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State Comptroller audit exposes crucial weaknesses in state oversight of inmate halfway houses

Audit finds state overpaid halfway house providers; failed to take action against providers following inmate escapes

The Department of Corrections does not adequately monitor its state-funded halfway houses and failed to take appropriate action against halfway house providers following inmate escapes, according to an audit released today by the Office of the State Comptroller (OSC).

The OSC audit also found the state has not effectively measured the performance of its halfway house program, which allows eligible inmates - an average daily population of 2,720 - to serve out the remainder of their prison sentence in a setting intended to prepare them for reentry into society. The program cost the state $64.6 million in fiscal year 2011.

“This is a $64 million program whose success or failure has important consequences for public safety,” State Comptroller Matthew Boxer said. “And yet as a state we have done a poor job of monitoring the program and have made no real attempt to find out what taxpayers are getting for their money. It is critical that the state takes a more active role in ensuring the success of these programs. It cannot simply cut these halfway houses a check and hope for the best.”

Among other findings, OSC found the state overpaid 10 private halfway house providers by $587,186 over a six-year period due to a series of mathematical errors in the calculation of per diem rates charged by the providers. The state also paid seven halfway house providers for accreditations they never actually obtained, OSC found.

A separate review by OSC's procurement division raised further questions about the per diem payments, noting for example that the Department of Corrections (DOC) allowed providers to include seemingly duplicative administrative expenses in per diem budgets. Those costs varied widely among the various providers. In 2010, claimed administrative costs from vendors ranged from $0 per inmate bed to $7,354 per inmate bed. Based on OSC's findings, DOC has agreed to exclude such administrative costs from per diem rates in future contracts.

In addition to the overpayments, the audit found DOC failed to exercise its contractual right to collect pre-set damages from halfway house providers that violated contract terms. For example, six halfway house residents waiting to be transported back to prison by DOC correctional officers for disciplinary reasons were able to escape because they were not placed in a secured holding area within the halfway house as required by contract. In three of those instances, a secured area did not even exist on the halfway house premises.

Under its contract with the vendors DOC could have assessed $30,000 in liquidated damages for these six escapes but did not. Nor did DOC attempt to determine if liquidated damages should be assessed for any of the other 195 escapes reviewed by OSC.

OSC's examination of those escapes, which occurred at seven of the state's 25 halfway houses between January 2008 and March 2009, found a range of circumstances under which the escapes occurred. For example, 31 residents escaped through back, side or emergency doors or through smoking areas while seven residents escaped after placing dummies in their beds as decoys.

Despite emphasis in state law on ensuring the security of these facilities, DOC officials were unable to provide a precise total of escapes over that time period for all halfway house facilities.

The OSC audit also found the state failed to meet its own guidelines for on-site monitoring of the halfway houses, conducting only a small fraction of the required number of site visits. In 2009, DOC’s four administrators documented spending 104 days in the field for such visits when more than 600 days were required. Two of the facilities did not receive any documented site visits.

Even when site visits were conducted, the audit found, none were truly unannounced as required under DOC policy. That policy requires both announced and unannounced visits. One halfway house director had on her wall a copy of a DOC administrator’s schedule listing both scheduled and “unannounced” visits.

The audit also found halfway houses were deficient in meeting their obligation to notify local law enforcement when an inmate is beginning work-release employment in the community. A review of 22 employed inmate files at two halfway houses found 10 files that did not contain the required notification. Staff at one halfway house stated that no outreach was made to law enforcement from November 2009 to June 2010 because that job position at the halfway house had been left vacant. DOC’s contract with the facility specifically permitted it to assess damages in such circumstances, yet it did not, the audit found.

The disciplinary process for halfway house residents accused of misconduct is also flawed, OSC found. According to the audit, many disciplinary charges against residents were dismissed because of a lack of appropriate documentation from halfway house providers.

Specifically, OSC reviewed 29 disciplinary hearing reports from 2009 and 2010 in which either “no cause for action" or "not guilty" determinations were made and found 12 of the residents received such rulings because disciplinary reports were not properly completed or necessary information was not provided. The audit noted that these kinds of failings may enable residents who should be re-incarcerated to remain in the halfway house, with potential security implications.

The separate review from OSC's procurement division also raised questions about whether DOC's largest halfway house provider should be eligible to provide these halfway house services, considering its subcontracting arrangement with a for-profit company. Current state law restricts DOC to delegating correctional responsibilities to non-profit entities. Upon OSC’s recommendation, DOC will ask the state Department of Law and Public Safety to re-examine the arrangement.

DOC's supervision of halfway house providers is administered by its Office of Community Programs whose 18 employees earned combined salaries of more than $1.2 million in 2010.

In all, the audit makes 28 recommendations to enhance DOC's oversight. DOC’s response notes that it is working to implement the recommendations. For example, in response to OSC’s recommendation to perform an outcome-based evaluation to measure the performance of each halfway house program, DOC will take steps to determine and analyze recidivism patterns for halfway house residents.