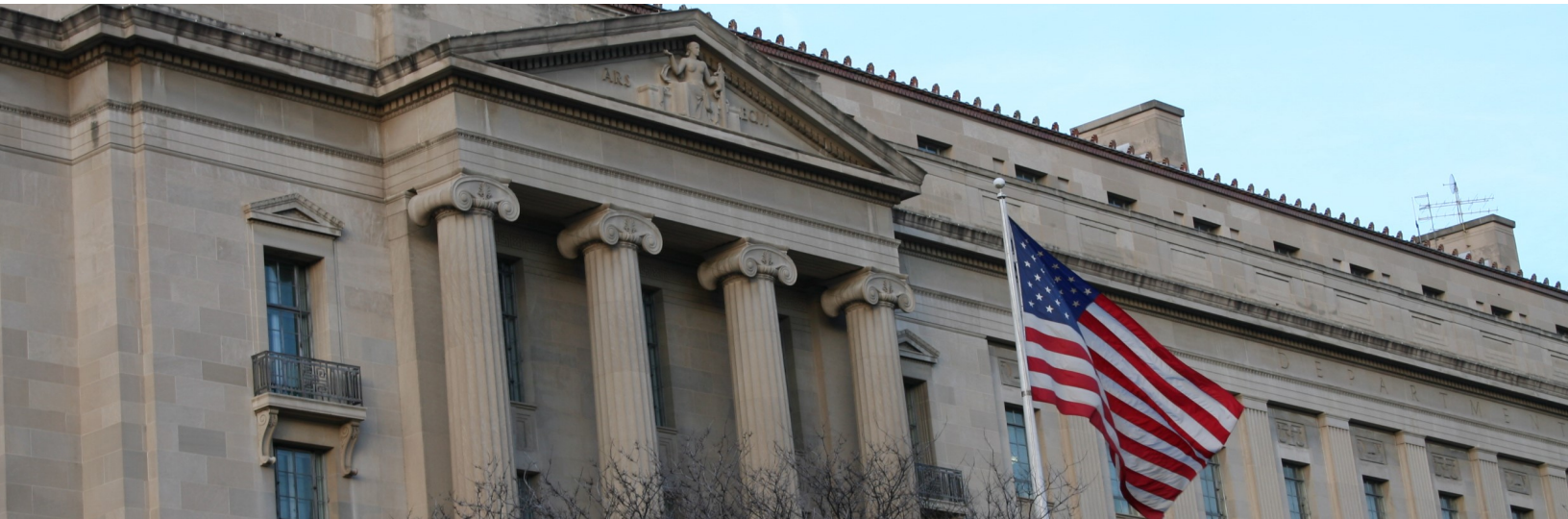




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Federal Bureau of Prisons'
Contracts Awarded to Pacific Forensic
Psychology Associates, Inc.,
San Diego, California**

REDACTED FOR PUBLIC RELEASE

A redaction was made to the full version of this report for privacy reasons. The redaction is contained only in Appendix 4, the contractor's response, and is of an individual's name.

Audit Division 18-32

September 2018



Executive Summary

Audit of the Federal Bureau of Prisons' Contracts Awarded to Pacific Forensic Psychology Associates, Inc., San Diego, California

Objectives

The Federal Bureau of Prisons (BOP) awarded Pacific Forensic Psychology Associates, Inc., (Pacific Forensic) three firm-fixed price contracts totaling \$6,949,151 to provide federal inmates in residential re-entry centers (RRC) or under home confinement with Community Treatment Services (CTS), which includes substance abuse treatment and mental health services. The objective of this audit was to assess the BOP's administration of the contracts and Pacific Forensic's performance and compliance with the terms, conditions, laws, and regulations applicable to these contracts.

Results in Brief

We identified significant deficiencies with BOP's management of its contracts to Pacific Forensic. A lack of clarity in the BOP's Statement of Work (SOW) resulted in interns and psychological assistants providing CTS to inmates without the in-room supervision of a licensed staff member. The BOP also did not have procedures to notify Pacific Forensic that sex offenders were being referred for CTS, and did not ensure that the contractor's facility met safety requirements and had safety procedures for handling sex offender inmates. We believe the issues we have identified, particularly those related to the BOP's national SOW's language and requirements, are potentially occurring on other CTS contracts.

We also determined that Pacific Forensic lacked the proper internal controls to ensure that its contractual obligations to the BOP were being fulfilled. As a result, we identified \$22,168 in questioned costs.

In addition to these specific deficiencies, we found that the BOP has never conducted an evaluation of CTS outcomes, does not require contractors to submit performance metrics on its CTS program, and does not track the outcomes of the program's stated goals.

Recommendations

Our report contains 16 recommendations to the BOP to improve its contract administration and to assist Pacific Forensic in improving its contract management and administration.

Audit Results

The purpose of the three contracts the BOP awarded to Pacific Forensic was to provide CTS, including therapeutic services for substance abuse treatment and mental health services, to federal inmates residing in a residential re-entry center (RRC) or placed on home confinement. Pacific Forensic, which operates throughout Northern and Southern California, is 1 of 205 contracted community-based treatment providers in BOP's CTS Program, which provides services to more than 13,000 federal inmates nationwide. As of December 2016, the BOP's costs incurred for the three Pacific Forensic contracts were \$3,069,351. Between March 2009 and December 2016, the BOP awarded 446 CTS contracts nationwide, worth approximately a total of \$392 million.

BOP CTS Contract Management – We found that Pacific Forensic used interns and psychological assistants to provide CTS to inmates without the supervision of a licensed staff member in the room, which was seemingly inconsistent with the BOP's SOW. Additionally, BOP's monitoring failed to take issue with interns and psychological assistants providing these direct clinical services to inmates. We also found that the BOP did not have procedures to notify Pacific Forensic that it had referred sex offender inmates to its facility. Further, the BOP did not ensure that the contractor's facility met safety requirements and had safety procedures for handling sex offender inmates before referring inmates to Pacific Forensic, which as of June 2017 operated in close proximity to a business that catered to children.

CTS Program and RDAP Outcomes – We determined that the last time the BOP had conducted an evaluation of its Residential Drug Abuse Program (RDAP), of which CTS is a component, was in September 2000. Although the effects of CTS received by inmates was supposed to be evaluated in that study, we found that the BOP never conducted an evaluation of CTS outcomes. Additionally, we found that the BOP does not require contractors to submit performance metrics on its CTS program and it does not track the outcomes of the program's stated goals. Without measuring the goals and outcomes of its program, the BOP cannot proactively identify areas of risk and determine whether



Executive Summary

Audit of the Federal Bureau of Prisons' Contracts Awarded to Pacific Forensic Psychology Associates, Inc., San Diego, California

CTS programs are beneficial to federal inmates, impacted communities, and U.S. taxpayers.

CTS Contractor Performance - Pacific Forensic lacked the proper internal controls to ensure that its contractual obligations to the BOP were being fulfilled.

As a result, we found numerous instances in which Pacific Forensic did not initiate treatment services in a timely manner, prepared incomplete treatment plans and monthly progress reports, and did not submit termination reports to the BOP in a timely manner.

Contractor Personnel – We questioned \$3,429 in unallowable costs for 53 treatment sessions provided by 3 Pacific Forensic employees who were not authorized by the BOP to provide treatment. Additionally, Pacific Forensic did not have a policy requiring records to be maintained, and, therefore, we questioned \$15,362 in unsupported costs for services performed by contract employees for whom the BOP and Pacific Forensic could not provide documented authorizations for these persons to work on the contract.

Billings - We identified \$3,377 in questioned costs for services not provided and unsupported by Pacific Forensic. Specifically, we found \$583 billed for services that were not provided to an inmate, a treatment session over billed, and for transportation costs not allocable to the contract. We also found \$2,794 billed for services that were missing adequate sign-in logs, psychiatric evaluation and medication monitoring reports that were not signed, and monthly progress reports that were incomplete.

Lastly, we found that the BOP did not have a method in place to electronically track the services Pacific Forensic provided to inmates. The BOP required its CTS contractors to submit paper invoices and monthly progress reports through the mail, which we found contained errors including: (1) inaccurate inmate names and register numbers; (2) inmate names associated with more than one register number; and (3) register numbers associated with more than one name. Without the ability to electronically track the CTS that inmates were receiving and to produce meaningful reports on the outcomes of the CTS program, it is difficult for the BOP to evaluate the program.

**AUDIT OF THE FEDERAL BUREAU OF PRISONS'
CONTRACTS AWARDED TO PACIFIC FORENSIC
PSYCHOLOGY ASSOCIATES, INC.,
SAN DIEGO, CALIFORNIA**

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**AUDIT OF THE FEDERAL BUREAU OF PRISONS'
CONTRACTS AWARDED TO PACIFIC FORENSIC
PSYCHOLOGY ASSOCIATES, INC.,
SAN DIEGO, CALIFORNIA**

INTRODUCTION

The Department of Justice Office of the Inspector General (OIG) audited the Bureau of Prisons' (BOP) contracts awarded to Pacific Forensic Psychology Associates, Inc., (Pacific Forensic), located in San Diego, California. The contracts provide Community Treatment Services (CTS), including therapeutic services for substance abuse treatment and mental health services, to federal inmates residing in a residential re-entry center (RRC) or placed on home confinement.¹ Between September 2009 and January 2017, the BOP awarded Pacific Forensic three firm-fixed price contracts for a total estimated cost of nearly \$7 million. As of December 2016, the BOP paid Pacific Forensic over \$3 million on the three contracts we audited.

**Table 1
BOP Contracts Awarded to Pacific Forensic**

Contract No.	From	To^a	Award Amount	BOP's Payments to Pacific Forensic^b
DJBTDAT066	10/01/09	03/31/15	\$3,670,977	\$2,392,085
DJBCTS409	04/01/15	04/16/15	24,984	30,537
DJBCTS394	04/17/15	03/31/20	3,253,190	646,729
Total			\$6,949,151	\$3,069,351

^a The original end date for Contract No. DJBTDAT066 was September 30, 2014. The BOP provided a 6-month extension for a new end date of March 31, 2015.

^b Includes BOP's payments to Pacific Forensic through December 2016.

Source: BOP

Background

The BOP's mission is to protect society by confining offenders in prisons and community-based facilities that are safe, humane, cost-efficient, appropriately secure, and that provide work and other self-improvement opportunities to assist offenders in becoming law-abiding citizens. The BOP directly operates 156 government-owned and leased facilities and utilizes 11 privately contracted

¹ For the purpose of this report, the term inmate is used to describe clients that received services at Pacific Forensic. Inmates residing at a RRC are considered to be in federal custody and serving a sentence imposed by a U.S. District Court or a District of Columbia Superior Court.

facilities.² As of September 2017, the BOP was responsible for the custody and care of 185,740 inmates and almost half of those inmates were incarcerated for drug offenses.

Community Treatment Services and Residential Drug Abuse Program

The BOP's CTS Program provides a network of 205 contracted community-based treatment providers to more than 13,000 federal inmates in all 50 states, 3 U.S. Territories, and the District of Columbia.³ Between March 2009 and December 2016, the BOP awarded 446 CTS contracts, worth approximately a total of \$392 million, across the U.S. and in Puerto Rico, Guam, and the Virgin Islands.

The CTS Program is a component of the BOP's voluntary Residential Drug Abuse Program (RDAP), which is a substance abuse treatment program designed for inmates with a verified history of substance use and a diagnosed substance use disorder.⁴ The first component of RDAP, the Residential Modified Therapeutic Community (MTC) treatment, requires a minimum of 500 hours of group treatment and is provided within a housing unit set apart from general population inmates. The second component of RDAP, MTC treatment follow-up, includes monthly group treatment and individual treatment when needed. MTC treatment follow-up occurs for up to 12 months following MTC completion, or until the inmate is transferred to a RRC or home confinement. The final component of RDAP is CTS, where inmates participate in community follow-up substance abuse treatment while at the RRC or on home confinement. According to a BOP official, if an inmate was not eligible for RRC or home confinement or refused to participate in CTS, then that inmate was not eligible to complete RDAP. All three components of RDAP must be satisfied to complete RDAP.

Under 18 U.S.C. § 3621(e), the BOP may consider an inmate who has completed RDAP for up to 12 months early release, depending on the length of the sentence imposed for the instant offense.

Pacific Forensic Psychology Associates, Inc.

Pacific Forensic is a privately held mental health service provider specializing in the assessment and treatment of clinical-forensic populations and others with behavioral and mental health issues.⁵ Pacific Forensic was established in 1995 and

² The federal government owns and leases many offices throughout the United States, to include BOP headquarters, 2 staff training centers, 6 regional offices, 25 residential reentry management offices, and 122 correctional institutions.

³ In FY 2017, the BOP had 205 contracted community-based providers. The BOP's CTS Program was formerly named the Transitional Drug Abuse Treatment (TDAT) Program. In February 2013, the BOP renamed the TDAT Program to the CTS Program.

⁴ The BOP's Residential Drug Abuse Program is authorized by 18 U.S.C. § 3621, which directs the BOP to provide for residential substance abuse treatment and make arrangements for appropriate aftercare for all eligible participants.

⁵ The clinical-forensic population is composed broadly of individuals with a psychiatric diagnosis or may have other characteristics that are relevant to a clinical-legal decision and who are involved with the judicial system.

has 15 offices and satellite clinics in California. As of April 2017, Pacific Forensic had 127 employees on staff. Pacific Forensic also operates its business under the name Social Habilitation and Relapse Prevention Expert Resources (SHARPER FUTURE), which is a division of Pacific Forensic. Its main administrative office is located in Sonoma, California.

OIG Audit Approach

The objective of our audit was to assess the BOP's administration of the contracts and Pacific Forensic's performance and compliance with the terms, conditions, laws, and regulations applicable to these contracts. We tested compliance with what we considered to be the most important conditions of the contracts. Unless otherwise stated in this report, the criteria we audited against are contained in the BOP Program Statements, the Statements of Work (SOW) for CTS, and the Federal Acquisition Regulation (FAR).

The results of our audit were based on interviews with essential personnel and analysis of documentation provided to us by both the BOP and Pacific Forensic. Our audit included reviewing the BOP's contract file, monitoring reports, inmate files at Pacific Forensic, as well as testing accounting and billing records for the effective dates of the contracts – October 2009 through December 2016. The audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. In addition, we requested from the BOP and Pacific Forensic written responses to the recommendations in our audit report. These responses are found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

AUDIT RESULTS

BOP CTS Contract Management

Our audit identified significant deficiencies with BOP's management of its contracts with Pacific Forensic. We found that, although the BOP's CTS Program Office had sought to require that interns and psychological assistants be supervised by a licensed psychologist when providing CTS to inmates, the BOP SOW language was unclear, resulting in Pacific Forensic using interns and psychological assistants to provide CTS to inmates without licensed psychologist supervision in the room. Further, the BOP's monitoring of Pacific Forensic's compliance with SOW requirements failed to take issue with interns and psychological assistants providing direct clinical services to inmates without licensed supervision in the room. Additionally, we found that the BOP did not have procedures to notify Pacific Forensic that sex offenders were being referred for CTS, and the BOP did not ensure that the contractor's facility met safety requirements and had safety procedures for handling sex offender inmates before referring the inmates to the contractor's facility. As a result, as of June 2017, Pacific Forensic continued to operate in close proximity to a business that caters to children, without procedures for the proper handling of sex offender inmates, such as escorting inmates to and from its facility. These findings are particularly troublesome given that Pacific Forensic is 1 of a network of 205 contracted community-based treatment providers for BOP's CTS Program, providing services to more than 13,000 federal inmates nationwide. We believe the issues we have identified, particularly those related to the BOP's national SOW's language and requirements, are potentially occurring on other CTS contracts.

We also identified technical deficiencies with BOP's management of these contracts. We determined that the BOP did not conduct adequate market research on the cost for services, which resulted in an underestimate of CTS costs. In addition, the BOP did not identify and correct contract errors prior to awarding Contract No. DJBTDAT066 to Pacific Forensic.

Use of Interns and Psychological Assistants for CTS

We identified concerns with Pacific Forensic's use of interns and psychological assistants to provide direct clinical services to BOP inmates without licensed staff members being present in the same room. Specifically, this practice was seemingly inconsistent with the SOW's specific requirement that interns or trainees "be working with a licensed staff member when providing direct services."

BOP's March 2009 SOW for CTS contracts required CTS contractors "to ensure that all personnel providing direct clinical services to Bureau inmates are appropriately licensed/certified to provide services listed as required by the state

authority where the services are being provided.”⁶ With regard to interns and other trainees, the March 2009 SOW specifically stated: “[I]f interns or trainees are utilized to provide direct clinical services to Bureau inmates, then they must adhere to all state requirements to conduct such services [and] must also be working with a licensed staff member when providing direct services.” During our exit conference with the BOP, a BOP official stated that “working with” did not necessarily mean that an intern had to be accompanied by a licensed staff member when providing direct services. As we discuss further in this section of the report, because the BOP did not clearly define what “working with” meant in its SOW, BOP officials in charge of administering and monitoring Pacific Forensic’s contracts interpreted the SOW requirements regarding the use of interns and psychological assistants differently.

A BOP official told us that the requirement for interns to work with a licensed staff member when providing clinical services was intended to ensure a set standard of care for its CTS contracts nationwide, as state requirements can vary from state to state. The BOP also stated that it conducts site visits to its contractors only once a year, so it cannot oversee them on a day to day basis. Therefore, to help ensure that BOP inmates were all receiving adequate services, the BOP wanted closer supervision of contractors’ interns. Additionally, BOP stated that the more stringent requirement was necessary to ensure that interns were receiving the appropriate guidance when providing CTS to inmates.

We found that Pacific Forensic employed 40 psychological assistants and interns during the life of the contracts we audited who provided direct clinical services to inmates without a licensed staff member in the room. Additionally, from April 2015 to July 2016, Pacific Forensic employed only two licensed psychologists who worked on the BOP contracts, which was not enough to handle the number of BOP inmates that were referred to it by BOP. Based on our interviews with nine psychological assistants and interns, we determined that all of them had provided clinical services to inmates without being accompanied by a licensed staff member. These services included providing individual and group substance abuse counseling, group mental health counseling, and preparing intake assessment reports for both substance abuse and mental health inmates when they first arrived

⁶ According to California Board of Psychology Laws and Regulations, to be qualified as a psychological assistant, an individual was required to have a master’s degree in Psychology or Education (with the field of specialization being in Psychology), or have been admitted to a doctoral program in Psychology or Education (with the field of specialization being in Psychology), or have completed a doctorate degree that qualifies for licensure. Psychological assistants must also be registered with the California Board of Psychology, work under the licensure of a licensed psychologist, and receive at least one hour per week of one-on-one supervision by a licensed psychologist. Interns were required to be pursuing a graduate degree in psychology at an accredited or approved school and had to be supervised for 10 percent of their total time worked each week (at least one hour being face-to-face supervision with their primary supervisor).

at Pacific Forensic.⁷ BOP's March 2009 SOW required clinicians providing substance abuse treatment to have at least 1 year of experience providing substance abuse treatment. While all nine psychological assistants and interns we interviewed had at least 1 year of experience in providing counseling services, only two of the nine stated that they had at least 1 year of experience providing substance abuse treatment.⁸

When we asked the BOP about Pacific Forensic's use of interns, we received conflicting explanations from BOP personnel and different interpretations of its language in the SOW. According to the BOP's Contracting Officer (CO), who was assigned Pacific Forensic's contract DJBTDAT066 in February 2015, and contract DJBCTS394 in March 2016, the contracting office does not create the SOW. The CO stated that the BOP's CTS Program Office had created the SOW and was responsible for monitoring and evaluating Pacific Forensic's performance under the SOW.⁹ The CO also stated that she was not the CO who had awarded the contracts and did not determine intern supervision requirements in the SOW.

A BOP Contracting Officer Representative (COR) told us that Pacific Forensic was operating within the requirements of the SOW, even though the SOW required interns to work with a licensed staff member, because the SOW also stated that if interns are used to provide direct clinical services to inmates then those interns must adhere to all state requirements to conduct such services.¹⁰ California's state laws do not require psychological assistants and interns to provide clinical services with direct (in the same room) supervision of a licensed psychologist and we did not identify instances in which psychological assistants or interns working at Pacific Forensic did not meet state requirements.

The COR also stated that during his on-site monitoring visits to Pacific Forensic, he observed treatment sessions provided by interns without the direct supervision of a licensed psychologist in the room. Of the eight BOP on-site monitoring reports we reviewed, we found that five of the reports stated that interns were observed providing CTS unsupervised, and neither the COR nor the Chief of Community Treatment Services and Operations who received a copy of the

⁷ During the intake assessment, interns and psychological assistants would have the inmate complete all required forms and documentation required to participate in CTS and perform a comprehensive diagnostic interview with the inmate to identify substance abuse and mental health diagnoses and treatment goals for the inmate while receiving CTS.

⁸ All nine of the interns and psychological assistants had either a master's degree in Psychology or were enrolled in an accredited doctoral program.

⁹ According to FAR Part 2.101(b)(2), the CO was granted the authority to enter into, administer, and/or terminate contracts.

¹⁰ According to FAR Part 2.101(b)(2), the COR was designated and authorized in writing by the contracting officer to perform specific technical or administrative functions. The BOP's COR for Pacific Forensic also served as the Community Treatment Oversight Specialist, receiving and reviewing Pacific Forensic's monthly invoices, and conducting annual on-site visits.

reports took issue with interns providing direct clinical services to inmates at Pacific Forensic.

We asked the BOP's Chief of Community Treatment Services and Operations, who is in charge of BOP's CTS program, whether interns and trainees were required to work with a licensed staff member when providing direct CTS to inmates, particularly since she receives the monitoring reports that included evidence of interns providing direct clinical services without licensed supervision. This BOP official stated that interns and trainees who are not licensed should not be providing individual or group treatment sessions alone.¹¹ Additionally, this BOP official stated that, according to the SOW, BOP's requirements supersede any state requirements. During our exit conference with the BOP, a BOP official stated that the Chief's opinion does not retroactively create a contract requirement or nullify the intent of the awarding official. Only the CO has the authority to execute the contract or make determinative contract changes or interpretations. However, as previously stated, when we asked the CO about the use of interns, the CO stated that she did not determine intern supervision requirements in the SOW and that the SOW was created by the BOP's CTS Program Office. Therefore, to determine the BOP's SOW requirement regarding the use of interns and psychological assistants for CTS, we interviewed both BOP contracting officials responsible for executing and administering Pacific Forensic's contract, and CTS Program Office officials, responsible for the creation of the SOW and monitoring of the contractor's performance under the SOWs.

In April 2011, the BOP updated its SOW to state that interns or trainees must work "directly" with a licensed staff member when providing direct services to inmates. The April 2011 SOW did not define or provide examples of what was intended by the requirement to work "directly" with a licensed staff member, and whether it meant that a licensed staff member had to be in the same room when an intern was providing CTS to inmates. As a result, Pacific Forensic continued to allow interns to provide direct services to BOP inmates without the supervision of a licensed staff member in the room under its second and third contracts awarded by the BOP in April 2015.

In December 2015, the BOP again updated its SOW to require that interns and trainees work directly "...in the same room..." with a licensed staff member when providing direct clinical services. However, this updated and clarified SOW is applicable only to CTS contracts awarded after December 2015. Previously awarded contracts, including those with Pacific Forensic, are required to abide by the terms and conditions of the SOW in effect at the time of the contract award.¹² Therefore, CTS providers who were awarded contracts by the BOP prior to December 2015 may also be utilizing interns to provide treatment to inmates without supervision or oversight by a licensed staff member in the room.

¹¹ According to the SOW, individual sessions are one-on-one between the inmate and the contract service provider, whereas group sessions may have up to 12 inmates to 1 service provider.

¹² In October 2012, the BOP centralized its regional CTS SOWs into one nationwide SOW.

Between March 2009 and December 2016, the BOP awarded 446 CTS contracts, worth approximately \$392 million, across the U.S. and in Puerto Rico, Guam, and the Virgin Islands. Of the 446 CTS contracts, 122 contracts, worth approximately \$127 million, were awarded before December 2015 and were ongoing as of January 2018. Based on our review of the regulations regarding the use of interns for psychological services in each of the 50 states, we found that 48 states do not require a licensed psychologist to be in the room when interns provide direct services to clients. The remaining two states' regulations were unclear as to whether interns could provide direct services without a licensed psychologist being in the room. We believe it is important that the BOP provide a set standard of care for all of its inmates receiving CTS, and to do so it must ensure that the requirements in its SOW are clear and that staff are properly trained to correctly interpret the SOW requirements and to hold contractors accountable for such requirements. This is particularly important when the BOP's contract requirements differ or are more stringent than state regulations. The failure to ensure that Pacific Forensic interns were supervised according to the apparent meaning of the SOW meant that the BOP was not receiving the services that the Chief of its CTS Program believed it had contracted for. As discussed in detail below, the BOP has not conducted an assessment of the CTS program, and therefore cannot know how widespread this practice is, or if the use of unaccompanied interns has undermined CTS program objectives and outcomes.

Therefore, we recommend that the BOP determine the number of ongoing CTS contracts that are utilizing interns and psychological assistants to provide direct clinical services to its inmates, and if BOP determines additional contractors are utilizing interns and psychological assistants, to mitigate the concerns it has with interns and psychological assistants providing direct clinical services to BOP inmates.

Handling and Referral of Sex Offenders for CTS

We identified significant issues with BOP's handling and referral of sex offender inmates to Pacific Forensic.¹³ Specially, we determined that the BOP did not inform Pacific Forensic that sex offender inmates were being referred to the contractor for CTS or ensure that the contractor's facility met safety requirements to receive sex offender inmates.

¹³ According to the BOP's Inmate Security Designation and Custody Classification Program Statement P5100.08, the BOP defines a sex offender as a male or female inmate whose behavior in the current term of confinement or prior history includes one or more of the following elements: (1) engaging in sexual contact with another person without obtaining permission to do so (forcible rape, sexual assault, or sexual battery); (2) possession, distribution or mailing of child pornography or related paraphernalia; (3) any sexual contact with a minor or other person physically or mentally incapable of granting consent (indecent liberties with a minor, statutory rape, sexual abuse of the mentally ill, rape by administering a drug or substance); (4) any sexual act or contact not identified above that is aggressive or abusive in nature (e.g., rape by instrument, encouraging use of a minor for prostitution purposes, incest, etc.); (5) attempts are to be treated as if the sexual act or contact was completed; and/or, (6) any offense referenced in the Sex Offender Notification and Registration Program Statement. For the purpose of our report, we refer to inmates with a current sex offense or a history of sex offending as a sex offender.

In May 2017, we requested that the BOP provide us the total number of sex offenders it had referred to Pacific Forensic for CTS. Based on the information the BOP provided, we determined that between October 2009 and December 2016, the BOP had referred a total of 15 sex offenders to Pacific Forensic. Of the 15 sex offenders, 11 received substance abuse treatment, mental health treatment, or both services from Pacific Forensic. While the other four sex offender inmates had been referred to Pacific Forensic for CTS, Pacific Forensic had no documentation that services had in fact been provided to those inmates. Based on our review of the 11 sex offenders' National Crime Information Center reports, we determined that their criminal offenses included: (1) possession and distribution of child pornography, (2) sex trafficking, (3) unlawful intercourse with a minor, and (4) indecent exposure.

We asked Pacific Forensic's Director whether he knew that the inmates they were counseling included some sex offenders. Pacific Forensic's Director stated that the only way for staff to become aware that an inmate was a sex offender would be if an inmate brought it up in a treatment session or if it was reported in the BOP's treatment summary that was provided to Pacific Forensic upon receiving each inmate.¹⁴ Based on our review of the 11 sex offenders' treatment summaries, we found that only 3 contained information regarding their past sexual criminal offense(s). Without such information, Pacific Forensic could not properly identify and monitor a sex offender inmate while at its facility. Additionally, as discussed in the next section of this report, we found that Pacific Forensic was operating in a building where children frequented, without having procedures for the accountability of inmates while at its treatment facility, which created a risk of a sex offender inmate coming into contact with a child. Therefore, we recommend that the BOP implement procedures to ensure it provides adequate inmate treatment summaries, including any information that could pose a safety risk to the public if not properly mitigated by the contractor.

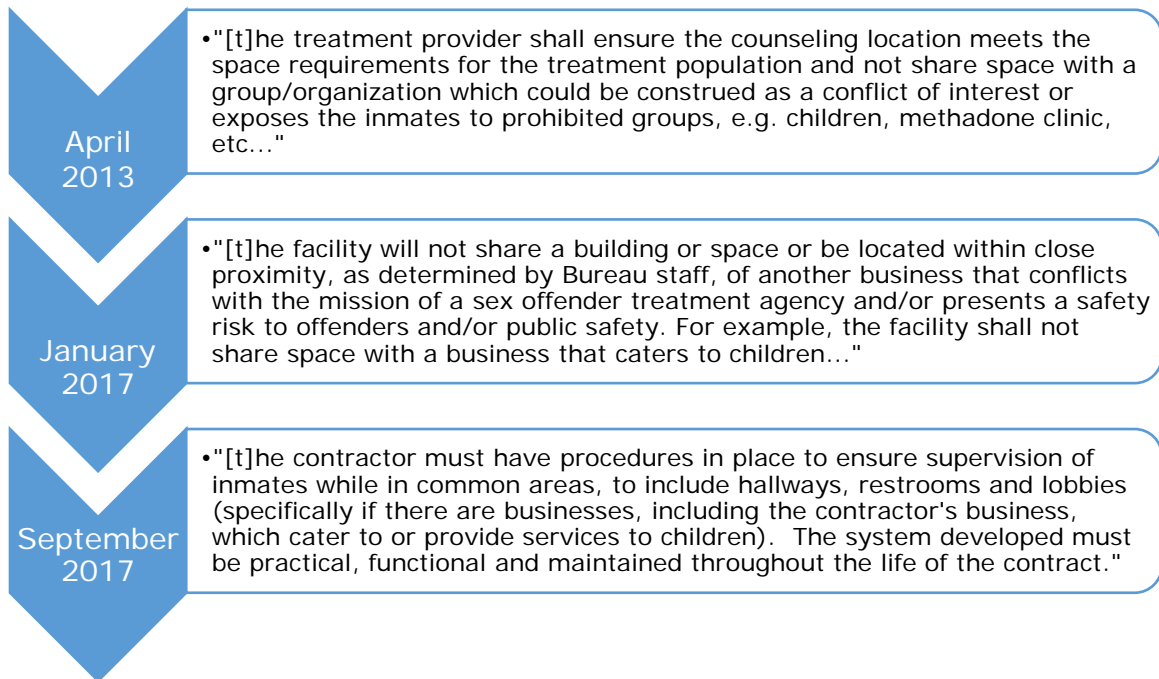
SOW Requirements Regarding Sex Offenders

Of the 11 sex offenders who received CTS at Pacific Forensic, we found that 5 received services under Contract No. DJBTDAT066 and 6 received services under Contract No. DJBCTS394. The March 2009 SOW, applicable to Pacific Forensic's original contract, only required the counseling location to meet the space requirements for the treatment population. The SOW did not clearly define what those space requirements were or who the treatment population included, and it did not provide specific guidance or procedures for the handling of sex offender inmates referred for CTS. As shown in Figure 1, BOP updated its SOW Facility Requirements section multiple times in an effort to address this risk.

¹⁴ The BOP's treatment summary included diagnostic impressions, the inmate's psychosocial history (including criminal history, family history, mental health, and physical health), the course of treatment while in the unit-based component of the Residential Drug Abuse Program, the inmate's strengths and weaknesses, recommendations for further treatment, and the inmate's prognosis.

Figure 1

BOP's SOW Revisions on Facility Requirements



Source: BOP

The BOP's April 2013 SOW (applicable to Contract No. DJBCTS394) specified that the contractor's facility cannot share space with a "...prohibited group, such as children or a methadone clinic".¹⁵ However, the SOW did not clarify whether that meant space within the same office or space within the same building, and it did not define a "prohibited group" beyond the two examples provided in its SOW. During our site visit, we heard children multiple times from the business operating next door to Pacific Forensic. We also walked around the office building where Pacific Forensic was located, and noted that a talent school operated one floor below and that the business front had pictures of children posted on it. Additionally, we observed a child walking alone in the corridor of the office building. Pacific Forensic's Director stated that inmates did walk up to its third floor office space unescorted. Based on the safety issues we observed, we informed BOP officials in January 2017 that we found it concerning that Pacific Forensic was operating in a building with so much activity from children. Additionally, given that the BOP did not adequately inform Pacific Forensic of sex offender referrals, Pacific Forensic could not properly assess and mitigate any potential risks associated with receiving those inmates at its facility.

In January 2017, the BOP updated and combined its sex offender, substance abuse, and mental health service requirements into one Community Treatment Services (CTS) SOW. The updated CTS SOW required BOP personnel to determine

¹⁵ The SOW requirement that a contractor's facility cannot share space with a prohibited group, such as children or a methadone clinic was first added to the BOP's April 2011 SOW.

if the contractor's facility was located in an appropriate location and clarified that a contractor will not share a space or building within close proximity of another business that conflicts with the mission of a sex offender treatment agency and/or presents a safety risk to the public. However, the CTS SOW did not specifically provide guidance or procedures for the handling of sex offender inmates referred for CTS. We also determined that the BOP's on-site monitoring did not require the COR to check the contractor's facility to ensure that the facility did not share space with a business that caters to children. Additionally, the BOP did not have a mechanism in place during its technical review of contract quotes to determine if the contractors' facilities were located in an appropriate location and did not share space with a business that caters to children. We discuss this in more detail in the Technical Evaluation section of this report.

In September 2017, the BOP updated its CTS SOW to require contractors to have procedures in place for the supervision of inmates while in common areas, to include hallways, restrooms, and lobbies, specifically if there is a business within close proximity that caters to children. Although the BOP has updated its CTS SOW to require contractors to have procedures in place for the supervision of inmates while at the contractor's facility, the BOP should also ensure that contractors are complying with the requirement. The BOP's monitoring reports include an Accountability section, which require the Community Treatment Oversight Specialist to answer the question, "Do all contract staff utilize a comprehensive accountability program that ensures every client is accounted for while at the treatment facility?" We determined that the BOP marked "yes" for each of the eight reports we reviewed, even though Pacific Forensic did not have procedures for the accountability of inmates, including sex offender inmates, while at its treatment facility. Therefore, we recommend that the BOP ensure its monitoring includes: (1) determining if the contractor's facility is operating within the same space or close proximity of a business that caters to children; and if so, (2) ensuring that the contractor has procedures in place to mitigate such risks.

Pacific Forensic's Lack of Safety Procedures

We asked Pacific Forensic's Director if it had operating procedures that included a safety plan for its facility. The Director stated that it was required to submit a safety plan when it submitted a quote for the contract. However, we determined that the safety plan submitted to the BOP did not include procedures for supervising inmates while at its facility and it did not have specific procedures for emergency situations. Pacific Forensic's Director stated that there was an occasion where an inmate had considered hurting themselves while in a treatment session and that emergency services had to be called to Pacific Forensic.

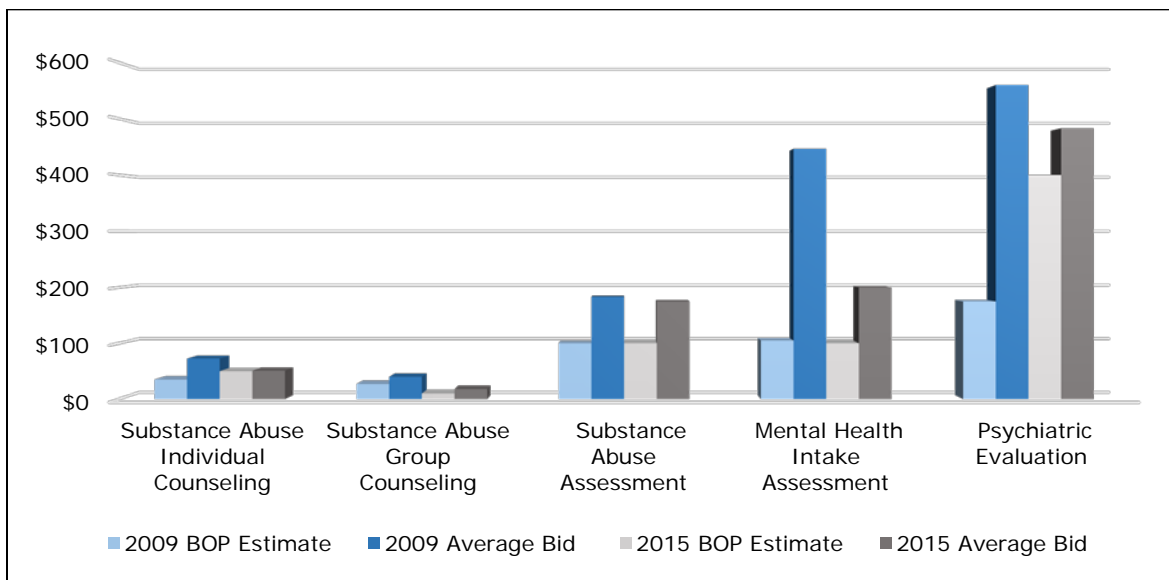
During our site visit, we informed the Director that we found it concerning, that it did not have detailed procedures in place for the handling of emergency situations. Additionally, we determined that Pacific Forensic's safety plan did not include procedures for inmates coming and going from its facility who may pose a risk to the public, such as sex offender inmates. We believe it is important for Pacific Forensic to supervise sex offender inmates coming and going from its facility, particularly because Pacific Forensic operated in close proximity to a

business that caters to children. Therefore, we recommend that the BOP establish safety procedures for the receiving and handling of BOP sex offender inmates. This should include BOP informing Pacific Forensic of sex offender inmates it refers for services and controls to mitigate risks associated with sex offender inmates.

Inaccurate Treatment Cost Estimates

According to FAR Part 10.001(a) and 10.002(b)(1), agencies are required to conduct market research prior to soliciting offers for acquisition. The results may be used by the Contracting Officer within 18 months before the award of any task order if the information is still current, accurate, and relevant. Prior to soliciting offers for CTS, BOP's Community Treatment Services office conducted market research and prepared an independent government estimate (IGE).¹⁶ The IGE was based on quotes provided by local providers registered on the Substance Abuse and Mental Health Services Administration website. A BOP official stated that the highest unit price from all of the quotes submitted is used to calculate the IGE. To determine if the BOP's IGE was accurate, we compared the BOP's estimated unit price for each service to the quotes' average unit price for each service and judgmentally selected five services to depict.

Figure 2
IGE Compared to the Average Unit Price Quoted for CTS



Note: The average quoted price for CTS was calculated by adding each unit price quoted and dividing by the total number of quotes received.

Source: OIG analysis of BOP information

¹⁶ The BOP's IGEs included costs for: (1) substance abuse individual counseling; (2) substance abuse group counseling; (3) mental health individual counseling; (4) mental health group counseling; (5) family counseling; (6) substance abuse intake assessment and report; (7) mental health intake assessment and report; (8) psychiatric evaluation and report; and (9) medication monitoring.

We determined that the BOP underestimated the unit price for each of the 5 services for both its 2009 and 2015 IGEs.¹⁷ In 2009, the BOP underestimated the cost to provide a psychiatric evaluation by 220 percent and a mental health intake assessment by 325 percent. We asked if the BOP had ensured that the price per unit quotes received were based on utilizing licensed staff in treatment sessions. A BOP official stated that the BOP did not specifically ask its local providers to provide estimates based on using licensed staff. As a result, local providers may have submitted estimates based on using unlicensed staff, licensed staff, or both to provide direct services. Pacific Forensic's Director stated that its quotes were based on using both licensed and unlicensed staff to provide direct CTS, and that it would have submitted a higher quote if interns could not provide such services without a licensed psychologist in the room. Without both BOP personnel and its potential contractors having a clear understanding of the services BOP planned to contract for, BOP's IGEs were not accurate. According to the BOP's CTS Advance Procurement Plan, an accurate estimate of treatment costs was essential to the procurement of CTS.¹⁸ Therefore, we recommend that the BOP implement procedures to ensure that its market research for CTS results in accurate and relevant IGEs.

Technical Evaluation

For Contract Numbers DJBTDAT066 and DJBCTS394, the BOP posted its solicitations on the Federal Business Opportunities website. Included with the solicitation was a solicitation document that listed the services to be provided and the number of units of each service required to fulfill the contracts.¹⁹ The quote required listing the unit price for each service and the computed total amount. The BOP used "lowest price technically acceptable" as a source selection.²⁰ The BOP received three quotes for its 2009 contract and three quotes for its 2015 contract. Pacific Forensic was the only technically acceptable quote in 2009 and was the "lowest price technically acceptable" quote in 2015.

To determine if a quote was technically acceptable, the BOP evaluated the quotes based on factors that included, but not limited to whether: (1) the contractor was licensed to provide outpatient substance abuse treatment, (2) the contractor's facility was available and located within 10 miles from the RRCs, (3) the primary contract holder and direct service providers' experience and education were documented, and (4) a board-certified Psychiatrist was on staff or

¹⁷ We reviewed the BOP's estimated costs for the base years of Contract Nos. DJBTDAT066 and DJBCTS394.

¹⁸ The BOP's CTS Advance Procurement Plan served as a class acquisition plan for the procurement of CTS nationwide, with each contract estimated at costing more than \$750,000, including the base year and 4 option years.

¹⁹ Contract No. DJBCTS409 was a sole-source contract to Pacific Forensic for 2 weeks of continued CTS. A BOP official stated that in accordance with the FAR Part 13.106, substance abuse and mental health services are a vital function to inmates and it was imperative that a lapse in services between the awarding of contracts did not occur.

²⁰ Lowest price technically acceptable source selection is awarded to the lowest priced quote with a technically acceptable proposal.

under contract. We asked a BOP official whether the technical evaluations included ensuring that the contractor's facility met safety requirements, to include identifying if the facility was located within close proximity of a business that caters to children. A BOP official stated that one factor was to ensure that the contractor's facility met local zoning and fire safety requirements but that a check to determine if the contractor's facility was located in close proximity to children was not included. Therefore, we recommend that the BOP include a factor in its future technical evaluations to determine whether a potential contractor's facility is operating within the same space or close proximity to a business that caters to children, and if so, ensure that the potential contractor has procedures in place to mitigate such risks.

Mathematical Errors

According to the FAR Part 16.503(a)(1), the contracting officer was required to state a realistic estimated total quantity in the solicitation and in the resulting contract. In July 2012, almost 3 years after the BOP awarded Contract No. DJBTDAT066 for \$3,670,977, the BOP identified errors and inaccurate mathematical computations in the award and issued a contract modification to correct the issues. When computed accurately, Pacific Forensic's quote totaled \$1,990,226, almost \$1.7 million less than the contract amount awarded to Pacific Forensic. To correct the errors, the BOP increased the number of units of required CTS services to mathematically match the inaccurate quote totals.

We asked BOP officials why it had increased the unit quantities instead of correcting the mathematical errors in the quote. A BOP Contracting Officer stated that she did not know why this had occurred. Based on our review of the contract file, the BOP did not document a legitimate need for the additional \$1.7 million in CTS that was added in its contract modification. Although the quantities of services were estimates, the BOP was required to ensure its estimates were realistic. Therefore, we recommend that the BOP ensure that realistic estimated quantities are used in its CTS solicitations and resulting contracts and that it properly maintains documentation to support the justification for such quantities in its contract file.

CTS Contractor Performance

Our audit found that Pacific Forensic lacked the proper internal controls to ensure that its contractual obligations to the BOP were being fulfilled. As a result, we found numerous instances in which Pacific Forensic did not initiate treatment services in a timely manner, prepared incomplete treatment plans and monthly progress reports, and did not submit termination reports to the BOP in a timely manner. We also questioned \$4,012 for billed services not provided and for services performed by unapproved contract employees. Additionally, we questioned \$18,156 billed for services that Pacific Forensic could not support. Additionally, we found that the BOP did not have an electronic method in place to track the CTS its inmates had received and to produce meaningful reports on the outcomes of its CTS program.

Timeliness Concerns with Initiation of CTS

To assess contractor performance, we judgmentally selected 90 out of 1,112 inmates (8 percent) who had received CTS at Pacific Forensic under Contract Nos. DJBTDAT066, DJBCTS409, and DJBCTS394. According to BOP's SOWs, Pacific Forensic was required to meet individually with each inmate within 10 working days of an inmate's arrival to the community, or receipt of the BOP's treatment authorization, if received after the inmate's arrival. The purpose of the meeting was to acquire the inmate's signature on all required authorization and consent forms; conduct an assessment and intake report, if authorized by the BOP; and to develop a treatment plan. We found that 14 of the 90 inmates in our sample (16 percent) did not meet with Pacific Forensic within 10 working days as required by the BOP and the meetings ranged between 1 to 7 days late. According to a BOP official, it was important that an inmate meet with the contractor within 10 working days to ensure continuity of care.

Treatment Plans

BOP's SOWs required a clinical treatment plan for each inmate, to include: (1) a specific statement of the inmate's problem that will be addressed; (2) measurable, time-bound goals; and (3) a specific action and activity steps to achieve those goals; and to (4) be individualized, signed by the inmate, and dated; and (5) be reviewed and updated as needed. We determined that 21 of the 90 (23 percent) inmates did not have an adequate treatment plan. Specifically, we determined that the treatment plans did not adequately state the inmate's problems to be addressed, were missing target dates and activity steps to achieve established goals, and were not signed by the inmate. BOP's Community Treatment Oversight Specialist stated that if a treatment plan did not contain problems to be addressed, then there was no treatment plan, or if the treatment plan did not contain goals or activity steps, the BOP would not know what goals the inmate was working on and if he or she was making progress to meet those established goals. Pacific Forensic's Director stated that the errors were most likely oversights by its personnel and that in December 2015, Pacific Forensic began using BOP's updated treatment plan template, which was easier to follow and complete. According to Pacific Forensic, treatment plans are now reviewed and signed by a licensed supervisor prior to submission.

Monthly Progress Reports

Pacific Forensic was required to submit information on the progress of all inmates receiving treatment at its facility on a monthly basis to the BOP. According to BOP's SOWs, monthly progress reports were required to contain: (1) the inmate's progress on each individual goal outlined in the treatment plan, (2) pertinent issues affecting transition back into the community, (3) medication compliance, (4) reasons for missed appointments, and (5) instances of inappropriate behavior and any corrective action taken. We determined that 4 of the 90 inmates (4 percent) we reviewed did not have adequate monthly progress reports. Specifically, we found monthly progress reports that were verbatim from month to month and showed no progression towards the identified goals, and

instances of inappropriate behavior and missed appointments that were not recorded. We asked Pacific Forensic about the errors we identified. Pacific Forensic's Director stated that these were mistakes, and that personnel have been informed about being more attentive and precise when completing an inmate's monthly progress report. Without adequate monthly progress reports, the BOP was unable to ensure that inmates are seen weekly and are making progress toward their goals, and the BOP cannot provide proper oversight of the inmates receiving CTS.

Termination Reports

Regardless of how an inmate discontinued treatment, Pacific Forensic was required to submit a termination report to BOP 15 working days prior to an inmate's release, and within 10 working days if the inmate was removed for disciplinary or administrative reasons. We determined that 21 termination reports were not submitted to BOP in a timely manner. Of the 21 reports, 15 were not submitted at least 15 working days prior to the inmate's release, and 6 reports were submitted more than 10 working days after the disciplinary or administrative removal of the inmate. Pacific Forensic's Director stated that the termination reports were completed by the clinician and that he did not know why the termination reports were late.

Based on our audit work, we determined that Pacific Forensic did not have sufficient internal controls to ensure that its contractual obligations to the BOP were being fulfilled. We believe that the BOP has a responsibility to provide oversight and ensure that Pacific Forensic effectively complies with contract terms and conditions. Therefore, we recommend that the BOP ensure the establishment of internal controls for assuring Pacific Forensic's compliance with the timely initiation of CTS services, adequate completion of all treatments plans and monthly progress reports, and submission of termination reports to the BOP in a timely manner.

Billings

We selected a judgmental sample of 12 invoices, totaling \$430,466 (14 percent) to determine if the costs billed were allowable, adequately supported, and in compliance with the terms and conditions of the SOWs. Specifically, we reviewed the invoices for mathematical accuracy, and verified the invoiced amounts to Pacific Forensic's accounting records and monthly progress reports. We determined that each of the 12 invoices was allowable, adequately supported, and in compliance with the terms and conditions of the SOWs.

In addition to our sample, we identified \$583 in questioned costs billed for services not provided. Specifically, we determined that Pacific Forensic billed for services that were not provided to an inmate, erroneously over billed for a one-on-one session, and billed for transportation costs that were not allocable to the contract. Pacific Forensic's Director stated that these were billing errors. Therefore, we recommend that the BOP ensure that Pacific Forensic remedy \$583 in unallowable costs for treatment services not provided.

We also identified \$2,794 in questioned costs billed for services not supported. Specifically, we determined that \$977 was billed for services that were not supported by adequate sign-in logs, \$1,304 was billed for a psychiatric evaluation and medication monitoring report that was not signed, and \$513 was billed for services that were missing on an inmate's monthly progress report. Pacific Forensic's Director stated that the signatures may have been missed and documentation not properly completed because at the end of a treatment session the clinician has to respond to multiple inmates' questions and concerns. Therefore, we recommend that the BOP ensure that Pacific Forensic remedy \$2,794 in unsupported costs for treatment services not supported.

Electronic Documentation

Although the BOP's SOWs required contractors to have a method in place to accept electronic payment for all services rendered, we determined that the BOP did not have a method in place for its contractors to submit invoices and clinical documents electronically. According to BOP's COR, all of its CTS contractors were submitting paper invoices and monthly progress reports through the mail and the BOP did not have a method in place to track the CTS inmates had received. At the start of our audit, the BOP was unable to provide us a universe of all inmates who had received CTS from Pacific Forensic. To obtain a universe, we reviewed more than 35,000 hardcopy invoice transactions for the more than 1,000 inmates who had received CTS at Pacific Forensic. During our review of the hardcopy invoices we found typographical errors of inmate names and register numbers, inmate names associated with more than one register number, and register numbers associated with more than one name.²¹

According to the *Government Paperwork Elimination Act*, federal agencies are required to allow individuals or entities that deal with the agencies the option to submit information or transact with the agency electronically, when practicable. According to Pacific Forensic's Director, Pacific Forensic utilized an electronic *Health Insurance Portability and Accountability Act* (HIPAA) compliant system for its other non-BOP contracts.²² However, the BOP did not allow for the use of Pacific Forensic's HIPAA compliant system. A BOP official stated that the BOP has specific requirements regarding the security of the information being transmitted and the systems between the BOP and its contractors are not always compatible. It is important for the BOP to properly track the CTS that inmates are receiving and to produce meaningful reports on the outcomes of the CTS program. Without such capabilities, it is difficult for the BOP to evaluate the success of its CTS program.

²¹ The register number is a unique identifier assigned by the U.S. Marshals Service to each federal inmate. It is made up of a two-part number, where the second part identifies the district in which the inmate is processed in.

²² HIPAA required the U.S. Department of Health and Human Services to develop regulations protecting the privacy and security of certain health information. HIPAA's Privacy Rule established national standards for the protection of individuals' personal health information, while HIPAA's Security Rule established a national set of security standards for protecting certain health information that is held or transferred in electronic form.

We discuss this matter further in the CTS Program Outcomes section of this report. Therefore, we recommend that the BOP develop and implement a strategic plan for transitioning to an electronic system that would allow for electronic submission of contractor invoices and clinical documents.

Contractor Personnel

According to BOP's SOWs, contract employees were required to obtain BOP's approval prior to working with federal inmates.²³ Pacific Forensic was required to submit the employee's name and relevant information to the BOP for a background check and the contract employee could not begin working with inmates until clearance was obtained from BOP's COR.²⁴ We judgmentally selected 49 employees to determine if Pacific Forensic had properly obtained BOP's approval prior to its employees working with federal inmates.

Based on our review of Pacific Forensic's personnel files, we identified three contract employees who did not have proper approvals from the BOP prior to working on Contract Nos. DJBTDAT066 and DJBCTS394. One contract employee had worked with BOP inmates for more than 2 years without proper authorization. We asked Pacific Forensic why the employees were working prior to receiving BOP's approval. Pacific Forensic's Director stated that two of the employees had received approval under the prior contract with the BOP and it did not know that it had to obtain new approval at the start of a new contract.²⁵ Based on our review of the solicitation, Pacific Forensic was required to include all personnel in its quote for CTS. We found that Pacific Forensic did not include in its quote package to the BOP information on either of these two employees. For the third employee, we were informed that the request for a background investigation occurred approximately 1 month prior to the employee's start date and Pacific Forensic had assumed that the employee was cleared. We determined that these three employees provided 53 treatment sessions without BOP's authorization, for a total cost of \$3,429.

BOP's pre-approval of all Pacific Forensic clinicians is required by the contract, and the BOP has a responsibility to ensure that Pacific Forensic complies with this term. Therefore, we recommend that the BOP implement procedures to ensure that all contract employees have received BOP approval prior to working with federal inmates. We also recommend that Pacific Forensic remedy \$3,429 in unallowable costs for services performed by unapproved contract employees.

²³ In July 2010, the BOP began requiring Psychological Assistants and interns undergo background checks and receive BOP authorization to work with inmates.

²⁴ The COR may grant a contractor's employee clearance to work with inmates after the National Crime Information Center (NCIC) check has been conducted and the results of the check are appropriate.

²⁵ Based on BOP's solicitation, Pacific Forensic was required to submit the names of all personnel that would work on the contract in its quote. However, Pacific Forensic did not include the two employees in its quote as required by BOP.

Record Retention

According to the FAR Part 52.212-5(d)(1) and (2), which are incorporated by reference into the contract, Pacific Forensic was required to provide access to directly pertinent records involving transactions related to this contract and to make available at its facility the records, materials, and other evidence for examination, audit, or reproduction, for 3 years after the final payment was received. We were unable to obtain supporting documentation for two contract employees' approval to work under Contract No. DJBTDAT066. Pacific Forensic's Director stated that it does not have a record retention policy. However, the Director also stated that records have been maintained indefinitely since his start at Pacific Forensic in February 2010 and that the two employees preceded his own employment at Pacific Forensic. We also attempted to obtain the documentation from the BOP. However, a BOP official stated that it follows supplemental guidance from BOP's Assistant Director of the Correctional Programs Division and that all NCIC background checks and paperwork are shredded after a contract ends. Without the proper supporting documentation, we were unable to determine if the BOP properly approved the two contract employees.

We recommend that the BOP implement a formal policy relating to contractors' record retention. Additionally, we recommend that the BOP remedy \$15,362 in unsupported costs for the services performed by these contract employees.

CTS Program Outcomes

We found that the BOP has not effectively evaluated the outcomes of the CTS program. Contributing to this deficiency, we found that the BOP does not require contractors to submit performance metrics on its CTS program and does not track the outcomes of the program's stated goals. Measurable outcomes and assessments of the program are necessary for the BOP to ensure the program's effectiveness in assisting inmates participating in the Residential Drug Abuse Program to fully reintegrate into society.

Lack of Performance Metrics

As previously noted, the purpose of the BOP's CTS was to provide quality psychological treatment to all inmates in transition to the community in need of those services. Based on the BOP's SOW, a successful CTS program would result in a reduction of inmate misconduct, mental illness and behavior disorders, substance abuse, recidivism, and criminal activity, and an increase in inmates' stake in societal norms. We asked a BOP official how the BOP assessed contractor performance and the success of its CTS program. A BOP official stated that ongoing monitoring of inmates in CTS occurs through the contractor's submission of required documentation, such as an inmate's monthly progress reports. However,

the BOP does not require contractors to submit performance metrics on the program and it does not track the outcomes for the program's stated goals.²⁶

We determined that the last time the BOP conducted an evaluation of the Residential Drug Abuse Program was in September 2000, and the evaluation was to be a two-part, 3-year outcome study of the Residential Drug Abuse Program, which included CTS.²⁷ Part I measured post-release outcomes such as recidivism, drug use, and employment. Part II was to evaluate the effects of CTS received while at the RRC and during post-release. However, we found that the BOP never conducted Part II. A BOP official stated that the BOP did not conduct Part II of the evaluation because all of the subjects (inmates) in the RDAP evaluation had received CTS. Therefore, no comparison group of inmates who had not received CTS was available in order to conduct the study. As previously mentioned, since March 2009, the BOP has awarded more than 400 CTS contracts across the U.S. and in Puerto Rico, Guam, and the Virgin Islands worth approximately a total of \$392 million. Without measuring the goals and outcomes of its CTS program, the BOP cannot proactively identify areas of risk in the program and determine whether CTS were beneficial to federal inmates, impacted communities, and U.S. taxpayers. Therefore, we recommend that the BOP develop measurable performance metrics for its CTS program, and consider performing an evaluation of the CTS program to identify its effectiveness and outcomes.

²⁶ The DOJ OIG's FY 2017 Top Management and Performance Challenges Facing the DOJ states, "Performance-based management is crucial both to understanding the impact of the Department's programs and to proactively identifying areas of risk." <https://oig.justice.gov/challenges/2017.pdf#page=22> (accessed December 5, 2017).

²⁷ BOP's study found that male and female inmates who completed the Residential Drug Abuse Program were 16 and 18 percent less likely to be re-arrested or have their supervision revoked than those who did not receive such treatment, respectively.

CONCLUSION AND RECOMMENDATIONS

We identified significant deficiencies with the BOP's management of its contracts with Pacific Forensic. The BOP does not require contractors to submit performance metrics on its CTS program, does not track the outcomes of the program's stated goals, and has never conducted an evaluation of CTS outcomes. Without performance metrics and assessments of the program, the BOP cannot determine the program's effectiveness in assisting inmates participating in the Residential Drug Abuse Program to fully reintegrate into society. Since 2009, the BOP has awarded approximately \$392 million in CTS contracts, yet it does not have any comprehensive assessment of the program's benefits and weaknesses.

We also found a lack of clarity in the BOP's SOW, which resulted in Pacific Forensic interns providing CTS to inmates without the supervision of a licensed psychologist in the room. Additionally, the BOP's monitoring did not identify Pacific Forensic's use of interns to provide direct CTS without the supervision of a licensed psychologist in the room. Further, the BOP did not notify Pacific Forensic that sex offenders were being referred for CTS, and did not ensure that the contractor's facility met safety requirements for handling sex offender inmates. As a result, Pacific Forensic was operating in close proximity to a business that caters to children and did not have procedures for handling sex offender inmates. We believe the issues we have identified, particularly those related to the BOP's national SOW's language and requirements, are potentially occurring on other CTS contracts.

We also determined that Pacific Forensic lacked the proper internal controls to ensure that its contractual obligations to the BOP were being fulfilled. As a result, we found instances in which Pacific Forensic did not initiate treatment services in a timely manner, prepared incomplete treatment plans and monthly progress reports, and did not submit termination reports to the BOP in a timely manner. We questioned \$4,012 in unallowable costs for services performed by contract employees that were not authorized to work on the BOP's contracts and for services that were unrelated to the BOP's contracts. Additionally, we questioned \$18,156 for treatment services that were not properly supported.

We recommend that the BOP:

1. Develop measurable performance metrics for its CTS program, and consider performing an evaluation of the CTS program to identify its effectiveness and outcomes.
2. Determine the number of ongoing CTS contracts that are utilizing interns and psychological assistants to provide direct clinical services to its inmates and, if BOP determines additional contractors are utilizing interns and psychological assistants, to mitigate the concerns it has with interns and psychological assistants providing direct clinical services to BOP inmates.
3. Implement procedures to ensure it provides adequate inmate treatment summaries, including past criminal offenses that could pose a safety risk to the public if not properly mitigated by the contractor.

4. Ensure that its contractor monitoring includes: (a) determining if the contractor's facility is operating within the same space or close proximity to a business that caters to children; and if so, (b) ensuring that the contractor has procedures in place to mitigate such risks.
5. Implement procedures to ensure that its market research for CTS results in accurate and relevant IGEs.
6. Implement a factor in its future technical evaluations to determine whether a potential contractor's facility is operating within the same space or close proximity to a business that caters to children, and if so, ensure that the potential contractor has procedures in place to mitigate such risks.
7. Ensure that realistic estimated quantities are used in its CTS solicitations and resulting contracts and that it properly maintains documentation to support the justification for such quantities in its contract file.
8. Develop and implement a strategic plan for transitioning to an electronic system that would allow for electronic submission of contractor invoices and clinical documents.

We also recommend that the BOP work with Pacific Forensic to:

9. Establish safety procedures for the receiving and handling of BOP sex offender inmates.
10. Establish internal controls, including procedures to ensure the timely initiation of CTS services, adequate completion of all treatments plans and monthly progress reports, and the submission of termination reports in a timely manner to the BOP.
11. Implement procedures to ensure that all contract employees have received BOP approval prior to working with federal inmates.
12. Remedy \$3,429 in unallowable costs for services performed by unapproved contract employees.
13. Implement a formal policy and procedures for retaining records.
14. Remedy \$15,362 in unsupported costs for the services performed by contract employees.
15. Remedy \$583 in unallowable costs for treatment services not provided.
16. Remedy \$2,794 in unsupported costs for treatment services not supported.

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 Pacific Forensic's internal controls was not made for the purpose of providing assurance on its internal control structure as a whole. Pacific Forensic's management is responsible for the establishment and maintenance of internal controls.

As noted in the Audit Results section of this report, we determined that BOP's monitoring efforts at Pacific Forensic were not adequate to ensure that the contractor was performing in accordance with the contract Statement of Work. This was based on our determination that BOP monitoring efforts between October 1, 2009 and December 6, 2016, did not identify the deficiencies in contractor performance we found during our audit.

We also found that Pacific Forensic lacked internal controls to ensure that its contractual obligations to the BOP were being fulfilled. This determination was based on our findings that Pacific Forensic did not initiate treatment services in a timely manner, prepared incomplete treatment plans and monthly progress reports, and did not submit termination reports to the BOP in a timely manner. We also determined that Pacific Forensic's employees were working without proper authorization from the BOP, and our audit identified \$18,791 in questioned costs related to unauthorized employees providing treatment services to BOP inmates.

Because we are not expressing an opinion on Pacific Forensic's internal control structure as a whole, this statement is intended solely for the information and use of the BOP and Pacific Forensic. 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 Pacific Forensic's management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. Pacific Forensic's 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 auditee and that were significant within the context of the audit objectives.

- Federal Acquisition Regulations (FAR)
 - FAR Part 10.001(a) and 10.002(b)(1), *Market Research*
 - FAR Part 16.503(a)(1), *Requirements Contracts*
 - FAR Part 52.212-5(d)(1),(2), *Contract Terms and Conditions Required to Implement Statutes or Executive Orders -- Commercial Items*

Our audit included examining, on a test basis, BOP's and Pacific Forensic's compliance with the aforementioned laws and regulations that could have a material effect on BOP's and Pacific Forensic's operations. We interviewed auditee personnel, assessed operating procedures, analyzed data, and examined accounting records. As noted in the Audit Results section of this report, we identified technical deficiencies with the BOP's management of its contracts to Pacific Forensic. We also determined that the BOP did not conduct adequate market research on the cost for services, which resulted in an underestimate of CTS costs, and did not identify and correct contract errors prior to awarding Contract No. DJBTDAT066 to Pacific Forensic.

Furthermore, we found that Pacific Forensic lacked procedures to adequately maintain records, which resulted in \$15,362 in unsupported costs for CTS performed by contract employees.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of our audit was to assess BOP's administration of the contracts and Pacific Forensic's performance and compliance with the terms, conditions, laws, and regulations applicable to these contracts. To accomplish this objective, we assessed BOP's contract administration and oversight of Pacific Forensic and the contractor's performance in the following areas: (1) timely initiation of CTS, (2) adequate completion of treatment plans and monthly progress reports, and (3) the timely submission of termination reports to the BOP.

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 objectives.

BOP Contract Nos. DJBTDAT066, DJBCTS409, and DJBCTS394 were awarded to Pacific Forensic to provide CTS, including therapeutic services for substance abuse treatment and mental health services, to federal inmates residing in a RRC or placed on home confinement. The three contracts have an estimated value of almost \$7 million. Actual contract costs through December 2016 were \$3,069,351. Our audit concentrated on the inception of the original contract on October 1, 2009, through January 2017.

To accomplish our objective, we tested compliance with what we consider to be the most important condition of BOP's and Pacific Forensic's activities related to the contracts audited. We performed sample-based testing of Pacific Forensic's inmate case files. In this effort, we employed a judgmental sampling designed to obtain broad exposure to the numerous requirements of the contract we audited. This non-statistical sample design does not allow projection of the test results to the universe from which the sample was selected. In addition, we reviewed invoices submitted to the BOP for Pacific Forensic's services, as well as the BOP's monitoring reports of Pacific Forensic from August 4, 2010 through December 16, 2016. The criteria we audited against are contained in the SOWs for CTS and the BOP Program Statements.

During our audit, we obtained information from BOP SENTRY, and Pacific Forensic's financial management system specific to the contract billings during the audit period. 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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Unallowable Costs:		
Services not Provided	\$583	16
Services Provided by Unapproved Contract Employees	\$3,429	18
Total Unallowable Costs	\$4,012	
Unsupported Costs:		
Services not Adequately Supported	\$2,794	17
Services Provided by Contract Employees Whose Approval was not Supported	\$15,362	19
Total Unsupported Costs	\$18,156	
TOTAL QUESTIONED COSTS²⁸	\$22,168	

²⁸ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

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

July 6, 2018

MEMORANDUM FOR JASON R. MALMSTROM
ASSISTANT INSPECTOR GENERAL
FOR AUDIT

FROM:

Hugh J. Hurwitz
Hugh J. Hurwitz, Acting Director
Federal Bureau of Prisons

SUBJECT:

Response to the Office of Inspector General's
(OIG) FORMAL DRAFT Report: Audit of the Federal
Bureau of Prisons' Contracts Awarded to Pacific
Forensic Psychology Associates, Inc., San Diego,
California

The Bureau of Prisons (BOP) appreciates the opportunity to respond to the recommendations from the draft report entitled Audit of the Federal Bureau of Prisons' Contracts Awarded to Pacific Forensic Psychology Associates, Inc., San Diego, California.

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

Recommendation 1: Develop measurable performance metrics for its CTS program, and consider performing an evaluation of the CTS program to identify its effectiveness and outcomes.

Response: The BOP concurs with this recommendation. The BOP will develop measurable performance metrics for the Community Treatment Section (CTS) program and will consider performing an evaluation of the CTS to identify its effectiveness and outcomes.

Recommendation 2: Determine the number of ongoing CTS contracts that are utilizing interns and psychological assistants to provide direct clinical services to its inmates and, if BOP determines additional contractors are utilizing interns and psychological assistants, to mitigate the concerns it has with

interns and psychological assistants providing direct clinical services to BOP inmates.

Response: The BOP concurs with this recommendation. The BOP will determine the number of ongoing CTS contracts using interns and psychological assistants to provide direct clinical services to inmates and will review whether contract modifications are necessary and appropriate.

Recommendation 3: Implement procedures to ensure it provides adequate inmate treatment summaries, including past criminal offenses that could pose a safety risk to the public if not properly mitigated by the contractor.

Response: The BOP concurs with this recommendation. The BOP will implement procedures to ensure adequate inmate treatment summaries including past criminal offenses that could pose a public safety risk are provided.

Recommendation 4: Ensure that its contractor monitoring includes: (a) determining if the contractor's facility is operating within the same space or close proximity to a business that caters to children; and if so, (b) ensuring that the contractor has procedures in place to mitigate such risks.

Response: The BOP concurs with this recommendation. The BOP will ensure contractor monitoring includes ensuring contractors who are operating in the same space or close proximity to children have procedures in place to mitigate risks.

Recommendation 5: Implement procedures to ensure that its market research for CTS results in accurate and relevant IGEs.

Response: The BOP concurs with this recommendation. The CTS will implement procedures to ensure market research results in accurate and relevant Independent Government Estimates.

Recommendation 6: Implement a factor in its future technical evaluations to determine whether a potential contractor's facility is operating within the same space or close proximity to a business that caters to children, and if so, ensure that the potential contractor has procedures in place to mitigate such risks.

Response: The BOP concurs with this recommendation. The BOP will implement a factor in future technical evaluations ensuring contractors who are operating in the same space or close proximity to children have procedures in place to mitigate risks.

Recommendation 7: Ensure that realistic estimated quantities are used in its CTS solicitations and resulting contracts and that it properly maintains documentation to support the justification for such quantities in its contract file.

Response: The BOP concurs with this recommendation. The BOP will ensure realistic estimated quantities are used in CTS solicitations and resulting contracts as well as properly maintain documentation to support the justification.

Recommendation 8: Develop and implement a strategic plan for transitioning to an electronic system that would allow for electronic submission of contractor invoices and clinical documents.

Response: The BOP concurs with this recommendation. The BOP will develop and implement a strategic plan for an electronic system for the CTS invoices and clinical documents.

Recommendation 9: Establish safety procedures for the receiving and handling of BOP sex offender inmates.

Response: The BOP concurs with this recommendation. The BOP will establish additional safety procedures for the receiving and handling of BOP sex offender inmates.

Recommendation 10: Establish internal controls, including procedures to ensure the timely initiation of CTS services, adequate completion of all treatment plans and monthly progress reports, and the submission of termination reports in a timely manner to the BOP.

Response: The BOP concurs with this recommendation. The BOP will establish internal controls, including procedures to ensure the timely initiation of the CTS services, adequate completion of all treatment plans, and monthly progress reports, as well as the timely submission of termination reports to the BOP.

Recommendation 11: Implement procedures to ensure that all contract employees have received BOP approval prior to working with federal inmates.

Response: The BOP concurs with this recommendation. The BOP will implement additional procedures to ensure all contract employees have received BOP approval prior to working with federal inmates.

Recommendation 12: Remedy \$3,429 in unallowable costs for services performed by unapproved contract employees.

Response: The BOP concurs with this recommendation to the extent which the costs can be identified. Contracting staff will remedy unallowable costs for services performed by unapproved contract employees.

Recommendation 13: Implement a formal policy and procedures for retaining records.

Response: The BOP concurs with this recommendation. Contracting staff will implement formal procedures for retaining records.

Recommendation 14: Remedy \$15,362 in unsupported costs for the services performed by contract employees.

Response: The BOP concurs with this recommendation to the extent which the costs can be identified. Contracting staff will remedy unsupported costs for services performed by contract employees.

Recommendation 15: Remedy \$583 in unallowable costs for treatment services not provided.

Response: The BOP concurs with this recommendation to the extent which the costs can be identified. Contracting staff will remedy unallowable costs for treatment services not provided.

Recommendation 16: Remedy \$2,794 in unsupported costs for treatment services not supported.

Response: The BOP concurs with this recommendation to the extent which the costs can be identified. Contracting staff will remedy unsupported costs for treatment services not supported.

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

**PACIFIC FORENSIC PSYCHOLOGY ASSOCIATES, INC.'S
RESPONSE TO THE DRAFT AUDIT REPORT**



A Division of Pacific Forensic Psychology Associates, Incorporated
2667 Camino Del Rio, South, Suite 305, San Diego, CA 92108
Telephone (619) 298-7427 Facsimile (619) 298-7072

To: Office of the Inspector General
Re: OIG Draft Report: Audit of the Federal Bureau of Prisons Contracts Awarded to Pacific Forensic Psychology Associates, Inc., San Diego, CA
Date: May 23, 2018

Dear Inspector General

We are in receipt of the audit conducted on our contracts with the Federal Bureau of Prisons arriving in redlined form on May 9th 2018. Our response to the audit follows.

Response to audit findings and inferences:

There are several key points that this audit raises with regard to the conduct by Pacific Forensic Psychological Associates, Inc. (hereafter referred to as Sharper Future), as a contractor. The first of these relates to the work performed by interns and psychological assistants. The document on page 5, par. 1, states "...resulting in Pacific Forensic using interns and psychological assistants without licensed supervision." Because every intern and psychological assistant was formally supervised by a licensed worker at all times, we find this line inaccurate and misleading. As was pointed out in the document elsewhere, it is standard across the country that interns under supervision do not need to be in the same room as the supervisor.

On page 6, paragraph three, it was indicated that the agency employed only two licensed psychologists. Please note that licensed psychologists, licensed psychiatrists, licensed MFT's and Licensed LCSW's may also supervise interns. At no time was an unlicensed worker unsupervised.

On page 15, paragraph two the document indicates that Sharper Future did not have a procedure in place for inmates coming and going to its facility who may pose a risk to the public, such as sex offender inmates. It must be re-emphasized that Sharper Future was not informed of any inmates having sex offenses. It is also noted that the location of the treatment facility met San Diego zoning requirements for the conduct of sex offender services and that the site was preapproved for the conduct of sex offender treatment by a review of the California Department of Corrections and Rehabilitation. Unless a participant is deemed a Sexually Violent Predator, sex offenders are not barred from travel in California so long as they inform and are registered and approved by their supervising agent. That being said, if we were informed of a sex offender who has a history of risk to children we would take appropriate steps to reduce any identified risk.

Table 3 presents Sharper Future's quote for contracting, which we petition for redaction in any public document.

On page 21, paragraph two and three identify points of deviation from contract standards. It is important to note that we are audited on a regular basis by CTS. In addition to an annual audit, this includes many communications where we engage in problem-solving for unique situations and where mistakes are identified and discussed. Sometimes late services are due to difficulties at the residential reentry center, some relate to

participants having personal or medical problems. Occasionally mistakes in timeliness are due to a staff member being ill, having transportation problems or some other mundane occurrence. To the extent that some of the contract deviations were within 1 day of a stated deadline, we must clarify that discharge reports sent early may be as troublesome as discharge reports sent late. Early discharge reports may miss important factors unfolding in the participants treatment. When we find that timeliness is a training issue, we address that with our BOP oversight team and conduct new trainings.

On page 23, paragraph three, services are identified that lacked sufficient documentation. While we attempt to capture these mistakes, it should be noted that there are literally thousands of datapoints addressed every month as we turn in treatment reports and invoices. Occasionally a client or a clinician may miss a signature. Because this is a contract involving human beings, particularly individuals with a history of impulsivity. We do our best to attend to all relevant details, but occasionally a participant can sign on a wrong line and a clinician may be mistaken about who has signed the document. When we catch these mistakes, we simply don't submit these bills and are not paid for the sessions. This has been addressed with our BOP oversight, as they, too, will commonly reject payment for unsupported sessions.

As communicated to Investigator [REDACTED] on 12/1/2017

There are three primary reasons for a late client start:

- 1) The participant or clinician was sick and rescheduled.
- 2) Occasionally a participant may request a delayed start because of work schedule.
In calculating protective factors against relapse, stable employment is important.
We do our best to balance their needs with contract requirements.
- 3) We may have a periodic surge of referrals that overly taxes our available assignment slots.

There are four primary explanations for a late discharge:

- 1) There may have been a training issue with our staff. These are usually identified through our internal review or our BOP audit. We address this through specialized *ad hoc* training with staff.
- 2) There are sometimes delays in identifying the Federal Probation Officer assigned to follow the case.
We put in calls to the RRC to identify the assigned officer and sometimes do not hear back promptly.
- 3) Occasionally, we may have a delayed communication about a participant being administratively removed.
- 4) Occasionally, I am dissatisfied with a report and we take extra time to confer and validate our conclusions before putting them into a permanent legal and medical record.

On page 25, paragraph two, there is indication of two staff for whom Sharper Future could not identify background information on. As this apparently stems from the period of 2009, we cannot validate the conclusion that these staff were not approved by the BOP. Approvals at that time may have been communicated by telephone, or other documentation that is not retrievable. In a clarifying communication with CTS we were informed that validations were conducted differently at the earlier period of the contract. It is our belief that the providers, unspecified in this document, were approved and the services they provided were entirely valid.

Regarding Concluding Recommendations on page 29-31:

We contest recommendations 13, 14, and 16 identifying fiscal remedies for services for the reasons identified above. It is clear that services were provided by trained and supervised or licensed providers.

We hope these points provide a clarifying perspective on the services we have provided. It is our understanding that this audit was conducted in good faith, yet, may have insufficiently captured the overwhelming proportions of the dedicated and honest work carried out by the BOP and Sharper Future.

As indicated elsewhere, there are regular communications between the CTS of the BOP and Pacific Forensic that help clarify and adjust our work to insure we are effectively serving the population. These communications occur by phone and email and are designed to problem-solve any one of myriad challenges that occur when serving the designated population. The majority of these communications are not recorded by us, but are commonly incorporated into improved practices. These on-the-fly communications are not logged and were not requested by the auditors.

Thank you for your attention.



Robert Cureton, Ph.D.

Director, Sharper Future – San Diego

Psychologist, # psy13433
Marriage and Family Counselor, # mfc23592
CASOMB Certified Independent Provider
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**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the Federal Bureau of Prisons (BOP) and Pacific Forensic Psychology Associates, Inc. (Pacific Forensic) for review and official comment. The BOP's response is included as Appendix 3 and the Pacific Forensic's response is included as Appendix 4 of this final report. The BOP agreed with each recommendation contained in this report and discussed the actions it plans to complete in order to address our recommendations. As a result, the audit report is resolved. Pacific Forensic disagreed with three of our recommendations. Additionally, Pacific Forensic did not state whether it agreed or disagreed with our remaining recommendations, but did provide comments to address those recommendations. In response to Pacific Forensic's comments, we clarified some areas of the report and recommendations, as described below. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of Pacific Forensic's Response

In its response, Pacific Forensic's Director expressed concerns with the report statement, "...resulting in Pacific Forensic using interns and psychological assistants without licensed supervision." Pacific Forensic's Director stated that every intern and psychological assistant was formally supervised by a licensed worker at all times. However, as stated in our report, based on the interviews we conducted with interns and psychological assistants during our fieldwork, we determined that interns and psychological assistants had provided clinical services to inmate without being accompanied by a licensed staff member. This practice was seemingly inconsistent with the BOP's Statement of Work (SOW) specific requirement that interns or trainees "be working with a licensed staff member when providing direct services." During our exit conference with the BOP, a BOP official stated that "working with" did not necessarily mean that an intern had to be accompanied by a licensed staff member when providing direct services. As stated in our report, because the BOP did not clearly define what "working with" meant in its SOW, BOP officials in charge of administering and monitoring Pacific Forensic's contracts interpreted the SOW requirements regarding the use of interns and psychological assistants differently.

Pacific Forensic's Director also stated that it was standard practice across the country that interns under licensed supervision do not need to be in the same room as the supervisor when providing direct services to clients. The majority of states do not require a licensed psychologist to be in the room when interns provide direct services to clients, and we determined that the BOP's SOW was unclear regarding the supervision of interns and psychological assistants when providing direct services to inmates. With regard to interns and other trainees, the March 2009 SOW stated: "[I]f interns or trainees are utilized to provide direct clinical services

to Bureau inmates, then they must adhere to all state requirements to conduct such services [and] must also be working with a licensed staff member when providing direct services.” We did not identify instances in which psychological assistants or interns working at Pacific Forensic did not meet state requirements. However, as stated in our report, BOP officials interpreted the SOW requirement regarding the use of interns and psychological assistants differently. In December 2015, the BOP clarified its SOW to require that interns and trainees work directly “...in the same room...” with a licensed staff member when providing direct clinical services.

In its response, Pacific Forensic’s Director also expressed concern with a statement in our draft report indicating that Pacific Forensic employed only two licensed psychologists. Pacific Forensic’s Director stated that its employees include licensed psychologists, licensed psychiatrists, licensed marriage and family therapists, and licensed clinical social workers, all of whom were allowed to supervise interns. Additionally, Pacific Forensic stated that at no time was an unlicensed worker unsupervised. Although Pacific Forensic may have employed additional licensed staff, such as licensed marriage and family therapists, during our audit only two licensed psychologists were working on BOP contracts – we clarified this point in our final report. Additionally, Pacific Forensic scheduled more than two counseling sessions at the same time, therefore, two licensed psychologists would not have been enough to provide in-room supervision of each session. As previously stated, BOP’s SOW was unclear regarding whether supervising staff should accompany interns and psychological assistants when they provided direct clinical services to inmates. BOP officials in charge of administering and monitoring Pacific Forensic’s contracts interpreted the SOW requirements regarding the use of interns and psychological assistants differently. We address Pacific Forensic’s remaining comments in each of the recommendations listed below.

Recommendations for BOP:

- 1. Develop measurable performance metrics for its CTS program, and consider performing an evaluation of the CTS program to identify its effectiveness and outcomes.**

Resolved. In its response, the BOP concurred with our recommendation and stated that it will develop measurable performance metrics for its Community Treatment Services (CTS) program. The BOP also stated that it will consider performing an evaluation of CTS to identify its effectiveness and outcomes.

This recommendation can be closed when we receive evidence that the BOP has developed performance metrics for its CTS program, and has considered performing an evaluation of the CTS program to identify its effectiveness and outcomes.

- 2. Determine the number of ongoing CTS contracts that are utilizing interns and psychological assistants to provide direct clinical services to its inmates and, if BOP determines additional contractors are utilizing interns and psychological assistants, to mitigate the**

concerns it has with interns and psychological assistants providing direct clinical services to BOP inmates.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will determine the number of ongoing CTS contracts using interns and psychological assistants to provide direct clinical services to inmates. The BOP also stated that it will determine whether contract modifications are necessary and appropriate. This recommendation can be closed when we receive evidence that the BOP has determined the number of ongoing CTS contracts utilizing interns and psychological assistants to provide direct clinical services to inmates, and, if BOP determines additional contractors are utilizing interns and psychological assistants, to mitigate the concerns it has with interns and psychological assistants providing direct clinical services to BOP inmates.

3. Implement procedures to ensure it provides adequate inmate treatment summaries, including past criminal offenses that could pose a safety risk to the public if not properly mitigated by the contractor.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will implement procedures to ensure adequate inmate treatment summaries are provided to contractors, including past criminal offenses that could pose a public safety to the public. This recommendation can be closed when we receive evidence that the BOP has implemented procedures to ensure it provides adequate inmate treatment summaries, including past criminal offenses that could pose a safety risk to the public if not properly mitigated by the contractor.

4. Ensure that its contractor monitoring includes: (a) determining if the contractor's facility is operating within the same space or close proximity to a business that caters to children; and if so, (b) ensuring that the contractor has procedures in place to mitigate such risks.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will ensure contractor monitoring includes ensuring contractors who are operating in the same space or close proximity to children have procedures in place to mitigate such risks. This recommendation can be closed when we receive evidence that the BOP's contractor monitoring includes: (a) determining if the contractor's facility is operating within the same space or close proximity to a business that caters to children; and if so, (b) ensuring that the contractor has procedures in place to mitigate such risks.

5. Implement procedures to ensure that its market research for CTS results in accurate and relevant IGEs.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will implement procedures to ensure that its market research for CTS results in accurate and relevant Independent Government Estimates (IGEs). This recommendation can be closed when we receive evidence that the BOP has implemented procedures to ensure that its market research for CTS results in accurate and relevant IGEs.

6. Implement a factor in its future technical evaluations to determine whether a potential contractor's facility is operating within the same space or close proximity to a business that caters to children, and if so, ensure that the potential contractor has procedures in place to mitigate such risks.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will implement a factor in its future technical evaluations to ensure contractors who are operating in the same space or close proximity to children have procedures in place to mitigate such risks. This recommendation can be closed when we receive evidence that the BOP has implemented a factor in its future technical evaluations to determine whether a potential contractor's facility is operating within the same space or close proximity to a business that caters to children, and if so, ensure that the potential contractor has procedures in place to mitigate such risks.

7. Ensure that realistic estimated quantities are used in its CTS solicitations and resulting contracts and that it properly maintains documentation to support the justification for such quantities in its contract file.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will ensure realistic estimated quantities are used in CTS solicitations and resulting contracts as well as properly maintain documentation to support the justification. This recommendation can be closed when we receive evidence that the BOP will ensure realistic estimated quantities are used in CTS solicitations and resulting contracts and that it properly maintains documentation to support the justification for such quantities in its contract file.

8. Develop and implement a strategic plan for transitioning to an electronic system that would allow for electronic submission of contractor invoices and clinical documents.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will develop and implement a strategic plan for transitioning to an electronic system that would allow for electronic submission of contractor invoices and clinical documents. This recommendation can be closed when we receive evidence that the BOP has developed and implemented a

strategic plan for transitioning to an electronic system that would allow for electronic submission of contractor invoices and clinical documents.

Recommendations for BOP to work with Pacific Forensic:

9. Establish safety procedures for the receiving and handling of BOP sex offender inmates.

Resolved. In its response, the BOP concurred with our recommendation. BOP has a responsibility to ensure that appropriate safeguards are in place for its sex offender inmates, and we believe this includes working with Pacific Forensic to ensure it has implemented appropriate policies and procedures.

Pacific Forensic did not state in its response whether it agreed with our recommendation. Pacific Forensic stated that it was not informed by the BOP of any inmates referred to it for services as having sex offenses. Pacific Forensic also stated that its treatment facility met San Diego zoning requirements for the conduct of sex offender services and that the site was preapproved for the conduct of sex offender treatment by the California Department of Corrections and Rehabilitation. Additionally, Pacific Forensic stated that if it was informed of a sex offender who has a history of risk to children, it would take appropriate steps to reduce any identified risk. We determined during our fieldwork, that Pacific Forensic operated in close proximity to a business that caters to children and did not have procedures for inmates coming and going from its facility who may pose a risk to the public, such as sex offender inmates.

This recommendation can be closed when we receive evidence that the BOP is informing Pacific Forensic of sex offender inmates it refers for services and has ensured that appropriate safety procedures are used for the receiving and handling of BOP sex offender inmates.

10. Establish internal controls, including procedures to ensure the timely initiation of CTS services, adequate completion of all treatment plans and monthly progress reports, and the submission of termination reports in a timely manner to the BOP.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will establish internal controls, including procedures to ensure the timely initiation of the CTS services, adequate completion of all treatment plans, and monthly progress reports, as well as the timely submission of termination reports to the BOP.

Pacific Forensic did not state in its response whether it agreed with our recommendation. Pacific Forensic stated that it is audited on a regular basis by the BOP's CTS. In addition to these regular audits, Pacific Forensic stated that it regularly communicates with the BOP, to both problem-solve for unique situations and to identify and correct mistakes found. Based on our audit work, we determined that Pacific Forensic did not have sufficient

internal controls to ensure that its contractual obligations to the BOP were being fulfilled. Specifically, we found numerous instances in which Pacific Forensic did not initiate treatment services in a timely manner, prepared incomplete treatment plans and monthly progress reports, and did not submit termination reports to the BOP in a timely manner.

In its response, Pacific Forensic stated that there are three primary reasons for which CTS may be initiated late: (1) the inmate was sick, and therefore, had to reschedule the session; (2) an inmate requested a delayed start because of a conflict with their work schedule; and (3) Pacific Forensic had to delay the start of CTS because of a surge of referrals, resulting in no available timeslots for an inmate. As stated in our report, we found that 16 percent of the inmates in our sample did not meet with Pacific Forensic within 10 working days as required by the BOP. According to a BOP official, it was important that an inmate meet with the contractor within 10 working days to ensure continuity of care.

Pacific Forensic also stated in its response, that there are literally thousands of data points addressed every month that are reported to the BOP and that occasionally a clinician may miss signing a document correctly. Additionally, Pacific Forensic stated that, because it is dealing with individuals with a history of impulsivity, it does its best to ensure that all relevant matters are attended to, but that an inmate may forget to sign a sign-in log or sign on a wrong line. Also, a clinician may be mistaken about which inmate signed a document. When these mistakes are caught, Pacific Forensic stated that it does not submit these bills to the BOP, and therefore, is not paid for such services. Pacific Forensic further stated that if it believes a lack of proper training for a clinician may be the issue, then it will conduct an ad hoc training with that clinician to correct the issue identified. Pacific Forensic explained that issues are also addressed through BOP's oversight, as the BOP will reject payment for not properly supported CTS.

As stated in our report, we found that 23 percent of Pacific Forensic's inmates that we sampled did not have an acceptable treatment plan. Specifically, we determined that the treatment plans did not adequately state the inmate's problems to be addressed, were missing target dates and activity steps to achieve established goals, and were not signed by the inmate. We also found several monthly progress reports that were verbatim from month to month, showing no progression towards the identified goals. We also found instances of inappropriate behavior and missed appointments that were not recorded on Pacific Forensic's monthly progress reports. Without sufficient internal controls, Pacific Forensic could not ensure that its contractual obligations to the BOP were being fulfilled.

Pacific Forensic stated that there are four primary reasons for a termination report to be submitted late to the BOP: (1) a clinician did not submit the report timely; (2) a delay in identifying the Federal Probation Officer assigned to follow the inmate's case; (3) a delay in identifying that an inmate had been administratively removed; and (4) a delay due to the review of a

the inmate's medical record before preparing the termination report. Pacific Forensic stated that termination reports sent early can be as troublesome as termination reports sent late and that early discharge reports may miss important factors unfolding in the participants' treatment. Regardless of why an inmate discontinued treatment, Pacific Forensic was required to submit a termination report to the BOP 15 working days prior to an inmate's release, and within 10 working days if the inmate was removed for disciplinary or administrative reasons. As stated in our report, we found that 21 termination reports were not submitted to the BOP in a timely manner.

The BOP has a responsibility to provide oversight and to ensure that Pacific Forensic effectively complies with contract terms and conditions. This recommendation can be closed when we receive evidence of the establishment of internal controls that are necessary to ensure compliance with contract terms, including procedures providing BOP assurance of the timely initiation of CTS services, adequate completion of all treatment plans and monthly progress reports, and the submission of termination reports in a timely manner.

11. Implement procedures to ensure that all contract employees have received BOP approval prior to working with federal inmates.

Resolved. In its response, the BOP concurred with our recommendation and stated that it will implement additional procedures to ensure that all contract employees have received BOP approval prior to working with federal inmates.

Pacific Forensic did not state in its response whether it agreed with our recommendation. Pacific Forensic stated that it believes its clinicians were approved by the BOP prior to working with inmates at Pacific Forensic. However, Pacific Forensic also acknowledged that the approvals may have been communicated by telephone and that documentation of the approvals may not have been maintained. During our audit, we identified three contract employees who did not have proper approvals from the BOP prior to working at Pacific Forensic. One contract employee had worked with BOP inmates for more than 2 years without proper authorization.

BOP's pre-approval of all Pacific Forensic clinicians is required by the contract, and the BOP has a responsibility to ensure that Pacific Forensic complies with this term. Therefore, this recommendation can be closed when we receive evidence of enhanced policies and procedures that ensure all Pacific Forensic employees have received BOP approval prior to working with federal inmates.

12. Remedy \$3,429 in unallowable costs for services performed by unapproved contract employees.

Resolved. In its response, the BOP concurred with our recommendation and stated that its contracting staff will remedy unallowable costs for services performed by unapproved contract employees.

Pacific Forensic did not state in its response whether it agreed with our recommendation. As previously stated, Pacific Forensic stated that it believes its clinicians were approved by the BOP prior to working with inmates at Pacific Forensic. However, Pacific Forensic also acknowledged that the approvals may have been communicated by telephone and that documentation of the approvals may not have been maintained. During our audit, we identified three contract employees who did not have proper approvals from the BOP prior to working at Pacific Forensic. One contract employee had worked with BOP inmates for more than 2 years without proper authorization.

This recommendation can be closed when the BOP remedies \$3,429 in unallowable costs for services performed by unapproved contract employees.

13. Implement a formal policy and procedures for retaining records.

Resolved. In its response, the BOP concurred with our recommendation and stated that its contracting staff will implement formal procedures for retaining records.

Pacific Forensic stated in its response that it did not agree with our recommendation identifying fiscal remedies for services. We do not recommend a fiscal remedy for services in Recommendation 13. As stated in our report, we found that three contract employees did not have proper approvals from the BOP prior to working at Pacific Forensic. Pacific Forensic acknowledged in its response that the approvals may have been communicated by telephone and that documentation of the approvals may not have been maintained. Additionally, we found that Pacific Forensic did not have a requirement to maintain such documentation, as required by the FAR provisions incorporated by reference into the contract.

This recommendation can be closed when the BOP provides us evidence that Pacific Forensic is retaining records as required by the contract.

14. Remedy \$15,362 in unsupported costs for the services performed by contract employees.

Resolved. In its response, the BOP concurred with our recommendation and stated that its contracting staff will remedy unsupported costs for services performed by contract employees.

Pacific Forensic stated in its response that it did not agree with our recommendation. Pacific Forensic stated that it believes its clinicians were approved by the BOP prior to working with inmates at Pacific Forensic. However, Pacific Forensic acknowledged that the approvals for contract employees may have been communicated by telephone, and, as such, no documentation of the approvals was maintained. As previously stated in this appendix and discussed in our report, we found that three contract employees did not have proper approvals from the BOP prior to working at

Pacific Forensic. Additionally, we found that Pacific Forensic did not have a requirement to maintain such documentation as required by the BOP.

This recommendation can be closed when BOP remedies \$15,362 in unsupported costs for the services performed by contract employees.

15. Remedy \$583 in unallowable costs for treatment services not provided.

Resolved. In its response, the BOP concurred with our recommendation and stated that its contracting staff will remedy unallowable costs for treatment services not provided.

Pacific Forensic in its response did not state whether it agreed with our recommendation. As stated in our report, we found that Pacific Forensic billed for services that were not provided to an inmate, erroneously overbilled for a one-on-one session, and billed for transportation costs that were not allocable to the contract.

This recommendation can be closed when the BOP remedies \$583 in unallowable costs for treatment services not provided.

16. Remedy \$2,794 in unsupported costs for treatment services not supported.

Resolved. In its response, the BOP concurred with our recommendation and stated that its contracting staff will remedy unsupported costs for the treatment services not supported.

Pacific Forensic stated in its response that it did not agree with our recommendation. Pacific Forensic stated that because it is dealing with individuals with a history of impulsivity, it does its best to ensure that all relevant matters are attended to, but that an inmate may forget to sign a sign-in log or sign on a wrong line. Also, a clinician may be mistaken about which inmate signed a document. When these mistakes are caught, Pacific Forensic stated that it does not submit these bills to the BOP, and therefore, is not paid for such services. If Pacific Forensic believes a lack of proper training for a clinician may be the issue, then it will conduct an ad hoc training with that clinician to correct the issue identified. As stated in our report, we determined that \$977 was billed for services that were not supported by adequate sign-in logs, \$1,304 was billed for a psychiatric evaluation and medication monitoring report that was not signed, and \$513 was billed for services that were missing on an inmate's monthly progress report.

This recommendation can be closed when BOP remedies \$2,794 in unsupported costs for treatment services not supported.



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