

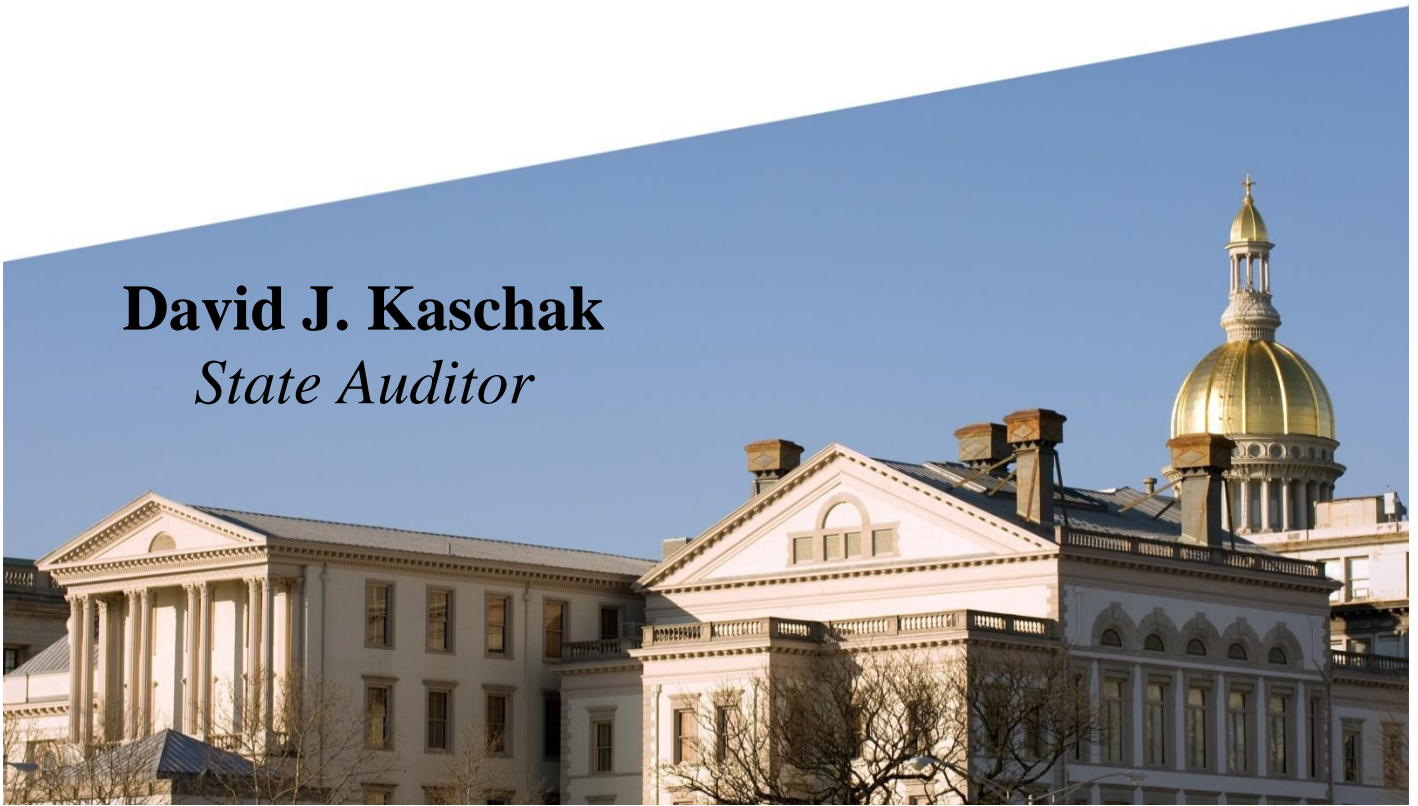


New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

Department of Corrections
Mid-State Correctional Facility

July 1, 2018 to July 31, 2022

David J. Kaschak
State Auditor



LEGISLATIVE SERVICES COMMISSION

Assemblyman
Craig J. Coughlin, Chair

Senator
Steven V. Oroho, Vice-Chair

SENATE

Christopher J. Connors
Kristin M. Corrado
Sandra B. Cunningham
Linda R. Greenstein
Joseph Pennacchio
M. Teresa Ruiz
Nicholas P. Scutari

GENERAL ASSEMBLY

Annette Chaparro
John DiMaio
Louis D. Greenwald
Nancy F. Muñoz
Verlina Reynolds-Jackson
Edward H. Thomson
Harold J. Wirths



NEW JERSEY STATE LEGISLATURE
★ Office of LEGISLATIVE SERVICES ★

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN ST. • P.O. BOX 067 • TRENTON, NJ 08625-0067
www.njleg.state.nj.us

OFFICE OF THE
STATE AUDITOR
609-847-3470
Fax 609-633-0834

David J. Kaschak
State Auditor

Brian M. Klingele
Assistant State Auditor

Thomas Troutman
Assistant State Auditor

The Honorable Philip D. Murphy
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Corrections, Mid-State Correctional Facility for the period of July 1, 2018 to July 31, 2022. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink that reads 'David J. Kaschak'.

David J. Kaschak
State Auditor
May 17, 2023

Table of Contents

Scope.....	1
Objectives	1
Methodology	1
Data Reliability	2
Conclusions.....	2
Background.....	2
Findings and Recommendations	
Substance Use Disorder Program Monitoring	5
Substance Use Disorder Assessments and Program Placement.	7
Sick Leave.....	9
Expenditures	11
Observations	
Substance Use Disorder Placement Prioritization	14
Expenditures During the COVID-19 Pandemic	14
Compensatory Time.....	15
Appendix	
Methodologies to Achieve Audit Objectives.....	16
Auditee Response.....	17

Scope

We have completed an audit of the Department of Corrections (department), Mid-State Correctional Facility (facility) for the period July 1, 2018 to July 31, 2022. Our audit included financial activities accounted for in the state's General Fund. Annual expenditures of the facility averaged \$35.4 million for fiscal years 2019 through 2022. We did not audit the financial transactions of the non-appropriated funds because they are audited by the New Jersey Department of Corrections, Bureau of Auditing.

The department did not provide documentation we requested relating to negative leave time and medical documentation supporting sick leave usage in excess of 15 days in a calendar year. As a result, our testing for negative leave time and sick leave usage could not be completed.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the facility's programs, were reasonable, and were recorded properly in the accounting systems. Additional objectives were to determine if expenditures associated with substance use disorder treatment services were in compliance with contract terms, the department's procedures to monitor contractor performance were adequate, and inmate placement timeframes were reasonable.

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, circular letters promulgated by the Department of the Treasury, and policies of the department and the facility. 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 facility personnel to obtain an understanding of the programs and the internal controls. Additionally, we reviewed the state contract for the facility's substance use disorder treatment services. In order to achieve our objectives, we performed various tests and analyses, as we determined necessary. Additional detail regarding our methodology and work performed can be found in the Appendix, as well as in the finding section when testing resulted in a reportable condition.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions on our audit objectives as well as internal controls and compliance. Sample populations were sorted, and transactions were judgmentally and randomly selected for testing. Because we used a nonstatistical sampling approach for our tests, we could not project the results to the respective populations.

Data Reliability

We relied on data from the New Jersey Comprehensive Financial System and the New Jersey Centralized Payroll System. Our office assesses the reliability of each system's data annually, and we have determined it to be sufficiently reliable for the purposes of this report. The reliability of the department's Timepoint system data was assessed by reconciling its data to the Time and Leave Reporting System (TALRS) and New Jersey Centralized Payroll System data. We determined that the data were sufficiently reliable for the purposes of this report.

Certain other data in our report were used to provide background information. Data that we used for this purpose were obtained from the best available sources. *Government Auditing Standards* do not require us to complete a data reliability assessment for data used for this purpose.

Conclusions

We found that the financial transactions included in our testing were related to the facility's programs, were reasonable, and were recorded properly in the accounting systems. In making these determinations, we noted weaknesses in internal controls over sick leave and procurement and payment processes meriting management's attention. Additionally, we noted opportunities for improvement in the areas of contract monitoring for substance use disorder treatment services and inmate placement timeframes.

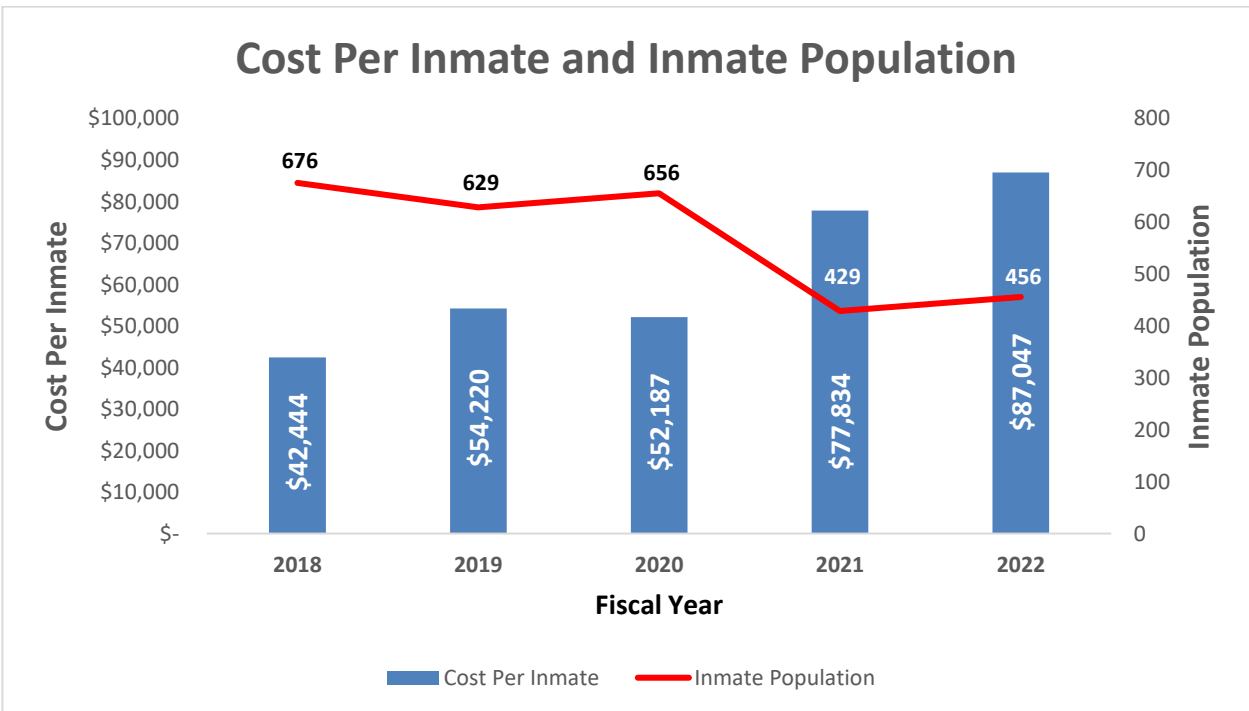
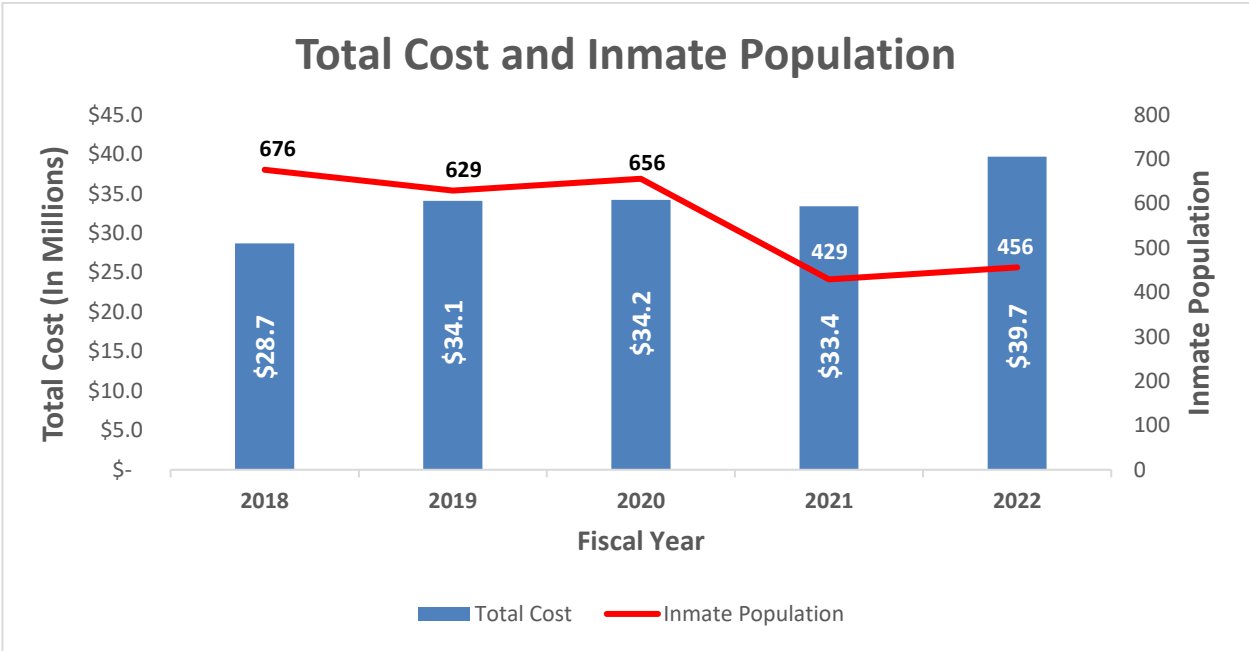
We also made observations regarding substance use disorder program placement prioritization, contract expenditures incurred during the COVID-19 pandemic, and compensatory time.

Background

The facility is a medium security institution for male inmates located on 13 acres at Fort Dix in Burlington County and has a total of 696 inmate beds. The facility was depopulated at the end of fiscal year 2014 to undergo renovations and reopened in April 2017 as a correctional facility dedicated to providing treatment to New Jersey inmates who have a substance use disorder (SUD). The facility's SUD program is administered by a contracted vendor and licensed by the Department of Health. With the exception of approximately 40 minimum security inmates assigned to facility maintenance detail, all inmates residing at the facility must participate in the SUD program.

As shown in the following charts, from fiscal year 2018 to fiscal year 2022 the inmate population of the facility decreased 33 percent from 676 to 456, while the cost per inmate increased 105

percent from \$42,444 to \$87,047. Inmate populations were obtained from the department’s Offender Characteristics Report published in the beginning of January each year.



According to facility personnel, the Public Health Emergency Credits Act implemented in October 2020 contributed to the decrease in inmate population since fiscal year 2020. The act allowed inmates to reduce up to eight months of their sentences by accruing COVID-19 public health emergency credits. Credits were awarded based on the inmate's release date occurring within 365 days. Specific convictions, such as murder and aggravated sexual assault, were not eligible to receive credit.

Substance Use Disorder Program Monitoring

The goal of the department’s SUD program is to advance the department’s mission-mandate to act in the interest of public safety while also providing its inmate population with the necessary tools to successfully re-enter society. In order to meet this mandate, the department made providing treatment to its SUD population a priority. The department entered into a contract with a vendor on March 6, 2017 to provide in-prison SUD treatment services for inmates. The contract had an original term through March 5, 2022, and as of February 28, 2022 it had been extended once through March 5, 2023. Department-wide expenditures for the SUD treatment program vendor, at intake and the facility, averaged \$3 million for fiscal years 2019 through 2022. According to the contract, inmates who present substance use concerns are burdened with the added re-entry barrier of addiction, and approximately 47 percent of those inmates have a moderate to extreme addiction severity index rating in alcohol and/or drugs. Our review disclosed the following internal control weaknesses related to contract monitoring.

Counseling Services and Treatment Plans

Counseling services and treatment plan reviews for inmates are not being conducted in accordance with contract requirements.

The department provides three levels of care for inmates based on their individual addiction treatment needs. The level of care is determined by a formal SUD clinical screening and assessment based on the American Society of Addiction Medicine criteria and guidelines. Pursuant to the contract, treatment plans are required to be reviewed every sixty days, and counseling services must be provided at specified frequencies depending on an inmate’s level of care. The chart below identifies the three levels of care and the frequency of required services.

Description	Level of Care		
	Long Term Residential	Intensive Outpatient	Outpatient
Hours per week of counseling/education	11	9	<9
Frequency of individual sessions	once a week	once a week	once a month

We identified 38 inmates who received treatment services for 30 months or longer during the period July 2018 through December 2020. We selected 5 of these inmates and reviewed counseling/education sessions, individual sessions, and treatment plans during the period July 2018 through mid-March 2020. Because the COVID-19 pandemic resulted in the suspension of treatment services at the facility in mid-March 2020, testing was conducted for periods prior to the pandemic. The period reviewed consisted of 89 weeks broken up into programming periods of one week or one month, depending on the inmate’s level of care. We found none of the five inmates received all of the required treatment services and noted the following:

- In 225 of 445 programming periods reviewed, the inmate did not receive the required counseling/education hours. For example, an inmate who should have received at least nine treatment hours per week did not receive these hours for over 78 percent of the review period.
- In 161 of 356 programming periods reviewed, the inmate did not receive the required number of individual sessions. For example, an inmate who should have received a weekly individual session did not receive these sessions for over 66 percent of the review period.
- 23 of 49 treatment plan reviews were not completed every sixty days.

While performing the review above, we noted issues with attendance documentation. Specifically, there were six instances where documentation indicated an inmate attended an individual session at the same time as a group session and nine instances where the group session notes showed an incorrect time. For these instances, we could not verify whether the inmate received the appropriate number of session hours. Additionally, there were two instances where inmates were in the hospital but marked present at a group session. As a result of these issues, we obtained 25 attendance sheets to determine if inmates were present for group sessions and noted ten issues: five attendance sheets were not signed by the inmate, one inmate signed into a group session while the clinical system indicated attendance at an individual session at the same time, and four attendance sheets were signed by the counselor on behalf of the inmate. The attendance sheets document whether the inmate is participating in the sessions and substantiate notes in the clinical system that reflects services provided.

Discharge Summaries

Discharge summaries were not completed as required by the administrative code.

We reviewed clinical files for 20 of the 57 inmates discharged from the program within a month of their admission during the period July 2018 through December 2020 to determine if discharge summaries were completed in accordance with N.J.A.C. 10:161A-19. These summaries provide management with the discharge reason and could be used to improve the program or assist in evaluating inmate needs. A discharge summary was not completed for three of the inmates we reviewed.

Periodic Review

The department is not adequately overseeing the services provided by the contracted vendor.

Department oversight is achieved by periodically reviewing inmate clinical files and attending sessions to ensure required treatment is provided. Department policy requires a report to be completed to document these reviews regardless of whether the vendor is compliant or deficient. The policy does not specify time frames for these reviews to be conducted; however, according to department management, these reviews should be conducted quarterly. Additionally, the policy

requires corrective action be taken for any deficiencies noted. We requested all nine reports that should have been completed during calendar years 2018, 2019, and the first quarter of 2020. The department was only able to provide four reports: three for 2018, one for 2019, and none for the first quarter of 2020. All four issued reports noted deficiencies, including inmates not receiving appropriate treatment hours.

Biannual Report

The department has not completed required biannual reports.

According to Treasury Circular No. 14-08-DPP, the department must submit a report to the Division of Purchase and Property every six months for the SUD contract. The main purpose of the report is to document contractor performance and fulfillment issues. The department did not complete these reports for calendar years 2019, 2020 and 2021.

Recommendation

We recommend the department implement monitoring procedures to ensure counseling sessions are provided and treatment plans are reviewed in accordance with the contract. Additional procedures should be established to ensure session attendance is accurately reflected in the clinical system based on supporting documentation. The attendance documentation and group notes should accurately reflect inmate participation, and signing on behalf of inmates should be avoided. The department should also ensure discharge summaries are completed for all inmates in accordance with the administrative code and contract. We further recommend modifications to existing department policy be made to include time frames for periodic reviews and ensure these reviews are completed. Additionally, biannual reports should be completed in accordance with the state circular.



Substance Use Disorder Assessments and Program Placement

The current SUD assessment is fragmented and delays inmate program placement.

We found the excessive time frame of inmate placement reduces the efficiency of facility usage and delays treatment designed to combat addiction. This increases the risk of an inmate not receiving necessary treatment prior to release and re-entry into society. The population in the SUD program has declined from 677 inmates in January 2019 to 396 in March 2022, which is approximately 60 percent capacity. According to department management, the lingering impacts from the COVID-19 pandemic on department and vendor operations have caused delays in assessments and placements and negatively impacted vendor staffing levels resulting in more than anticipated vacancies.

Pursuant to the contract, SUD assessments should be completed by the vendor within five business days of referral by the department. Assessments were previously completed at the Central Reception and Assignment Facility as part of the intake process. However, as a result of the COVID-19 pandemic, the current inmate intake process occurs at Garden State Youth Correctional Facility where inmates are placed in quarantine for 15 days. Following their quarantine period, inmates are transferred to their assigned facility. Because assessments are not completed at one central location and the vendor must travel to various facilities throughout the state, it is the vendor's goal to complete four assessments daily.

According to Department of Health management, a waiver can be obtained to provide assessments at the treatment facility. Applying for this waiver or modifying the administrative bulletin to allow assessments to be completed at the treatment facility may reduce inmate placement time frames. Inmates must be classified as medium status to be admitted into the program, and an eligibility list is maintained by the Office of Substance Abuse Programming and Addiction Services (OSAPAS). The list is categorized by inmates waiting for a SUD assessment, inmates with a completed SUD assessment, and inmates who have been approved to go to the facility. We analyzed this list to determine the efficiency of the intake process for the program.

We reviewed the number of system-wide inmates waiting to get a SUD assessment as of April 2022. According to the list, there were 300 inmates in medium status who were referred but had not yet received a SUD assessment. Specifically, 125 inmates were placed on this list in calendar year 2022, 153 in 2021, and 22 during calendar years 2018 through 2020. When there is significant bed space availability at the facility, it should be a priority to expedite assessments and placements.

We also reviewed the number of inmates who received a SUD assessment but were not yet placed at the facility. We reviewed 33 inmates who received a SUD assessment in March 2022 and were deemed eligible to go to the facility, and we found six (18 percent) still had not been moved as of May 25, 2022. Additionally, four inmates were released in May 2022 without obtaining the treatment they requested in 2021.

In addition, we obtained the eligibility lists of inmates waiting for final department approval to be assigned to the facility for February and April 2022. According to these lists, there were a total of 176 inmates who received a SUD assessment; however, because of classification changes, only 93 of them remained in a medium custody status during this period, including 30 who had requested to go to the facility between calendar years 2018 and 2020. We selected a sample of 21 of the 93 inmates in medium status and found two inmates who could not participate in the program because they went to school and two who had transferred to the facility timely. Of the remaining inmates, we noted the following:

- Six inmates requested to be assigned to the facility while in medium status; however, the SUD assessments took between 8 to 32 months, with two inmates ultimately not approved.

- Eight inmates waited between 3 and 14 months to go to the facility despite having the SUD assessment completed timely. A significant delay increases the risk that an inmate's status could change, which would make the inmate ineligible for the program.
- Three inmates changed their minds by the time the department approved their request. One of these inmates was asked 34 months after their status changed to medium, the other two inmates were asked four months and eight months later to go to the facility.

Department of Human Services' Administrative Bulletin 6:02 establishes and delineates the parameters for SUD treatment programs within the department and specifies that SUD assessments be completed at the applicable intake facility or through the use of mobile staff. Revising the bulletin to provide the department with the ability to move inmates to the facility for a SUD assessment once the referral and classification process is complete could expedite the placement time frame. This would enable programing to begin right after the appropriate level of care is determined with the assessment. Telehealth is also another feasible option to streamline the assessment process. Another issue that tends to impact placement time frames are custody status changes. It is possible that status changes could be avoided by sending referred inmates directly to the facility for SUD assessments.

Recommendation

We recommend the department ensure SUD assessments are completed within five business days of referral in accordance with the contract.

The department should revise the current fragmented admittance process and establish a reasonable time frame for eligible inmates to be transferred to the treatment facility. Eligible inmates should be transferred as soon as feasible to avoid becoming ineligible because of a custody status change. Whenever possible, the department should provide treatment to eligible inmates prior to release.



Sick Leave

The Office of Human Resources should properly monitor employee sick leave and obtain medical documentation when required.

The department's Division of Administration, Office of Human Resources is responsible for the facility's payroll and personnel functions. However, we found it is not adequately monitoring employee sick leave. As a result, employees may be abusing their sick leave benefits. Failure to enforce department policy could cause scheduling disruptions, result in additional overtime, and create an environment where employees perceive excessive sick leave usage as an acceptable and customary practice. The facility had 254 custody employees and 53 civilian employees as of January 1, 2021. The custody operation requires specific staffing levels to be maintained for 24

hours each day. Strong monitoring and oversight of sick leave usage is necessary to reduce scheduling disruptions and the resulting overtime.

The department's Human Resources Bulletin 84-17 requires an employee to submit appropriate medical documentation for all absences in excess of 15 days of sick leave in a calendar year. Additionally, department policy requires the facility to issue a formal letter to the employee when sick leave usage reaches 6 and 15 days in a calendar year. As part of the notification process, employees will meet with a supervisor to discuss their attendance record and the importance of good attendance, as well as consequences for continued absenteeism, which could include suspension or termination. The letter requires the employee's signature and will be included in their personnel file.

A total of 41 and 30 employees used more than 15 days of sick leave in calendar years 2019 and 2020, respectively. This total excludes employees with a pre-approved long-term leave of absence based on request codes entered in the state's Personnel Management Information System. We sampled 15 employees (12 custody and 3 civilian) who took more than 15 sick days in calendar year 2019 and/or 2020. Our testing revealed the following:

- The department could not support that 4 of 14 (29 percent) sampled employees were issued the formal letter after their use of a sixth sick day.
- The department could not support that 7 of 15 (47 percent) sampled employees were issued the formal letter after their use of a fifteenth sick day.
- 4 of 8 (50 percent) documented 15 sick day memos provided were not signed by the employee.

Additionally, we requested medical documentation to support employee sick absences in excess of 15 days; however, human resources did not provide this documentation for any of the 15 employees tested.

Recommendation

The department's Office of Human Resources should monitor employee sick leave usage for potential abuse, ensure absence memos are completed and signed, and ensure medical documentation is obtained as required by department policy.



Expenditures

Internal controls over the procurement process should be strengthened.

Delegated Purchasing Authority (DPA) and Other Expenditure Transactions

Management is responsible for establishing and maintaining internal controls that safeguard assets from loss or unauthorized use. Proper segregation of duties, adherence to state regulations, and maintenance of accurate and complete documentation are necessary to ensure the proper use of resources. Below is a summary of expenditures for fiscal years 2019 through 2022. Payroll and medical services comprise the majority of facility expenditures.

Expenditures by Fiscal Year

Object	Object Description	FY 2019	FY 2020*	FY 2021*	FY 2022	Percentage of FY 2022
1210	Salaries and Wages	\$21,631,176	\$22,564,500	\$23,773,600	\$26,262,559	65%
3621	Medical Services	\$8,074,374	\$7,548,399	\$5,108,686	\$8,571,137	21%
2010	Food	\$1,097,640	\$1,126,044	\$1,108,145	\$1,259,113	3%
	All Other Expenditures	\$4,129,776	\$3,802,039	\$4,106,677	\$4,274,112	11%
Totals		\$34,932,965	\$35,040,981	\$34,097,107	\$40,366,921	100%

*salaries and wages included the use of federal COVID-19 funds.

We judgmentally sampled 60 expenditure transactions totaling \$1,638,235 for fiscal years 2019, 2020, and 2022 based on dollar amounts and vendors unique to the facility. The samples included 25 DPA transactions, 25 non-DPA transactions, and an additional 10 DPA transactions from fiscal year 2022. Our testing identified the following internal control weaknesses over procurement:

- Documentation of a competitive procurement process in accordance with the DPA procedures was not always evident. Treasury Circular No. 22-09-DPP defines a DPA transaction as one that cannot be procured through one of the four primary contracting methods and establishes procedures for obtaining price quotes based on specific transaction dollar amounts. Of the 24 applicable expenditures tested, we found 14 (58 percent) totaling \$107,531 lacked adequate documentation of a competitive procurement process.

According to management, subsequent to fiscal year 2020 the requirements of the circular were reinforced with employee training, and there should be improved compliance for more recent transactions. To determine the validity of this statement, we sampled 10 additional fiscal year 2022 DPA transactions and noted one lacked documentation of a competitive procurement process.

- Requisition forms were not fully completed for 8 of 49 (16 percent) sampled transactions totaling \$54,017. According to department policy, all purchases should be initiated with a

properly executed requisition form. The review and approval of this form ensures procedural compliance and availability of funds.

- A confirming order is the ordering of good or services before an authorized requisition and purchase order are approved, thus bypassing the procurement process. Our review of 35 transactions found four confirming orders (11 percent) totaling \$18,134. This procurement practice is discouraged by department policy and increases the risk that a budget could be overspent because of unrecorded liabilities.

Fuel and Utilities Payments

The department continues to pay fuel and utilities based on the availability of budgeted funds rather than actual costs. Our analysis of costs charged to object code 2510 (Fuel and Utilities) noted large fluctuations. We reviewed expenditure transactions from fiscal year 2019 through 2022 for this object code to determine the reason for the volatility in an account expected to remain relatively stable (see the chart below).

Description	Fuel and Utilities				
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Expended Amount	\$600,000	\$450,000	\$674,000	\$1,098,362	\$2,822,362
Actual Cost	\$414,572	\$435,848	\$430,978	\$ 502,896	\$1,784,294
Difference	\$185,428	\$ 14,152	\$243,022	\$ 595,466	\$1,038,068

We reviewed the energy bills for the facility and found actual costs for the period were \$1.0 million less than the amount recorded in the accounting system. According to management, payments were made based on available funding in respective appropriation accounts because funding had been perceived as department-wide and not specific to a facility. Our office released an audit report with a similar finding in 2018 for another department facility, and the department responded: “Reallocation of institutional appropriations will be requested through the fiscal year 2020 budget process to align the funding for these expenditures.” The department adjusted its procedures in fiscal year 2020 to ensure expenditures would be based on actual costs; however, this did not occur for the facility. Failure to properly record costs for each facility distorts the department’s ability to accurately compare spending between facilities and cost per inmate calculations.

Internet Service Contract

We found one paid service was not used because of the internet usage restriction at the facility. The facility signed a contract for internet services that were necessary to remotely regulate the temperature of the cooling system. Payment of these services totaled \$28,860 between March 2018 and January 2020. Internet service or wireless networks were not allowed in areas with inmates and were not installed or used. Regulation of the cooling system is performed manually at the facility. The contract was terminated in July 2019.

Substance Use Disorder Vendor Invoices

The department does not review the accuracy of vendor invoices for SUD treatment services. In accordance with the contract, SUD treatment services are billed for inmates participating in the program at a fixed daily rate. The vendor submits a monthly invoice that includes a list of inmates and the number of days billed. The vendor contract states: “A treatment bed may be billed for any day that the bed is occupied at 11:59 PM by an inmate participating in the SUD program on that day.” We sampled four months of invoices between July 1, 2019 and November 30, 2021 to determine if inmates resided at the facility on the days included on the invoice. The average sampled monthly invoice totaled \$246,396, and the total for the four invoices was \$985,583. During our sampled period, we found the vendor billed the department the incorrect number of days for 70 inmates, resulting in a net overpayment of \$7,115. Of these inmates, 42 were temporarily transferred to another facility during the period the vendor billed for services. Ten (25 percent) of these inmates were never transferred back to the facility. Although these inmates were still assigned to the facility, they were not occupying a bed or receiving treatment services during the days transferred out of the facility.

Additionally, we expanded our testing for two inmates included on the sampled monthly invoices that remained on invoices for an extended period of time after leaving the facility. During the period June 2019 through November 2021, we found the vendor billed the department \$10,412 for 668 days these inmates were no longer housed at the facility. One of these inmates was billed for 550 days while located at a different facility. The department does not have a review process to ensure the accuracy of the invoiced amount. Failure to review invoices for accuracy prior to payment can lead to improper payment and loss of funds.

Healthcare Provider Logbook

The department uses a state contract vendor to provide healthcare services to inmates at the facility. The vendor submits monthly invoices, which include employee wages, to the department for review and payment. According to the contract, the department is required to request at least three percent of timesheets that support monthly wages on vendor invoices. These timesheets should be reviewed for propriety. However, we found these reviews are not performed. Timesheets are not requested or reviewed before the vendor receives payment. When timesheets are not reviewed for accuracy, there is an increased risk of improper payment.

As required by contract, the facility maintains a healthcare provider logbook for the vendor’s employees to sign in and sign out of the facility. The logbook should document all vendor employees entering and departing the facility and is necessary for safety and security purposes. We compared all 241 time entries for May 2022 vendor timesheets to the logbook and found sign-ins and sign-outs were missing or inaccurate 73 times (30 percent). Of the 73 exceptions, 27 were for no employee signature, 21 were for the time recorded in the logbook not agreeing with the timesheet, and 25 were for a missing or illegible time recorded in the logbook. Failure to track vendor employees coming in and out of the facility could be a safety concern. Furthermore, timesheets cannot be corroborated by the department using the logbook.

Recommendation

We recommend the facility ensure price quotes are obtained and documented for DPA purchases. Requisition forms should be completed in accordance with department policy, and confirming orders should be avoided. Fuel and utility expenditures recorded in the state accounting system should reflect actual costs of the facility. Purchase requests should be reviewed thoroughly to ensure they are allowable in accordance with department policy.

Invoices for SUD treatment services should be reviewed for accuracy. The contract should be updated or a policy should be documented to clarify billing procedures for inmates that are temporarily removed from the facility.

The department should also review healthcare provider timesheets as required by the contract and enforce its sign-in policy.



Observations

Substance Use Disorder Placement Prioritization

When an inmate is interested in the SUD program, the department does not take the minimum length of their sentence into consideration. Although re-entry to society is the goal, inmates with shorter minimum sentences are not prioritized. As of January 2022, there were 182 inmates at the facility with a minimum sentence greater than five years; 88 of these inmates had a minimum sentence greater than ten years and 25 had a minimum sentence greater than 20 years. Currently, the risk of an inmate with a shorter sentence not receiving treatment services before an inmate with a longer sentence is reduced because of the significant availability of bed space. However, if bed space becomes limited, the department could use minimum sentence lengths as a factor for program placement to avoid inmates with shorter sentences from not receiving treatment prior to release.

Expenditures During the COVID-19 Pandemic

The Governor of New Jersey declared a state of emergency on March 9, 2020 because of the COVID-19 pandemic. As a result, the department enacted numerous procedures to reduce the spread of the virus within the facility for employees and inmates. These procedures included suspending the transfer of inmates from county jails and between department facilities, implementing work from home or alternative schedules for non-essential staff to reduce the foot traffic at the facility, and halting group SUD programming to achieve social distancing.

According to the Substance Abuse Service Contract, the vendor is to provide in-prison SUD treatment services for inmates with a drug and/or alcohol addiction. The contract also states that minimum treatment hours shall be provided to each inmate based on their diagnosed level of care

as determined by an assessment. The daily per bed reimbursement rate is a fixed price all-inclusive of direct and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, supplies, and managerial and administrative support. The rate does not include costs to house or feed offenders; these costs are incurred by the department.

During the COVID shutdown, the department made the decision to continue to reimburse the vendor the full contracted daily rate even though services were limited or suspended. The Department of the Treasury, Division of Purchase and Property was contacted for guidance regarding this matter and left the decision to continue to pay for vendor services with the department. According to documentation, only four vendor employees reported to the facility daily in order to update records and provide the custody staff with written materials to deliver to the inmates. The remaining vendor employees worked remotely to develop materials related to programming, complete professional development training courses, and perform other administrative duties. Programming in a group setting was temporarily discontinued to avoid unnecessary human contact. Communication between the vendor and inmates was conducted through the J-Pay self-help kiosks, which are located throughout the facility and in each dormitory. For the period April 1, 2020 through April 1, 2021, the department paid the vendor a total of \$2.8 million for providing limited or no treatment services at the facility.

Compensatory Time

Excessive compensatory time could result in unnecessary overtime costs.

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 overtime worked. When compensatory 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 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 January 1, 2019 and December 31, 2020, the facility's officers used 18,808 hours of compensatory leave time. Of these hours, 15,508 (82 percent) required paying the covering officer overtime. We estimated the additional cost associated with paying this overtime amounted to \$248,000 for this period, or an average of \$124,000 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 time may be denied only in circumstances when it cannot be accommodated for operational reasons. Additionally, the facility does not perform an analysis of compensatory leave time earned and used by custody staff.



Appendix

Methodologies to Achieve Audit Objectives

To determine if the facility was efficiently staffed, we compared the employee job listing report from the department's scheduling system to the Post Trick report for February 2021. We performed a reconciliation between the scheduling system and the department's Post Trick report, which is used to determine staffing needs for each shift.

To determine if the facility was in compliance with the union contract regarding the accrual of compensatory leave time, we analyzed the department's scheduling system.

To determine if vacation leave quotas were exceeded, which leads to overtime costs, we reviewed vacation leave used during 3,288 shifts from calendar year 2018 through 2020.

To determine if employees on leave without pay were contributing appropriate health benefit premium payments, we judgmentally sampled 10 employees for testing.

To determine if positive drug tests administered by the facility were transferred to the department laboratory for confirmation, we reviewed tests conducted at the facility.

To determine if disciplinary action was enforced against inmates that tested positive for a prohibited substance, we judgmentally selected a sample of 20 positive drug tests from calendar years 2018 through 2020 for testing.





State of New Jersey

DEPARTMENT OF CORRECTIONS

WHITTLESEY ROAD

PO BOX 863

TRENTON NJ 08625-0863

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

VICTORIA L. KUHN, ESQ.
Commissioner

May 15, 2023

Brian L. Klingele
Assistant State Auditor
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, New Jersey 08625-0067

Dear Mr. Klingele,

I have reviewed the audit report of the New Jersey Department of Corrections (NJDOC), Mid State Correctional Facility (MSCF) performed by your office for the period of July 1, 2018 to July 31, 2022. Thank you for the opportunity to respond and provide comments to your office prior to the release of the audit.

Our understanding of the objectives of the audit was to determine whether financial transactions were related to the facility's programs, were reasonable, and were recorded properly in the accounting systems. Additional objectives were to determine if expenditures associated with substance use disorder treatment services were in compliance with contract terms, the department's procedures to monitor contractor performance were adequate, and inmate placement timeframes were reasonable. The following is in response to the findings and recommendations outlined in the audit.

Substance Use Disorder Program Monitoring

Recommendation:

We recommend the department implement monitoring procedures to ensure counseling sessions are provided and treatment plans are reviewed in accordance with the contract. Additional procedures should be established to ensure session attendance is accurately reflected in the clinical system based on supporting documentation. The attendance documentation and group notes should accurately reflect inmate participation, and signing on behalf of inmates should be avoided. The department should also ensure discharge

summaries are completed for all inmates in accordance with the administrative code and contract. We further recommend modifications to existing department policy be made to include time frames for periodic reviews and ensure these reviews are completed. Additionally, biannual reports should be completed in accordance with the state circular.

Management Response:

The Department's Office of Substance Abuse Programming and Addiction Services (OSAPAS) requested that the vendor develop a plan of correction for areas that were identified as deficient. The following practices have been implemented to monitor compliance:

- The SUD Program Director/Clinical Supervisors will monitor both individual counseling and group sessions with identifying clients that miss sessions to determine whether the attendance was excused or unexcused.
- The SUD Program Director established a Standard Operating Procedure (SOP) for attendance based on Level of Care. The SOP determines how many unexcused absences can occur in a given month before the absences result in an Expectations Contract and/or program discharge for non-compliance. Since the SOP was implemented, the vendor has been providing many more Expectation Contracts and have had more non-compliance discharges.
- The State Director will work with the SUD Program Director to identify group space capacity sizes for each service location to determine if schedules should be modified to maximize the number of service hours that can be delivered. This will help to decrease or minimize the number of clients not meeting the minimum group hour requirements. (In process)
- The State Director has trained supervisors on the use of the Continuous Quality Improvement (CQI) grid for compliance tracking.
- The SUD Program Director has developed a SOP for assigning clients to group wait lists due to group capacity sizes.
- The deficiency in the discharge summaries has been addressed with the vendor. The expectation detailed in the Core Program Standards is that the vendor completes discharge/continuum of care planning for both community and back to general population releases for potential services or treatment.
- In accordance with the Internal Management Procedure, there will be quarterly contract compliance reviews made by OSAPAS. During these contract compliance reviews, OSAPAS will complete a SUD Treatment Site Visit Report. This report is submitted to Contract Compliance Unit Supervisor within five (5) working days, and a copy will be forwarded to the Statewide Director and Treatment Program Director and/or designee. The report will advise supervisory staff of observed program effectiveness, major problems, or concerns in need of direct attention immediately. Upon receipt and review of the written report, the Statewide Program Director of the Contracting Vendor is required to submit a corrective action plan to the Office of Substance Abuse Programming and Addiction Services within 10 calendar days. The SUD Treatment Program Director will have 30 Calendar days

from the date of audit to remedy deficiencies noted on the Clinical File Compliance and Remedy Form. Remedied deficiencies will be reviewed by the Contract Compliance Unit during a follow-up visit not to occur less than 30 calendar days.

It should be noted that the current contract with Gateway will expire on March 5, 2024 with a one-year term extension available until March 5, 2025. Treasury and DOC have begun the re-procurement process. A Bid Solicitation/Request for Proposal (RFP) is in process, and the Scope of Work will be revised to include/clarify additional monitoring and billing procedures.

As to the biannual reporting requirements outlined in the State Circular Letter, the Department submitted a biannual report in April. The next scheduled biannual report will be due in September 2023.

Substance Use Disorder Assessments and Program Placement

Recommendation:

We recommend the department ensure SUD assessments are completed within five business days of referral in accordance with the contract.

The department should revise the current fragmented admittance process and establish a reasonable time frame for eligible inmates to be transferred to the treatment facility. Eligible inmates should be transferred as soon as feasible to avoid becoming ineligible because of a custody status change. Whenever possible, the department should provide treatment to eligible inmates prior to release.

Management Response:

In accordance with the contract, SUD assessments are to be completed as part of the intake process. Prior to the closure of the Central Reception and Assignment Facility (CRAF), SUD assessments were completed as part of the intake process. With the closure of CRAF, coupled with COVID-19 pandemic restrictions, the vendor faced many obstacles with conducting intake contacts in a timely manner. Currently, the plan is to perform SUD assessments at the location of the SUD program. This would ensure a level of compliance and will be suggested as part of the RFP.

Eligible incarcerated persons (IP's) are transferred as soon as feasible. It should be noted that the psychoeducational offerings are available at all facilities so that IP's can still receive some type of SUD programming while awaiting transfer to the program.

Sick Leave

Recommendation:

The department's Office of Human Resources should monitor employee sick leave usage for potential abuse, ensure absence memos are completed and signed, and ensure medical documentation is obtained as required by department policy.

Management Response:

Custody and civilian timekeepers will be reminded of the proper usage of attendance notification memos for those employees who have utilized six (6) or fifteen (15) days not covered by an approved FLMA entitlement in a calendar year as well as reinforcement of the requirement of staff to provide medical documentation for sick leave usage in excess of fifteen (15) days in a calendar year.

MSCF's Office of Human Resources will continue to disseminate the bi-weekly "Employee Leave Balance Summary and Early Warning Report" to timekeepers and will follow up with the timekeepers monthly to ensure employees are being duly notified and subsequently disciplined if not in compliance. The Department's internal audit unit will conduct periodic audits to ensure compliance.

Expenditures

Recommendation:

We recommend the facility ensure price quotes are obtained and documented for DPA purchases. Requisition forms should be completed in accordance with department policy, and confirming orders should be avoided. Fuel and utility expenditures recorded in the state accounting system should reflect actual costs of the facility. Purchase requests should be reviewed thoroughly to ensure they are allowable in accordance with department policy.

Invoices for SUD treatment services should be reviewed for accuracy. The contract should be updated or a policy should be documented to clarify billing procedures for inmates that are temporarily removed from the facility.

The department should also review healthcare provider timesheets as required by the contract and enforce its sign-in-policy.

Management Response:

Procurement Training for business office staff was held at Central Office on September 30, 2022. Procurement Training for facility maintenance staff, with business office staff in attendance, was conducted for the Central Region (to include MSCF) on October 3, 2022. The trainings included a review of the procurement process, state guidelines, policies and procedures, and the importance of segregation of duties to strengthen internal controls. Training will occur annually and will be scheduled for some time in the summer.

DOC Office of Information Technology (OIT) staff are in the process of creating a report that will be utilized to verify the vendor's details included with each monthly invoice. In

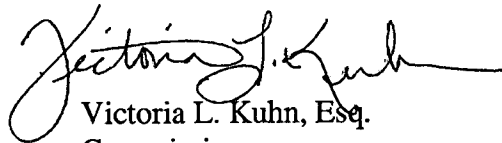
Brian L. Klingele
May 15, 2023
Page 5 of 5

addition, language will be included in the RFP to clarify billing procedures for inmates that are temporarily removed from the facility.

The department's internal audit group will begin an audit of the healthcare provider timesheets during June for fiscal year 2023. Thereafter, sample size audits will occur each month as part of the invoice review/verification process.

In closing, I would like to thank your audit staff for their diligent work and professionalism exhibited during the audit.

Regards,



Victoria L. Kuhn, Esq.
Commissioner

New Jersey Department of Corrections

DMG:rsb

c: Kristina E. Chubenko, Esq., Chief of Staff
Willie Bonds, Acting Deputy Commissioner
Dr. Darcella Sessomes, Chief, Division of Programs and Reintegration
Donna M. Gies, Assistant Commissioner, Administration
Erin Nardelli, Assistant Commissioner, Division of Operations
Helena Tome, Assistant Commissioner, Office of Women's Services
Raymond Royce, Administrator