

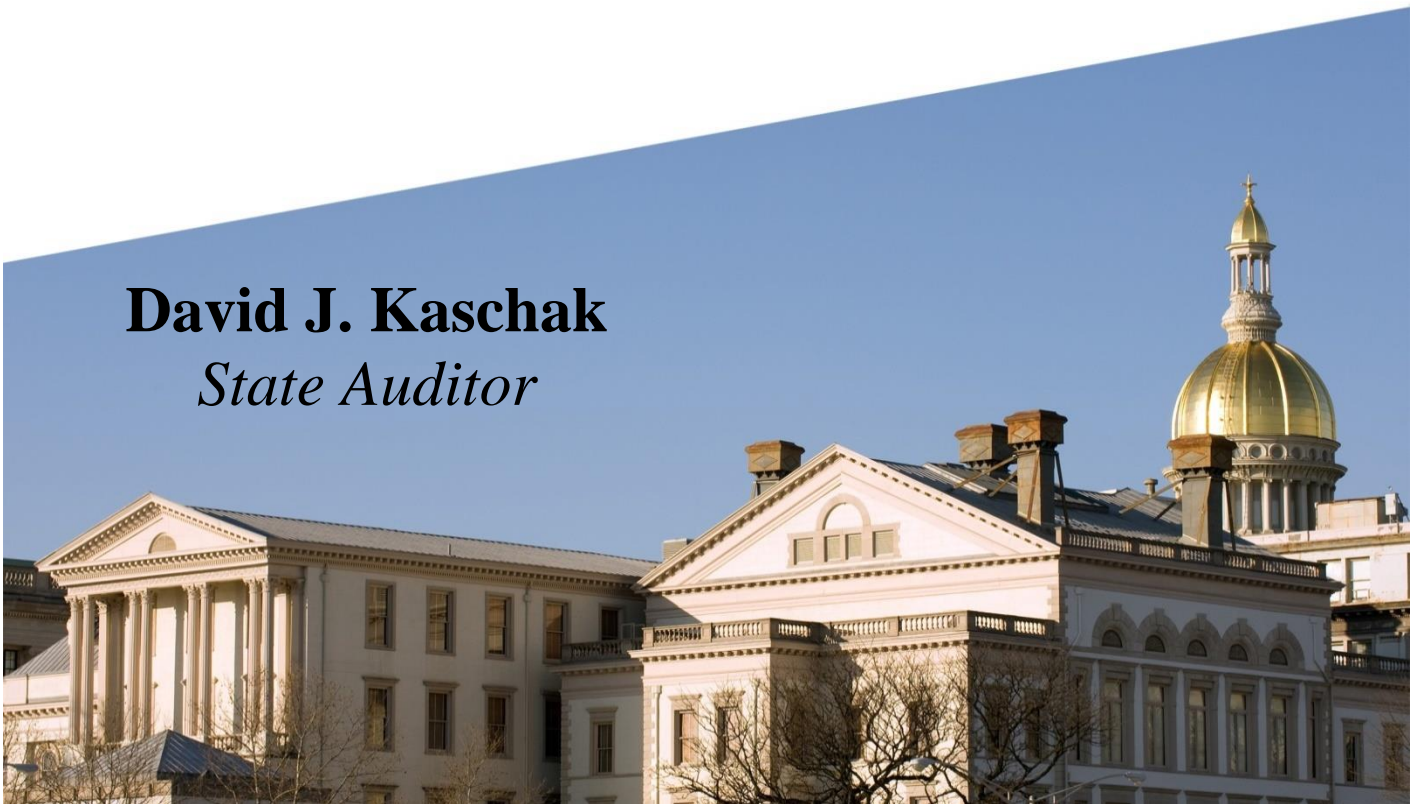


New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

Department of Law and Public Safety
Juvenile Justice Commission
Juvenile Medium Security Center

July 1, 2016 to June 30, 2020

David J. Kaschak
State Auditor



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The Honorable Stephen M. Sweeney
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The Honorable Craig J. Coughlin
Speaker of the General Assembly

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Enclosed is our report on the audit of the Department of Law and Public Safety, Juvenile Justice Commission, Juvenile Medium Security Center for the period of July 1, 2016 to June 30, 2020. If you would like a personal briefing, please call (609) 847-3470.

A handwritten signature in cursive script that reads "David J. Kaschak".
David J. Kaschak
State Auditor
March 10, 2021

Table of Contents

Scope.....	1
Objectives	1
Methodology	1
Conclusions.....	2
Background.....	2
Findings and Recommendations	
Officer Scheduling – Custody Posts	4
Officer Scheduling – Compensatory Leave Time	5
Officer Scheduling – Working Too Many Hours per 24-Hour Period	6
Inventory Controls	7
Auditee Response.....	8

Scope

We have completed an audit of the Department of Law and Public Safety, Juvenile Justice Commission (JJC), Juvenile Medium Security Center (center) for the period July 1, 2016 to June 30, 2020. Our audit included financial activities accounted for in the state's General Fund. Annual expenditures of the center during the audit period averaged \$29.5 million, with payroll representing \$24.2 million of that total. We did not audit the financial transactions of the non-appropriated funds because they are audited by the JJC's Special Project Unit. Additionally, medical expenditures processed by the JJC administration averaging \$1.5 million were excluded.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the center's programs, were reasonable, and were recorded properly in the accounting systems. Additional objectives were to evaluate internal controls over Correctional Police Officer scheduling and inventory management, and to determine whether the JJC had a strategy to address the decrease in the center's resident population and its high cost per resident.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circulars promulgated by the Department of the Treasury, and policies of the JJC. Provisions we considered significant were documented, and compliance with those requirements was verified by interview, observation, and through our testing. We also read the budget messages, reviewed financial and resident population trends, and interviewed agency personnel to obtain an understanding of the center's programs and internal controls.

We assessed the reliability of the center's data by testing for completeness and obvious errors in accuracy, reviewing related documentation, and interviewing personnel knowledgeable about the data. We found discrepancies in the data utilized to report on Correctional Police Officers working more than 16 hours in a 24-hour period. Officers are permitted to switch shifts in the same workweek with a supervisor's approval; however, the switches are not recorded in the data. Any discrepancies were corrected before we conducted our analyses. We determined that the data were sufficiently reliable for the purposes of our audit findings and conclusions in this report.

A nonstatistical sampling approach was used. Our samples of financial transactions were selected judgmentally and designed to provide conclusions on our audit objectives, as well as internal controls and compliance.

Conclusions

We found that the financial transactions included in our testing were related to the center's programs and were recorded properly in the accounting systems. In addition, our evaluation of internal controls over Correctional Police Officer scheduling and inventory management noted several weaknesses meriting management's attention. We also determined that the JJC had a strategy to address the decrease in the center's resident population and its high cost per resident. This determination was made prior to the onset of the COVID-19 pandemic.

Background

The center provides education, training, and rehabilitation in a structured environment for juveniles committed by the courts to the JJC who are unable to participate in a less secure setting. It has the design capacity to house 262 male residents and 52 female residents and is the JJC's most secure facility. The center consists of the Juvenile Medium Security Facility (JMSF), which houses male residents, and the Juvenile Female Secure Care and Intake Facility (JFSCIF), which houses female residents. During our audit period, the average daily population at the center was 72 residents, resulting in an average annual cost per resident of \$418,000.

In 2004, New Jersey implemented the nationally recognized Juvenile Detention Alternatives Initiative (JDAI). The JDAI was developed in response to national trends reflecting a substantial increase in the use of secure detention for juveniles, despite decreases in juvenile arrests. According to the JJC's New Jersey JDAI 2018 Annual Data Report, the youth detention experience negatively impacts educational and employment levels and therefore should be reserved for the most serious, chronic youthful offenders. Nationally, in established JDAI sites, the reduction in the number of youths held in detention has led to a reduction in the number committed to state custody. According to the New Jersey JDAI 2018 Annual Data Report, this has proven to be the case in New Jersey, as well. Across the 20 active JDAI sites, commitments to the JJC decreased by more than three-quarters, with 899 fewer youths committed to state custody in 2018 alone, compared to each site's pre-JDAI year. Since 2004, the center's resident population decreased from 356 to 71 as of July 2016, and further still to 48 as of July 2020.

However, according to JJC management, the population of juveniles committed to the JJC was expected to increase in 2020 because of the implementation of P.L.2015, Chapter 89, which made changes to the conditions and process of waiving juvenile cases to the adult courts. It provides that a juvenile whose case was waived would serve the juvenile's sentence in a juvenile facility rather than an adult facility until they are at least 21 years old. The commission anticipates that these juveniles will serve an average of three of those years in a secure JJC facility. The JJC management expected its secure-care resident population to increase to a total of between 200

and 250 in 2020. However, in July 2020 the average daily population at the center was 40 male and 8 female residents, while the secure-care population of the entire JJC was only 140 residents.

The JJC's long-term plan to address the decrease in resident population includes closing larger facilities and replacing them with smaller ones. The JJC has developed and approved a plan to close the JFSCIF and the New Jersey Training School for Boys and replace them with three new smaller, secure facilities. Under the current plan, each of the three new sites would accommodate up to 48 co-ed secure-care residents and would offer the same educational, rehabilitation, and vocational programs. However, except for the JFSCIF, the JJC is not currently considering closing the center, which has higher annual costs per resident than the New Jersey Training School for Boys. The center is expected to continue to serve as the JJC's most secure facility.

Officer Scheduling – Custody Posts

The center lacks effective controls to ensure that only necessary and approved custody posts are utilized.

JJC policy 14ED:01.29, Development of Post Plans in Secure Facilities, establishes a procedure for the periodic determination of custody posts necessary to adequately and efficiently staff secure facilities with Correctional Police Officers (officers), which is recorded in a Custody Posts and FTE Report (FTE report). The FTE report must be reviewed and approved annually by JJC management. It is also utilized to determine the staffing levels necessary to cover the approved posts. Utilizing posts that are not approved by the JJC can increase overtime because staffing levels may not be sufficient to cover these unapproved posts.

The Custody System Application (CSA) is used by the center's custody unit to schedule and record work hours and leave time for officers for each daily shift. We found the CSA system lacks controls to prevent the center from creating or utilizing a post that is not approved by JJC management. According to the FTE report for fiscal year 2019, JJC management approved 91 permanent custody posts for the three custody shifts. We compared the CSA data for this period to the approved posts per the FTE report and noted 785 instances where custody management had utilized custody posts that did not match the approved posts on the FTE report. Furthermore, five of the posts not listed on the FTE report were utilized almost daily, amounting to unapproved costs of approximately \$550,000.

In fiscal year 2019, after adjusting for trips, trainers, and recruit trainees, the morning shift averaged three more officers working than the number of approved posts. According to JJC policy 14ED:01.29, any proposal to extend a temporary or emergency post beyond 14 days must be approved by the Executive Director, with a copy going to the Chief Administrative Officer. However, we noted the posts that are not listed on the FTE report have been utilized regularly without proper approvals. JJC management was unaware that unapproved custody posts were being utilized regularly at the center until informed by us. There has been no detailed review or justification process performed, and even while the resident population has been decreasing, the number of posts on the FTE report has remained the same over the past four years.

On October 2, 2020, following discussions with the audit team, the JJC updated the FTE report. The new FTE report included the approval of one of the five posts mentioned above, which had been used without approval 350 times in 2019, as well as the elimination of a previously approved daily post. The new FTE report, however, ultimately resulted in a net elimination of only one officer position at the center.

Recommendation

We recommend JJC management enhance the CSA system to include edits that would prevent unapproved custody posts from being utilized. We further recommend JJC management monitor

the system for compliance with its policies and continue to perform detailed reviews of the center's custody posts annually, if not more frequently.



Officer Scheduling – Compensatory Leave Time

The center needs to improve controls to mitigate unnecessary costs resulting from current compensatory leave time policies.

Eligible officers working in excess of their designated 40-hour workweek are compensated at the rate of time and one-half for overtime hours. The union contract gives officers the choice of receiving compensatory leave time or cash payment for the overtime worked. When compensatory leave time is used, the officer's regular shift needs to be covered by another officer. When the covering officer is also working an overtime shift, an additional 50 percent in additional costs is incurred when compared to paying cash for all overtime. The additional cost could be compounded even further when the covering officer working overtime also chooses to get reimbursed in compensatory leave time.

Between July 1, 2017 and December 31, 2019, the center's officers used 31,347 hours of compensatory leave time. Of these hours, 93 percent (29,078) required paying the covering officer overtime. The additional cost associated with paying this overtime amounted to \$495,000 for this period, or an average of \$198,000 annually. Although some of these costs may be unavoidable, stronger controls over the use of compensatory leave time would result in savings.

A request for the use of compensatory leave time may be denied only in circumstances when it cannot be accommodated for operational reasons. The center controls the effects of compensatory leave time use on operations by establishing combined quotas for the approved leave of five officers per morning shift, four per afternoon shift, and two per night shift. However, during calendar year 2019, custody management approved more than the allowed number of leave 20 percent of the time.

Officers are limited to 100 hours in accumulated compensatory leave time at any given time. However, there is no limit to the amount of compensatory leave time that officers can earn or use in a given year. Of the 169 officers the center employed during calendar year 2019, we noted 49 who used over 100 hours of compensatory leave time, with 17 using more than 200 hours. During this time, officers worked a median of 182 shifts per year at a regular salary rate, whereas officers who used over 200 hours of compensatory leave time worked a median of 170 shifts per year at a regular salary rate.

Recommendation

We recommend the center enhance controls to minimize the additional costs associated with the use of compensatory leave time. Although it has a limited role in contract negotiations,

management should negotiate for the flexibility to pay officers in either compensatory leave time or cash payments when the union contract is up for renewal.



Officer Scheduling – Working Too Many Hours per 24-Hour Period

The center lacked controls to prevent Correctional Police Officers from working more than 16 hours in a 24-hour period.

Officers work a normal work schedule of eight hours per day. Although center management could not locate a written policy, they maintain the maximum number of hours an officer can work in a 24-hour period is 16, unless the governor declares a state of emergency. Officers must remain alert at all times to ensure the safety of the center’s residents and its employees. Officers working more than 16 hours without rest may endanger the residents, themselves, and/or fellow officers. Academic studies have found that excessive overtime can negatively affect work performance and safety. Extended work hours can also indirectly impact safety by affecting employee stress levels, mental health, and morale.

The CSA lacks system controls to prevent scheduling an officer to work more than 16 hours in a 24-hour period. We reviewed officer work schedules for fiscal years 2017 through 2019 and found 37 occasions where officers worked at least 18 hours in a 24-hour period, including one officer with 11 such instances. On one occasion, this individual worked 35 of 40 hours over five consecutive shifts. Officers are permitted to switch shifts in the same week with a supervisor’s approval. Because the switches are not recorded in the CSA, the number of instances of working more than 16 hours in a 24-hour period could be higher than what we were able to determine.

After we notified JJC management, a new control was implemented in the CSA to enforce the 16-hour policy. Starting October 10, 2020, every time a scheduling officer attempts to schedule a shift in the CSA, the system will review the 24-hour period surrounding the shift and notify the scheduling officer of any conflicts.

Recommendation

We recommend the JJC formalize its 16-hour policy and periodically review the CSA data to ensure the new control is effective and is being enforced. We also recommend any schedule changes be accurately recorded in the CSA.



Inventory Controls

The center lacks controls to adequately track and maintain appropriate levels of storeroom inventory.

The center's storeroom personnel are responsible for ordering, receiving, safeguarding, and distributing resident clothing, office, household, and other supplies. Storeroom staff generate receiving reports for payment purposes and document when clothing is issued for each resident and when clothing is issued to a residential center. However, the center does not have a process to account for inventory levels when items enter and leave the storeroom. As a result, the management cannot accurately determine the quantity used, the quantity on-hand, or future needs of any item. The lack of accurate inventory records increases the risk of purchasing inefficiencies, spoilage, and misappropriation.

In addition to not having inventory records, management does not hold periodic inventory counts for any of the storeroom items. According to management, visual estimates and spot counts are used to determine the storeroom's reordering needs. On July 29, 2020, we performed an inventory count of select items and noted the following examples of overstocked items that had been purchased between January 1, 2018 and March 5, 2020. We counted 456 thermal pants and 312 thermal shirts in size 5XL, enough to satisfy the center's current average annual needs for over 128 years based on usage during the period. Similarly, there were 381 thermal shirts and 283 thermal pants in size 4XL, enough to satisfy the center's current average annual needs for at least 30 years. We also counted 72 pairs of size 10.5 boots in stock when, on average, only 18 pairs of this size were distributed annually.

Recommendation

We recommend the center establish periodic physical inventory counts and implement stronger internal controls to account for the storeroom inventory. We further recommend that the center consider sharing overstocked inventory items with other state facilities where possible.





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March 5, 2021

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Dear Mr. Kaschak,

On behalf of the Office of the Attorney General, I would like to thank you for the opportunity to provide comments to the draft audit report regarding the Department of Law and Public Safety, Juvenile Justice Commission, Juvenile Medium Security Center.

I would also like to thank the auditors for their professionalism and dedication throughout this audit, especially given the unprecedented circumstances we all work in today. We look forward to maintaining a proactive relationship going forward, as we work to improve the Department of Law and Public Safety.

If you have any questions or need any additional information, please feel free to reach out to me.

Sincerely,

William H. Cranford

William H. Cranford, Chief Administrative Officer
Office of the Attorney General
Division of Administration
Department of Law and Public Safety

WHC/dm
Attachments



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**DEPARTMENT OF LAW AND PUBLIC SAFETY
JUVENILE JUSTICE COMMISSION**

JUVENILE MEDIUM SECURE FACILITY

AUDIT RESPONSE

JULY 1, 2016 – JUNE 30, 2020

Finding

Officer Scheduling – Custody Posts

The center lacks effective controls to ensure that only necessary and approved custody posts are utilized.

Recommendation:

We recommend JJC management enhance the CSA system to include edits that would prevent unapproved custody posts from being utilized. We further recommend JJC management monitor the system for compliance with its policies and continue to perform detailed reviews of the center's custody posts annually, if not more frequently.

Division Response:

The JJC has made several adjustments to the Post Plan process to ensure compliance with JJC Policy 14ED:01.29. Starting in 2021, the Post Plan will be reviewed on a quarterly basis, instead of an annual basis, in order to more closely monitor the Post Plan and make changes to the CSA as needed. In addition, the policy was updated to require the JJC IT Unit to load only the final, approved posts into CSA at the end of each quarter. This change will ensure that only the approved posts will be utilized in the CSA.

Finding

Officer Scheduling – Compensatory Leave Time

The center needs to improve controls to mitigate unnecessary costs resulting from current compensatory leave time policies.

Recommendation:

We recommend the center enhance controls to minimize the additional costs associated with the use of compensatory leave time. Although it has a limited role in contract negotiations, management should negotiate for the flexibility to pay officers in either compensatory leave time or cash payments when the union contract is up for renewal.

Division Response:

The contractual agreements between the State and the Unions give custody staff members the option to receive either cash or compensatory time (comp time) when they work above their 40-hour workweek. As is noted in the recommendation, JJC has a limited role in contract negotiations, as the Governor's Office of Employee Relations negotiates directly with the unions and JJC is not the

ultimate decision maker. However, JJC management will suggest that contractual limitations be placed on comp time in order to enable management to better control costs.

Additionally, in an effort to reduce the potential for overtime costs associated with comp time within the current contractual framework, JJC will limit the authorization of the use of comp time to a percentage of available quota per shift. Quota per shift is the number of staff that can be on leave at any given time. While the quota per shift is not a static number, as it can vary depending on the number of vacancies that currently exist at the facility in question, the establishment of a standard comp time percentage based upon quota per shift should assist in limiting costs. JJC will make every effort to limit comp time but is required to approve a number of non-discretionary requests for time off and must fill those vacancies due to safety and security reasons. The filling of these vacancies frequently requires overtime, even if there is no comp time awarded on the shift. JJC will continue to find ways to reduce all overtime costs, especially those associated with comp time.

Finding

Officer Scheduling – Working Too Many Hours per 24-Hour Period

The center lacked controls to prevent Correctional Police Officers from working more than 16 hours in a 24-hour period.

Recommendation:

We recommend the JJC formalize its 16-hour policy and periodically review the CSA data to ensure the new control is effective and is being enforced. We also recommend any schedule changes be accurately recorded in the CSA

Division Response:

JJC is implementing modifications to the CSA in order to prevent this situation from occurring. The Communication Operations (Comm Ops) staff are responsible for the scheduling of custody staff. Every time a Comm Ops attempts to schedule a regular or overtime shift in the CSA, the CSA is designed to review the 24-hour period surrounding the shift being scheduled. The CSA will be able to ascertain whether the staff in question is being scheduled to work on a shift that would conflict with the 16-hour rule. This system modification has been implemented, and auditors were given a demonstration of the modification while at another facility

Finding

Inventory Controls

The center lacks controls to adequately track and maintain appropriate levels of storeroom inventory.

Recommendation:

We recommend the center establish periodic physical inventory counts and implement stronger internal controls to account for the storeroom inventory. We further recommend that the center consider sharing overstocked inventory items with other state facilities where possible.

Division Response:

Support Services, at JJC Central Office, is working closely with the business office at the Juvenile Medium Secure Center (JMSC). The objective is to expand the use of the web-based inventory system that is currently in use to manage office supply inventory levels at Central Office. The system is called Inventory Cloud and it is a WASP Barcode Technologies product.

Support Services staff recently met with JMSC staff to facilitate the WASP implementation and create a centralized repository for all office supplies and clothing at JMSF. Those meetings have resulted in significant progress being made to gain control of the inventory, and effectively manage inventory levels going forward.