



**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
ARAMARK CONTRACT AND THE COLLEGE PROGRAMS**

**SPECIAL AUDIT**

**FOR THE PERIOD OF JULY 1, 1998 THROUGH OCTOBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**

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### Report of Independent Accountants

Mr. Reginald Wilkinson, Director  
Ohio Department of Rehabilitation and Correction  
1050 Freeway Drive, North  
Columbus, Ohio 43229

We have conducted a "Special Audit" and performed the procedures summarized below and detailed in our "Supplement to the Special Audit Report," for the period November 1, 1998 through October 31, 2000, for the food service program administered at Noble Correctional Institution (NCI); and for the period July 1, 1998 through June 30, 1999 ("the Period") for the college program supervised by the Ohio Department of Rehabilitation and Correction (ODRC) as administered at NCI and Belmont Correctional Institution (BCI). These procedures were performed solely to:

1. Understand the contractual billing requirements for the meals served by ARAMARK, Inc. (ARAMARK) to inmates at NCI;
2. Determine whether the amount billed by ARAMARK to NCI was in accordance with the written contract provisions;
3. Understand the operations of the Ohio Central School System and the college program including the Ohio Penal Education Consortium criteria for admitting inmates to the college program;
4. Determine whether participating colleges billed NCI and BCI only for inmates eligible for and enrolled in the college program; and
5. Review and report on ODRC's progress of its internal audit of the remaining college programs.

This engagement to apply procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the users of the report. Consequently, we make no representation regarding the sufficiency of the procedures discussed below for the purpose for which this report has been requested or for any other purpose. The procedures we performed and the significant results of those procedures are summarized as follows:

#### Food Service Program

1. We reviewed the contract between NCI and ARAMARK and its amendments signed by representatives from the Ohio Department of Administrative Services, the Director of ODRC and the Warden of NCI. We identified the basis for payment to ARAMARK for meals served at NCI.

**Significant results:** Approximately three months after the effective date of ARAMARK's two year contract, the basis for payment was modified through verbal amendments from actual meals served to a percentage of the average weekly inmate population. NCI personnel did not appear to support these verbal amendments and submitted memos to ODRC's finance department recommending ARAMARK's invoices not be paid because they did not conform to the original written contract. The verbal amendments were memorialized in writing following the initiation of this Special Audit. The Ohio Department of Administrative Services and ODRC should develop written policies and procedures for amending its service contracts.

2. We compared the number and dollar value of inmate meals billed by ARAMARK and paid by ODRC to NCI's inmate counts of the number and dollar value of meals served.

**Significant result:** Based on actual meal counts, ARAMARK served 2,803,722 meals during the period November 1998 to October 2000. However, by paying ARAMARK based on the verbal amendments to the written contract, ODRC paid ARAMARK as if they had served 4,462,649 meals during the same period resulting in NCI/ODRC paying \$2.08 million more than required by the original, written contract.

### College Program

1. We gained an understanding of the operation of the college program, and its different implementations between NCI and BCI through interviews of relevant individuals and review of contracts and grant agreements.

**Significant results:** We noted inconsistencies regarding responsibility for determining eligibility, reviewing attendance records, and maintaining eligibility and attendance documentation. Language of personal service contracts and sub-grant agreements between ODRC and participating colleges and universities stipulated that payment was based on student enrollment. Actual attendance in class was not considered a basis for reimbursement. Attendance records necessary to support the issuance of *Good Days* sentence reductions were not available or when available, insufficiently documented full attendance. Neither NCI nor BCI maintained documentation sufficient to document the completion of the community service requirement of the *Standards for Role Model College Student*.

2. We reviewed college program invoices charged against state appropriations for Noble and Belmont Correctional Institutions.

**Significant results:** We noted inmates billed on invoices who did not appear on attendance documentation and inmates appearing on attendance documentation who did not appear on college invoices. Contracts with colleges and universities to provide educational services used enrollment, rather than actual attendance, as the basis for payment. For illustrative purposes, we calculated payments to the colleges providing services to NCI and BCI as if they were based on actual attendance throughout the year and noted a savings of \$156,000. We found inmates billed who either did not meet eligibility requirements or for whom we could not locate sufficient eligibility documentation to evaluate against the criteria.

3. We reviewed college program invoices for Noble and Belmont Correctional Institutions payment of which was funded by the Federal *Workplace and Community Transition Training for Incarcerated Youth Offenders* grant.

**Significant results:** We noted inmates billed on invoices who did not appear on attendance documentation. Contracts with colleges and universities to provide educational services used enrollment, rather than actual attendance, as the basis for payment. For illustrative purposes, we calculated payments to the colleges providing services to NCI and BCI as if they were based on actual attendance throughout the year and noted a savings of \$30,250. We noted inmates billed who either did not meet eligibility requirements or for whom we could not locate sufficient eligibility documentation to evaluate against the criteria. We reported Federal questioned costs totaling \$15,750.

4. We reviewed the results of ODRC's internal audit of the college program and inquired of ODRC personnel of changes made to the college program as a result of this special audit and its internal audit.

**Significant results:** Based on the preliminary results of our special audit of the college program at NCI and BCI, we developed an audit program which was executed by the ODRC Internal Audit Department to determine the existence and prevalence of issues noted at NCI and BCI at other correctional institutions. Those internal reviews noted that ODRC paid colleges and universities \$615,650 for which documentation did not exist to support eligibility or attendance and \$2,233,291 for which documentation indicated the inmate was not eligible and/or did not attend class. Because a portion of the college program is funded by a grant from the U.S. Department of Education, we will forward a copy of this report to the U.S. Department of Education for their consideration of potential federal questioned costs. For participants paid with State funds, ODRC should negotiate an agreement with each college or university to recover payments for inmates who were not eligible, did not attend class, or for which no documentation was maintained to support compliance with program requirements.

The identification of the significant weaknesses and their prevalence as a result of both this special audit and the completion of internal reviews performed by ODRC's Internal Audit Department have lead to substantial changes by ODRC in the administration and operation of the college program for fiscal year 2002.

On October 29, 2001, we held an exit conference with the following Officials representing the Ohio Department of Rehabilitation and Correction:

Mr. Tom Stickrath, Assistant Director  
Ms. Andrea Dean, Special Assistant  
Mr. Greg Trout, Chief Legal Counsel  
Mr. Gary Mohr, Deputy Director  
Mr. Terry Collins, Deputy Director

The attendees were given an opportunity to respond to this Special Audit. A written response was received on November 5, 2001. The response was evaluated and changes were made to the report where we deemed appropriate.

Our detailed procedures and the results of applying these procedures are contained in the attached "Supplement to the Special Audit Report." Because these procedures do not constitute an examination conducted in accordance with generally accepted auditing standards, we do not express an opinion or limited assurance on any of the accounts or items referred to above. Also, we express no opinion on ODRC's internal control system over financial reporting or any part thereof. ODRC is a department of the State of Ohio and is included as part of the State of Ohio financial audit. Had we performed additional procedures, or had we conducted an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report is limited to transactions reviewed in relation to the procedures listed above, and does not extend to any financial statements of the State of Ohio taken as a whole.

This report is intended for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Reports by the Auditor of State are a matter of public record and use by other components of state government or local government officials is not limited.

**Jim Petro**  
Auditor of State

July 25, 2001



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### BACKGROUND

### Food Service Contract at Noble Correctional Institution

On September 17, 1999, the Office of the Auditor of State (AOS) received a telephone call from an anonymous individual who alleged that ARAMARK, Noble Correctional Institution's (NCI) food service contractor, was billing NCI for inmate meals not served. According to the caller, NCI management had informed officials at the Ohio Department of Rehabilitation and Correction (ODRC) of these billing irregularities, however, ODRC management ordered that the invoices be paid-in-full. The caller alleged that these billing irregularities may have resulted in ODRC paying ARAMARK approximately \$1 million more than what was required by the contract for the period November 1, 1998 through September 30, 1999.

On October 8, 1999, AOS representatives met with Jeffrey Wolfe, Warden, Howard Wilson, Deputy Warden of Administration, and Brenda Duffey, Business Administrator (NCI prison officials) to determine the validity of these allegations. The prison officials confirmed the allegations, and provided the AOS representative with a copy of the ARAMARK contract. The contract stated ARAMARK was to be paid for the actual number of meals served, and was effective for the period November 1, 1998 through September 30, 2000.

The prison officials related the following timeline of events which led ODRC and ARAMARK to amend the original contract:

In the summer of 1998, the Ohio Department of Administrative Services (ODAS) accepted bids for a contract to provide breakfast, lunch, dinner, snacks and emergency meals to NCI inmates. Various private companies and state workers bid on the contract for the period of October 1, 1998 through September 30, 2000. ARAMARK was awarded the contract as the lowest bidder.

At ODRC's request and with the agreement of Canteen, Inc., the prior food service provider, and ARAMARK, the successful bidder, the contract was amended to become effective on November 1, 1998. The duration of the contract was not altered which meant that the contract termination date became October 31, 2000. Canteen, Inc. needed additional time to conclude its affairs and depart NCI.

In December 1998, NCI administration met with ARAMARK corporate personnel and representatives of the Purchasing department of ODAS to discuss sanitation concerns presented by NCI. At that time, ARAMARK verbally agreed to address these concerns by January 31, 1999.

In January 1999, a food assessment team composed of ODRC representatives and officials from another correctional institution, following up on previous concerns, concluded that satisfactory progress in addressing NCI concerns had not been made and that the contract should be dissolved. At the end of January 1999, ARAMARK contacted the Warden at NCI and requested ARAMARK be released from its contractual obligations. The Warden at NCI agreed.

Rather than terminate the contract, representatives from ODRC, NCI, ARAMARK, and ODAS met in February 1999 and verbally amended the contract to increase ARAMARK's reimbursement rate per meal. The February verbal amendment adjusted the reimbursement basis from actual meals served to a formula which assumed that 90% of the weekly inmate population received three meals each day. However, according to NCI personnel, actual meal counts indicated that only approximately 64% of inmates attended the meals made available to them. NCI personnel provided invoices and memos regarding the change in the reimbursement basis and the meeting held in February 1999.

In May 1999, precipitated by a decline in NCI's inmate population below 2,250, ODRC and ARAMARK met without representatives from NCI and ODAS and, again, verbally amended the contract. The verbal amendment changed the percentage of the average weekly inmate population assumed to have received three meals a day from 90% to 100%. NCI personnel provided invoices and memos regarding the change in the reimbursement basis from 90% to 100%. ODAS indicated there were/are no written policies addressing amendments to contracts.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

The contract with ARAMARK for food service operations at NCI expired on October 31, 2000. On November 1, 2000, food service operations at NCI were being provided by state employees.

NCI personnel provided AOS with copies of memos it submitted to ODRC's finance department recommending invoices from ARAMARK not be paid because they did not conform to the original written contract. ODRC paid the invoices at the rates specified in the verbally amended contract rates.

On October 12, 1999, the Special Audit Committee voted to review the ARAMARK food service program as part of the annual management review of ODRC for fiscal year ending June 30, 1999. The recommended scope of this review included:

- Determining whether the verbal contract amendments made by ODRC and ODAS violated any State law or contract provision.
- Determining the amount of payments which ODRC paid to ARAMARK as a result of these verbal amendments; and
- Reviewing the monitoring report issued by ODRC which outlined the substandard performance of ARAMARK at NCI.

On February 2, 2000, the Special Audit Committee voted to expand the scope of this review into a special audit and to include a review of allegations made about ODRC's college program. The Background Information for the college program is located on page 17.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Issue No. 1 - Review of Contract Between ARAMARK and Noble Correctional Institution

We reviewed the contract between NCI and ARAMARK and its amendments signed by representatives from the Ohio Department of Administrative Services, the Director of ODRC and the Warden of NCI. We identified the basis for payment to ARAMARK for meals served at NCI.

#### Procedures

1. We reviewed the original contract between NCI and ARAMARK and its amendments signed by representatives from ODAS, the Director of ODRC and the Warden of NCI. We identified the basis for payment to ARAMARK for inmate meals served at NCI.
2. We met with Jeffrey Wolfe, NCI Warden, Howard Wilson, NCI Deputy Warden of Administration, and Brenda Duffey, NCI Business Administrator to obtain an understanding of the circumstances surrounding the verbal contract amendments to the ARAMARK contract agreed to by representatives from ODRC, ODAS, and ARAMARK.
3. We contacted ODRC's legal counsel to obtain an understanding of the verbal amendments made to the ARAMARK contract.
4. We contacted David Hooden, ODAS State Purchasing Department, to discuss the verbal amendments which were made to the NCI/ARAMARK contract and determine whether those verbal amendments were/are permitted under ODAS policies.

#### Results

1. ODAS awarded a contract to ARAMARK for food service at NCI for the period of October 1, 1998 through September 30, 2000. We reviewed the initial contract and four written addendums. Addendum Nos. 1, 3 and 4 related to a change in the effective period of the contract from October 1, 1998 to November 1, 1998 in different sections of the contract. Addendum No. 1 indicated it was issued at ODRC's request and as the result of a mutual agreement between ARAMARK and ODRC. Addendum No. 2 amended the requirements for maintaining inventory in the food service area and the perimeter warehouse. Addendum Nos. 3 and 4 were issued to correct the effective dates on the pricing schedule.

The contract included specifications for preparation of meals and snacks, mealtimes, menus of meals, responsibilities of ARAMARK, and a price schedule for payment per meal, emergency meals, and snacks for the inmates. In addition, the contract specified the method to be utilized by ARAMARK to bill NCI for its services. Section XII Part B of the contract provided the following requirements for generating invoices:

- ▶ The contractor (i.e., ARAMARK) shall prepare and submit an itemized invoice on a monthly basis to NCI.
- ▶ The invoice shall show the cost of service in detail and be categorized as follows:
  1. Meals, type of meal multiplied by the number of meals served, broken down by date served.
  2. Emergency meals served.
  3. Snacks served.
  4. Special Events.
  5. Credits back to the Institution.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Section V Part A of the contract provided the following definition for meals served: "the contractor will be paid by actual number of meals served each day. Meals served will be verified by inmate card scanner report or other method agreed upon by the contractor and warden."

Precipitated by our special audit, in April 2000, ODRC prepared Addendum No. 5 which amended the written contract to reflect the change in the basis of billing from actual meals served to a formula which assumed 90% of the average weekly inmate population received three meals per day, and Addendum No. 6 which adjusted the percentage of average weekly inmate population from 90% to 100%. On May 1, 2000, Jeffrey Wolfe, NCI Warden signed these amendments as directed by the Central Office of ODRC. These addenda were also signed by the Director of ODRC, and representatives from ODAS and ARAMARK.

### 2. History of the NCI/ARAMARK contract.<sup>1</sup>

**November 1998** NCI contracted with ARAMARK Corporation to purchase, cook and serve meals to inmates at NCI. Shortly after ARAMARK began, NCI management notified the Central Office of ODRC through verbal communications and sanitation reports about concerns regarding menus, serving sizes and quality of food served.

**December 1998** ODAS State Purchasing Department, NCI administration, and ARAMARK met to discuss NCI administration's concerns. The following contractor expectations were developed and documented in a memo summarizing the meeting.

- A. ARAMARK was to conduct an investigation, determine the validity of the concerns, and submit to NCI a corrective action plan designed to eliminate them.
- B. ARAMARK was to consult with Mr. David Wells, its Training/Transitions Manager, to assist in implementing the corrective action plan.
- C. Craig Rich, NCI Contract Compliance Manager, was to prepare and submit a weekly report on the progress of resolving NCI administration's concerns to ODAS State Purchasing Department and to ARAMARK.
- D. ARAMARK was to resolve sanitation, cleanliness, food substitution and portioning issues by January 31, 1999.
- E. ARAMARK was to correct personnel issues including training, on-site permanent management and adequate supervision by no later than March 31, 1999.

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<sup>1</sup>History provided by NCI Warden Jeffrey Wolfe, Deputy Warden of Administration Howard Wilson, and Business Administrator Brenda Duffey

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### January 1999

A Food Service Assessment team, comprised of representatives from the Food Services Division of ODRC, the Corrections Medical Center, ODRC North Central Correctional Institution and the Correctional Reception Center, visited NCI to determine the extent to which ARAMARK had corrected the issues concerning sanitation, cleanliness, food substitution, and serving sizes. The assessment team concluded that the concerns raised by NCI administration were not satisfactorily resolved and that contract dissolution should proceed.<sup>2</sup>

NCI interpreted contract language calling for use of ODRC recipe cards as requiring the use of "Armed Forces Recipe Cards." These cards specify recipe ingredients and amounts of ingredients for the recipe and also establish serving sizes. As a result of being forced to utilize these recipe cards as the basis for serving sizes, ARAMARK representatives contacted Tom Haskins, NCI Warden (at that time) and requested ARAMARK be removed from the contract. Both parties agreed that ARAMARK would be removed from the contract.

### February 1999

On February 4, 1999, Mr. Eric Dahlberg, ODRC Regional Corrections Director called Mr. Howard Wilson, NCI Deputy Warden of Administration and informed Mr. Wilson that Mr. Reginald Wilkinson, Director of ODRC and John Donovan, President, ARAMARK Correctional Services, met and determined that the NCI/ARAMARK contract would be revised rather than terminated.

ARAMARK representatives met with individuals from ODRC, NCI and ODAS to discuss ARAMARK's concerns with the current contract. During this meeting ARAMARK contended that it would not increase the portion sizes at the current reimbursement rate per meal. Despite the fact that ARAMARK had not satisfactorily addressed sanitation and supervision issues, as pointed out by the ODRC Food Service Assessment Team, ODRC and ODAS representatives verbally amended ARAMARK's contract to change ARAMARK's basis for calculating the meals served and reimbursed. Instead of paying ARAMARK for the number of meals actually served as provided in the original contract, ARAMARK now would be paid for three meals per day, seven days a week, for 90% of the average weekly inmate population; which at that time was approximately 2,250 inmates. In return, ARAMARK verbally agreed to increase the portion sizes. This verbal amendment was made retroactive to November 1, 1998. **The original written contract was not amended in writing to reflect this change until, precipitated by our special audit, an amendment was executed on May 1, 2000.**

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<sup>2</sup> See Appendix A for specific conclusions reported by the assessment team.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

According to Ms. Duffey, at the time this verbal amendment was made, NCI housed approximately 2,250 inmates and based on NCI's turnstile counts and computerized scanners, only 63% attended any given meal. During the period of November 1998 through April 29, 1999, NCI inmates were served 774,080 meals. Using the verbally amended basis of three meals per day, seven days a week, for 90% of the average weekly population, ARAMARK billed NCI and received payment for 1,215,000 meals served. **This resulted in ARAMARK receiving payments for 440,920 additional meals totaling \$545,418.**

### May 1999

NCI's inmate population dropped below 2,250 inmates. As a result, the basis for billing was again verbally amended. This time an inter-office memorandum was sent to NCI management by Mr. Gary Mohr, ODRC Deputy Director of Administration which indicated that an agreement was reached between ODRC and ARAMARK. The new agreement provided that NCI would pay ARAMARK for three meals per day, seven days a week, for 100% of the average weekly inmate population. **Again, the original written contract was not amended in writing to reflect this change until May 1, 2000.**

During the period of May 1, 1999 through the end of the contract on October 31, 2000, NCI inmates were served 2,029,642 meals by ARAMARK. Using the verbally amended basis of three meals per day, seven days a week, for 100% of the average weekly population, ARAMARK billed NCI and received payment for 3,247,649 meals. **This resulted in ARAMARK receiving payments for 1,218,007 additional meals totaling \$1,535,815.**

3. ODAS considered the need for a written contract amendment at the February 1999 meeting, and concluded that the new basis for billing NCI constituted an ". . . other method agreed upon by the contractor and the Warden" as referenced in Section V, Part A of the contract and, therefore, a written amendment was not required.<sup>3</sup>
4. ODAS was not present at the May 1999 meeting at which the billing formula was, again, adjusted and agreed to verbally by ARAMARK and ODRC, and, therefore, was unaware of it until after the amendment was in effect.<sup>4</sup>
5. ODAS concludes that the verbal amendments did not violate any ODAS policy because ODAS has no policy outlining either the procedures to be followed when negotiating and implementing a contract amendment, or the point at which contract amendments require the rebidding of the entire contract.<sup>4</sup>

We will recommend that ODAS and ODRC develop written policies and procedures to be followed by State agencies when amending service contracts.

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<sup>3</sup>Source: ODRC's legal counsel.

<sup>4</sup>Source: David Hooden, ODAS State Purchasing Department

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### MANAGEMENT COMMENT

The payment provision within the written contract between the Noble Correctional Institution (NCI) and ARAMARK Correctional Services was verbally amended in February 1999 and, again, in May 1999. ODAS, the contracting authority, had advance knowledge only of the February 1999 amendment.

The Government Finance Officers Association recommends that all steps of the procurement process, including contract amendments, be in writing.<sup>5</sup>

These amendments resulted in NCI/ODRC paying ARAMARK \$2.08 million<sup>6</sup>, or 59%, more than originally agreed upon in the written contract for the period November 1, 1998 through October 31, 2000.

Precipitated by our special audit, these verbal amendments were memorialized and executed in May 2000. According to ODAS State Purchasing Department, which is the department responsible for administering all contracts which are to be competitively bid by State agencies:

- ▶ ODAS was aware of verbal contract amendment which was agreed upon by NCI/ODRC and ARAMARK in February 1999; however, ODAS did not require the verbal amendment to be memorialized in writing and incorporated into the contract;
- ▶ ODAS was made aware of the verbal contract amendment which was agreed-upon by NCI/ODRC and ARAMARK in May 1999 after the agreement was reached; however, ODAS did not require the verbal amendment to be memorialized in writing and incorporated into the contract;
- ▶ ODAS did not take issue with the fact that the verbal amendments resulted in ARAMARK receiving approximately \$2.08 million, or 59%, more than the original contract terms;
- ▶ ODAS does not have written policies or contract guidelines which State agencies should follow when amending their purchased service contracts;
- ▶ ODAS does not have a policy which requires that contracts be re-bid when contract amendments result in a significant increase or decrease to the original contract terms (e.g., an increase in price, levels or units of service).

We recommend ODAS establish written policies and procedures to be followed by all State agencies when amending their purchased service contracts. The policies should require:

- ▶ ODAS approval of all amendments to competitively bid contracts;
- ▶ All amendments should be incorporated into the original written contract via a written contract amendment;
- ▶ Guidelines for evaluating whether changes in contract terms (i.e. changes in unit price, length of contract, or basis for payment) are significant enough to require rebidding of the contract should be established. For example, any changes to the contract terms which results in an increase in the contract price in excess of 20% (or another threshold estimated by ODAS) would require the contract to be rebid.

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<sup>5</sup>Watt, Patricia C., *An Elected Officials Guide to Procurement*, Government Finance Officers Association, Chicago, Illinois, 1995.

<sup>6</sup>Amount developed in Issue No. 2.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>Issue No. 2      Comparison of Number and Value of Inmate Meals Billed by ARAMARK to NCI Counts</b>
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We compared the number and dollar value of inmate meals reflected on ARAMARK invoices which were paid by ODRC to the number and dollar value of meals actually served according to NCI inmate counts.

### Procedures

1. We interviewed NCI personnel to obtain an understanding of the procedures followed when counting the number of meals served.
2. We compared the amount paid under the contract by ODRC to ARAMARK to the amount that would have been paid under the original bid of ARAMARK. The latter amount was calculated by multiplying the daily meal counts provided to us by NCI by the per meal rates stipulated in the NCI/ARAMARK contract.

### Results

1. The manner in which meals were counted changed during the Period:

**Prior to January 29, 1999**

Both NCI and ARAMARK personnel simultaneously used handheld counters to determine the number of inmates attending each meal. At the end of each day, an average of the two counts was calculated, and ARAMARK used the average number when preparing its invoice for NCI.

**On January 29, 1999**

A scanner was implemented and used to determine the number of meals served. Each inmate was issued an identification card which was scanned each time an inmate attended a meal. If the scanner was off-line, handheld counters were used until the scanner returned to working order and the sum of the scanner and hand counts were used to determine number of meals served.

**Beginning in March 1999**

Turnstiles were also used in conjunction with the QSS scanners. ARAMARK used the higher of the two counts (i.e., (the scanner or hand counts) or the turnstile) when preparing its invoice for NCI.



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

2. The payment method agreed to verbally resulted in ARAMARK receiving \$2.08 million more than it would have received under the original written contract.

<u>Month</u>	<b>(A)</b>			<b>(B)</b>					
	<u>Number of Meals Served</u>	<u>Single Meal Rate Per the Contract</u>	<u>Amount Due ARAMARK, if Payment Based on the Number of Meals Served</u>	<u>Amount Paid to ARAMARK</u>	<u>Amount Paid to ARAMARK in Excess of Actual Meals Served</u>				
November 1998	120,602	*	\$1.237	=	\$149,185	-	\$217,094	=	\$67,909
December 1998	160,685	*	\$1.237	=	198,766	-	292,241	=	93,475
January 1999	128,966	*	\$1.237	=	159,530	-	233,793	=	74,263
February 1999	114,993	*	\$1.237	=	142,246	-	233,793	=	91,547
March 1999	134,826	*	\$1.237	=	166,780	-	292,241	=	125,461
April 1999	114,008	*	\$1.237	=	141,028	-	233,793	=	92,765
May 1999	113,239	*	\$1.237	=	140,076	-	224,033	=	83,957
June 1999	134,925	*	\$1.237	=	166,902	-	272,499	=	105,597
July 1999	102,975	*	\$1.237	=	127,380	-	212,056	=	84,676
August 1999	104,088	*	\$1.237	=	128,757	-	207,047	=	78,290
September 1999	130,172	*	\$1.237	=	161,022	-	254,953	=	93,931
October 1999	103,456	*	\$1.271	=	131,493	-	203,942	=	72,450
November 1999	99,874	*	\$1.271	=	126,940	-	197,033	=	70,093
December 1999	119,625	*	\$1.271	=	152,043	-	244,356	=	92,313
January 2000	94,846	*	\$1.271	=	120,549	-	195,732	=	75,183
February 2000	100,585	*	\$1.271	=	127,844	-	204,125	=	76,281
March 2000	131,898	*	\$1.271	=	167,642	-	266,868	=	99,226
April 2000	108,389	*	\$1.271	=	137,762	-	220,097	=	82,335
May 2000	108,613	*	\$1.271	=	138,047	-	220,044	=	81,997
June 2000	133,917	*	\$1.271	=	170,209	-	271,901	=	101,692
July 2000	103,125	*	\$1.271	=	131,072	-	208,147	=	77,075
August 2000	99,205	*	\$1.271	=	126,090	-	202,878	=	76,788
September 2000	123,387	*	\$1.271	=	156,825	-	253,865	=	97,040
October 2000	<u>117,323</u>	*	\$1.271	=	<u>149,118</u>	-	<u>236,006</u>	=	<u>86,888</u>
	<u>2,803,722</u>				<u>\$3,517,305</u>		<u>\$5,598,537</u>		<u>\$2,081,233</u>

(A) - Per NCI daily meal count logs reflecting the higher of the turnstile, or hand count plus the QSS scanner count.

(B) - Per ARAMARK invoices and related payments from ODRC which were based upon 90% of the daily inmate population for the period November 1998 through January 1999 and 100% of the daily inmate population for the period February 1999 through December 1999.

Based on actual meal counts, NCI served 2,803,722 meals during the period November 1998 to October 2000. However, by paying ARAMARK based on the verbal amendments to the written contract, ODRC paid ARAMARK as if they had served 4,462,649 meals during the same period.

**SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

**COLLEGE PROGRAMS**

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>BACKGROUND</b>	<b>College Programs at Noble and Belmont Correctional Institutions</b>
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The Ohio Central School System (OCSS) is a department of ODRC and administers various academic and vocational programs distributed among 28 participating institutions. During fiscal 1999, average monthly alleged enrollment exceeded 13,000 inmates representing over one-quarter of Ohio's inmate population. Among the programs offered by OCSS is a vocational education program referred to as the *college program* administered in conjunction with participating educational institutions and which provides vocational training and certification to inmates.

The Ohio Penal Education Consortium (OPEC) is an organization consisting of 16 Ohio colleges and the participating correctional institutions which acts as an advisory council to the Ohio Central School System. OPEC recommends criteria for inmate program eligibility. ODRC adopted the eligibility criteria recommended by OPEC for participation in the college program. These criteria are known as *Standards for Role Model College Students*. These standards are designed to be used to determine eligibility of students whose participation in the college program is funded by state appropriations. Federal grant provisions stipulated eligibility of students whose participation in the college program are funded by Federal grant dollars.

The college program is funded by state budget appropriations and a Federal grant. A U.S. Department of Education *Workplace and Community Transition Training for Incarcerated Youth Offenders* grant funds vocational training for offenders under the age of 26 at the start of an academic year who otherwise meet Federal eligibility criteria. State appropriations cover the costs of vocational training for offenders who are not funded by the Federal program, but who meet the *Standards for Role Model College Students*.

Participating colleges provide post-secondary employment skills education<sup>7</sup> services and bill OCSS for inmates eligible to participate in the college program. Terms of a sub-grant from ODRC (for Federal funding) and personal service contract from OCSS<sup>8</sup> (for state funding) govern the relationship between the colleges and the institutions. The colleges provide up to one year and two year certificates in various trades including business, culinary arts, tree trimming, and computers. An OCSS contact person is responsible for verifying delivery of services billed under the sub-grant and personal service contract.<sup>9</sup>

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<sup>7</sup>The personal service contract refers to a less restrictive standard of "post-secondary education," but, in practice, the services provided under the Federal grant and state program are identical and are vocational in nature.

<sup>8</sup>OCSS is a department of ODRC.

<sup>9</sup>Under the terms of both the sub-grant and personal service contract, an ODRC contact person was assigned responsibility for processing invoices and verifying service delivery. In practice, for the portion of the program funded by state dollars, this control was applied at the OCSS organizational level by a person other than the person specified in the sub-grant or contract.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

On January 21, 2000, Joel Atkinson, Noble Correctional Institution (NCI) School Administrator, Anita Livingston, Ohio Central School System Regional School Principal and Belmont Correctional Institution (BCI) School Administrator, and Howard Wilson, NCI Deputy Warden of Administration expressed concern regarding certain aspects of administration of the college program at NCI and BCI. Their concerns were as follows:

1. Ineligible inmates were enrolled in the program. ODRC policy titled *College Enrollment Criteria & Recompense for Students Receiving Subsidized Employment Skills Training* requires that “[i]nmates who receive subsidized employment skills training must provide a minimum of 240 hours (service) per calendar year” as a Certified Tutor, Teacher Aide, Learning Aide, or Study Aide. Sufficient documentation was not maintained to demonstrate compliance with this policy or available documentation demonstrated non-compliance with the policy.
2. The colleges did not monitor inmate participation and attendance. Class participation and attendance are one of the *Standards for Role Model College Students* which determines continued eligibility in the program.
3. Colleges billed and ODRC paid for inmates not enrolled in the program or who did not attend classes. For example, institutions were billed for inmates who had transferred out or were released from the program.
4. Mr. Atkinson alleged that Dr. Samuel Jackson, ODRC Director of Higher Education, advised Ms. Edie Wilson, College Coordinator for Muskingum College and Muskingum Area Technical College, to bill NCI for ineligible participants after Mr. Atkinson informed both Ms. Wilson and Dr. Jackson of the ineligible participants and advised them to remove ineligible inmates from the invoices.
5. Ms. Livingston stated she was instructed by Dr. Samuel Jackson to sign invoices which both knew were inaccurate. Ms. Livingston sent correspondence to the main office of ODRC indicating she would not sign the inaccurate invoices. The invoices were processed and paid without her signature.
6. Ms. Livingston stated she was instructed by Dr. Jackson to sign invoices without checking their validity.
7. Mr. Wilson stated he attended meetings in which Dr. Samuel Jackson instructed the colleges to bill for the full amount of the grant, regardless of the number of students attending, and to bill for that amount in advance of providing the services.
8. Ms. Livingston stated she had similar concerns with the administration of the college program at BCI. For example, BCI was billed for expected participation which was in excess of actual participation by approximately 200 inmates.

These allegations were provided to the Special Audit Committee which voted on February 2, 2000 to initiate a special audit of the program, and combine it with the special audit of possible overpayments to ARAMARK Correctional Services, Inc. for food service operations at NCI.

## **SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

### **SCHEDULE OF OFFICIALS AND ADMINISTRATIVE PERSONNEL AS OF 6/30/99**

#### **Ohio Department of Rehabilitation and Correction (ODRC)**

Reginald Wilkinson, Director of ODRC  
Samuel Jackson, Director of Higher Education

#### **Ohio Central School System (OCSS)**

Jerry McGlone, Superintendent  
Jack Littlefield, Treasurer  
Anita Livingston, Regional Principal

#### **Belmont Correctional Institution (BCI)**

Arthur Tate, Jr. , Warden  
Frank Smith, Education Coordinator

#### **Belmont Technical (BTC)**

David Smith, College Coordinator

#### **Noble Correctional Institution (NCI)**

Jeffrey Wolfe, Warden  
Howard Wilson, Deputy Warden of Administration  
Joel Atkinson, School Administrator

#### **Muskingum College (MC) and Muskingum Area Technical College (MATC)**

Edie Wilson, College Coordinator

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>Issue No. 1    Review of the College Program at Selected State Correctional Institutions</b>
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We gained an understanding of the operation of the college program, and its different implementations between Noble Correctional Institution (NCI) and Belmont Correctional Institution (BCI) through interviews of relevant individuals and review of contracts and grant agreements.

### Procedures

#### Ohio Central School System

1. We interviewed Dr. Samuel Jackson, Director of Higher Education, ODRC, and Dr. Jack Littlefield, Treasurer, OCSS, to obtain an understanding of the creation and operation of the college program at the various State correctional institutions.

We read relevant provisions of contracts and sub-grant agreements between ODRC and Muskingum Area Technical College, Muskingum College Belmont Technical College to identify the college's documentation and reporting requirements, responsibility for preparing invoices and allowable charges per student.

We read relevant provisions of the grant agreement between the U.S. Department of Education and ODRC titled *Workplace and Community Transition Training for Incarcerated Youth Offenders*, and the subgrant awards from ODRC to Muskingum Area Technical College and Belmont Technical College to identify requirements for expending funds from this Federal grant program.

We interviewed Ms. Anita Livingston, OCSS Regional School Principal, to determine her involvement with the college programs at BCI and NCI and in the billing process.

#### Noble Correctional Institution

2. We interviewed Joel Atkinson, NCI School Administrator to identify the criteria used in determining inmate eligibility for the college program, the eligibility documentation maintained by NCI, the procedures to process invoices from the colleges, and whether those procedures included reviews and verifications of enrollments and class attendance.

We interviewed Ms. Edie Wilson, College Coordinator for Muskingum College and Muskingum Area Technical College to identify the eligibility and attendance documentation she maintained regarding courses provided by Muskingum College and Muskingum Area Technical College and the procedures used to prepare invoices for remittance to NCI.

#### Belmont Correctional Institution

3. We interviewed Mr. Frank Smith, Education Coordinator, Ms. Kathy Allen, Regional Education Secretary, and Ms. Lisa Burkhart, Education Specialist, to determine eligibility and attendance documentation requirements, responsibilities for maintaining eligibility and attendance documentation, and whether the procedures followed to process invoices from the colleges included review and verification of enrollment.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We interviewed Mr. David Smith, College Coordinator for Belmont Technical College, to identify eligibility attendance documentation he maintained regarding courses provided by Belmont Technical College and the procedures used to prepare invoices for remittance to BCI.

### Results

#### 1. Ohio Central School System (OCSS)

##### Background of college program.<sup>10</sup>

The *college program* is really two programs -- a state program and a Federal program. The state program is funded by state appropriations. The Federal program is funded by a U.S. Department of Education Grant. Inmates under 26 years of age can receive services under the Federal program. Inmates over 25 years of age can receive services under the state program. Inmates whose 26<sup>th</sup> birthday falls within the academic year remain in the Federal program through the end of the academic year.

OPEC and the Ohio Board of Regents established eligibility criteria and per student costs of services. The criteria for continued eligibility are codified in ODRC policy 105-04 *College Enrollment Criteria & Recompense for Students Receiving Subsidized Employment Skills Training* and in published *Standards for Role Model College Students*. Reimbursement to the colleges is established on a per student basis and stipulated in the terms of the personal service contracts or sub-grant agreements.

To be eligible under either the state or Federal program, an inmate must:<sup>11</sup>

- a. Possess a high school diploma or GED;
- b. Achieve a total reading score of at least 8.0 on the test administered when the inmate entered the prison;
- c. Be eligible for parole in under five years, but have enough incarceration time left to complete an approved program;
- d. Not be a repeat violent offender as defined in Senate Bill 2;
- e. Have fewer than three separate adult incarcerations;
- f. Not have completed a 2 or 4 year college degree;
- g. Must meet the college admissions criteria to maintain enrollment.

The OPEC was created to advise ODRC in establishing enrollment and eligibility standards for the college program and work with participating educational institutions to establish the curriculum.

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<sup>10</sup>Source: Interviews with Drs. Samuel Jackson, Director of Higher Education, ODRC, and Jack Littlefield, Treasurer, OCSS, and with Ms. Anita Livingston, Regional Principal, OCSS.

<sup>11</sup>These criteria are more extensive than the criteria for eligibility under the Federal grant.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

There are approximately 15 colleges/universities participating in the program, providing vocational education to 23 institutions. Inmates apply for the program to either the college coordinator for the participating college/university or the School Administrator for the prison. Eligibility is determined by the person to whom application for participation is made. At NCI application is made to and eligibility determined by the prison School Administrator. At BCI application is made to and eligibility determined by the College Coordinator.

Contracts and sub-grant agreements between ODRC and the participating colleges and universities established an estimated maximum enrollment for the academic year. **Note:** Dr. Jackson and Mr. Littlefield interpreted this provision as authorizing payment at the estimated maximum level of enrollment or above, if justified by enrollment higher than the estimate, for the entire academic year regardless of actual enrollment levels.

The estimated maximum enrollment was based on actual fall enrollment in past years. Fall enrollment levels are usually the highest of the academic year. Under the state funded program, NCI and BCI were charged annual tuition based on fall enrollment. Inmates enrolling after the fall term were billed at the annual rate if the maximum number of enrollees allowed under the contract had not been exceeded. Under the Federal program, NCI and BCI were billed quarterly based upon fall enrollment. Inmates enrolling after the fall term were billed at the quarterly rate if the maximum number of enrollees allowed under the sub-grant agreement had not been exceeded.

If actual enrollment exceeded the estimated enrollment at the beginning of the academic year, ODRC also paid the colleges/universities for the inmates in excess of the estimated enrollment. Dr. Littlefield indicated even if the prison did not maintain its highest enrollment during the academic year, invoices based on the highest enrollment were justified because of fixed costs incurred by colleges/universities to provide instructors, textbooks and other materials for the entire academic year.

Dr. Littlefield stated that colleges invoiced on either a quarterly or semester basis depending upon its schedule, and no colleges received an entire year's payment at the beginning of the academic year. **Note:** Upon review of the payments made to the colleges participating in the program at NCI and BCI, we noted that they typically billed on a yearly basis for inmates eligible for the state program and on a quarterly basis for inmates eligible for the Federal program.

Inmates were required to complete community service projects to maintain eligibility under the *Standards for Role Model College Student*. The College Coordinators at the local colleges/universities were responsible for organizing community service programs for the inmates.<sup>12</sup> In addition to the eligibility requirements discussed, *College Enrollment Criteria & Recompense for Students Receiving Subsidized Employment Skills Training* specifies that inmates participating in college programs are to provide at least 240 hours service *per calendar year* as a certified tutor, teacher aide, life coach, peer learning aide, or other community service.

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<sup>12</sup>Neither the sub-grants nor personal service contracts reviewed established this as a sub-grantee or contractor requirement.



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Ms. Anita Livingston, OCSS Regional Principal, oversaw the college program at NCI and BCI and was responsible for approving invoices submitted by the local colleges/universities before remitting the invoices to either ODRC for payment with Federal funds or the Ohio Central School System for payment with state funds. Ms. Livingston was unable to review attendance records at or attendance records reviewed did not agree with invoices submitted by the College Coordinators at Muskingum College and Muskingum Technical College for NCI, and Belmont Technical College for BCI. Ms. Livingston informed ODRC that she would not approve the invoices due to numerous inaccuracies or a lack of supporting documentation. Invoices not approved by Ms. Livingston were, nevertheless, processed and paid by OCSS or ODRC.

### Contractual requirements of prison and colleges/universities.<sup>13</sup>

The contractor (college or university) agrees to provide educational courses on site. The service evaluation criteria includes the number of students enrolled; satisfactory classroom instruction; and consistency of course work with the approved curriculum.<sup>14</sup> The college agrees to complete all documentation and reporting requirements prescribed by ODRC. ODRC did not produce documentation of its prescription for documentation and reporting requirements or that its documentation and reporting requirements were ever prescribed. The college completes and submits invoices as appropriate. Invoices are to be prorated for each term of the normal academic year and submitted to the ODRC contact person in advance of the beginning of each academic term. All invoices required verification and approval by a contact person at the correctional institution.

Contract reimbursement rates:

**Per Student Per Course Reimbursement for Fiscal 1999**

		Taught By	
		Public Institution	Private Institution
Funding	Federal	\$1,500	NA <sup>15</sup>
	State	\$1,000	\$3,000

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<sup>13</sup>Source: Contracts between NCI and Muskingum College, NCI and Muskingum Area Technical College, and BCI and Belmont Technical College.

<sup>14</sup>Criteria are no more explicit than this. Determining compliance with these criteria, as written, would require subjective judgments and be open to broad and differing interpretations.

<sup>15</sup>Private Institutions are not permitted to participate in the Federal grant.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Relevant requirements of Federal grant to ODRC.<sup>16</sup>

The grant is awarded pursuant to the U.S. Department of Education program called *Workplace and Transition Training for Incarcerated Youth Offenders* grant. The Code of Federal Domestic Assistance (CFDA) Number is 84.331A. The grant amount awarded for the period of July 1, 1998 through June 30, 1999 was \$761,846. The grant award notification states the award is subject to the provisions of the approved state plan and the applicable acts and regulations.

To qualify for participation in this grant, an inmate must:

1. Be incarcerated in a state prison;
  - a. Be eligible to be released on parole in 5 years;
  - b. Be 25 years of age or younger; and
  - c. Possess a secondary school diploma or its equivalent.

### Relevant requirements of subgrants from ODRC to participating institutions.<sup>17</sup>

Requests for funds were required to be prorated for each term for the normal academic year and submitted to the ODRC contact person prior to the beginning of each academic term. The ODRC contact person was required to verify service delivery and invoices. Ms. Anita Livingston stated that she was responsible for approving invoices submitted by contractors under the college program at both NCI and BCI.<sup>18</sup> The subgrantee was required to comply with all applicable Federal statutes, regulations, policies, and requirements including OMB Circulars that governed the application, acceptance and use of the Federal funds. The subgrantee agreed to allow the Federal government access to all books, documents, and records needed to verify the sub-grantees and/or subcontractors costs. Inmate eligibility is determined on the basis of the criteria established in the Federal grant.

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<sup>16</sup>Source: Grant agreement between the U.S. Department of Education and ODRC.

<sup>17</sup>Source: Subgrant agreement between ODRC and Belmont Technical College.

<sup>18</sup>The ODRC contact person in the sub-grant agreement was designated as Mr. Tim Phillians. However, in practice this responsibility fell to Ms. Anita Livingston for NCI and BCI contractors.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### 2. Noble Correctional Institution

#### NCI administration of college program<sup>19</sup>

NCI provides informational material about the college program to its inmates. The document is titled *Noble Correctional Institution Sequoyah School College Handbook*, and it also sets out institutional policy with respect to the program. This handbook includes an institutional attendance policy and eligibility criteria established by ODRC policy and the *Standards for Role Model College Students*. The inmates contact Ms. Edie Wilson, College Coordinator for Muskingum College and Muskingum Area Technical College, or Mr. Atkinson, NCI School Administrator to express their interest in the college program. Upon identification of their interest, inmate eligibility for the program is evaluated by Mr. Atkinson using the criteria established by ODRC policy.

Eligibility determinations are documented on OPEC criteria sheets and maintained on file at NCI. The prison has a sentence reduction program linked to classroom attendance. The program, called the *Good Days* program, reduces an inmate's sentence by one day for each month in which they attend 100% of their classes or have one excused absence. At NCI, attendance was tracked by Ms. Edie Wilson, College Coordinator for Muskingum College and Muskingum Area Technical College.

Mr. Atkinson matched invoices submitted for payment to attendance records and notified Ms. Wilson on numerous occasions where invoices billed for students who did not attend classes or had transferred to another institution and were no longer enrolled in the program at NCI. Mr. Atkinson provided us copies of memos submitted to Ms. Wilson requesting revised invoices. Mr. Atkinson indicated if an inmate did not attend 100% of the classes or had more than one unexcused absence in a month, he did not reduce the inmate's prison sentence by one day as described in the *Good Day* policy.

Section 2.01 of the *Noble Correctional Institution Sequoyah School College Handbook* sets out an attendance standard for NCI. This standard establishes that, to remain enrolled in the program, an inmate may have no more than one unexcused absence per month and no more than 25% of classes in a month may be missed due to excused absences. The attendance policy also establishes the responsibility of the college staff member to take attendance and discourages the practice of inmates taking attendance for other inmates.

ODRC policy establishes a community service enrollment standard of 240 hours in a calendar year in one of four job categories. We observed an email from Ms. Livingston sent to Dr. Littlefield indicating the "then College Coordinator was awarding community service completion certificates even if the inmate has only worked 80 or less."

We reviewed memos purporting to document the community service projects the inmates had participated. These memos contained no indication of the type of work performed (i.e., the job categories) or the number of hours worked. Mr. Atkinson also indicated he had received reports of the community service requirements in which many of the inmates did not meet the threshold as a result of the College Coordinator not obtaining enough projects for the inmates to meet this requirement.

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<sup>19</sup>Source: Interview with Mr. Joel Atkinson, NCI School Administrator.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Inmates were allowed to complete more than one certificate program. The *Post-Secondary Education in Ohio Prisons Report and Recommendations as Required by House Bill 117* prepared by the Penal Education Study Committee, recommends inmates not be eligible for multiple one or two-year college programs. Mr. Atkinson provided us with a report listing the inmates who received certificates from the college program in 1997. The report listed 14 instances where an inmate earned more than one certificate.

Upon receipt of an invoice from Muskingum College or Muskingum Area Technical College, Mr. Atkinson verified the names on the invoice agreed with those enrolled in the program per the eligibility files maintained at NCI. Once in agreement, he forwarded the invoices to Anita Livingston, OCSS Regional Principal, for her approval. Upon Ms. Livingston's approval, the invoice was submitted to OCSS for payment if billed under the state program, or to ODRC for payment if billed under the Federal program.

### Contractor administration<sup>20</sup>

The colleges do not determine eligibility or maintain documentation of the determinations. Ms. Wilson maintains attendance sheets which document inmate class attendance. Attendance is taken by classroom instructors. Fall enrollment is determined by the number of inmates attending classes during the first week of the term. An annual invoice is prepared and submitted to NCI based on fall enrollment. In subsequent terms, new participants are identified by comparing attendance sheets to fall enrollment.

Invoices for new participants are prepared and submitted to Mr. Atkinson, NCI School Administrator. Our review of the invoices prepared by Ms. Wilson indicated Muskingum College invoiced NCI in the summer and winter for the students participating in an entire academic year and that the number of students was based on the enrollment at the beginning of the academic year or Winter Quarter. Muskingum Area Technical College invoiced NCI in the Summer and Fall Quarters. These invoices were also based the number of students on the enrollment at the beginning of the academic year or Winter Quarter.

### **3. Belmont Correctional Institution**

#### BCI administration of college program<sup>21</sup>

Inmates desiring to enroll in the college program contacted Mr. Frank Smith, BCI Education Coordinator, or Mr. David Smith, Belmont Technical College Coordinator. Program eligibility was determined by Mr. David Smith, Belmont Technical College Coordinator, using OPEC Criteria Sheets, and BCI reviewed available determinations.

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<sup>20</sup>Source: Interview with Ms. Edie Wilson, College Coordinator, Muskingum College and Muskingum Area Technical College.

<sup>21</sup>Source: Interviews with Mr. Frank Smith, BCI Education Coordinator, Ms. Kathy Allen, BCI Regional Education Secretary, and Ms. Lisa Burkhart, BCI Education Specialist.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

BCI or Ms. Anita Livingston, reviewed periodic invoices submitted to BCI by Belmont Technical College. The inmates for whom services were being billed were checked against available attendance records. Eligibility was checked by reference to original sources (reading scores, GED confirmation). BCI personnel reported the following concerns about the eligibility determinations by BTC:

- ▶ Some determinations were inaccurate.
- ▶ Some criteria sheets were incomplete.
- ▶ Some criteria sheets were unavailable for review.
- ▶ Criteria sheets were not supported by source documentation, like attendance logs, which supported the *Good Days* awarded to inmates.
- ▶ OPEC Criteria Sheets were not reviewed by anyone at the prison.

Invoices were sent by BCI to OCSS (state program) and ODRC central office (Federal program) for payment.

### Contractor administration<sup>22</sup>

**Eligibility:** Upon receiving a request to enroll in the college program, Mr. David Smith determined the inmate's eligibility using the criteria established by OPEC. He documented the determination on OPEC Criteria Sheets and sent them to Ms. Livingston, OCSS Regional Principal, who maintained them. He indicated it was sometimes difficult to obtain information such as birth dates, reading scores, and whether the inmate had a high school diploma or GED. In those instances, he relied solely on information provided by the inmate.

**Attendance:** Mr. David Smith prepared a worksheet to indicate which inmates should be credited with *Good Days* sentence reductions. An inmate is entitled to a *Good Days* sentence reduction of one or two days for each month of perfect attendance. **Note:** We reviewed the supporting documentation<sup>23</sup> for *Good Days* sentence reductions to determine its extent in supporting the inmates claim to *Good Days*. The spreadsheet provided for us to review indicated over 700 instances of inmate jail sentences credited *Good Days* without proper attendance documentation or which did not document perfect attendance. Mr. David Smith, College Coordinator, indicated he scanned the inmate sign-in sheets and attendance sheets when available and had an inmate assist him in determining which inmates should receive the *Good Days*.

**Community Service Hours:** ODRC's role model college students standards required inmates participating in college programs to provide at least 240 hours per calendar year as a certified tutor, teacher aide, life coach, peer learning aide, or community service. We reviewed documentation maintained for the 240 hours of community service requirement for continued enrollment in the program at BCI. A monthly In-kind Match Term Log report was completed by Mr. David Smith. He indicated these reports were generated from information supplied by inmates and no documentation was available to support the report. Mr. Frank Smith, Education Coordinator at BCI, indicated the reports included inmates who were no longer at the institution.

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<sup>22</sup>Source: Interview with Mr. David Smith, College Coordinator, Belmont Technical College.

<sup>23</sup>Source: Spreadsheet provided by Mr. Frank Smith, Education Coordinator, BCI.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We reviewed the January 1999 Ohio Central School System Adena Branch Secondary prepared by David Smith and noted the following:

- ▶ Two inmates earned community service hours for the month of January 1999; however, the inmates had been transferred to another institution prior to January 1999.
- ▶ One inmate who left the program on January 9, 1999 had earned 40 hours in the capacity of a tutor with no supporting documentation.
- ▶ Total year to date community service hours (8,450.5) were based on verbal information provided by inmates rather than actual supporting or corroborating documentation.

**Multiple Certificates:** Mr. Smith also indicated inmates may participate in the program for more than one year. The *Post-Secondary Education in Ohio Prisons Report and Recommendations as Required by House Bill 117* report prepared by the Penal Education Study Committee, recommends inmates not be eligible for multiple one or two-year college programs. At BCI, we reviewed the 1998, 1999, and 2000 enrollments of The College program by reviewing invoices and comparing the inmates from year to year. During this review, we noted:

- ▶ 81 inmates listed on the Academic Year 1998 invoice were also listed on the Academic Year 1999 invoices.
- ▶ 23 inmates on the Academic Year 1998 invoice were also listed on the Academic Year 2000 invoice.
- ▶ 32 inmates included on the Academic Year 1999 Winter invoice were also included on the Academic Year 2000 invoice.
- ▶ 28 inmates included on the Academic Year 1998 Summer Invoice were also included on the Academic Year 2000 invoice.

The contract between ODRC and Belmont Technical College stated the number of class sessions must be sufficient to complete the course within the approved time periods. BCI did not track whether an inmate is earning more than one certificate. Since there were inmates listed on more than one academic year's invoice, it was possible inmates are able to earn more than one college certificate which is contrary to the above mentioned report.

**Invoices:** Belmont Technical College generated the invoices utilizing enrollment at the beginning of the academic year for inmates eligible for state funding. Once completed, David Smith, College Coordinator, submitted the invoice to Frank Smith, Education Coordinator at BCI for his review. The invoice was then submitted to Anita Livingston, OCSS Regional Principal, for her review and approval. Once approved, the invoice was submitted by Ms. Livingston to OCSS (state funds) or ODRC (Federal funds) for payment. Mr. Smith indicated when the program expending Federal funds began, he took the enrollment for the first quarter, multiplied it by four and submitted an invoice for the entire school year. He indicated the billing cycle changed to a quarterly basis for academic year 2000. Mr. Smith expressed during the interview concerns on how to invoice for inmates who left or joined the program in the middle of the quarter. Mr. Smith indicated that in the absence of formal guidance from OCSS and BCI, he continued to bill based on the enrollment at the beginning of the academic year or quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Mr. Smith indicated he tracked inmate attendance using attendance sheets which were submitted to Ms. Anita Livingston, OCSS Regional Principal, each quarter. Completed OPEC eligibility determination sheets and the submitted invoices were maintained by Ms. Livingston to allow her to review the invoices submitted by Mr. Smith on behalf of Belmont Technical College.

### MANAGEMENT COMMENTS

#### Written Policies

The contracts and grant awards between ODRC and the colleges providing the course instruction for the college program indicated the colleges agreed to complete all documentation and reporting requirements established by ODRC. We inquired with various ODRC personnel to identify the documentation and reporting requirements prescribed by ODRC; however, ODRC was not able to provide us with documentation indicating ODRC had prescribed such requirements related to the college program. As a result, we noted inconsistencies regarding responsibility for determining eligibility, reviewing attendance records, and maintaining eligibility and attendance documentation. For example: BCI allowed BTC to determine inmate eligibility and which inmates received *Good Days*. Conversely, NCI performed its own inmate eligibility determinations and reviewed attendance records to determine *Good Days* earned.

Formally expressed ODRC policies and procedures addressing aspects of the college program will help ensure consistency in administration of the program and vendor compliance with terms of the personal service contracts and grant agreements.

By not having formally expressed policies and procedures regarding administration of the program, ODRC has experienced variation in administration of the college program and does not have a basis for enforcing appropriate guidelines on its contractors.

We recommend ODRC develop and implement formal documentation and reporting requirements to outline the responsibilities and requirements of the colleges/universities and prisons providing post-secondary education. These policies should address responsibilities and requirements regarding inmate enrollment, eligibility determinations, attendance documentation requirements, and the awarding of *Good Days*. These policies should also include procedures for reviewing invoices submitted by colleges and universities to ensure ODRC pays only for eligible inmates who are consistently attending classes.

#### College Contracts

The personal service contracts and sub-grant agreements between ODRC and the participating colleges and universities stipulated that payment was based on *students*. There is no further delineation of the basis of payment. In practice, the basis was construed by the colleges/universities and ODRC to be students enrolled. Attendance in class was not considered a basis for reimbursement.

The personal service contracts between ODRC and the colleges and universities do not address billing frequency. In practice the colleges billed an annual amount under these contracts for each enrolled student.

The terms of the personal service contracts and sub-grant agreements imply duties on the contracting parties, but those duties are not assigned to a particular party. In practices some duties were performed by one or the other party or were not performed at all. The party performing a contractual duty varied among contracts. For example, eligibility verification at NCI was performed by the prison, while at BCI this duty was performed by the college coordinator.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

The basis of reimbursement in personal service contracts or sub-grant agreements should be unambiguous and not subject to broad interpretation. Billing frequency and format should be explicitly addressed in the terms of contracts. Duties implied by contractual terms should be explicitly identified and assigned.

By entering into contracts that were ambiguous and insufficiently detailed, ODRC paid for services delivered to ineligible participants and paid for services to participants who did not attend classes during the entire year. These effects are detailed in Issue Nos. 2 through 4. By not sufficiently specifying responsibilities for contractual duties, monitoring contract compliance became arduous. In fact, variations in process and amounts and types of documentation were found between the two prisons we reviewed.

We recommend that ODRC revise its personal service contracts and sub-grant agreements to explicitly address basis for reimbursement, billing frequency and format, duties implied by terms of the contracts and agreements, and responsibility for performing the duties.

### **Issuance of Good Days**

*Good Days* are sentence reductions awarded to inmate who achieve stipulated attendance goals in the college program. Attendance records necessary to support the issuance of *Good Days* sentence reductions were not available or were available, but insufficiently documented full attendance. At BCI, inmates were in the position of awarding *Good Days* sentence reductions to other inmates.

Duties implied by ODRC policy should be explicitly assigned and monitored for performance. Documentation requirements should include instructor verification of attendance. Persons responsible for exercising a control, should not directly benefit or be unduly influenced by those that benefit from the exercise of that control.

By not stipulating responsibility and documentation requirements implied by this policy, no or insufficient documentation was maintained to support the award of *Good Days*, and sentence reductions may have been applied to inmates who did not earn them by other inmates.

We recommend that the duties of attendance documentation, implied by the *Good Days* policy be explicitly assigned and monitored for performance. Among the duties should be instructor verification of attendance. Inmates, who may directly benefit or be unduly influenced by those that benefit from the award of *Good Days*, should not be involved in the award process.

### **Community Service Hours**

Neither NCI nor BCI maintained documentation sufficient to document the completion of the community service requirement of the *Standards for Role Model College Student*. By extension, this lack of documentation call into question the accuracy of ODRC's public statement in the Millennium Reflections Calendar that, in 1999, inmates performed over 4,000,000 hours of community service.

Duties implied by ODRC policy and the *Standards for Role Model College Students* should be explicitly assigned and monitored for performance.

By not maintaining sufficient documentation to support community service hours worked, ineligible inmates may have been enrolled in the college program.



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We recommend that the duties of community service documentation, implied by ODRC policy and *Standards for Role Model College Student* be explicitly assigned, and that sufficient documentation be maintained to facilitate monitoring of performance by someone other than those who administer the community service policy.

### **Multiple Certificates**

At NCI, inmates were allowed to complete more than one certificate program. At BCI, documentation was insufficient to conclude that inmate were not allowed to complete more than one certificate program.

The *Post-Secondary Education in Ohio Prisons Report and Recommendations as Required by House Bill 117* report prepared by the Penal Education Study Committee, recommended inmates not be eligible for multiple one or two-year college programs.

NCI was not in compliance, and BCI may not be in compliance with the recommendations of the Penal Education Study Committee.

ODRC should specifically address the multiple certificate recommendation of the Penal Education Study Committee, and, if the recommendation is adopted, develop a policy regarding the award of multiple certificates, design control procedures to assure compliance with the policy, explicitly assign responsibility for performance of the controls, and monitor the effectiveness of the control by persons other than those responsible for performance. In addition, we recommend that, regardless of its decision with respect to the multiple certificate recommendation, ODRC develop procedures to track certificate awards consistently across institutions.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>Issue No. 2    Review of College Program Invoices Charged against State Appropriations for Selected State Correctional Institutions</b>
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We reviewed invoices submitted during fiscal year 1999 by Muskingum Area Technical College (MATC), Muskingum College (MC) and Belmont Technical College (BTC) and examined documentation supporting eligibility for the college program for inmates billed to determine whether NCI and BCI were invoiced and remitted payment only for eligible students.

### Procedures

The following procedures were performed for each of the colleges providing programs at NCI and BCI funded with state monies:

1. We reviewed the personal service contract between ODRC and the college to identify the basis for remitting invoices for payment of services provided under the state program.
2. We obtained the invoices submitted during fiscal year 1999 by the colleges to the correctional institutions for the state program and identified the inmates invoiced by the colleges.
3. We examined invoices to determine whether inmates were billed on more than one invoice covering the same portion of an academic year.
4. We selected inmates from the invoices and verified their eligibility for the program by comparing documentation in the selected inmates' files to documentation required to satisfy the eligibility requirements established by OPEC.
5. For inmates for which we were able to verify eligibility, we examined attendance records and determined how often the selected inmates attended class.
6. We calculated a per class alternative payment amount using the contractual rate for the fiscal year divided by the number of classes scheduled for that fiscal year.
7. We multiplied the number of classes attended by inmates by the alternative payment amount.
8. We compared the amount invoiced by the colleges for inmates to the amount determined by the application of the alternative payment amount. We reported amounts invoiced and paid in excess of that amount
9. We compared students identified on attendance lists to students billed by the college. We identified students who were listed on the attendance sheets but were not billed by the colleges. We reported an amount for services rendered, but not billed, in accordance with the payment alternative.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Results

#### Noble Correctional Institution - Muskingum Area Technical College (MATC)

1. On behalf of ODRC, Dr. Jerry McGlone, Superintendent of the Ohio Central School System, executed a personal service contract with Muskingum Area Technical College (MATC) on June 27, 1997. The contract was for the period of July 1, 1997 through June 30, 1999. The service unit is identified as "students" and a maximum number of "students" was set at 105 for the fiscal year. The contractual rate was set at \$1,000 per student per fiscal year. Maximum compensation under the contract was set at \$105,000. The services to be provided were identified as "post-secondary employment skills instruction." The services were to be delivered on site and by the staff of Muskingum Area Technical College. The times and location of the classes are to be coordinated with the Noble Correctional Institution Principal and School Administrator. A sufficient number of classes were to be offered to enable the student to complete the course within approved time periods.
2. The following invoices were issued by MATC and paid by NCI during fiscal year 1999 and charged against state appropriations by OCSS:

Quarter	Amount of Invoice	Number of Students on Invoice	Portion of School Year Covered by Invoice
Summer Quarter 1998- Culinary Arts	\$19,000	19	Academic Year
Summer Quarter 1998 - Micro Computer Applications	41,000	41	Academic Year
Fall Quarter 1998	<u>39,000</u>	39	Academic Year
	<u>\$99,000</u>		

3. We identified 12 inmates listed on two different invoices. This resulted in MATC receiving \$1,000 twice for each of the 12 inmates or an additional \$12,000. We will recommend that this amount be netted against any negotiated amount of compensation due to MATC for uncompensated educational services provided as noted in Result No. 9.
4. During a review of the school files and computerized records maintained at NCI, we verified Mr. Joel Atkinson, NCI School Administrator, determined eligibility and maintained supporting eligibility documentation. As a result, we selected 5 individuals from each of the invoices identified above and reviewed documentation supporting their eligibility. No discrepancies were noted.
5. *Standards for Role Model College Students* required inmate attendance for continued college admissions. NCI and Ms. Edie Wilson, MATC representative, were unable to provide the daily attendance sheets signed by the inmates. However, we were able to obtain a quarterly attendance sheet which documented inmate attendance each quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We prepared a spreadsheet of inmates listed on the invoices and enrolled in the state program. We compared the inmates listed on each quarter's attendance sheet to those listed on the invoice and summarized the number of students listed on the quarterly attendance sheets.

Quarter	Number of Inmates Listed on Quarterly Attendance Sheets <sup>24</sup>
Summer	59
Fall	38
Winter	26
Spring	<u>18</u>
Total quarters	<u>141</u>

6. We calculated an alternative payment rate based on attendance. If an inmate was listed on the quarterly attendance sheet and the sheet indicated the inmate attended classes, we concluded MATC would have been entitled to \$250 per inmate for the quarter (\$1,000 per year/ 4 quarters). Based upon conversations with NCI personnel, students who either quit the program, transferred to another institution, or were paroled after the first week of classes were considered as having not attended the class for that quarter.
7. If the contract was attendance based rather than enrollment based and the attendance was based on the quarterly attendance sheets, MATC would have received \$35,250 (141 inmates x \$250 per quarter) for services provided.
8. By entering into a contract that was enrollment based rather than attendance based, NCI paid for education services not provided over the course of the academic year to inmates at a cost of \$63,750 (\$99,000 - \$35, 250).
9. We identified 4 inmates in the Fall quarter, 69 inmates in the Winter quarter, and 42 inmates in the Spring quarter which were included on the attendance sheets for that quarter but were not submitted for payment on the MATC invoice to NCI. Had those inmates been billed under an attendance based contract, by quarter, MATC could have billed an additional \$28, 750 (115 students x \$250 per student per quarter). Although the contract between MATC and ODRC was not attendance based, MATC appears to have provided some educational services to these inmates without compensation. We will recommend that ODRC contact MATC to negotiate a reasonable agreement to compensate MATC for the services provided.

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<sup>24</sup>Those identified as attending the classes met the OPEC criteria for eligibility and were listed as attending on the quarterly attendance sheets for the quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Noble Correctional Institution - Muskingum College

1. On behalf of ODRC, Dr. Jerry McGlone, Superintendent of the Ohio Central School System, executed a personal service contract with Muskingum College on June 27, 1997. The contract was for the period of July 1, 1997 through June 30, 1999. The service unit was specified as a student month. The maximum service units were specified as 100 students per month. The rate of payment was specified as \$250 per student per month for 12 months. Maximum contract compensation was specified as \$300,000 (100 students x \$250 per month x 12 months). The services to be provided were identified as "post-secondary employment skills instruction." The services were to be delivered on site and by the staff of Muskingum College. The times and location of the classes are to be coordinated with the Noble Correctional Institution Principal and School Administrator. A sufficient number of classes were to be offered to enable the student to complete the course within approved time periods.
2. The following invoices were issued by Muskingum College and paid by NCI during fiscal year 1999 and charged against state appropriations by OCSS:

Quarter	Amount of Invoice	Number of Students on Invoice	Portion of School Year Covered by Invoice
Summer 1998	\$183,000	61	July 1998 through June 1999
Winter 1999	<u>78,000</u>	52	January 1999 through June 1999
	<u>\$261,000</u>		

3. We identified 2 inmates listed on both invoices which resulted in Muskingum College receiving \$1,500 twice for both of the inmates or an additional \$3,000. We will recommend that this amount be netted against any negotiated amount of compensation due to Muskingum College for uncompensated educational services provided as noted in Result No. 9.
4. During a review of the school files and computerized records maintained at NCI, we verified Mr. Joel Atkinson, NCI School Administrator, determined eligibility and maintained supporting eligibility documentation. As a result, we selected five individuals from each of the invoices identified above and reviewed documentation supporting their eligibility. No discrepancies were noted.
5. *Standards for Role Model College Students* require inmate attendance for continued college admissions. Neither NCI nor Ms. Edie Wilson, Muskingum College Coordinator, were able to provide the daily attendance sheets signed by the inmates. However, we were able to obtain a quarterly attendance sheet which documented inmate attendance each quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We prepared a spreadsheet of inmates listed on the invoices and enrolled in the state program. We compared the inmates listed on each quarter's attendance sheet to those listed on the invoice and summarized the number of students listed on the quarterly attendance sheets.

Quarter	Inmates Attending Classes During the Quarter <sup>25</sup>
Summer	56
Fall	25
Winter	62
Spring	<u>43</u>
	<u>186</u>

6. We calculated an alternative payment rate based on attendance. If an inmate was listed on the quarterly attendance sheet and the sheet indicated the inmate attended classes, we concluded MC would have been entitled to \$750 per inmate for the quarter (\$250 per month x 3 months). Based upon conversations with NCI personnel, students who either quit the program, transferred to another institution, or were paroled after the first week of classes were considered as having not attended the class for that quarter.
7. If the contract was attendance based rather than enrollment based and the attendance was based on the quarterly attendance sheets, Muskingum College would have received \$139,500 (186 inmates x \$750 per quarter) for services provided.
8. By entering into a contract that was enrollment based rather than attendance based, NCI paid for education services not provided over the course of the academic year to inmates at the cost of \$121,500 (\$261,000 - \$139,500).
9. We identified 33 inmates in the Fall quarter, 33 inmates in the Winter quarter, and 57 inmates in the Spring quarter which were included on the attendance sheets for that quarter but were not submitted for payment on the Muskingum College invoice to NCI. Had those inmates been billed under an attendance based contract, by quarter, Muskingum College could have billed an additional \$92,250 (123 students x \$750 per student per quarter). Although the contract between Muskingum College and ODRC was not attendance based, Muskingum College appears to have provided some educational services to these inmates without compensation. We will recommend that ODRC contact Muskingum College to negotiate a reasonable agreement to compensate Muskingum College for the services provided.

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<sup>25</sup>Those identified as attending the classes met the OPEC criteria for eligibility and were listed as attending on the quarterly attendance sheets for the quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Belmont Correctional Institution – Belmont Technical College

1. On behalf of ODR, Dr. Jerry McGlone, Superintendent of the Ohio Central School System, executed a personal service contract with Belmont Technical College (BTC) on June 27, 1997. The contract was for the period of July 1, 1997 through June 30, 1999. The service unit was specified as a student. The maximum service units were specified as 150 students. The rate of payment was specified as \$1,000 per student. Maximum contract compensation was specified as \$150,000 (100 students x \$1,000 per student). The services to be provided were identified as "post-secondary employment skills instruction." The services were to be delivered on site and by the staff of Belmont Technical College. The times and location of the classes are to be coordinated with the Belmont Correctional Institution Principal and School Administrator. A sufficient number of classes were to be offered to enable the student to complete the course within approved time periods.
2. The following invoices were issued by BTC and paid by BCI during fiscal year 1999 and charged against state appropriations by OCSS:

Date of Invoice	Amount of Invoice	Number of Students on Invoice	Portion of School Year the Invoice was Submitted
July 20, 1998	\$95,000	95	Academic Year - State
January 13, 1999	<u>\$50,000</u>	50	Academic Year - State
	<u>\$145,000</u>		

3. We compared the invoices to identify duplication of inmates and identified no instances of an inmate listed on both invoices.
4. For each inmate listed on an invoice, we reviewed documentation supporting their eligibility. We noted the following regarding eligibility of individuals included on the submitted invoices which were charged to the state funding source:

#### July 20, 1998 Invoice

- ▶ Six inmates were ineligible because the inmate did not have a high school diploma or a Graduation Equivalent Diploma (GED).
- ▶ Four inmates were ineligible because the inmate's total reading score was less than the required 8.0.
- ▶ Two inmates were ineligible because the inmate was a repeat offender of a violent crime as defined in Senate Bill No. 2.
- ▶ Four inmates were ineligible because the inmate had more than five years before parole.
- ▶ Seven inmates were ineligible since the inmate was transferred, released or paroled before completion of the program. We compared the date of enrollment in the program, calculated a completion date approximately one year after enrollment, and noted the parole, transfer or release dates occurred before the one year program was completed.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- ▶ There were 12 inmates for which BCI could not locate eligibility documentation. We deemed these individuals ineligible.
- ▶ We noted instances in which an inmate was ineligible for more than one reason resulting in ODRC paying BTC \$30,000 for 30 inmates invoiced who did not meet all of the OPEC eligibility criteria.

### January 13, 1999 Invoice

- ▶ Two inmates were ineligible because the inmate did not have a high school diploma or a Graduation Equivalent Diploma (GED).
- ▶ Six inmates were ineligible because the inmate's total reading score was less than the required 8.0.
- ▶ Three inmates were ineligible because the inmate was a repeat offender of a violent crime as defined in Senate Bill No. 2.
- ▶ One inmate was ineligible since the inmate had more than three separate adult incarcerations.
- ▶ Three inmates were ineligible because the inmate had more than five years before parole.
- ▶ Fifteen inmates were ineligible since the inmate was transferred, released or paroled before completion of the program. We compared the date of enrollment in the program, calculated a completion date approximately one year after enrollment, and noted the parole, transfer or release dates occurred before the one year program was completed.
- ▶ There were four inmates for which BCI could not locate eligibility documentation. We deemed these individuals ineligible.
- ▶ We noted instances in which an inmate was ineligible for more than one reason resulting in ODRC paying BTC \$24,000 for 24 inmates invoiced who did not meet all of the OPEC eligibility criteria.

For the Period, ODRC paid BTC \$54,000 for 54 inmates invoiced who did not meet all of the OPEC eligibility criteria.

5. *Standards for Role Model College Students* required inmate attendance for continued college admissions. BCI and Mr. Dave Smith, BTC College Coordinator, were unable to provide the daily attendance sheets signed by the inmates. However, we were able to obtain a grade roster. For those inmates who received a grade during the quarter, we determined the inmate attended classes for that quarter.

We prepared a spreadsheet of inmates listed on the invoices identified above and compared it to the inmates listed on each quarter's grade roster.



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

The following table reflects the number of inmates attending classes on a quarterly basis for the July 13, 1998 invoice:

Quarter	Inmates Attending Classes During the Quarter <sup>26</sup>
Summer	61
Fall	53
Winter	41
Spring	<u>31</u>
	<u>186</u>

The following table reflects the number of inmates attending classes on a quarterly basis for the January 13, 1999 Invoice:

Quarter	Inmates Attending Classes During the Quarter <sup>27</sup>
Winter	0
Spring	<u>17</u>
	<u>17</u>

6. We utilized the grade rosters to identify whether an inmate was participating in the college program for the entire year. If an inmate was listed on the grade roster as receiving a grade, we concluded BTC would have been entitled to \$250 per inmate for the quarter. Based upon conversations with BCI personnel, students who either quit the program, transferred, or were paroled after the first week of classes were considered as having not attended the class for that quarter.
7. If the contract was attendance based rather than enrollment based and the attendance was based on the quarterly attendance sheets, BTC would have received \$50,750 (203 inmates x \$250 per quarter) for services provided.
8. By entering into a contract that was enrollment based rather than attendance based, BCI paid for education services not provided over the course of the academic year to inmates at the cost of \$94,250 (\$145,000 - \$50,750).
9. We also compared the grade rosters to the invoices and noted 7 inmates included on the grade rosters for 10 quarters which were not included on the invoices submitted by BTC. As a result, BTC provided services for these 7 inmates; however, was not compensated for such. Had those inmates been billed under an attendance based contract, by quarter, BTC could have billed an additional \$2,500 (\$250 per student per quarter x 10 quarters). Although the contract between BTC and ODRC was not attendance based, BTC appears to have provided some educational services to these inmates without compensation. We will recommend that ODRC contact BTC to negotiate a reasonable agreement to compensate BTC for the services provided.

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<sup>26</sup>Those identified as attending the classes met the OPEC criteria for eligibility and were listed as attending on the quarterly attendance sheets for the quarter.

<sup>27</sup>Those identified as attending the classes met the OPEC criteria for eligibility and were listed as attending on the quarterly attendance sheets for the quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### MANAGEMENT COMMENTS

#### Personal Service Contracts

The personal service contracts between ODRC and colleges we reviewed specify payment based on enrollment rather than class attendance. The colleges are paid the amount allocated per student per fiscal year based on attendance during the first week of a term regardless of continuing class attendance throughout the year.

Payments for service rendered over time should be linked with the delivery of those services. Delivery of services should be well defined and not subject to broad interpretation, for example, in this case, service delivery could be defined as the interaction of a student and teacher in a classroom. Periodic accountings of services rendered should be the basis of determining service delivery. Periodic accountings for services rendered on a daily or weekly basis should be more frequent than annual, perhaps quarterly, or monthly or weekly.

By limiting the number of accountings of employment skills training services delivered during a long period, such as a year, to one, the institutions run a greater risk of paying for services not delivered.

Had quarterly accountings of student attendance been used to document service delivery, the institutions would have paid less overall than they did during fiscal year 1999. The table below summarizes the potential for savings associated with using quarterly accountings of attendance as the basis for payment.

#### **Savings for Fiscal Year 1999 Using Quarterly Attendance Documentation as Basis for Payment**

Correctional Institute	Savings based on Quarterly Accountings	Students Attending, but not Billed (Quarterly Basis)	Net Institutional Savings Using Quarterly Attendance
Noble -MATC	\$63,750	\$28,750	\$35,000
Noble - MC	\$121,500	\$92,250	\$29,250
Belmont - BTC	\$94,250	\$2,500	\$91,750
<b>Total</b>	<b>\$279,500</b>	<b>\$123,500</b>	<b>\$156,000</b>

These savings were not achieved by the institutions because the personal service contracts did not specify accountings for attendance more frequently than annual.

We recommend ODRC adopt a policy establishing classroom interaction between students and teacher as the basis for service delivery and requiring documentation of service delivery in the form of attendance lists more frequently than annual, perhaps quarterly, monthly or weekly. This policy should be effected in the personal service contracts it executes with participating educational institutions.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### **Duplicated and Unbilled Inmates**

Our review noted instances where MATC and Muskingum College included the same inmate on separate invoices and received payment on both occasions. Additionally, we noted instances where MATC, Muskingum College, and BTC provided educational services to inmates for which they did not invoice the respective correctional institution and thus did not receive compensation for those services.

Because uncompensated educational services appear to have been provided by MATC, Muskingum College, and BTC, we recommend that ODRC contact each college to negotiate a reasonable agreement regarding compensation to the colleges for the services provided. In the case of MATC and Muskingum College, the amounts associated with instances where the same inmate was included on separate invoices, and the college received payments for both, should be deducted from the negotiated amount of compensation.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>Issue No. 3 - Review of College Program Invoices for Selected State Correctional Institutions funded by the Federal Workplace and <i>Community Transition Training for Incarcerated Youth Offenders Grant</i>.</b>
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We reviewed invoices submitted during fiscal year 1999 by Muskingum Area Technical College (MATC) and Belmont Technical College (BTC) and examined documentation supporting eligibility for inmates enrolled in the Workplace and Community Transition Training for Incarcerated Youth Offenders grant program to determine whether NCI and BCI were invoiced and remitted payment only for eligible students.

### Procedures

The following procedures were performed for each of the colleges providing programs at NCI and BCI funded with Federal monies:

1. We reviewed the subgrant agreement between ODRC and the college to identify the basis for remitting invoices for payment of services provided under the state program.
2. We obtained the invoices submitted during fiscal year 1999 by the colleges to the correctional institutions for the state program and identified the inmates invoiced by the colleges.
3. We examined invoices to determine whether inmates were billed on more than one invoice covering the same portion of an academic year.
4. We selected inmates from the invoices and verified their eligibility for the program by comparing documentation in the selected inmates' files to documentation required to satisfy the eligibility requirements established by the grant.
5. For selected inmates for which we were able to verify eligibility, we examined attendance records and determined how often the selected inmates attended class.
6. We calculated a per class alternative payment amount using the contractual rate for the fiscal year divided by the number of classes scheduled for that fiscal year.
7. We multiplied the number of classes attended by selected inmates by the alternative payment amount.
8. We compared the amount invoiced by the colleges for selected inmates to the amount determined by the application of the alternative payment amount. We reported amounts invoiced and paid in excess of that amount.
9. We compared students identified on attendance lists to students billed by the college. We identified students who were listed on the attendance sheets but were not billed by the colleges. We reported an amount for services rendered, but not billed, in accordance with the payment alternative.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Results

#### Noble Correctional Institution - Muskingum Area Technical College (MATC)

1. Neither NCI nor Ms. Edie Wilson, MATC College Coordinator was able to locate the subgrant agreement between NCI and MATC for FY 1999. We obtained and reviewed the subgrant agreement between ODRC and MATC for FY 2000. We compared the terms and conditions of the FY 2000 subgrant agreement to the FY 1999 subgrant agreement between ODRC and BTC which we were able to obtain from BCI. We noted similarity in the terms and conditions of the MATC FY 2000 and BTC FY 1999 subgrant agreements. We concluded the terms and conditions of the missing MATC subgrant agreement were identical to those of MATC's FY 2000 subgrant agreement. As a result, we used the terms of the MATC FY 2000 subgrant as the authority for program requirements. According to the purchase order contained in the voucher package supporting the invoices, the grant award provided the maximum of 29 students to participate in the grant at a rate of \$1,500 per year for FY 1999 which covered the period of July 1, 1998 through June 30, 1999.
2. The following invoices submitted by MATC were paid by ODRC during fiscal year 1999 with Federal funds:

Quarter	Amount of Invoice	Number of Students on Invoice	Portion of School Year Covered by Invoice
Fall 1998	\$14,500	29	Fall Quarter
Winter 1999	14,500	29	Winter Quarter
Spring 1999	<u>14,500</u>	29	Spring Quarter
	<u>\$43,500</u>		

Note: No summer quarter was billed.

3. We compared the invoices to identify duplication of inmates. We identified no instances of an inmate listed on more than one invoices.
4. We reviewed school files and computerized records maintained at NCI, and verified that Mr. Joel Atkinson, NCI School Administrator, determined eligibility and maintained supporting eligibility documentation. As a result, we selected five individuals from each invoice submitted for payment to review documentation supporting participant eligibility. We found that all inmates billed met the eligibility requirements of the grant.
5. *Standards for Role Model College Students* required inmate attendance for continued college admissions. NCI and Ms. Edie Wilson, MATC representative, were unable to provide the daily attendance sheets signed by the inmates. However, we were able to obtain a quarterly attendance sheet which documented inmate attendance each quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We prepared a spreadsheet of inmates listed on the invoices enrolled in the Federal program. We compared the inmates listed on each quarter's attendance sheet to those listed on the invoice and identified the following:

Quarter	Inmates Attending Classes During the Quarter <sup>28</sup>
Fall	24
Winter	29
Spring	<u>29</u>
	<u>82</u>

6. We calculated an alternative payment rate based on attendance. If an inmate was listed on the quarterly attendance sheet, and the sheet indicated the inmate attended classes, we concluded MATC would have been entitled to \$500 for the quarter (\$1,500 per year / 3 quarters). NCI personnel told us that students who either quit the program, transferred to another institution, or were paroled after the first week of classes were considered as having not attended the class for that quarter.
7. If the subgrant award was attendance based rather than enrollment based, and the attendance was based on the quarterly attendance sheets, MATC would have received \$41,000 (82 quarters x \$500 per quarter) for services provided.
8. By entering into a subgrant agreement that was enrollment rather than attendance based, NCI paid for education services not provided over the course of an academic year to inmates and the cost of that decision was \$2,500 (\$43,500 - \$41,000).
9. All inmates listed on attendance documentation were billed.

### Belmont Correctional Institution - Belmont Technical College (BTC)

1. On behalf of ODRC, Mr. Reginald Wilkerson awarded a Sub-grant Award to Belmont Technical College (BTC) on February 8, 1999. The sub-grant was for the period July 1, 1998 to June 30, 1999. The contract rate was set at \$1,500 for the academic year billed over two quarter at \$750 per quarter. Maximum number of student-quarters to bill was set at 46. Maximum contract reimbursement was set at \$34,500 (\$750 x 46). Services to be provided were identified as Post Secondary Employment Skills Training to eligible youth offenders under the Federal *Workplace and Community Transition Training for Incarcerated Youth Offenders* grant. The grant award also indicated "Request for funds should be prorated for each term for the normal academic year and submitted to the ODRC contact period prior to the beginning of each academic term."

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<sup>28</sup>Those identified as attending the classes met the OPEC criteria for eligibility and were listed as attending on the quarterly attendance sheets for the quarter.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

2. The following invoices were submitted by BTC and were paid by ODRC during fiscal year 1999 with Federal funds:

Date of Invoice	Amount of Invoice	Number of Students on Invoice	Portion of School Year the Invoice was Submitted
January 25, 1999	\$17,250	46	1 Quarter - Federal
January 25, 1999	<u>\$17,250</u>	46	1 Quarter - Federal
	<u>\$34,500</u>		

BTC submitted for payment and BCI paid the identical invoice twice. The invoice was submitted and paid twice to cover the Winter and Spring Quarters for academic year 1999. There was not Federal participation in the Summer 1998 and Fall 1998 quarters.

BTC allowed 46 inmates per quarter to attend classes under the Federal program. This was twice the number indicated by the sub-grant agreement. BTC did not exceed the total dollars allocated it under the program, so in effect it accepted a dollar rate of \$750 per student per academic year (\$375 per student quarter) under the sub-grant.

3. The invoices submitted were identical, however, one inmate was listed twice on each invoice. That error resulted in \$750 in duplicate billings to the program (1 inmate x \$750 reduced dollar rate for academic year). We will issue a Federal questioned cost for this duplicate payment.
4. We reviewed the grant program eligibility requirements established by the U.S. Department of Education. An inmate is considered eligible who is (1) incarcerated in a state prison; (2) eligible to be released on parole in 5 years; (3) 25 years of age or younger; and (4) have obtained a secondary school diploma or its equivalent.

We reviewed documentation supporting eligibility for all inmates billed under the Federal grant by BTC and noted the following instances where 1) inmate documentation did not support eligibility or 2) documentation supporting eligibility could not be found:

- Two inmates were ineligible because the inmates had more than five years before the inmate was eligible for parole.
- Five inmates were ineligible because the inmates were over the age of 25 when entering the program for FY 1999 academic year.
- Five inmates' files did not contain sufficient documentation to support eligibility, and, upon request, BCI was unable to locate the documentation.

We identified 12 instances in which an inmate was ineligible. As a result, BCI remitted payment to BTC for 12 ineligible inmates totaling \$9,000 or (12 inmates x \$750 reduced dollar rate per academic year). We will issue a Federal questioned cost for ineligible inmates.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

5. *Standards for Role Model College Students* require inmate's attendance for continued college program eligibility. BCI and Mr. Dave Smith, BTC representative, were unable to provide the daily attendance sheets signed by the inmates. However, we were able to obtain a grade roster. For those inmates who received a grade during the quarter, we concluded the inmate attended classes for that quarter.

We compared the inmates listed on each quarter's grade roster to those listed on the invoice. The following table reflects the number of inmates attending classes on a quarterly basis:

Quarter	Inmates Attending Classes During the Quarter <sup>29</sup>
Winter	1
Spring	<u>17</u>
	<u>18</u>

We identified 8 inmates listed on the invoices but not on the grade rosters. We concluded that these inmates received no services under the grant. Therefore, we will issue a Federal questioned cost in the amount of \$6,000 (8 inmates x \$750 reduced rate per academic year) for those inmates included in invoices for two quarters which were not documented as participating in the program.

6. We utilized the grade rosters to identify whether an inmate was participating in The College program for the quarter. If an inmate was listed on the grade roster as receiving a grade, we concluded BTC would have been entitled to \$375 per inmate. Based upon conversations with BCI personnel, students who either quit the program, transferred to another institution, or were paroled after the first week of classes were considered as having not attended the class for that quarter.
7. The reduced rate per quarter is \$375. If billing was based on attendance rather than enrollment, BTC would have billed and ODRC would have paid \$6,750 (18 inmates x \$375 per quarter) for services provided.
8. BTC received payments of \$34,500 for services provided to students, and would have received only \$6,750 for services provided if the basis for billing was quarterly attendance rather than enrollment. The cost to BCI of basing payments on enrollment rather than attendance was \$27,750 (\$34,500 - \$6,750).
9. All inmates listed on attendance documentation were billed.

### FEDERAL QUESTIONED COSTS

We reviewed invoices paid by BCI and NCI with funds from the Federal *Workplace and Community Transition Training for Incarcerated Youth* grant. We identified (a) double billing of inmates, (b) billing for inmates ineligible to participate in the program and (c) billing for inmates who were not documented as participating in the classes per the grade roster.

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<sup>29</sup>Those identified as attending the classes met the OPEC criteria for eligibility and were listed as attending on the quarterly attendance sheets for the quarter.



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

To be allowable under Federal awards, costs must be adequately documented.<sup>30</sup> The Federal grant *Workplace and Community Transition Training for Incarcerated Youth Offenders (CFDA 84.331)* provides that inmates who are (1) incarcerated in a state prison; (2) eligible to be released on parole in 5 years; (3) 25 years of age or younger; and (4) have obtained a secondary school diploma or its equivalent are eligible for the program.

We noted the following discrepancies in a review of the inmates billed to BCI's Youthful Offender Grant:

- ▶ We identified 12 instances in which an inmate was ineligible. As a result, BCI remitted payment to BTC for 12 ineligible inmates totaling \$9,000 or (12 inmates \* (2 Qtrs x \$375 per quarter)).
- ▶ We identified 1 instance in which an inmate was listed on the each of the invoices twice totaling \$750.
- ▶ We identified 8 inmates listed on the invoices but not on the grade rosters. This indicates no services were provided to these inmates. BTC received payments totaling \$6,000 for these inmates.

As a result, we are issuing a Federal questioned cost in the amount of \$15,750.

### MANAGEMENT COMMENTS

#### Inmate Eligibility

During fiscal year 1999, Belmont Technical College determined inmate eligibility of BCI inmates for post-secondary education. The eligibility determination was sometimes based upon information supplied by the inmate without confirmation with prison records.

Inmate eligibility for post-secondary education should be based upon accurate information and should agree to prison records. Only eligible inmates should be enrolled in the college programs. We noted 12 inmates who did not meet the established eligibility requirements enrolled in a college program and invoiced to ODRC.

We recommend inmate eligibility determinations be based upon prison records and any information provided by inmates confirmed with prison records. We also recommend, that ODRC periodically review enrolled inmates to ensure they continue to meet the established eligibility requirements.

#### Inmate Billings

BCI did not review invoices from BTC to ensure it invoiced only for eligible inmates who also met the continuing enrollment requirements. We noted one inmate who was duplicated on each invoice submitted by BTC. NCI documented its review by preparing memos to the College Coordinator requesting adjustments to the invoices. However, the invoices were not adjusted by the College Coordinator and ODRC made payments for invoices which were still inaccurate.

Invoices should only include eligible inmates enrolled in college courses and actually attending courses as documented by attendance records.

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<sup>30</sup>OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* Attachment A, Section C (1).

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

As a result, ODRC compensated Belmont Technical College for the same inmate twice, for inmates that were not enrolled, and for ineligible inmates.

We recommend each institution assign an employee to review the college invoices to ensure they contain only one charge per inmate and are for eligible inmates enrolled in the program which also meet the continuing attendance requirements. Attendance should be documented by the instructors and retained to support the invoices submitted by the college. The review should be documented and payments should not be processed until an approved invoice is received.

### **Inmate College Withdrawals**

Withdrawals of BCI inmates were not processed by BTC until the end of each quarter. In addition, inmate withdrawals were not approved by anyone independent of the College.

Inmates who leave the institution or stop attending classes should be withdrawn from the college program in a timely fashion. Withdrawal forms should be signed and dated by the inmate or a responsible prison employee.

As a result, inmates who left BCI prior to the start of the quarter or during the beginning of the quarter were still billed to the ODRC.

We recommend ODRC require the colleges/universities to process withdrawals in a timely fashion and ensure withdraws are approved by someone independent of the college/universities. In addition, an ODRC employee should be responsible for periodically reviewing attendance to ensure non-attending inmates have been withdrawn.

### **Billing Basis for Subgrant Agreements**

The subgrant agreements between ODRC and MATC and BTC specify payment based on enrollment rather than class attendance. The colleges are paid the amount allocated per student per fiscal year based on attendance during the first week of a term regardless of continuing class attendance throughout the year.

Payments for service rendered over time should be linked with the delivery of those services. Delivery of services should be well defined and not subject to broad interpretation, for example, in this case, service delivery could be defined as the interaction of a student and teacher in a classroom. Periodic accountings of services rendered should be the basis of determining service delivery. Periodic accountings for services rendered on a daily or weekly basis should be more frequent than annual, perhaps quarterly, or monthly or weekly.

By limiting the number of accountings of employment skills training services delivered during a long period, such as a year, to one, the institutions run a greater risk of paying for services not delivered.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Had quarterly accountings of student attendance been used to document service delivery, the institutions would have paid less overall than they did during fiscal year 1999. The table below summarizes the potential for savings associated with using quarterly accountings of attendance as the basis for payment.

**Savings for Fiscal Year 1999 Using Quarterly Attendance Documentation as Basis for Payment**

Correctional Institute	Savings based on Quarterly Accountings
Noble - MATC	\$2,500
Belmont - BTC	\$27,750
<b>Total</b>	<b>\$30,250</b>

These savings were not achieved by the institutions because the subgrant agreements did not specify accountings for attendance more frequently than annual.

We recommend ODRC adopt a policy establishing classroom interaction between students and teacher as the basis for service delivery and requiring documentation of service delivery in the form of attendance lists more frequently than annual, perhaps quarterly, monthly or weekly. This policy should be effected in the personal service contracts it executes with participating educational institutions.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Issue No. 4 Review of ODRC's Internal Audit of the College Program

We reviewed the results of ODRC's internal audit of the college program, and inquired of ODRC personnel of changes made to the college program as a result of this special audit and its internal audit.

#### Procedures

1. We reviewed the results of ODRC's internal audit of eligibility and attendance documentation at 11 institutions served by 7 colleges or universities.
2. We interviewed various ODRC officials to determine whether any changes have occurred in Ohio Central School System since the beginning of our special audit.

#### Results

1. As we reviewed the college programs administered at NCI and BCI and noted the numerous significant weaknesses reported in Issues No. 1 through No. 3 of this report, we requested ODRC perform internal reviews of the college program at other correctional institutions to determine whether issues similar to those identified at NCI and BCI were present at other institutions. In conjunction with ODRC, we developed an audit program to conduct those reviews.

ODRC internal audit staff conducted reviews of documentation and compliance with eligibility and attendance requirements at 11 additional correctional institutions:

Lebanon Correctional Institution  
London Correctional Institution  
Madison Correctional Institution  
Orient Correctional Institution  
Warren Correctional Institution  
Trumbull Correctional Institution  
Richland Correctional Institution  
Northeast Pre-release Center  
Franklin Pre-release Center  
Ohio Reformatory for Women  
Correction Receptions Center

These institutions, when combined with our review of NCI and BCI represent 13 of the 28 institutions participating in the college program. The 7 additional colleges and universities reviewed, when combined with the three institutions covered in our review, account for 10 of the 16 colleges and universities participating in the Ohio Penal Education Consortium. Their review period covered 1998-2000, and included a review of support for eligibility and attendance requirements under both the Federal and state programs.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

The results of ODRC's internal reviews noted that many of the weaknesses identified by this special audit, also occurred and were prevalent at other ODRC correctional facilities. ODRC's review, covering a three year period, found that the colleges and universities billed and received \$615,650 for which documentation did not exist to support a student's eligibility or attendance for the program. Additionally, colleges and universities billed and received \$2,233,291 for which documentation indicated that the inmate was not eligible or did not attend class. Summaries of amounts received by each college/university are included as Appendices B and C. The identification of the significant weaknesses and their prevalence as a result of both this special audit and the completion of internal reviews performed by ODRC's Internal Audit Department have lead to substantial changes in how the college program is administered and operated by ODRC at all correctional institutions in the State for fiscal year 2002. A summary of the significant changes are included in Result No. 2 of this issue.

2. Based on the preliminary results of our special audit of the college program at NCI and BCI, we developed an audit program which was executed by the ODRC Internal Audit Department to determine the existence and prevalence of issues noted at NCI and BCI at other correctional institutions. Based on the results of the special audit and ODRC's internal reviews of other institutions, the following organizational and procedural changes have occurred to the college program:<sup>31</sup>
  - ▶ An operations manager position was created within OCSS whose responsibilities include reviewing appropriate audit standards, developing policies and procedures for ODRC/OCSS, visiting education program sites, coordinating records retention, troubleshooting operational issues with Assistant Superintendent, and establishing a training and development program
  - ▶ A quality assurance director position was created within OCSS whose responsibilities include overseeing audit standards applicable to CEA, ACA and internal management, conducting institutional site visits, conducting institutional internal management audits, and monitoring policy and procedure development process.
  - ▶ Regional audit training was established to prepare OCSS staff for the new 39 educational programming standards.
  - ▶ ODRC has requested each institution's Warden review all students enrolled in the school and college programs.
  - ▶ ODRC has developed 4 new policies related to:
    - ▶ *On-site Advanced Employment Skills Training* effective February 15, 2001 which establishes criteria governing recruitment, eligibility, retention, and dismissal of inmates in advanced employment skills training programs and determines recompense by inmates receiving subsidized college-level employment skills training.

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<sup>31</sup>Source: Discussion with ODRC officials Andrea Dean, Chief, Public Affairs, and Roger Parrot, Chief Internal Audit.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- ▶ *Inmate Education Records* effective April 4, 2001 which establishes a uniform procedure for the maintenance and handling of inmate education records within the Ohio Central School System and the Ohio Department of Rehabilitation and Correction.
- ▶ *Ohio Penal Education Consortium Fiscal Issues* effective March 20, 1991 which establishes accountability and consistency in the payment of invoices for advanced employment skills training provided to ODRC by OPEC colleges and universities.
- ▶ *Earned Credit for Productive Program Participation* effective February 2001 which provides for the systematic and uniform application of earned credit for those inmates eligible for sentence reduction.
- ▶ Assigned principals and executive staff to audits of training programs in other institutions to enhance the diffusion of best practices among all institutions.
- ▶ Established a newsletter *Quality Corner* to communicate tips for assuring compliance with audit standards.
- ▶ Improved dialogue with colleges and reviewed all education contracts.
- ▶ Revised contracts to clarify billing practices, establish responsibility for contractual duties, and include the following language:

“The Independent Contractor may invoice at the rate of \$xxx per quarter hour for each eligible student actively enrolled in the program as of the closing date for each quarter. For the purposes of this section, the term “actively enrolled” shall apply to those eligible students remaining in the program, who have been in continuous attendance at all classes and have met all other program requirements as of the end of the fifteenth day of the quarter. To be an “eligible student” the student must meet all criteria required by the terms of this contract, all academic criteria required by the college, and all criteria required by ODRC policy for participation in the program.”

### MANAGEMENT COMMENT

#### Internal Audits

ODRC Internal Audit identified, at each program reviewed, instances of lack of documentation for eligibility or attendance, and instances of documented noncompliance with eligibility or attendance standards. This noncompliance and lack of documentation was found in the portions of the program which were funded by Federal and state sources. The costs associated with the findings of noncompliance (\$2,233,291) and lack of documentation (\$615,650) are summarized in this report as Appendices B and C.

Noncompliance with Federal grants or with OMB Circular A-87 (which requires documentation of costs charged to Federal grants) should be reported to the appropriate Federal agency. Noncompliance with ODRC requirements and lack of documentation should be addressed to the appropriate organizational level within ODRC.

## **SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

We recommend that ODRC contact the appropriate Federal agency with monitoring responsibility for the Federal grant, and negotiate a settlement of claims against ODRC which the Federal agency may have for noncompliant expenditures. In a letter dated October 31, 2001, ODRC contacted the U.S. Department of Education to request a meeting to begin negotiating a settlement of the Federal questioned costs. We further recommend ODRC negotiate a settlement with each college or university that has billed the State for participants, who were not eligible, did not attend class or for which no documentation could be found to support compliance.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### APPENDIX A

The following excerpts were taken from the report prepared by the Food Service Assessment Team based upon their observations of ARAMARK performance during their site visit to NCI on January 25-26, 1999:

Area of Concern Reviewed	Team's Assessment of Area
Sanitation and Cleanliness	"The sanitation levels observed were inexcusable." The report also indicated ARAMARK appeared to recognize the concerns, but were slow to respond.
Security/Inmates Control & Supervision	"The lack of correctional environment experience and the overtly evident disdain for the vendor by ODRC Bargaining Unit clearly contributes to inmate workers taking advantage of the food service line staff." The report states ARAMARK should increase "direct involvement in inmate worker's assignments in production, preparation, storeroom and food handling/service areas."
Equipment Use & Maintenance	"Clearly the lack of training on proper use, safety, cleaning and maintenance is a concern." The assessment also indicated that a point needs to be determined as to when ARAMARK should be liable for damages as a result of the lack of training, cleaning and maintenance.
Planning, Production & Meal Service	During the on-site visit, the assessment team observed a near riot during breakfast as a result of the vendors strict compliance with portion size(s). ARAMARK strictly followed the meal portions required per the contract and contended that if portions were to be increased the cost per meal would also increase and thus, ARAMARK would not increase the portion sizes. The report indicated this issue needed to be addressed at a higher level of management.
Personnel	A concern was expressed regarding what would occur when the permanent on-site manager was chosen and the six on-site ARAMARK individuals left.

The assessment team's report also indicated that "many of the listed concerns had not been resolved to the satisfaction of the Institution's personnel or the team. Attempts that have been made have either not been addressed, sustained, have been ineffective or are yet to be implemented. It is the expressed opinion of Warden Haskins that expectations will not be met to satisfaction and dissolution of this contract should proceed."

The overall conclusion of the report indicated "with the exception of a brief period of satisfaction, with the previous vendor, participation of this scope has been problematic since its inception at institutions of this caliber. The pervasive air of "we" versus "them" contributes to the perception of ineffectiveness and inability to perform. On the other hand, neglect to implement foundational food service practices and management tools speaks volumes."



## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Appendix B College Program Payments for Inmates by College/University and Correctional Institution Documented Noncompliance with Program Eligibility and/or Attendance Standards Federal and State Funds Combined Fiscal Years 1998 Through 2000 Combined

	Wilmington College	Columbus State	Hocking College	University of Urbana	Cuyahoga County Community College	Ohio University	Ashland College	Total
Lebanon Correctional Institution	\$171,800	-	-	-	-	-	-	\$171,800
London Correctional Institution	-	\$58,350	-	\$990,900	-	-	-	1,049,250
Madison Correctional Institution	-	158,475	-	-	-	-	-	158,475
Orient Correctional Institution	-	-	\$66,500	-	-	-	-	66,500
Warren Correctional Institution	93,100	-	-	-	-	-	-	93,100
Trumbull Correctional Institution	-	-	-	-	-	-	\$200,775	200,775
Richland Correctional Institution	-	-	-	-	-	-	49,350	49,350
Northeast Pre-release Center	-	-	-	-	\$12,416	-	-	12,416
Franklin Pre-release Center	182,700	-	-	-	-	-	-	182,700
Ohio Reformatory for Women	-	44,325	-	177,600	-	-	-	221,925
Corrections Reception Center	-	-	-	-	-	\$27,000	-	27,000
<b>Total</b>	<b>\$447,600</b>	<b>\$261,150</b>	<b>\$66,500</b>	<b>\$1,168,500</b>	<b>\$12,416</b>	<b>\$27,000</b>	<b>\$250,125</b>	<b>\$2,233,291</b>

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Appendix C College Program Payments for Inmates by College/University and Correctional Institution Compliance with Program Eligibility and/or Attendance Standards Undocumented Federal and State Funds Combined Fiscal Years 1998 Through 2000 Combined

	Wilmington College	Columbus State Community College	Hocking College	University of Urbana	Cuyahoga County Community College	Ohio University	Ashland College	Total
Lebanon Correctional Institution	\$80,100	-	-	-	-	-	-	<b>\$80,100</b>
London Correctional Institution	-	\$14,000	-	\$303,000	-	-	-	<b>317,000</b>
Madison Correctional Institution	-	-	-	-	-	-	-	-
Orient Correctional Institution	-	-	\$142,050	-	-	-	-	<b>142,050</b>
Warren Correctional Institution	9,000	-	-	-	-	-	-	<b>9,000</b>
Trumbull Correctional Institution	-	-	-	-	-	-	\$29,550	<b>29,550</b>
Richland Correctional Institution	-	-	-	-	-	-	1,650	<b>1,650</b>
Northeast Pre-release Center	-	-	-	-	\$2,000	-	-	<b>2,000</b>
Franklin Pre-release Center	29,800	-	-	-	-	-	-	<b>29,800</b>
Ohio Reformatory for Women	-	-	-	-	-	-	-	-
Corrections Reception Center	-	-	-	-	-	\$4,500	-	<b>4,500</b>
<b>Total</b>	<b>\$118,900</b>	<b>\$14,000</b>	<b>\$142,050</b>	<b>\$303,000</b>	<b>\$2,000</b>	<b>\$4,500</b>	<b>\$31,200</b>	<b>\$615,650</b>



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**OHIO DEPARTMENT OF REHABILITATION AND CORRECTIONS**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 9, 2001**