. Had we known that there was an expiration date, or had the BOP requested another formal waiver, we would, definitely, have provided another one, for their approval.

We have complied with the requirements of the contract and we notify the BOP, as it relates to any staffing changes, within the contractual timeframe.



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13. Page 19, Paragraph 3, lines 4 to 7 states, "For instance, the one sampled IPP for an unemployed resident included the goal of obtaining employment. However, the IPP did not mention job training until 4 weeks after the resident arrived at the Fairview RRC."

Reynolds response:

We feel that it is important to understand that our returning citizen employment rate, over the past twelve (12) months has improved significantly, and has been at or over ninety percent (90%). We are successful, in assisting our returning citizens, in obtaining programming, job training, formal education, or any other assistance which will increase their chance for success, when reentering the community, as evidenced in our internal reports. We have held job fairs, in the facility, with employers from the community. Our internal Life Enhancement Program offers several life skill classes, to prepare returning citizens to return to the workforce, including: Career Interests/Options, Job Search Skills/Overcoming a Criminal Record-Prison History, Resume Building, Dress for Success, Interviewing and Succeeding on the Job. Additionally, we have a computer lab, which we have staffed, to provide assistance in resume development, and job searching, for at least twenty (20) hours, each week.

14. Page 19, Paragraph 4, line 5, to page 20, line 2, states, "We note that Reynolds is using a BOP template to develop IPPs, which it believes will facilitate it capturing required information needed for each resident."

Reynolds response:

Upon commencement of the FFP contract in September of 2016, and in compliance with the 2015 Statement of Work (SOW), Reynolds has utilized the IPP template, provided by the BOP, in order to capture all the information required by the SOW. Unfortunately, we received very little guidance from our COS, prior to auditing, on how to utilize this template in 2016, which resulted in deficiencies, at the beginning of the FFP contract. In



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March of 2017, we were finally trained by the COS, on how to utilize this form, and we have not had any issues, in this area, since this training.

15. Page 19, footnote #25, second paragraph, states, "Despite this lack of documentation, Reynolds officials stated that they continuously offer various programs to facilitate the residents' reentry into the community on a number of issues, including life enhancement, family reunification program, and employment."

Reynolds response:

We have significantly improved the documentation, of our programing, as noted above. The Life Enhancement Programs, along with all of our other programs, are documented in SecurManage, noted in the IPP, recorded in a sign-in log, and put into a binder for the BOP's review. The Life Enhancement Program focuses on providing client-focused programming, to our returning citizens. In addition to the Life Enhancement Program, we also provide specific groups designated solely for the female population. Some of the topics under this programing include, but are not limited to:

- A. PERSONAL DEVELOPMENT
- B. INTERPERSONAL SKILLS
- C. TRANSITION TO WORK
- D. INDEPENDENT LIVING SKILLS
- E. SPECIALIZATION
- F. SOCIAL
- G. TRANSITIONS SKILLS FOR RECOVERY
- H. UNLOCK YOUR THINKING AND OPEN YOUR MIND
- I. MOTIVATION
- J. PSYCHOLOGY

As mentioned previously, to ensure that all returning citizens, including those on home confinement, are receiving the additional benefit, of the Life Enhancement Program, Reynolds utilizes an internet-based training, called Relias Online Learning, which allows returning citizens to receive their Life Enhancement Classes, online, in addition to their attending Life Skill sessions, at the facility. This is a self-paced learning module, which



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covers all the life enhancement topics listed above, allowing returning citizens to complete the training, from any location, where they have an internet connection, at their convenience.

Reynolds has initiated, and implemented, a Family Reunification Program, that provides an opportunity for the returning citizens, and their families (significant others, parents or siblings, etc.) to come to the facility, and discuss issues that may present themselves during this transition period. This program covers topics such as household decision making, budget and finances, parenting, exploring family roles, and many others. The program assists the returning citizens, in their transition to home, and provides them, and their families, a safe environment to explore these issues, prior to their release.

16. Page 20, paragraph 3, lines 4 to 7 states, "For example, the resident file for one long-time resident in 2017, lacked approved passes for 7 times that the electronic facility entry records showed her leaving the facility."

Reynolds response:

While we cannot confirm this specific incident from 2017, our current records show that we maintain pass accountability, on our returning citizens. We have our returning citizens fill out the pass, on paper, and this paper pass is signed, by the Facility Director, and filed, in Section 6, of the returning citizen's case file. Additionally, the SecurManage system will not allow a returning citizen to be signed out of the facility, on pass, without the Director approving this movement. Therefore, there is a two-step verification process that we complete, to ensure that passes have been appropriately approved. Our records consistently verify that we make at least one phone call for accountability, per shift, for any returning citizen taking a pass. Each person on pass must call the facility upon leaving their approved pass site, and again upon returning home. Pass accountability deficiencies were cited in two (2) monitoring reports, with the most recent being almost three (3) years ago, in September of 2015. It should be noted that these deficiencies have been corrected since that time, with no issues reported during our last eight (8) monitoring, with the BOP.



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17. Page 20, paragraph 5, lines 5 to 8 states, "Reynolds officials stated that they have recorded a Fairview RRC resident employment rate of over 90 percent. While we could not independently confirm the overall resident employment rate reported to us by Reynolds officials, we determined the RRC generally was in compliance with SOW requirements regarding employment approval and verification."

Reynolds response:

As indicated in our SecurManage system, our employment rate has been at, or above ninety percent (90%), for the past twelve (12) months. This information is also reported on the daily management reports, sent by each Director, to the Executive team. Our EPS has been instrumental in increasing this rate, through placing returning citizens in training programs, and networking with employers who routinely hire our returning citizens. Our successful employment efforts can also be verified, by reviewing the monthly employment reports, sent to the BOP, along with the billing reports.

18. Page 21, paragraph 1, lines 5 to 9 states, "Therefore, we recommend that the BOP ensure Reynolds enhances its employment record keeping, so that it consistently prepares and documents, in a timely manner, employment action plans for unemployed residents."

Reynolds Response:

We have enhanced our documentation on employment record keeping, and action plans, for our returning citizens, since the last received deficiency, in March of 2017.

The BOP changed the employment requirements for the residents, from fifteen (15) to twenty one (21) to thirty (30) days, in recent SOWs, because BOP is aware of the difficulties, nationwide, in employing residents. In the District of Columbia, this is even more difficult. It is, also, even more difficult for female offenders to get jobs, compared to male offenders. We believe this report contradicts itself. On page 20, the report



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clearly states that “we determined the RRC generally was in compliance with these SOW requirements regarding employment approval and verification”. However, the report goes on to list one (1) instance, in a seven (7) year period, where this was not the case. We believe this is not a wide enough sample to list/label poor performance.

Additionally, we believe there is another instance of receiving mixed communication, from several different COS's. For example, one COS will allow a resident to attend classes, or volunteer, and the next COS will not as readily allow this, in lieu of securing full time employment. This issue is, then, explained during the initial audit. These mixed messages create problems for our staff and residents, on the importance of, and difference in interpretations, of employment, in their release planning. Additionally, in our review of the monitoring reports, during the period of your audit, we did not receive a deficiency, for lack of employment planning.

Again, we reiterate, that we have enhanced our documentation, on employment record keeping, since the last deficiency, was received, in March of 2017. A corrective action plan was submitted to the BOP, which was accepted. A review of our SecurManage system will verify that our Case Managers are currently documenting job searches, life enhancement program attendance, progress on their goals, etc., in their bi-weekly IPP reviews. This continues to be implemented and we have not had a deficiency in this area, since then.

19. Page 21, Paragraph 3, Line 1 to 2 states, “This review noted many incident reports that had no further evidence of any disciplinary action or resolution.”

Reynolds response:

The Director has put measures in place to ensure proper procedures are being followed, regarding incident report processing and follow-ups. We feel a need to reiterate, that in working with the current COS, and the Discipline Hearing Officer (DHO), this problem has not been identified as deficient, since July of 2017. We have adequately addressed



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these issues each time, as identified in the monitoring reports, and corrective action was provided. Incident report processing is very individualized, and there could be multiple reasons for expungement, or reduction.-We are working collaboratively, with the BOP, to ensure appropriate sanctions and follow-ups are being documented in SecurManage. We also work closely with the BOP on returning citizens, who receive several incident reports, to ensure that sanctions are carried out, up to the level of disciplinary transfers. We have created, in our existing operational procedures, a process that requires any returning citizen, receiving a third infraction, be referred to a Center for Disciplinary Committee (CDC) hearing. By the fourth incident report, a disciplinary transfer is the recommendation made by the CDC, to the BOP. This is substantiated by reviewing incident reports, in our SecurManage system, where appropriate action and follow-up is documented. Additionally, in compliance with the direction from our COS, we are documenting all incident reports in the returning citizen's IPP's and SecurManage. This provides the Case Manager, and the returning citizen, with the opportunity to not only discuss the incident report, but address the behavior that led to this infraction, in hopes of successfully modifying their behavior, reducing criminogenic thoughts and behaviors, and recidivism. In accordance with BOP policies, all 100 and 200 level incident reports have been, and will continue to be, referred to a CDC hearing, regardless of the number of infractions.

We will continue to perform our contractual obligations to the BOP, in processing all incident reports, and are proud to have made tremendous gains in this area, as evidenced by our most recent four (4) monitoring reports, exhibiting zero deficiencies.

20. Page 22, Paragraph 2, Line 2 to 3

The language in previous version of this draft report, sent on 05/16/2018, stated "Reynolds did not appear to address violations...". That statement was more accurate than the language in the current draft report sent on 7/17/18, that states "Reynolds did not document violations..."



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Reynolds response:

We are requesting that the verbiage is revisited and changed back to that of the first draft report.

21. Page 23, Paragraph 3, states, "The BOP expects that RRC contractors transfer eligible individuals to home confinement as soon as possible. Considering that delaying or otherwise preventing an eligible inmate his or her home confinement opportunity represents an inefficient use of limited RRC facility space and results in additional costs charged under the IDIQ contracts, it is important to document the specific reasons why each eligible inmate is not on home confinement status. Although Reynolds reports as part of its monthly invoice billing the number of inmates eligible for home confinement who are still in the facility, we found these reports did not contain sufficient detail and justification as to why eligible inmates were not yet on home confinement. Further, we found that some of these reports had mathematical inaccuracies. Therefore, we recommend the BOP ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status. In addition, to enhance the BOP's oversight of compliance with its home confinement policy, we recommend that the BOP confirm, as part of its invoice review, that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified."

Reynolds response:

We continue to support the BOP's expectation that returning citizens are transferred to home confinement, as soon as they are eligible. Please see our official response to Recommendation #12 and #13 for additional language regarding this inaccuracy.

22. Page 23, Footnote 31 states, "According to a Reynolds official, a variety of extenuating circumstances may affect a resident's participation on home confinement, such as not feeling safe living away from the RRC. This official stated that Fairview RRC employees may not have always documented these issues due to sensitivity concerns."



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Reynolds Response:

We never received a deficiency, in this area, for the entire period of this audit. ■■■

■■■■■ We agree with the revised language that states that “a variety of extenuating circumstances may affect a resident’s participation on home confinement...” We try not to return them back to environments that could potentially, put them at risk. We do confer with the BOP and cannot always put in writing, the reasons for their extended stay.

Home confinement is not just determined by the eligibility date. There are several factors that we consider, before placing a returning citizen, on home confinement. These areas include:

- **Housing:** All returning citizens must have suitable housing. We assess the returning citizens’ home situation and based on the criteria set, we determine if returning this client back to the identified home, is conducive to their transition back into society. If they have probation upon release, housing must be approved by their probation officer and Case Manager, and their housing must also meet the requirements of their supervised conditions. This is not always the case.
- **Disciplinary history and accountability:** All returning citizens must have either clear conduct, or have not displayed any major accountability issues, while at the RRC, which would indicate their lack of readiness, for home confinement.
- **Ability to check in:** All returning citizens must have transportation to meet the requirements of the weekly checks, into the facility. We have returning citizens that return, sometimes, over one hundred (100) miles, from our facility.

We take care in ensuring that we do not send one of our residents, into an environment that could be unsafe, or promote recidivism. Prior to September 2016, our Case Managers were documenting all home confinement updates, along with all other case related information, in the individual case note section of SecurManage. Beginning with the FFP contact, in September 2016, the requirement for IPP’s changed how we



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document Home Confinement eligibility, by ensuring that all information is included in the IPP, in addition to the monthly home confinement tracking sheet, that is sent to BOP, by the 10th of each month. This form is filed in our records, and can be viewed upon request, during audits.

23. Page 25, Paragraph 3 states, "Included in our sampled invoices were subsistence payments that Reynolds reported it collected from residents at the Fairview. The BOP requires that RRC contractors collect subsistence payments from its residents in an effort to promote their individual financial responsibility. RRC contractors, in turn, must deduct from invoices the total amount of subsistence payments received from its residents each month and provide a collection record along with its invoice (including copies of the residents' paystubs, applicable subsistence waivers, and signed collection receipts). For the three contracts under audit, the subsistence amount due to the RRC from each resident was 25 percent of his or her gross income. According to the SOW, if a resident does not pay subsistence, the RRC should immediately issue a disciplinary report."

Reynolds Response:

We have policies and procedures, in place, for the proper handling and documenting, of proper subsistence payment, according to the SOW.

We have had no deficiencies, regarding our reporting, of the above information. We tracked, and continue to track, all of this information, in our SecurManage system, before and to date. This client-specific data is provided, in the employment report which is submitted, with the monthly billing reports, to the BOP. This information is also reported in the bi-weekly IPP reviews, conducted by the Case Manager, with each returning citizen. This audit report does not take into account that we are already capturing this information, which we can provide to the BOP, upon request. We are documenting everything we do in our electronic database, including all communication with the BOP, regarding payments, subsistence waivers, and employment information. Again, all of this information is reported, to the BOP, with the monthly billing invoice.



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Our EPS is in consistent communication with the BOP, regarding subsistence waivers, subsistence reductions, and returning citizens who do not pay their subsistence. Additionally, the subsistence report, which is submitted along with the monthly billing, reflects all returning citizens' status, regarding subsistence payments. While there have been some deficiencies for not following these procedures, they have been reviewed, and approved, by the BOP, for subsistence collection and reporting. We did not receive any feedback, from the BOP, that these policies and procedures did not meet their requirements. We will continue to work with the BOP, to ensure that these policies and procedures, accurately reflect, the expectation outlined in the SOW.

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Federal Bureau of Prisons (BOP) and to Reynolds & Associates, Inc. (Reynolds). The BOP response is incorporated in Appendix 2 of this final report and Reynolds' response is incorporated in Appendix 3. While the BOP agreed with all 16 recommendations and discussed the actions it will take in response to our findings, Reynolds disagreed with 5 recommendations. In disagreeing with these recommendations, Reynolds generally stated that it either had not received deficiencies from the BOP on specific issues identified in our report or otherwise has taken action to correct the deficiencies identified in our report, and thus stated that no further action on its part is warranted. In addition to its response, Reynolds also provided another document entitled "Inaccuracies," which we have included as part its response in Appendix 3. While we do not respond here to every point in this document, we have closely reviewed the document and incorporated our analysis of the comments into the report.

Because this report's recommendations are to the BOP and the BOP has agreed to take action to address the recommendations, the overall status of the audit report is resolved despite Reynolds' disagreement with 5 recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of Reynolds' Response

As part of its official response to this report, Reynolds provided additional comments that do not specifically pertain to a particular recommendation. As such, this section presents an analysis of these comments.

Differences Between BOP Monitoring Deficiencies and OIG Audit Findings

Throughout its response, Reynolds appeared to assess performance in providing residential reentry center (RRC) services based on the number and timing of deficiencies cited in BOP monitoring reports. Reynolds' response repeatedly stated, as evidence that it was performing in compliance with contract requirements, that either: (1) it received no deficiencies in certain areas, or (2) the last date it was cited for a deficiency was several years ago. However, Reynolds' response does not take into account that the scope of our audit is different from a BOP monitoring inspection and that our audit included an assessment of both the BOP's administration of and Reynolds' performance under three different RRC contracts at the Fairview RRC. Specifically, our review of contractor performance focused on Reynolds' compliance with the applicable RRC statements of work (SOW) in core RRC service areas. While we evaluated the relevant BOP monitoring reports as part of our methodology, including deficiencies and corrective actions

taken, we conducted our own analysis of resident files as compared to SOW requirements. Our reported findings and recommendations are based on this analysis, which is independent of the BOP inspection results.

Concerns Regarding Audit Methodology

In its response, Reynolds stated that, after an “initial meeting,” no one from the OIG reached out to conduct interviews with its Chief Executive Officer (CEO), Chief Operations Officer (COO), or Chief Administrative Officer (CAO), all of whom Reynolds believed would have provided more accurate insight into the workings of its company than its facility management and staff. At the audit’s entrance conference, which we conduct in part to set the logistical parameters of the audit, we discussed audit points of contact with the CEO, COO, and CAO. At this meeting, Reynolds’ CEO advised us that our audit point of contact should be the Director of the Fairview RRC because this official was the most senior official specifically responsible for the Fairview RRC, and thus was best positioned to respond to our audit requests and refer relevant inquiries to Reynolds leadership. At no point during our fieldwork did any personnel we interviewed refer us to Reynolds’ leadership to obtain additional information.

Following our audit fieldwork, we provided a draft version of the report for discussion with contractor officials, which is a normal part of our audit process. Only after Reynolds’ leadership received this draft of our report did they express an interest in meeting directly with the audit team. As Reynolds cited in its response, the audit team then interviewed Reynolds’ CEO, COO, and CAO and solicited and received additional evidence and feedback on a broad range of topics. We considered this feedback and updated specific sections in the report as we deemed appropriate in finalizing this report.

In its response, Reynolds further stated that it believed that a review of 30 out of thousands of resident files does not provide a representative sample to indicate noncompliance with contracts spanning a 7-year period. Reynolds also stated it believed the report did not take into account the improvements it has made in multiple service areas since the new firm-fixed price (FFP) contract began.

We judgmentally selected 30 Fairview resident files to review because that number provided broad coverage of the various tested contracts and SOW requirements falling within our scope. As Appendix 1 of this report details, this non-statistical sample design did not allow for projection of the test results. The purpose of our resident file selection was to determine compliance with SOW requirements in the core RRC service areas. This review identified that resident files – particularly those pertaining to former residents – were largely disorganized and lacked sufficient documentation to support that the RRC services were provided, both before and after the FFP contract performance period. In addition to the file review, our findings and conclusions regarding contractor performance were based upon interviews with contractor staff, policies and procedures, and selected personnel files, facility search logs, billing packages, and other RRC documents we acquired. The recommendations we offer regarding contractor performance seek to improve Reynolds’ recordkeeping so that it can sufficiently evidence the RRC

services it provides, as required by the SOW, and in support of its own stated efforts to meet the needs of female offenders and provide them with the best level of service.

Consistency of BOP Contract Oversight

In its response, Reynolds stated that our report did not consider the lack of consistency in BOP contract oversight specialist (COS) personnel. Reynolds stated that it had four COSs overseeing Fairview RRC contracts in a 7-year period. Reynolds further stated that each COS had different expectations, management styles, and modes of monitoring. Reynolds believes this factor contributed to its overall retention issues and a gap in some services.

While our report does not take specific issue with the number of COSs the BOP assigned to the Fairview RRC, our report notes important inconsistencies with BOP monitoring inspection results that we believe the BOP should address through the use of a standard monitoring instrument, which the BOP issued during our audit. Regardless of the oversight personnel assigned, however, the SOW provides explicit and detailed requirements regarding the RRC services that contractors must meet under the contracts. The expectations of different COSs cited by Reynolds in its response does not affect its responsibility and obligation for complying with each contract's SOW.

In its response, Reynolds also stated that our report indicates that the Contractor Performance Assessment Reporting System (CPARS) reports prepared by the BOP fail to capture deficiency trends. Reynolds suggested our recommendation is for CPARS to recognize negative trends from year to year, stating that it believed the CPARS reports should highlight positive trends as well. To clarify, our recommendation to the BOP in this area relates to enhancing its methods of tracking repetitive deficiencies throughout the life of an RRC contract, which we would expect to occur outside of CPARS. As previously discussed, the CPARS reports are not designed to capture broader trends in deficiencies throughout the multi-year RRC contracts and, instead, address an overview of contractor performance for a 1-year period. Therefore, in its CPARS reports, we would expect that the BOP would include both positive and negative trends in a contractor's performance over the 1-year reporting period.

Further Explanation of RRC Services

In its conclusion, Reynolds stated that the report failed to mention agreements it has with outside agencies and a nonprofit organization—managed by Reynolds—to provide services to its returning citizens. Reynolds stated that these services are relevant to mention and believe they are beyond contractual requirements. During our audit, we discussed with Reynolds its outside agreements, partnerships, and programs. However, since this information was not material to the findings of our audit and because our review noted no discrepancies regarding these activities, we did not discuss them in detail as part of the report.

Recommendations for the BOP:

- 1. Develop enhanced RRC price analysis procedures to require that: (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will develop enhanced price analysis procedures requiring: (1) contracting officials document all relevant supporting price analysis information, including an explanation for why other RRC prices were valid for comparison; and (2) its RRMB Central Office includes sufficient information to support the IGEs used in price analysis.

In its response, Reynolds stated it agreed with the recommendation and included various suggestions on what the BOP should consider when conducting price analysis, including the costs of living and operating a business for the specific location of the RRC facility, as well as inmate gender.

To close this recommendation, the BOP should provide evidence to demonstrate that it has developed RRC price analysis procedures that require contracting officials to document all relevant supporting price analysis information and RRMB Central Office officials to include sufficient information to support the IGEs. Adequate IGE information includes, for example, historical population data and any anticipated trends, as well as information on base rates, escalation rates, and specific SOW requirements.

- 2. Implement controls to ensure that RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC contracts; and (2) specifically document the circumstances that impact their ability to meet the lead-time requirement in the future.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will implement controls to ensure RRMB officials work with contracting officials to: (1) meet the established requirement of a minimum 18-month lead time on RRC contracts; and (2) specifically document the circumstances that impact their ability to meet the lead-time requirement in the future.

In its response, Reynolds stated it agreed with the recommendation and provided details of communications it did and did not receive from the BOP with regard to the latest IDIQ contract solicitation.

To close this recommendation, the BOP should provide evidence that it has implemented controls to ensure that RRMB officials work with contracting

officials to meet the established minimum RRC contract lead times and document circumstances when they arise that impact their ability to meet the lead-time requirement.

3. Ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure the Baltimore RRM field office enhances its efforts to track repetitive deficiencies identified over the course of the RRC contract.

In its response, Reynolds stated it agreed with the recommendation and included a summary of actions it has taken to address deficiencies it received and how it sought to improve its monitoring results.

To close this recommendation, the BOP should provide evidence to demonstrate that the Baltimore RRM field office has enhanced its efforts to track repetitive deficiencies identified over the course of the RRC contract.

4. Issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will issue guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

In its response, Reynolds stated it agreed with the recommendation. It further discussed the needs of contractors to receive clarity from the BOP regarding what constitutes a repeat deficiency, BOP's definition of poor performance, and actions to address sustained poor performance.

To close this recommendation, the BOP should provide evidence to demonstrate that it issued guidance clarifying what constitutes a repeat deficiency and when its contracting officials should consider taking action to address sustained poor performance.

5. Ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds continues to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

In its response, Reynolds stated it agreed with the recommendation and provided an overview of its retention strategy and associated efforts. Reynolds also stated that its current Director has over 10 years' experience

at its other RRC and, under her direction, the Fairview RRC has experienced no deficiencies. Reynolds reported on various obstacles to retaining employees, which we considered throughout our audit. These obstacles included the difficulties of hiring in the competitive job market of the Washington, D.C. area, a significant number of employees it terminated for having integrity violations, difficulties in hiring "millennials," and the challenging needs of its clients. Reynolds further stated the report does not adequately address why some of its personnel left employment, and listed the various reasons. Reynolds stated that many of these reasons were out of its control, including significant delays associated with BOP integrity investigations.

Our report does not dispute that there are a variety of reasons for staff turnover. Indeed, the factors that Reynolds provided in response to this recommendation underscores the central premise that action is still required to identify and address the root causes of employee turnover to enhance Reynolds' ability to efficiently and effectively perform the core RRC services under contract.

To close this recommendation, the BOP should provide evidence that demonstrates that Reynolds is continuing to evaluate and report on the progress of its employee retention efforts to minimize staff turnover at the Fairview RRC.

6. Review the level of staffing it has received from the Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW, unless a formal waiver is sought and received.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will review the level of staffing it has received from the Fairview RRC under the FFP contract and ensure that key officials serve only BOP RRC residents as required by the SOW, unless a formal waiver is sought and received.

In its response, Reynolds stated it agreed with the recommendation. Reynolds stated that the BOP was aware of its staffing patterns on all contracts and, had it known that it required a formal waiver for its staffing on the FFP contract, it would have provided one.

To close this recommendation, the BOP should provide evidence that it has reviewed the staffing levels of the Fairview RRC under the FFP contract. Further, the BOP should provide evidence that it has ensured that key officials serve only BOP RRC residents or obtained a formal waiver from the RRC relieving them of this requirement.

7. Ensure Reynolds properly develops, updates, and documents Individualized Program Plans as required by the SOW.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds properly develops, updates, and documents Individualized Program Plans (IPP) as required by the SOW.

In its response, Reynolds stated it agreed with the recommendation and that it has improved its IPPs over the past year. Reynolds also stated that it has instituted training regarding IPP documentation and development. In addition, Reynolds described how it benefits when the COS provides guidance concerning expectations and IPP related training.

To close this recommendation, the BOP should provide evidence that it has reviewed Fairview RRC's efforts to develop, update, and document IPPs. In its review, the BOP should consider providing feedback to Reynolds regarding various components in the IPPs including housing needs, detailed employment plans, and clearly identifies appropriate deadlines with goals that reflect an accomplishment in line with the goals of the RRC program.

8. Ensure Reynolds implements internal controls that require it approve and document authorized absences and perform twice daily random checks for residents on approved passes as required by the SOW.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds implements internal controls that require it approve and document authorized absences and perform twice daily random checks for residents on approved passes as required by the SOW.

In its response, Reynolds stated it agreed with the recommendation. It stated various errors identified in BOP monitoring reports—which are separate from this audit—have been corrected. While Reynolds has stated it verifies residents on passes, it needs to document such checks in the resident files.

To close this recommendation, the BOP should provide evidence that Reynolds has demonstrated the implementation of internal controls used to require approval documentation of authorized absences and to perform twice daily random checks for residents on approved passes.

9. Ensure Reynolds enhances its employment recordkeeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds enhances its employment record keeping so that it consistently prepares and documents in a timely manner employment action plans for unemployed residents.

In its response, Reynolds stated it disagreed with the recommendation. Reynolds stated that it believes the report contradicts itself, as the report states that the RRC generally was in compliance with SOW requirements regarding employment approval and verification. However, we specify in the report that Reynolds complied with the employment *approval and verification process*, while the recommendation at hand focuses on the *unemployed residents*. We address documentation requirements for unemployed residents separately, as the SOWs include requirements for contractors to communicate with the BOP and develop plans for residents unemployed after a specified timeframe.

Reynolds further cited various challenges to gaining employment for residents. We believe that all of these challenges, as well as efforts to overcome them, should be included in the documentation required for the unemployed residents and communicated to the BOP. The recommendation is not directed at meeting employment requirements in a certain time frame but rather that Reynolds documents on a timely basis the action plans, direction, and achievements for those who have yet to achieve employment.

To close this recommendation, the BOP should provide evidence that it has reviewed Reynolds' efforts to enhance its employment recordkeeping so that the BOP can be assured that Reynolds consistently prepares and documents in a timely manner employment action plans for unemployed residents.

10. Ensure Reynolds appropriately follows up on violations with adequately documented actions to address or resolve them.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds appropriately follows up on the violations with adequately documented actions to address or resolve them.

In its response, Reynolds stated it agreed with the recommendation. Reynolds stated its Director has implemented measures to ensure it is following up on violations. In Reynolds' comments, it requested that instead of stating, "Reynolds did not document violations..." we should state "Reynolds did not appear to address violations...." The proposed revised statement is inaccurate because we reviewed the discipline documentation in the resident files and not Reynolds' specific action taken to address violations.

To close this recommendation, the BOP should provide evidence that it has developed a process that confirms that Reynolds appropriately and consistently follows up on violations with adequately documented actions to address or resolve them.

11. Ensure Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.

In its response, Reynolds stated it agreed with the recommendation. Reynolds further stated that it instituted significant improvements during the scope of our audit.

To close this recommendation, the BOP should provide evidence that Reynolds documents the results of drug and alcohol testing, reports to the BOP all unauthorized positive test results, and documents the actions it takes to address positive drug tests.

12. Ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds documents explanations why otherwise eligible inmates were not placed in home confinement status.

In its response, Reynolds stated it disagreed with the recommendation. It stated that there are a number of factors that female offenders face when going on home confinement in the Washington, D.C. area. While we acknowledge these hardships, there should be adequate documentation supporting these factors so that the BOP can consider them when making home confinement determinations. We did not find that these factors were sufficiently documented in the resident files.

In addition, Reynolds mentioned that it will include monthly home confinement tracking. It also stated it has changed how it documents home confinement eligibility and will put this information in the IPP. Reynolds further stated that BOP's changes to the IPP will ensure all information, including home confinement, is included in the IPP.

To close this recommendation, the BOP should provide evidence that it receives sufficient documentation from Reynolds to support why otherwise eligible inmates were not placed in home confinement status.

13. Confirm, as part of its invoice review, that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will confirm, as part of its invoice review, that the data

provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

In its response, Reynolds stated it disagreed with the recommendation. Reynolds stated that it works expeditiously to correct billing inaccuracies. However, we noted that there were home confinement reports that were insufficiently documented and contained inaccuracies. Therefore, our recommendation is directed to the BOP to ensure these home confinement reports are correct. As the BOP already receives the home confinement reports as part of Reynolds' monthly invoice package, we would expect the BOP to review the contents for accuracy as part of its overall invoice review.

To close this recommendation, the BOP should provide evidence that it has incorporated, as part of its invoice review, a step to confirm that the data provided in Reynolds' monthly home confinement reports is current, accurate, and sufficiently justified.

14. Ensure Reynolds submits release plans on time and records such documents in the resident file.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds submits release plans on time and records such documents in the resident file.

In its response, Reynolds stated it disagreed with the recommendation. It stated that it was in compliance with the SOW requirements because it has not received a deficiency in a BOP monitoring report in this area. However, simply not having a deficiency in an area that the BOP reviewed in a monitoring inspection does not mean we found compliance with the SOW requirements included in our review.

Reynolds justified not submitting release plans in a timely basis because individual situations can be dynamic. Regardless, the BOP and the USPO should be provided with available data in a timely matter – and in compliance with the SOW – and Reynolds can provide updates as they occur.

To close this recommendation, the BOP should provide evidence that Reynolds submits release plans on time and records such documents in the resident file.

15. Require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will require Reynolds to report complete employment information (including employment start and end dates, first pay dates, pay

period frequency, and subsistence waivers or reductions) as part of the overall subsistence payment support provided as part of its monthly invoice.

In its response, Reynolds stated it disagreed with the recommendation. Reynolds stated it has provided client-specific data in its employment reports and subsistence information as part of its monthly billing reports to the BOP. However, when we reviewed these reports, they did not contain complete records for the employment start and end dates, first pay dates, pay period frequency, and subsistence waivers or reductions that we deemed were necessary for the BOP to adequately verify the overall monthly subsistence payment.

Reynolds also responded that our report did not take into account that it already tracks and captures employment and subsistence information in its SecurManage system, which it can provide to the BOP upon request. However, our report did state that Reynolds already tracks the detailed employment information outlined in the above recommendation as part of its subsistence collection process. We believe the BOP should request from Reynolds this detailed information to allow it to conduct a complete review of subsistence. Therefore, we directed this recommendation to the BOP.

To close this recommendation, the BOP should provide evidence that it requests and reviews employment information, such as employment start and end dates, first pay dates, pay period frequency, and subsistence waivers and reductions, as part of the monthly subsistence payment support from the RRC.

16. Ensure Reynolds adequately collects and documents resident subsistence payments.

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will ensure Reynolds adequately collects and documents resident subsistence payments.

In its response, Reynolds stated it agreed with the recommendation. Reynolds explained its policies and procedures regarding subsistence, as well as the efforts of its Employment Placement Specialist to communicate with the BOP on subsistence matters. It acknowledged past deficiencies in this area and stated that it will continue to work with the BOP to ensure its policies and procedures reflect the SOW requirements.

To close this recommendation, the BOP should provide evidence that Reynolds is demonstrating to the BOP that it adequately collects and documents resident subsistence payments.



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