



**New Jersey State Legislature
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Office of the State Auditor**

New Jersey State Parole Board

July 1, 2011 to August 30, 2013

**Stephen M. Eells
State Auditor**

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Enclosed is our report on the audit of the New Jersey State Parole Board for the period of July 1, 2011 to August 30, 2013. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells
State Auditor
January 21, 2014

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Scope

We have completed an audit of the New Jersey State Parole Board (SPB) for the period July 1, 2011 to August 30, 2013. Our audit included financial activities accounted for in the state's General Fund.

The parole function was previously administered by the Department of Corrections; the current New Jersey State Parole Board is an autonomous state agency. SPB expenditures totaled \$99.4 million and \$97.6 million in fiscal years 2012 and 2013, respectively. Payroll and grants-in-aid payments to third party providers comprise the major portion of expenditures. The SPB's vision is "To improve the safety of the public and the quality of life in New Jersey by administering an innovative parole system that addresses the needs of the community, victims, and offenders through a responsible decision-making process that provides every available opportunity for successful offender reintegration." Currently, the SPB has approximately 15,300 parolees under its supervision.

The Parole Board Information System (PBIS) is the central database that is used to track parole-related information for offenders released to SPB supervision. The PBIS has been designed to accurately track offenders along every stage of the parole continuum including their supervision history. The information contained in the PBIS was utilized and relied upon to draw certain conclusions.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the State Parole Board's programs, were reasonable, and were recorded properly in the accounting systems. In addition, our objectives were to determine whether parole officers are monitoring offenders as required. We also tested for resolution of the significant condition noted in our prior report dated October 12, 2005.

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.

In preparation for our testing, we studied legislation, the administrative code, circular letters promulgated by the Department of the Treasury, and policies of the board. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the budget messages, reviewed financial trends, and interviewed State Parole Board personnel to obtain an understanding of the programs and internal controls.

A nonstatistical sampling approach was used. Our samples of transactions were designed to provide conclusions about our audit objectives, as well as internal controls and compliance. Transactions were judgmentally selected for testing. To ascertain the status of the finding included in our prior report, we identified corrective action taken by the board and performed tests to determine if the corrective action was effective.

Conclusions

We found that the financial transactions included in our testing were related to the State Parole Board's programs, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted certain internal control weaknesses and matters of compliance meriting management's attention. We also found that the State Parole Board is not monitoring offenders in compliance with established supervision standards. In addition, the State Parole Board has not resolved the significant issue noted in our prior report concerning third party contracts. This issue has been updated and restated in this report.

Offender Supervision

Monitoring offenders as required will minimize public risk and help achieve desired outcomes.

The State Parole Board (SPB) is not monitoring offenders in compliance with established standards. Supervision requirements including face-to-face contacts, home visits, and drug or alcohol testing are not being completed within established timeframes which could result in an increased risk to the public and a reduced likelihood that the offender will achieve long-term behavioral reform. Most offenders under the supervision of the SPB are assigned a general supervision status ranging from phase I (assessment) through phase IV (advanced). The status dictates the minimum supervision standards necessary for managing short-term risk and achieving long-term goals. The required number of supervision contacts and length of time between contacts is relaxed as the offender advances from phase I to phase IV. All offender contacts are recorded on the Parole Board Information System (PBIS) in chronological order.

For the purposes of this review, we identified three types of supervision consisting of regular offenders (parole), sex offenders, and offenders on mandatory parole supervision (MSV). A sentence imposed under the “No Early Release Act” includes a five-year period of MSV for first degree crimes and a three-year period of MSV for second degree crimes. The contact standards set forth within SPB internal procedure 802, Status of Supervision, apply to each supervision type. Our review disclosed the following issues.

Face-to-Face Contacts

Procedure 802 requires a parole officer to conduct face-to-face contacts with an offender at different intervals depending on the offender’s supervision status. The requirement ranges from two contacts every 30 days for phase I offenders to one contact every 120 days for phase IV offenders. We reviewed the supervision histories in the PBIS for 320 parolees during fiscal year 2013 to determine if the required face-to-face contacts were being made. The review period ranged from three months for phase I offenders to seven months for phase IV offenders. For test purposes, a grace period of five days was allowed for phase II, III, and IV offenders. In addition, no exceptions were noted for phase I offenders as long as two contacts were made in two of the three months that we reviewed. Specifically, our review of face-to-face contacts disclosed the following exceptions.

Test Results

Face-To-Face Contacts

| Description | Phase I Sample/Exceptions | Phase II Sample/Exceptions | Phase III Sample/Exceptions | Phase IV Sample/Exceptions |
|--------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|
| Parole | 50 / 20 | 50 / 22 | 30 / 18 | 30 / 8 |
| MSV | 30 / 15 | 30 / 20 | 20 / 8 | 20 / 5 |
| Sex Offender | 20 / 10 | 20 / 16 | 10 / 6 | 10 / 0 |
| Total | 100 / 45 | 100 / 58 | 60 / 32 | 60 / 13 |

- As illustrated in the chart above, parole officers did not make the required face-to-face contacts for 148 of the 320 offenders in our sample. This includes 32 of 60 sampled sex offenders and 48 of 100 sampled MSV offenders who have been convicted of violent crimes.
- Supervision histories in the PBIS for phase I offenders were reviewed for the period February 1, 2013 to April 30, 2013. Our review disclosed that no face-to-face contacts were made in April 2013 for 4 of the 30 sampled MSV offenders. As previously stipulated, the requirement for phase I offenders is two face-to-face contacts every 30 days.

Home Visits

Procedure 802 requires a parole officer to visit the approved residence of an offender within regular intervals depending on the offender's supervision status. Both face-to-face visits and positive home visits are required. A positive home visit is defined as a meeting with an adult resident who is capable of verifying the offender is living at the residence. The requirement for face-to-face home contact visits ranges from every 60 days for phase I offenders to every 180 days for phase IV offenders. The requirement for positive home visits ranges from every 30 days for phase I offenders to every 120 days for phase IV offenders. For test purposes, a grace period of five days was allowed for both face-to-face home visits and positive home visits. Our review of the supervision histories in the PBIS for 320 sampled parolees during fiscal year 2013 disclosed the following issues.

Test Results

Face-To-Face Home Visits

| Description | Phase I Sample/Exceptions | Phase II Sample/Exceptions | Phase III Sample/Exceptions | Phase IV Sample/Exceptions |
|--------------------|--------------------------------------|---------------------------------------|--|---------------------------------------|
| Parole | 50 / 19 | 50 / 8 | 30 / 5 | 30 / 7 |
| MSV | 30 / 8 | 30 / 9 | 20 / 3 | 20 / 4 |
| Sex Offender | 20 / 5 | 20 / 2 | 10 / 3 | 10 / 0 |
| Total | 100 / 32 | 100 / 19 | 60 / 11 | 60 / 11 |

- As illustrated in the chart above, parole officers did not make the required face-to-face home visits for 73 of the 320 offenders in our sample. This includes 24 of 100 sampled MSV offenders and 10 of 60 sampled sex offenders.
- Supervision histories in the PBIS for phase I offenders were reviewed for the period February 1, 2013 to April 30, 2013. We also utilized the most recent contact prior to February 1, 2013 for test purposes. The time between certain face-to-face home visits for 9 of 50 sampled regular offenders and 4 of 30 sampled MSV offenders was over 100 days. These exceptions ranged from 103 days to 276 days. As previously stipulated, the requirement for phase I offenders is one face-to-face home visit every 60 days.

- Our review disclosed an exception rate of over 98 percent for positive home visits as they were found to be either not performed at all or not completed within established timeframes. Home visits of this type are designed to provide independent verification that the offender still resides at the approved residence. They are also designed to uncover any problems or issues the offender may be having including potential noncompliance with parole conditions.

Drug or Alcohol Testing

Procedure 802 requires a parole officer to conduct random drug or alcohol testing at least once every 30 days for phase I and phase II offenders. A specific time interval has not been established for phase III and IV offenders and is done when deemed appropriate. For test purposes, a grace period of five days was allowed for our review of phase I and II offenders. Our review of the supervision histories in the PBIS for 320 sampled parolees during fiscal year 2013 disclosed the following issues.

Test Results

Drug or Alcohol Testing

| Description | Phase I Sample/Exceptions | Phase II Sample/Exceptions |
|--------------------|--------------------------------------|---------------------------------------|
| Parole | 50 / 25 | 50 / 40 |
| MSV | 30 / 20 | 30 / 25 |
| Sex Offender | 20 / 16 | 20 / 17 |
| Total | 100 / 61 | 100 / 82 |

- As illustrated in the chart above, parole officers did not perform the required drug or alcohol testing on 143 of the 200 phase I and phase II offenders in our sample. This includes 33 of 40 sampled sex offenders and 45 of 60 sampled MSV offenders.
- Taking into consideration the results of phase I and phase II sample testing, we included a review of phase III and phase IV offender supervision histories for the periods December 1, 2012 to April 30, 2013 and October 1, 2012 to April 30, 2013, respectively. We also utilized the supervision status effective date or the most recent completed test date prior to the start of the review period for test purposes. Our review disclosed that 86 of 120 sampled phase III and phase IV offenders had gone a minimum of six months without a drug or alcohol test. This includes 31 of 40 sampled MSV offenders and 17 of 20 sampled sex offenders. The time period for which drug or alcohol testing was not performed ranged from 186 days to over 6 years and includes 21 offenders who have gone over 2 years without being tested as of April 30, 2013.

Case Review

The primary purpose of SPB General Order (2012) 09.003, Case Review Procedure, is to ensure that all offenders receive appropriate supervision and to hold professional staff members accountable for cases they are required to supervise. It requires 25 percent of cases under supervision to be reviewed by a supervisor in a calendar year and further specifies that cases reviewed shall not have had a case review in the previous twelve months. However, it does not require a review of parole officers to ensure compliance with supervision contacts.

Recommendation

We recommend the SPB comply with the offender supervision requirements set forth in procedure 802, Status of Supervision. We further recommend procedure 802 be expanded to require drug or alcohol testing of phase III and IV offenders within established intervals. Additionally, we recommend the SPB develop a formal written policy for the review of parole officers for compliance with procedure 802.



Community Resource Centers

The State Parole Board (SPB) needs to strengthen controls over the Community Resource Center program to ensure provider reimbursements are for actual services rendered.

Controls over the Community Resource Center (CRC) program are inadequate. The SPB has not established a comprehensive written policy regarding billable program participation and an effective process for the review of provider invoices. As a result, providers have been reimbursed for unsupported and questionable services. The SPB contracted with 6 providers at a cost of \$11.1 million in fiscal year 2013 to operate 11 CRCs. Community Resource Centers are non-residential programs that offer the state a cost-saving alternative to incarceration. The programs provide assistance to offenders in need of employment counseling and placement, life skills training, substance abuse counseling, and other related programs.

Offenders are assigned to a CRC program for a maximum of 90 days unless otherwise authorized. A schedule designating the days the offender is required to report to the CRC during the assigned period is prepared by the supervising parole officer and CRC personnel on a periodic basis. In accordance with the standard contract, providers are reimbursed a per diem rate for each day an offender attends the program. Although not specified in the contract, the SPB also reimburses providers the same per diem rate for each day an offender attends a pre-approved off-site location on a required reporting day. This includes appointments, vocational school, substance abuse treatment, employment, emergency absences approved by the supervising parole officer, and outreach. Outreach allows the provider to charge the SPB for one unexcused absence as long as procedures have been initiated to contact the offender. Our review of calendar year 2012 reimbursements to three CRC programs disclosed the following issues.

Inadequate Controls

In accordance with the CRC Request for Proposal (RFP) issued March 13, 2008, the provider must establish an electronic data collection process to validate on-site attendance. In addition, the provider is required to establish a process for tracking and validating attendance at off-site locations. However, the SPB has not established a policy which clarifies the length of time offenders must remain on-site and the approved activities they must participate in to qualify for a billable service day. In addition, the SPB has not established a formal policy that clearly defines the supporting documentation needed to verify offender off-site attendance. For three CRC programs operating in calendar year 2012, we reviewed daily attendance records and off-site verification forms that support one monthly bill. Our review disclosed the following exceptions.

- One provider billed the SPB for 1442 service days in December 2012 consisting of 651 on-site days and 791 off-site days. Proper supporting documentation was not provided for 25 on-site days and 417 off-site days. In addition, for 74 of the on-site days billed, attendance records indicated that the offender was on the CRC premises for 30 minutes or less. Classes offered by the CRC are, at minimum, 45 minutes.
- One offender was approved to attend night classes on Monday and Wednesday nights during December 2012. However, the provider inappropriately billed the SPB for an additional six days in which the offender did not attend the class.
- Our expanded review of six monthly invoices for two providers in calendar year 2012 disclosed 27 duplicate billings where the same offender was billed twice for the same day. Errors were found on multiple invoices for both providers.
- A paystub supporting off-site employment for one offender disclosed only four hours worked from December 16, 2012 to December 22, 2012. During the period, the provider was reimbursed for five off-site days which were classified as offender employment.
- The same photocopied business card with the same handwritten appointment time was obtained from one provider to support off-site days billed for nine separate offenders. No other documentation was available to verify off-site attendance.

In accordance with the standard contract, the SPB requires each provider to submit a monthly invoice along with the supporting documentation utilized to validate each offender's attendance. The contract further stipulates that upon verification by the SPB, the provider will be reimbursed. Our review disclosed that supporting documentation is not reviewed prior to processing payments. Post-payment reviews are performed by an independent accounting firm on a sample basis. In addition, there is no mechanism in place to determine if the provider is billing for days in which the offender is not required to report to the CRC. Off-site billable days are valid for reporting days only and there is currently no process in place that ensures the number of off-site billed days does not exceed the required number of reporting days.

Off-Site Billable Days

The SPB has not established a limit for the number of off-site days that can be billed during an offender referral period. For example, on-site attendance would be minimal for an offender who has been referred to a CRC program for employment purposes. After the offender becomes employed, there should be a limit to the number of off-site days that can be billed since the offender is no longer receiving services directly from the CRC. We reviewed the calendar year 2012 monthly invoices for three CRC programs to determine the breakdown of on-site and off-site billed days. We further selected a sample of 15 participating offenders from two of the programs to determine the breakdown of billable days during their referral period. Our review disclosed the following questionable items.

- During calendar year 2012, one CRC was reimbursed \$671,600 for 13,249 off-site days representing 49 percent of the total 2012 reimbursement of \$1.37 million. In comparison, another CRC was reimbursed \$123,100 for 1,677 off-site days representing only 12 percent of the total 2012 reimbursement of \$1 million.
- Over 58 percent of the days billed for our sample of 15 offenders in one CRC program were for off-site activities. For one offender, 104 of the 129 days billed were for off-site activities. In addition, the 15 sampled offenders were assigned to the CRC an average of 228 days each in calendar year 2012. This is significantly higher than the recommended maximum referral period of 90 days stipulated in the standard contract.
- One offender reviewed was assigned to a CRC program for a period of 225 days of which 115 days were billed to the SPB. On-site and off-site days billed were 45 and 70, respectively. At one point, the offender worked 12 straight days for which the CRC was reimbursed.

Recommendation

We recommend the SPB develop and implement a comprehensive written policy for the CRC program that strengthens and improves upon existing requirements set forth in the 2008 request for proposal and standard contract. Procedures covered by the policy should clearly define the approved on-site activities and minimum offender participation time that constitute a billable service day. Procedures should further establish limits for off-site billable days and define the supporting documentation needed to verify attendance. In addition, we recommend the SPB strengthen its review of provider invoices by comparing offender billed days to required reporting days and vouching billed days to required supporting documentation. The SPB should also consider a reduced per diem rate for off-site days.



Community Program Audit Requirements

Monitoring providers as required will help ensure program costs are reasonable.

Audits of provider operations are not being completed in accordance with program bid specifications. Bid specifications require a Certified Public Accounting (CPA) firm, appointed and paid for by the provider, to perform all audit requirements of the contract. This includes financial audits that express an opinion on reported program financial results and compliance audits that test for adherence with contract terms and conditions. Our review disclosed that the SPB contracted directly with a CPA firm to perform contract compliance audits only. Program financial audits have not been completed. In addition, the providers have not reimbursed the SPB for the cost of audits.

Specifically, the SPB contracted with third party providers at a cost of \$30 million in fiscal year 2013 to operate the Stages to Enhance Parolee Success (STEPS) program, Reentry Substance Abuse Program (RESAP), and the Community Resource Center (CRC) program. The programs provide parolees with supportive services that include substance abuse counseling, life skills development, and other community re-entry services. Providers are paid a per diem rate for each night that a parolee occupies bed space in a STEPS or RESAP residential program or for each day a parolee attends a CRC non-residential program. The bid specifications for the CRC program specifically require each provider to submit, on an annual basis, audited financial statements and expenditure summary data in relation to the initial budgeted summary that was provided with the request for proposal. As initially disclosed in the prior audit, the SPB has not requested this information. The audited expenditure data should be compared to the initial budget to determine the reasonableness of the current per diem rates and should be the basis for developing future contracted per diem rates.

Recommendation

We recommend the SPB strengthen its monitoring of providers by obtaining audited financial results of each program on an annual basis. We further recommend that an annual cost analysis be completed for all programs to determine the reasonableness of current per diem rates and to help with the development of future per diem rates.



Vehicle Fleet

The SPB should properly classify its fleet and provide justification for underutilization.

SPB vehicles are not meeting monthly usage requirements and are not properly classified. As of March 2013, the SPB was operating with a fleet of 318 vehicles. All the vehicles are classified as pool vehicles except one which has been assigned to the Chairman. State regulations require pool vehicles be used collectively by agency personnel and maintain a monthly minimum

business usage of 750 miles. If a vehicle's average mileage falls within ten percent of this requirement, assignment and use is deemed satisfactory. Individual exceptions to the mileage criteria are considered when valid justification is provided. Our review of vehicle usage over a six-month period noted 60 of 317 SPB pool vehicles averaged less than 675 miles driven per month and the SPB has not provided valid justification. In addition, SPB records indicated that 155 of 317 pool vehicles are assigned to individuals. Vehicles may be permanently assigned if required by their formal job duties and used for official state business more than an average of 1,250 business miles per month. However, a review of the 155 assigned vehicles noted 66 not meeting the monthly accepted usage of 1,125 miles including 19 not meeting the monthly pool vehicle minimum.

Finally, pool vehicles should remain at the office location when not in official use and not be used primarily for commutation. Our analysis of 60 pool vehicles assigned to the central office noted 17 vehicles are maintained overnight at employee homes and an additional 17 are parked overnight at state properties geographically close to the assigned driver's residence. More than half of the mileage on these vehicles appears to be commuting mileage. This is a further indication that these vehicles are individually assigned.

Vehicle assignments not justified by formal job requirements and/or meeting official state business mileage minimums require valid justification or vehicles should be returned to the Department of the Treasury, Transportation Services for disposition.

Recommendation

The SPB should determine which vehicles, classified as pool vehicles, should be reclassified as individual assignment to meet employees' formal job duties. In addition, SPB should provide proper justification for vehicles not meeting the monthly usage requirements or return vehicles to Transportation Services.



Internal Controls – Payroll/Personnel

Strengthening internal controls over payroll/personnel functions can limit the potential for a loss or misappropriation of funds.

Controls over payroll/personnel functions are inadequate. Five individuals have the ability to add new employees to the payroll, generate paychecks, and distribute actual checks. In addition, we examined the payroll records for 33 employees who had separated from service during the audit period and found that six had remained on the payroll from 6 to 97 pay periods after their separation date or final pay.

Payroll expenditures totaled \$54 million during fiscal year 2013. Management is responsible for establishing internal controls that will safeguard assets from loss or irregularity. Our testing

revealed no instances of impropriety. However, the lack of segregation of duties presents a potential for loss where fraudulent or unearned payroll checks could be produced and not detected for ghost employees or separated employees that remain on payroll records.

Recommendation

We recommend that the SPB strengthen internal controls by properly segregating payroll and personnel functions. Employees who can add new employees to the payroll should not have the ability to generate or distribute paychecks. Furthermore, employees involved in payroll processing should not distribute paychecks or paystubs. In addition, we recommend the SPB remove separated employees from the payroll timely.



Procurement

The SPB should comply with state regulations when renting office space.

The SPB did not follow state regulations when it entered into an agreement to rent office space. As a result, there is less assurance the SPB is paying a fair and reasonable rate. In accordance with Treasury Circular Letter 11-10-DPP, office space rentals may be purchased for a period up to twelve consecutive months with the approval of the Division of Property Management and Construction (DPMC). However, the SPB entered into an agreement in March 2011 to rent office space from an existing provider at a cost of \$2,448 per month without the approval of DPMC. The space, which consists of three cubicles, one bathroom, and reception areas, currently serves as a district office where offenders are required to report for drug testing and other requirements. In addition, the SPB paid the provider \$20,400 to renovate the facility to meet certain specifications.

Recommendation

We recommend the SPB comply with the requirements set forth in Treasury Circular Letter 11-10-DPP when renting office space. This will help ensure costs are reasonable and space is adequate.





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January 15, 2014

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RE: Audit Report – New Jersey State Parole Board

Dear Mr. Eells,

The State Parole Board provides the following response for inclusion in the official release of the audit findings to the Governor and the Legislature.

Offender Supervision

OLS Finding

Monitoring offenders as required will minimize public risk and help achieve desired outcomes.

OLS Recommendation

We recommend the SPB comply with the offender supervision requirements set forth in procedure 802, Status of Supervision. We further recommend procedure 802 be expanded to require drug or alcohol testing of phase III and IV offenders within established intervals. Additionally, we recommend the SPB develop a formal written policy for the review of parole officers for compliance with procedure 802.

State Parole Board Response

The State Parole Board is committed to promoting public safety and fostering rehabilitation of offenders by implementing policies that result in effective parole case management. While the State Parole Board acknowledges the findings of the audit regarding compliance, the State Parole Board notes that there is no evidence produced from the audit of an increased risk to the public or a reduced likelihood that an offender will achieve long-term behavioral reform during the audit period. Further, the State Parole Board notes that a portion of the audit period occurred during the same time that "Super Storm Sandy" created significant challenges for all State operations, including the State Parole Board.

Evidence-based practices are strategies that, based on research, reliably produce the most effective results, which includes sustained reductions in recidivism and positive parolee outcomes. The success of the State Parole Board evidenced-based practices is evident in the

2012 legislatively-mandated publication, *New Jersey Release Outcome 2008: A Three-Year Follow-Up*, which reflects an annual reduction in the re-arrest, re-conviction and re-incarceration of parolees under the supervision of the State Parole Board. This success is also evident in a review of the ten (10) year State Parole Board statistical analysis of crime trends. Although there has been an annual decline in prison population and annual increase in parole population, there is a reduction in the return to prison of technical parole violators as well as, most significantly, a decline in the Uniform Crime Rate over that same ten (10) year period.

By way of background, compliance with supervision standards in the past was accomplished by a parole officer advising a parolee to remain at home on a specified date and at a specified time. The practice of announced home visits, while ensuring policy compliance, resulted in the inability of the parole officer to ascertain a change in the behavior of the parolee and thus, less effective supervision. The supervision standards in Procedure 802, Status of Supervision, were amended on March 4, 2004 to implement evidence-based practices and best allocate available resources in the supervision of parolees. Minimum standards were created to establish a framework for supervision contacts that maintained necessary observations and presence to impact an offender's ever changing life issues. Evidence-based practice focuses on the behavior of the parolee and effective supervision promotes a positive change in the parolee's behavior. To that end, best practices for parole supervision recommend the use of unannounced and unscheduled visits to allow for the observance of actual behaviors of the offenders in their environment, rather than staged or manipulated visitations. The practical application of effective supervision will always result in a significant number of no-contact visits. For example, in 2012, parole officers conducted 165,873 unannounced home visits, of which 40,937 unannounced home visits resulted in no-contact. By utilizing the conventional approach to supervision in emphasizing individual accountability from parolees and their parole officers, the audit is unable to assess the opportunities these contacts (between parolees and parole officers) have for effectively reinforcing behavioral change. This encouraged the parole officers to use their training in evidence-based decisions to concentrate time and resources with the cases of highest risk.

It is important to note that in August of 2010, upon assessing the operational effectiveness of the Division of Parole, the State Parole Board determined that compliance with the numerous Attorney General Guidelines and Attorney General Law Enforcement Directives (which includes but is not limited to firearms qualifications, internal affairs and use of force) was essential in order to establish a foundation upon which to re-evaluate existing policy and procedures. Consistent with this goal of establishing a solid core law enforcement foundation, the State Parole Board embarked upon the rigorous accreditation process to ensure law enforcement professional excellence. These "best practice" standards of accreditation result in greater accountability within the agency, reduced risk for the officers and the supervised population and more confidence in the agency's ability to operate efficiently and respond to community needs. In May 2013, after the development and implementation of 112 required accreditation standards in the form of policies, the State Parole Board achieved accreditation by the New Jersey Association of Chiefs of Police. Further, in 2012, the level of training required of all parole officer recruits was elevated to include graduation from the Attorney General - Division of Criminal Justice Academy - Basic Course for Investigators.

In developing and implementing this aforementioned multi-prong approach to best practices, the State Parole Board also recognized the need for improvement in caseload management by immediate supervisors. Consequently, the State Parole Board initiated revisions to the Parole

Board Information System (PBIS), which is an internal management information system, to provide supervisory alerts that aid in monitoring compliance with the supervision standards. These new supervisory aids became operational in August 2013. The implementation of the new technological supervisory reports and a written operational order directing staff to utilize the reports to monitor compliance with the supervision standards has resulted in significant improvements. The State Parole Board will continue to review the methods that are utilized to measure contact standards in an ever-evolving review of best practices in evidence-based supervision. The State Parole Board remains committed to addressing and monitoring agency operations with a level of constancy and vigor, to ensure compliance with internal standards, and to hold staff accountable.

With regard to the recommendation to expand the Procedure 802, Status of Supervision standards to require drug and alcohol testing of supervision level phase III and IV offenders within established intervals, the State Parole Board will review this recommendation and continue to evaluate best evidence-based supervision to determine if such testing is appropriate and in keeping with the vision of the State Parole Board to ensure successful offender reintegration.

Community Resource Centers (CRC)

OLS Finding

The State Parole Board (SPB) needs to strengthen controls over the Community Resource Center program to ensure provider reimbursements are for actual services rendered.

OLS Recommendation

We recommend the SPB develop and implement a comprehensive written policy for the CRC program that strengthens and improves upon existing requirements set forth in the 2008 request for proposal and standard contract. Procedures covered by the policy should clearly define the approved on-site activities and minimum offender participation time that constitute a billable service day. Procedures should further establish limits for off-site billable days and define the supporting documentation needed to verify attendance. In addition, we recommend the SPB strengthen its review of provider invoices by comparing offender billed days to required reporting days and vouching billed days to required supporting documentation. The SPB should also consider a reduced per diem rate for off-site days.

State Parole Board Response

The State Parole Board notes that the current CRC contracts were executed in 2008 and will soon be re-bid. In June 2011, the State Parole Board proactively established a partnership with the Department of the Treasury, Division of Purchase and Property (DPP) to utilize DPP's expertise and resources in the development and issuance of the new CRC Request for Proposals (RFP). Audit recommendations regarding inadequate controls will be included in the new CRC RFP.

The audit compares the reimbursements for two different CRCs. The State Parole Board acknowledges that one provider does provide significant services for the State Parole Board.

The State Parole Board notes, however, that the difference between provider services is directly related to the location of the provider and the number of parolees served in that particular location. For example, in the largest urban area with the largest parolee population, one of the

providers serves more than twice the number of parolees on a daily basis than any other provider location in New Jersey.

With respect to the review of supporting documentation prior to the processing of payment, the State Parole Board is in the process of implementing additional operational assessment procedures to improve the receipt, review and validation of documentation prior to any payments being made to any provider. These procedures will be fully operational by March 31, 2014. For prior instances where providers may have inappropriately billed the State Parole Board, the State Parole Board will work to recoup any inappropriate billing from vendors.

Community Program Audit Requirements

OLS Finding

Monitoring providers as required will help ensure program costs are reasonable.

OLS Recommendation

We recommend the SPB strengthen its monitoring of providers by obtaining audited financial results of each program on an annual basis. We further recommend that an annual cost analysis be completed for all programs to determine the reasonableness of current per diem rates and to help with the development of future per diem rates.

State Parole Board Response

By February 1, 2014, the procedures to ensure the receipt of the providers' audited financial results on an annual basis will be operational. On September 4, 2013, the State Parole Board began the process to obtain cost analysis audits of all CRC providers. The cost analysis audits will be utilized to ensure the reasonableness of current per diem rates and to assist in the development of future per diem rates in the new 2014 CRC contracts.

Vehicle Fleet

OLS Finding

The SPB should properly classify its fleet and provide justification for underutilization.

OLS Recommendation

The SPB should determine which vehicles, classified as pool vehicles, should be reclassified as individual assignment to meet employees' formal job duties. In addition, SPB should provide proper justification for vehicles not meeting the monthly usage requirements or return vehicles to Transportation Services.

State Parole Board Response

Over the last few months, the State Parole Board has classified those vehicles designated as pool vehicles and those vehicles that are necessary to perform formal job duties requiring individual assignment. On October 22, 2013, the State Parole Board submitted the appropriate documentation for exemption to the Department of Treasury. All appropriate justification and vehicle documentation will be submitted to the Department of Treasury by February 2014.

Internal Controls – Payroll/Personnel

OLS Finding

Strengthening internal controls over payroll/personnel functions can limit the potential for a loss or misappropriation of funds.

OLS Recommendation

We recommend that the SPB strengthen internal controls by properly segregating payroll and personnel functions. Employees who can add new employees to the payroll should not have the ability to generate or distribute paychecks. Furthermore, employees involved in payroll processing should not distribute paychecks or paystubs. In addition, we recommend the SPB remove separated employees from the payroll timely.

State Parole Board Response

Payroll and personnel functions have been segregated within the Personnel and Employment Unit so as not to allow one employee simultaneous access to both payroll and personnel records. Further, the State Parole Board has implemented a procedure regarding the distribution of paychecks and paystubs to ensure that the employees involved in payroll processing are not the same employees responsible for distributing paychecks or paystubs. However, in July 2014, this procedure will be superseded by the implementation of state-mandated direct deposit for all employees. Lastly, the State Parole Board has implemented procedures to ensure that terminated employees are timely removed from the State Parole Board's payroll records. It should be noted that no State Parole Board employee received any payment beyond their employment termination date.

Procurement

OLS Finding

The SPB should comply with state regulations when renting office space.

OLS Recommendation

We recommend the SPB comply with the requirements set forth in Treasury Circular Letter 11-10-DPP when renting office space. This will help ensure costs are reasonable and space is adequate.

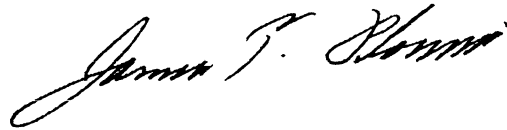
State Parole Board Response

The State Parole Board had communicated with the Department of Treasury of the emergent need to enter into a user agreement for the use of space for Division of Parole operations, and acted with the mutual understanding, based on communication with the Department of Treasury, that it had the authority and approval to enter into this limited space agreement. Pursuant to this communication, the State Parole Board executed an addendum to the existing contract with the provider to expand the services currently provided in the contract for additional space.

The State Parole Board will be in compliance with Treasury Circular Letter 11-10-DPP when renting office space.

In closing, the State Parole Board is appreciative of the review performed by the Audit Team; the respective recommendations offered by the Audit Team; and the opportunity afforded to the State Parole Board to provide comments to the audit report. It is the belief of the State Parole Board that the above referenced corrective measures implemented by the State Parole Board will effectively address the concerns identified by the Audit Team.

Respectfully,

A handwritten signature in cursive script, reading "James T. Plousis".

James T. Plousis
Chairman