



County of Allegheny

Office of the Controller

**PERFORMANCE AUDIT REPORT
ON CONTRACT COMPLIANCE
WITH CONTRACTS #134361 AND #198911
BETWEEN RENEWAL, INC. AND
ALLEGHENY COUNTY FOR THE PERIOD
JANUARY 1, 2016 THROUGH DECEMBER 31, 2017**

MAY 10, 2018

Chelsa Wagner
Controller

**104 County Courthouse
436 Grant Street
Pittsburgh, PA 15219
Phone: (412) 350-4660
Fax: (412) 350-4770**

E-mail: Controller@alleghenycounty.us

Contents

Letter	1
I. Introduction	3
II. Objectives, Scope, and Methodology	5
III. Findings and Recommendations	
Renewal Findings:	
Renewal Finding #1: Renewal Invoiced the Jail for \$1,740 in Excess Compensation for the Alternative Housing Services Provided	7
Renewal Finding #2: Renewal Did Not Routinely Collect and Remit Room and Board Payments and Court Costs as Required	9
Renewal Finding #3: Renewal Has Not Fully Adhered to the Jail's Policy Regarding Timely Escape Notifications	11
Renewal Finding #4: Renewal's Records Indicate That Prescription Medications Have Not Been Dispensed to Some Inmates as Required	13
Renewal Finding #5: Renewal is Holding an Excessive Amount of Funds That Belong to Former Inmates	15
Renewal Finding #6: Renewal Has Insufficient Documentary Evidence to Demonstrate its Grievance Process	17
Renewal Finding #7: Internal Controls Surrounding the Resident Budget Process Need Strengthened	19
Allegheny County Jail Findings:	
Allegheny County Jail Finding #1: The Jail's Monitoring of Compliance With Alternative Housing Contract Requirements Can Be Improved	21
IV. Conclusion	24
Response from Renewal, Inc.	25
Response from the Allegheny County Jail	29



CHELSEA WAGNER
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219-2498
PHONE (412) 350-4660 • FAX (412) 350-3006

April 20, 2018

Mr. Douglas C. Williams
President/CEO
Renewal, Inc.
601 Grant Street, 5th Floor
Pittsburgh, PA 15219

Mr. Orlando Harper
Warden
Allegheny County Jail
950 Second Avenue
Pittsburgh, PA 15219

**PERFORMANCE AUDIT REPORT
ON CONTRACT COMPLIANCE
WITH CONTRACTS #134361 AND #198911
BETWEEN RENEWAL, INC. AND
ALLEGHENY COUNTY FOR THE PERIOD
JANUARY 1, 2016 THROUGH DECEMBER 31, 2017**

Dear Mr. Williams and Warden Harper:

We have conducted a performance audit to evaluate the compliance of Renewal, Inc. ("Renewal") with the terms and provisions of its Allegheny County contracts #134361 and #198911 for alternative housing services at the Allegheny County Jail. Our performance audit covers the period from January 1, 2016 through December 31, 2017, and was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our engagement, we identified noncompliance with a number of Jail policies and alternative housing contract requirements. The detailed results of our performance audit are included in the attached report.

Mr. Douglas C. Williams
Mr. Orlando Harper
April 20, 2018

We would like to thank the management and staff of Renewal, Inc. and the Allegheny County Jail for their courtesy and cooperation during the performance of our procedures.

Kind regards,



Chelsa Wagner
Controller



Lori A. Churilla
Assistant Deputy Controller, Auditing

cc: Honorable John DeFazio, President, County Council
Honorable Nicholas Futules, Vice-President, County Council
Honorable Judge David Cashman, Chairman, Jail Oversight Board
Honorable Rich Fitzgerald, Allegheny County Executive
Mr. William D. McKain, County Manager, Allegheny County
Ms. Jennifer Liptak, Chief of Staff, County Executive
Mr. Kenneth J. Varhola, Chief of Staff, County Council
Ms. Sarah Roka, Budget Manager, County Council
Ms. Mary C. Soroka, Director, Office of Budget and Finance

I. Introduction

Allegheny County contracts with Renewal to provide community residential corrections and work-release services for male and female inmates referred by the Allegheny County Jail. The Renewal program was initiated to address the overcrowding at the Allegheny County Jail and to offer the criminal justice system an alternative to probation, supervision, and long-term security confinements.

The inmate population at Renewal is to consist only of non-violent, low risk inmates. The average length of stay for County inmates at Renewal is approximately three to four months. Renewal also contracts with State and Federal prisons for alternative work release and drug and alcohol treatment programs. Currently, Renewal can support a total of approximately 622 inmates.

Renewal's program is to provide a structured, supervised treatment facility that prepares inmates to return to society as responsible citizens. It does this by providing the following services:

- Counseling designed specifically to address criminal behavior and substance abuse.
- A controlled drug free environment with urinalysis and breathalyzer testing.
- Networking with social service agencies to assist the inmates in finding employment.
- Assistance in developing an individual program plan which becomes the inmate's contract and outlines their personal goals which they are to pursue in such areas as substance abuse treatment, vocational and educational training, family counseling, financial management and community service.

While in the program, all inmates are expected to secure employment or education, remain drug and alcohol free, and participate in counseling and community services. The inmate's net income from employment is reduced by 20% for room and board, 10% for court costs, fines, and restitution, and at least 10% for savings. A budgeted amount is given to the inmate to encourage fiscal responsibility and is to be used to contribute toward family support, any outstanding debts, and personal spending. All room and board collected from inmates is considered program income and is offset against Allegheny County contract billings. In addition, the court costs collected are remitted monthly to the applicable sentencing court.

Allegheny County entered into contract #134361 with Renewal for the period March 1, 2012 through February 28, 2015. Contract #134361 was first extended for a 10-month period to December 31, 2015, and then extended again for an additional year to December 31, 2016. Under contract #134361, Renewal was entitled to compensation of \$60 per bed per day for up to 200 beds occupied by County inmates.

Allegheny County entered into contract #198911 with Renewal for the period January 1, 2017 through December 31, 2019. The contract contains two one-year renewal options. Under contract #134361, Renewal is entitled to compensation of \$70 per bed per day for up to 180 beds occupied by County inmates.

I. Introduction

Renewal provided alternative housing services for 651 and 553 County inmates during 2017 and 2016. Allegheny County paid Renewal \$2,723,816 and \$1,942,107 for the alternative housing services provided by Renewal during 2017 and 2016. During our audit period Renewal collected \$93,098 for room and board and \$44,381 for court costs/fines/restitution from County inmates.

II. Objectives, Scope, and Methodology

Objectives

The objectives of our performance audit were to:

1. Determine whether inmates participating in the alternative housing program at Renewal during the audit period were referred to the program by the Allegheny County Jail and met the eligibility requirements for program participation.
2. To determine whether inmates participating in the program were employed and were properly (periodically) monitored while at their work release sites.
3. To evaluate the effectiveness of Renewal's controls over the administration of inmate medications, including the disposal of unused medications.
4. To determine whether inmate funds have been handled and accounted for properly by Renewal, including the transfer of inmate account balances from the Jail, the distribution and tracking of funds inmates earn through employment, and the ultimate distribution of funds (or escheating to the Commonwealth of PA).
5. To determine whether Renewal had adequate controls in place to ensure that inmates did not leave the alternative housing facilities without proper authorization, to track and monitor inmates who were permitted to leave the facilities, and to make all of the required notifications in a timely fashion if inmates escaped.
6. To determine whether Renewal was in compliance with the contract terms regarding the number of inmates served, amounts billed for services, insurance coverage, and reporting requirements.

Scope

Our audit procedures covered the period from January 1, 2016 through December 31, 2017. We conducted our performance audit 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

II. Objectives, Scope, and Methodology

Methodology

Methodologies used to accomplish our objectives included, but were not limited to the following:

- Reviewed contracts #134361 and #198911, the *Your Guide to Renewal Reentrant Services* County Guidebook, selected Renewal policies and procedures, and other relevant documents.
- Interviewed Renewal and Allegheny County Jail personnel to gain an understanding of contract operation, including internal control we deemed significant to our audit objectives.
- Reviewed the most recent contract compliance report issued by the Controller's Office Audit Division and evaluated the implementation status of our prior recommendations.
- Verified (on a test basis) that inmates were referred to Renewal by the Allegheny County Jail and met the established eligibility requirements for participation in the alternative housing program, including the required analysis of the nature of the inmates' criminal offenses.
- Examined case files, head counts, invoices, and other records of Renewal relevant to the administration of the alternative housing contracts to assess Renewal's compliance with the contracts and to determine whether Renewal was only compensated for the services it provided.
- Applied procedures (on a test basis) to assess whether inmate funds were handled and accounted for properly. These procedures addressed the initial transfers of inmate account balances from the Allegheny County Jail, the proper allocation and distribution of funds that inmates earned through employment, and the ultimate distribution of funds to inmates who are no longer participants in the alternative housing program.
- Analyzed Renewal's policies and procedures pertaining to inmate medications and evaluated the effectiveness of the actual implementation of those policies and procedures during the audit period.
- Assessed Renewal's monitoring of inmates who participate in activities outside of the alternative housing facility and its compliance with the Directives and Policies in effect that impose requirements on alternative housing facilities in the event of walkaways or escapes from the facilities.

We performed these procedures during February and March of 2018. We provided a draft copy of this report to the President/CEO of Renewal, Inc. and the Warden of the Allegheny County Jail for response. Their responses begin on pages 25 and 29, respectively.

III. Findings and Recommendations

Renewal Finding #1
**Renewal Invoiced the Jail for \$1,740 in
Excess Compensation for the
Alternative Housing Services Provided**

Criteria: Allegheny County Contracts #198911 and #134361 establish the amount of compensation to which Renewal was entitled for alternative housing services provided in 2017 and 2016. The rate was \$70/day for 2017 and \$60/day in 2016. Both contracts indicate that Renewal is only entitled to compensation to the extent that the inmates are housed at Renewal, and that Renewal is not entitled to compensation for the day of an inmate's release or revocation to the Allegheny County Jail, or escape.

Condition: We identified a number of circumstances in which Renewal billed for an amount in excess of the compensation that it was entitled to for the services provided under the contracts.

First, the invoices submitted to the Allegheny County Jail for January and May of 2017 contained two separate schedules itemizing the number of inmate alternative housing service days provided (one schedule by inmate and one schedule by the day of the month) that did not agree. The difference in each month was one inmate day. Upon our inquiry, Renewal's Finance Department indicated that the amount invoiced was too high by one inmate day for each of those two months, for a total of \$140.

We also identified three inmates for whom Renewal invoiced the Allegheny County Jail (Allegheny County) the daily rate for a number of days for which the inmates were actually housed in another institution. Renewal invoiced \$210 for three days in 2017 for which an inmate was housed in the Butler County Jail on two separate occasions, \$540 for nine days in 2016 for which an inmate was housed in the Butler County Jail, and \$280 for four days in 2017 for which an inmate was housed in the Beaver County Jail. Four of the days invoiced related to the inmate's day of transfer to another institution (his release day from Renewal). Upon further discussion with management of the Allegheny County Jail, it was determined that Renewal should be allowed to invoice the County for the inmate's day of transfer as the inmate returned to Renewal after their stay in the other institution. These three overbillings less the four days allowed by the Jail total \$760.

Renewal invoiced the Allegheny County Jail \$60 in 2016 for an inmate day that was actually the date of the inmate's release.

III. Findings and Recommendations

Finally, we observed that Renewal did not refund the entire amount of the overbillings that we identified in our last report on Renewal's compliance dated January 17, 2012. Our report reflected a total balance due of \$100,636 (attributable to a variety of overbillings). Renewal refunded the majority of the amount owed to the Allegheny County Jail via the application of credits to subsequent invoices in the total amount of \$99,856. Renewal still owes the Allegheny County Jail \$780 for the prior overbillings.

Cause: In addition to the errors noted above, we also observed errors in the schedules accompanying the invoices for a number of months, such as two different social security numbers listed from month to month for the same inmate. All of these errors are attributable to the lack of an adequate process for review of the monthly invoices prior to submission for payment.

Effect: Renewal owes the Allegheny County Jail \$1,740 in total for the above noted overbillings.

Recommendations: Renewal should immediately repay the Allegheny County Jail the \$1,740 it owes for the above noted overbillings. Renewal should also strengthen its review of monthly invoices to help ensure that the schedules of inmate days within each invoice package agree, that the invoices do not include billings for days that inmates were housed at another institution or inmate release days, and that all credits due to the Allegheny County Jail are properly applied.

Management's Response: Renewal's response begins on page 25 of this report.

III. Findings and Recommendations

Renewal Finding #2
**Renewal Did Not Routinely Collect and
Remit Room and Board Payments
and Court Costs as Required**

- Criteria: Paragraph 10a of Allegheny County Jail Policy #413, *Guidelines for Alternative Housing Facilities*, states that “Inmates are required to submit their pay stubs and paychecks to the alternative housing provider for verification of employment hours. Inmates must submit room and board payments to the alternative housing provider upon receipt of their paycheck.” Paragraph 12 of Policy #413 also states that “the collection of court costs, fines, and restitution will apply to inmates on work release status only. These funds are to be collected by the program and dispersed to the Allegheny County Clerk of Courts (now known as Court Records) on a monthly basis.” The standard practice across all alternative housing providers is that 20% of an inmate’s net pay is withheld for room and board and 10% of net pay is withheld for costs/fines/restitution.
- Condition: We identified noncompliance with Jail Policy #413 with respect to the above noted paragraphs for seven (7) of 25 randomly selected inmates (28%) we tested:
- For two of the 25 inmates, Renewal did not obtain paychecks or paystubs from the inmates on work release, and therefore did not know how much to collect for and did not collect and remit room and board payments or court costs/fines/restitution.
 - For three of the 25 inmates Renewal obtained pay stubs from the inmate, but collected less than the amounts that are normally collected from inmate net pays for room and board and court costs/fines/restitution. Based on the documentation in the case files, it appears that at least \$321 in room and board payments and \$160 in court costs went uncollected.
 - For one of the 25 inmates pay stubs were not received by the inmate because the inmate was working “under the table” (without payroll taxes being withheld – see Finding #7). No room and board or court costs were collected from the inmate’s net pay.
 - Finally, for one of the 25 inmates the entire room and board payments and court costs/fines/restitution were not collected upon receipt of the inmate’s paycheck as required. Renewal collected all of the uncollected room and board payments that should have been collected over

III. Findings and Recommendations

the eight pay periods that the inmate worked from the net pay of the last pay period. However, Renewal could not collect all of the uncollected court costs/fines/restitution from the inmate's last net pay because the inmate's remaining net pay was insufficient to fund all of the amounts at once that should have been collected over time as the inmate received each paycheck.

Cause: Failures to ensure that pay stubs are obtained from inmates and that room and board payments and court costs/fines/restitution are collected from inmates on work release as they receive their paychecks are indicative of the need to strengthen case management and supervision of case management.

Effect: Renewal did not routinely comply with the provisions of Jail Policy #413 as required. As a result, Allegheny County (taxpayers) paid more for the room and board costs of Allegheny County Jail inmates in Renewal's alternative housing program. Victims entitled to restitution also did not receive restitution to which they were entitled.

Recommendations: Renewal should consistently adhere to Jail Policy #413 by routinely collecting pay stubs from inmates on work release, collecting all of the room and board payments and costs/fines/restitution due from inmates as they receive their paychecks, and remitting those payments. Strengthening case management and the supervision of case management will be necessary to achieve this.

Management's Response: Renewal's response begins on page 25 of this report.

III. Findings and Recommendations

Renewal Finding #3

Renewal Has Not Fully Adhered to the Jail's Policy Regarding Timely Escape Notifications

Criteria:	Allegheny County Jail Policy #414, <i>Alternative Housing Escape Reporting Policy and Procedure</i> , indicates that escape procedures are to commence if an inmate has not returned to the alternative housing facility within 30 minutes of their due-back time. The procedures to be performed include a series of phone notifications to be made immediately (defined as within one hour of the escape), completion and submission of an escapee report to various parties via e-mail within three hours, notification to the Sheriff's Warrant Office via fax, and storing of the inmate's belongings. Jail Policy #414 indicates that failures to adhere to the policy will result written notice of violation from the Jail for the first offense, a \$500 fine for the second offense, and a \$1,000 fine for the third offense. If a third offense occurs, the agency must provide a written report to the Warden detailing corrective measures being taken by the agency.
Condition:	We identified noncompliance with Jail Policy #414 with respect to the escapes of 3 of 25 randomly selected escapees during our audit period (12%). For one of the 25 escapees, escape procedures were not initiated until 50 minutes after the inmate was scheduled to return to the facility. For one of the 25 escapees, one phone notification was not made within one hour as required. In addition, for one of the 25 escapees, none of the phone notifications were made within one hour as required.
Cause:	The three instances of noncompliance that we noted appear to be attributable to a lack of a consistent awareness and/or preparedness.
Effect:	Renewal has not fully adhered to Jail Policy #414 regarding timely escape notifications and should have been fined for its failure to comply on more than one occasion.
Recommendations:	Renewal should take measures to ensure its consistent compliance with Jail Policy #414. This should involve making operational changes as necessary to ensure that escape procedures commence timely and the required phone notifications are made timely. Renewal should also pay any fines imposed by the Jail associated with this noncompliance.

III. Findings and Recommendations

Management's
Response:

Renewal's response begins on page 25 of this report.

III. Findings and Recommendations

Renewal Finding #4

Renewal's Records Indicate That Prescription Medications Have Not Been Dispensed to Some Inmates as Required

Criteria:

Allegheny County Jail Policy #418, *Medication and Healthcare Procedures for Inmates Residing in Alternative Housing*, establishes the requirements applicable to alternative housing providers with respect to inmate medications. Per the Policy, medication must be dispensed according to the inmate's prescription. A medication distribution log must be maintained for each prescription, and every time a medication is dispensed, it must be logged on the medication distribution log. The log must contain the date and time the medication was distributed, the amount of medication distributed, the beginning and ending balance of the inmate's prescription drugs on hand, and the signatures of the provider's staff and the inmate. Any inmate that does not comply with his or her medication regime is to be reported to the appropriate Jail Personnel via the completion and submission of a medication refusal form. The alternative housing provider is also required to contact an appropriate medical professional to determine if continuation of the medication is needed or can be discontinued. If the medical professional determines that the inmate should continue their medications and the inmate still refuses to take them, the Jail's Alternative Housing Administrator is to be notified and the inmate is to be revoked back to the Jail.

Condition:

We determined that for 15 of 25 randomly-selected inmates (60%) that had been prescribed at least one medication that was to be taken by the inmate during our audit period, Renewal did not maintain a medication log that contained all of the required elements for at least one of the medications that had been prescribed to the inmate. Consequently, Renewal does not have the necessary documentation for these 15 inmates to evidence that the inmates were compliant with their medication regimes as required. As we conducted our test, we observed "missed dosage" being recorded quite frequently in the medication logs that were actually maintained by Renewal. Upon inquiry, we were advised that the missed dosages could be attributable to a number of factors, the most common being that the inmates had refused to take their medication. As we reviewed the inmate case files, we did not find any medication refusal forms contained therein. In addition, there was no documentary evidence contained in the case files to indicate that Renewal contacted an appropriate

III. Findings and Recommendations

medical professional as required to determine whether the medications were necessary for at least one of the medications prescribed for which the inmate was noncompliant. As we performed our testwork, we also did not identify any inmates that were revoked back to the Jail because they were not compliant with their medication regime.

Cause: The failures to maintain medication logs that contain all of the required components for every medication prescribed for each inmate as required and to notify appropriate Jail personnel when inmates fail to comply with their medication regime is indicative of the need to strengthen case management and the supervision of case management.

Effect: Renewal has not complied with Jail Policy #418 during our audit period. The policy, if properly implemented, is designed to help protect inmates and the public (since some inmates work in the community) from harm that could occur when inmates do not comply with their medication regime. Renewal's failure to comply with the policy exposes inmates and the public to the unnecessary risk of harm, and exposes Renewal and the Allegheny County Jail (Allegheny County taxpayers) to the unnecessary risk of financial loss.

Recommendations: Renewal should take steps to ensure that case managers are made aware of the requirements to maintain a medication log (as described above) for each medication prescribed for every inmate, to notify the appropriate Jail personnel via the completion and submission of a medication refusal form every time an inmate refuses to take their medication, to contact an appropriate medical professional to determine if continuation of any refused medication is needed or can be discontinued, and to notify the Jail's Alternative Housing Administrator if inmates still refuse to take medications deemed to be necessary. Renewal should also ensure that case managers are held accountable for performing these functions.

Management's

Response: Renewal's response begins on page 25 of this report.

III. Findings and Recommendations

Renewal Finding #5

Renewal is Holding an Excessive Amount of Funds That Belong to Former Inmates

Criteria:	Any inmate funds held by Renewal should be returned to the former inmates upon their release from the alternative housing facility. To the extent that this cannot be accomplished, Renewal should be exerting efforts to locate the former inmates and return their funds in a timely fashion. If Renewal is unable to locate the former inmates and return their funds within three years, the Pennsylvania Disposition of Abandoned and Unclaimed Property Act requires Renewal to escheat the unclaimed funds to the Commonwealth of Pennsylvania.
Condition:	We observed that 10 out of 25 randomly-selected inmates had a balance of funds held by Renewal at the time of their departure from the alternative housing program. Per review of Renewal's records, 3 of those 10 inmates (30%) did not receive the balance of their funds from Renewal upon their departure from the alternative housing program. Renewal was still holding their funds as we were performing our audit procedures (in February 2018), and did not issue closeout checks to the three former inmates until we informed Renewal about the unpaid balances. Renewal is also capable of generating reports on demand that provide the amount of funds held for each inmate or former inmate. When we requested and obtained such a report from Renewal, we observed that the report indicated that as of the end of our audit period (December 31, 2017), Renewal was holding \$4,861 that belonged to 77 different former inmates. We also observed that the report reflected that Renewal was still holding funds for three of the former inmates in excess of three years, for a total of \$345. These funds should have been escheated to the Commonwealth of Pennsylvania.
Cause:	When inmates depart from the alternative housing program, Renewal's case managers are required to notify Renewal's Finance Department of their departure so that the Finance Department is aware of the need to issue closeout checks to the inmates. In the three instances noted, Renewal's case managers failed to notify the Finance Department of the inmates' departures as required. This is indicative of the need to strengthen case management and the supervision of case management. While Renewal is capable of generating reports on demand that provide the amount of funds held for each inmate or former inmate, generating and reviewing the reports to identify unclaimed funds held by Renewal for over

III. Findings and Recommendations

three years that are required to be escheated to the Commonwealth of Pennsylvania was not a part of the Finance Department's normal process. However we were informed that as a result of our audit, Renewal plans to monitor this report moving forward.

Effect: The failure to issue timely closeout checks to former inmates and the failure to remit the funds held for former inmates that are required to be escheated to the Commonwealth of Pennsylvania has resulted in Renewal retaining excess funds to which it is not entitled.

Recommendations: Renewal should take steps to ensure that case managers are aware of the requirement to notify the Finance Department when inmates depart from the alternative housing program and be held accountable for making those notifications. The Finance Department should establish a routine process for the review of the funds held for inmates and former inmates to help ensure that funds required to be escheated to the Commonwealth of Pennsylvania are escheated in a timely fashion.

Management's Response: Renewal's response begins on page 25 of this report.

III. Findings and Recommendations

Renewal Finding #6

Renewal Has Insufficient Documentary Evidence to Demonstrate its Grievance Process

Criteria: Allegheny County Contracts #198911 and #134361 require Renewal to provide the alternative housing services in accordance with the Renewal Project Manual. The *Your Guide to Renewal Reentrant Services County Guidebook* developed by Renewal indicates that “reentrants have the opportunity to initiate grievance procedures on any condition or action of the program without being subject to any adverse action”, and describes the grievance process which could involve up to three levels of review and is intended to ensure resolution (even if the resolution is not mutually agreeable).

Condition: Renewal advised us that written grievances are filed in the case files of any inmates that submit grievances. Renewal does not maintain a file that includes all of the grievances submitted by inmates, or a grievance log to track the grievances submitted and their resolution status. As a result, the grievance process lacks transparency, as Renewal could not readily provide the number of grievances that were filed during our audit period, the subject matter of the grievances, or how the grievances were ultimately resolved. Renewal’s manner of filing grievances exclusively in inmate case files also necessitates reliance on case managers to ensure that all of the grievance documentation makes its way into the inmate case files. Given that inmate grievances could relate to the inmates’ case managers, and that we identified a number of other conditions that suggest case management and supervision can be strengthened (see Renewal Findings #2, #4, #5, and #7), it appears that placing exclusive reliance on case managers (and the one case management supervisor for the entire program that also maintains his own inmate caseload) to ensure that grievance documentation is included in inmate case files is impractical.

As we performed our test work (which involved random selection of inmate case files), we came across seven grievances in inmate case files that were submitted during our audit period. We noted that the documentation for one of the seven grievances contained in a case file (14%) did not explain how the grievance was resolved.

Cause: It appears that Renewal has not realized the need for better tracking of grievances submitted by inmates and their resolution.

III. Findings and Recommendations

Effect: Renewal has insufficient documentary evidence to demonstrate its grievance process. The subject matter of inmate grievances filed could point to potential weaknesses in Renewal's administration of its alternative housing program. The lack of readily available information about the number and nature of the inmate grievances filed and their resolution therefore does not serve the Allegheny County Jail's interests.

Recommendations: Renewal should maintain a grievance log to help management ensure that all inmate grievances are being resolved satisfactorily and documented properly and to improve the transparency of the grievance process.

Management's Response: Renewal's response begins on page 25 of this report.

III. Findings and Recommendations

Renewal Finding #7

Internal Controls Surrounding the Resident Budget Process Need Strengthened

Criteria:	Allegheny County Contracts #198911 and #134361 require Renewal to provide the alternative housing services in accordance with the Renewal Project Manual. The <i>Your Guide to Renewal Reentrant Services County Guidebook</i> developed by Renewal indicates that inmates are not permitted to have \$100 or more on their person unless they also have a copy of their weekly budget which clearly identifies the reasoning for having excess funds in their possession. This prohibition is likely in place because limiting the amount of funds that inmates can carry is believed to reduce the likelihood that inmates will engage in prohibited activities. Paragraph 10 of Allegheny County Jail Policy #413 indicates that inmate work release is to occur with standard employment verification conducted by provider personnel, and that inmates are only permitted to be employed for employers who deduct applicable taxes. “Under the table” employment is not permitted.
Condition:	We observed that 2 of 25 randomly-selected inmates had account balances of more than \$100 which were transferred to the inmates at Renewal. We saw no indication that any of these funds had been deposited in either of the inmates’ case files, and no budget forms that would explain why either of the inmates’ should have more than \$100 on their person. Upon inquiry of the applicable case managers, the case managers were aware that inmates were prohibited from carrying \$100 or more on their person. However, the inmates were permitted to have the funds transferred from the Jail which exceeded \$100 on their person. We also determined that 1 of 25 randomly-selected employed inmates (4%) worked for two days “under the table” (without the withholding and remittance of applicable payroll taxes). When Renewal determined that the work was being performed “under the table”, the inmate was no longer permitted to work for the employer.
Cause:	It appears that expenses incurred by the inmate facilitated the need to have more than \$100 on their person. A Renewal case manager also apparently did not obtain assurance from an employer that the employer would withhold and remit the applicable payroll taxes during the employment verification process.

III. Findings and Recommendations

Effect: Renewal did not fully comply with the contractual requirement that Renewal provide the alternative housing services in accordance with the Renewal Project Manual. Renewal also did not comply with Jail Policy #413 by permitting an inmate to work “under the table”. Payroll taxes were not withheld from the inmate’s earnings and remitted as required by law. Because the inmate did not receive a pay stub in connection with the “under the table” employment, Renewal also did not withhold room and board payments or court costs/fines/restitution as required (see Renewal Finding #2).

Recommendations: Renewal should ensure that case managers are made aware of the work release requirements and are held accountable for performing the functions that they are intended to perform. This includes documenting circumstances in which the amount of funds that inmates carry on their person exceeds allowable limits and communicating with the employer during the employment verification process that “under the table” employment is not permitted.

Management’s Response: Renewal’s response begins on page 25 of this report.

III. Findings and Recommendations

Allegheny County Jail Finding #1
**The Jail's Monitoring of Compliance
With Alternative Housing Contract
Requirements Can Be Improved**

Criteria: The Allegheny County Jail should be monitoring all alternative housing providers on a routine basis to ensure that alternative housing programs are being administered in a manner consistent with all applicable Jail policies and in compliance with the requirements of the alternative housing contracts, since failing to do so could result in risks to inmate and public safety and higher costs to Allegheny County taxpayers.

Condition: We observed that subsequent to the issuance of our last report on Renewal's compliance with its alternative housing contract with Allegheny County, the Allegheny County Jail has engaged in monitoring of the alternative housing providers. We were advised that Jail personnel visit the providers on a weekly basis. The Jail has also developed tools to monitor the programmatic activities of the alternative housing programs, and has conducted both scheduled and unscheduled monitoring visits of each program provider during each of the years in our audit period. The Renewal monitoring visits identified a number of programmatic deficiencies, and the Jail has indicated that it has taken follow-up action to address these deficiencies with Renewal. While we view the Jail's monitoring of the alternative housing providers to be a significant improvement, we believe that the Jail can and should take steps to improve its monitoring.

The Jail's monitoring appears to be fairly consistent across all of the alternative housing providers. We believe that the Jail's monitoring should be comprehensive, but would be more effective if it were focused on addressing the most significant risks of noncompliance. The results of prior monitoring suggest that there is an above average risk of noncompliance associated with Renewal's alternative housing program. In addition, we were advised that Renewal has five case managers that serve County inmates with an average caseload of 22 inmates, and that the one case management supervisor that supervises those four case managers also maintains his own caseload when Renewal has a relatively large number of County inmates. The large case manager caseloads and the potential for ineffective supervision of case management activities do not facilitate Renewal's compliance with the applicable Jail policies and alternative housing contract requirements, and supports the assessment that there is an above

III. Findings and Recommendations

average risk of noncompliance associated with Renewal's program. Given this, allocating a larger percentage of the Jail's monitoring time and resources to Renewal's program would be appropriate.

In addition, the Jail's monitoring in the specific areas where noncompliance was noted in the past should be more thorough. For example, while we observed that the Jail's review of Renewal's monthly invoices did result in the identification of a significant amount of overbillings, we also noted that the multiple overbillings that we identified during our audit (see Finding #1) were not identified by the Jail's review process. Given that Renewal has billed in excess of the amount to which it was entitled in the past (over \$100,000 identified in our last report), we deem a very thorough review of Renewal's monthly invoices by the Jail to be warranted.

Similarly, the Jail's method of monitoring collection of inmate room and board payments and court costs/fines/restitution has not been effective. We were advised that the Jail checks to ensure that the monthly invoices it receives are reduced by room and board deductions, but the Jail has no assurance that the provider has collected all of the room and board payments and court costs/fines/restitution that should have been collected from the inmates (see Finding #2). The Jail determined as a result of its monitoring of Renewal that paystubs were not contained in the case files of some inmates on work release. This should have served as an indicator that Renewal was likely not compliant with the requirement to collect those amounts since the amounts collected from inmates for room and board and court costs/fines/restitution are based on the inmates' net pay. Better monitoring of the collection and remittance of these payments is warranted given the risk of noncompliance, especially since the collection and remittance of these payments reduces the cost to Allegheny County (taxpayers).

As one last example, we were able to determine from some of the escape reports prepared and submitted to the Jail by Renewal during our audit period that Renewal did not adhere to Jail Policy #414 regarding timely escape notifications (see Finding #3). The Jail in reviewing the escape reports submitted by Renewal should have also been able to make the same determination and assess the penalties contained in Policy #414.

Another opportunity for improvement pertains to the follow-up on deficiencies noted during the Jail's monitoring process. We

III. Findings and Recommendations

observed that the Jail has required the submission of corrective action plans from the providers, and has followed up with the providers to address the programmatic deficiencies noted, which is appropriate. However, during our audit of Renewal we observed that some of these deficiencies have not yet been resolved. For example, we observed instances in which paystubs were not collected from inmates (see Finding #2) and instances in which inmates were not compliant with their medication regimes without the appropriate measures being taken throughout our audit period (see Finding #4). This suggests that Renewal's planned corrective actions were not properly implemented or were ineffective. In such instances, the Jail should require the provider to explain why the corrective actions were not implemented or not effective and require the corrective action plan to be revised and resubmitted, and continue to follow up on the deficiencies until they are resolved.

Cause: The monitoring efforts put forth have been the Jail's initial attempt at monitoring the alternative housing program providers.

Effect: The Jail's monitoring could have identified more and facilitated the remediation of more noncompliance if it were more focused on the significant risks of noncompliance and more persistent in the resolution of the deficiencies noted.

Recommendations: The Jail should consider allocating a larger percentage of its monitoring time and resources to the alternative housing providers and compliance areas with the most significant risks of noncompliance, and be persistent in the resolution of the deficiencies noted. In addition, the Jail should enforce any applicable fines and penalties against its alternative housing providers who are not compliant with Jail policies.

Management's Response: The Warden's response begins on page 29 of this report.

IV. Conclusion

During our audit, we identified deficiencies across most of the significant aspects of Renewal's administration of its alternative housing program, from the distribution of medication to inmates, to the handling of inmate funds, the maintenance of an effective grievance process, the issuance of timely escape notifications, and the invoicing for the services provided. Renewal's management should implement the recommendations we have provided to improve Renewal's provision of alternative housing services to the Allegheny County Jail. The results of our procedures also demonstrate that there are opportunities for the Allegheny County Jail to improve its monitoring of alternative housing service providers.



Renewal, Inc.

Corporate Office
601 Grant Street, 5th Floor • Pittsburgh, PA 15219
P: 412-690-2445 • F: 412-690-2448
www.renewalinc.com

April 23, 2018

Ms. Chelsa Wagner
Allegheny County Controller's Office
219 County Courthouse
436 Grant Street
Pittsburgh, PA 15219

Dear Ms. Wagner,

Please find the attached management response to the findings of the controller's office audit for the period of January 1, 2016 – December 31, 2017.

Please do not hesitate to contact me if you have any questions or concerns at 412-690-2451.

Thank you for your time.

Sincerely,

Douglas C. Williams
President and CEO

cc: Lori Churilla
Jeffrey Vargas

ACA Accredited



Finding #1

Renewal invoices the jail for \$1,740 in excess compensation for Alternative Housing Services.

Management's response: After reviewing the 2011 compliance report, it was noted that Renewal had an outstanding balance of \$780.

In order to reduce any future oversight, Renewal has created a new procedure for recording when inmates are held over at another institution. This code "County- OUT AT OTHER JAIL" will be activated for the time period they are at a different institution and when they return to Renewal they will be reinstated as "County Work Release". This process will eliminate billing Allegheny County for days the inmates were in another jail's jurisdiction.

Renewal inadvertently billed for an additional day in January and May of 2017. The billing template has been updated to eliminate the manual step that created the error. We will reduce our April 2018 billing by the \$140.00, for those two days.

Renewal will reduce April's work release male invoice by \$1,740 to cover the excess amounts listed above.

Finding #2

Renewal did not routinely collect and remit room and board payments and court cost collection.

Management's Response: All identified cases of failure to and or insufficient collection of the mandatory withholding of the Reentrants net pay will be addressed via documentation. Specifically, an incident report will be generated for each occurrence and any subsequent deficient collections will be addressed through progressive discipline. If the Reentrant refuses to submit appropriate funds after a multiple attempts of resolution, an ACJ Alternative Housing Misconduct Report will be drafted.

Reentrants are not permitted to work "under the table" or "1099" method and the Case Managers will make every attempt to identify these practices prior to employment start date. An amended "Employer Agreement" will be utilized to ensure the projected employer is fully aware of this requirement. In the referenced case, the reentrant's employment as "under the table" ceased immediately when the first check was reviewed with the Case Manager. Renewal does not permit this type of employment as normal practice.

Case Management Supervisor will review Policy #413 with all Case Managers to ensure that there is complete adherence with collecting and documenting paychecks/stubs/remittance.

Finding #3

Renewal has not fully adhered to the jail's policy regarding timely escape notifications.

Managements Response: Security staff will be retrained on Policy #414 regarding escape procedures. Management will make any necessary steps to ensure the overdue list is reviewed frequently to identify any overdue/late Reentrants. The overdue list should be reviewed one every 15 minutes. The notification process will be initiated within 30 minutes of the scheduled return time and the notification process will be concluded within one hour.

Finding #4

Renewal's records indicate that prescription medications have not been dispensed to some inmates as required.

Management Response: Renewal, Inc. staff will strengthen the medication auditing process. Managers will ensure medication audits are completed on a weekly basis. This process will focus on things such as date/time of distribution, amount distributed, beginning and ending balance of medication on hand, signatures of staff and Reentrants. If there is noncompliance from the Reentrant's medication regime, it will be reported to the appropriate ACJ staff. A medication "Refusal Form" will be created for all instances of medication refusal. If noncompliance with medication continues from the Reentrant, progressive discipline will be utilized and could result in revocation.

It should be noted that Renewal, Inc. is in the process of purchasing a new computer based tracking system which will have the ability to track all needed information with automatic alerts for noncompliance. It is hoped that this new system will be in place and active on 1/1/2019.

Finding #5

Renewal is holding an excessive amount of funds that belong to former inmates.

Management's response: During the controllers audit it was brought to the attention of the finance department that we were only monitoring the checks processed and escheating only those items to the Commonwealth of Pennsylvania. On April 9, 2018, Renewal has issued check number 32798 in the amount of \$6,802.58 to Commonwealth of Pennsylvania, for individuals that were released prior to January 1, 2017. We continue to work on finding reentrants that were released in 2017, who still have funds.

Renewal's finance department has established additional reviews of reentrant account balances on a monthly basis. The finance department will send the Director of Work Release an account balance for all reentrants who have been discharged from Renewal with a balance. All efforts will be made to

return the funds to the reentrants. In the case that the individual cannot be located we will send those funds to the unclaimed property division of the state each year.

Finding #6

Renewal has insufficient documentary evidence to demonstrate its grievance process.

Management Response: Renewal, Inc. staff will develop and implement a grievance tracking form to provide documentation of all grievances filed by Reentrants. This form will include sections such as *Name of Reentrant, Date grievance filed, Date grievance addressed, and subject matter of grievance.* All management staff will maintain their own grievance tracking log.

It should be noted that Renewal, Inc. is in the process of purchasing a new computer based tracking system which will have the ability to track all needed information with automatic alerts to noncompliance. It is hoped that this new system will be in place and active on 1/1/2019.

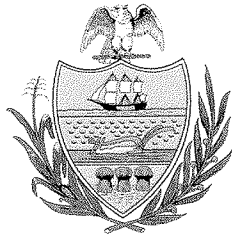
Finding #7

Internal controls surrounding the residents budget process needs strengthened.

Management Response: Renewal will now have every ACJ check deposited into the Reentrant account no matter the check amount. In order to gain access to these monies, the Reentrant will be required to submit a budget request to their Case Manager. This will safeguard against Reentrants having over \$100 on their person.

Additionally, the Employer Agreement will be amended to clearly indicate employer expectations relating to Reentrant payment. It will clearly indicate that “under the table” and “1099” payment methods are NOT permitted and only tax withholding payroll style payments are acceptable. The Case Managers will oversee this employer verification process.

COUNTY OF



ALLEGHENY

RICH FITZGERALD
COUNTY EXECUTIVE

MEMORANDUM

TO: Chelsa Wagner
Allegheny County
Controller

Lori Churilla
Allegheny County
Assistant Deputy Controller, Auditing

FROM:

Orlando L. Harper 4/27/18
Orlando Harper
Allegheny County Jail
Warden

DATE: April 27, 2018

RE: Allegheny County Jails Response to Performance Contract Compliance with
Contracts 134361 and 198911(Renewal Incorporated)

Controller's Finding:

The jail's monitoring of compliance with alternative housing contract requirements can be improved.

Jail's Response:

Thank you for the opportunity to respond to the performance contract compliance audit for Renewal Inc. The Allegheny County Jail is committed to ensuring that Renewal is compliant with the specifications of the contract with Allegheny County as well as the jails policies and procedures. As you are aware throughout the past five years the Jail's Alternative Housing Department has developed and implemented thirteen (13) policies and procedures for alternative housing providers including policy #419 which is specific to the monitoring of alternative housing programs. In 2016 and 2017 the Allegheny County Jail Alternative Housing Department was responsible for the transfer and oversight of approximately 1,900 inmates, over 1,000 of which were transferred to Renewal.

ACJ Response to Controllers Audit of Renewal

The jail will continue monitoring Renewal as outlined in policy #419 with an increased focus on the findings outlined in the Controller's report. Jail personnel will concentrate monitoring efforts to the areas of the program where findings have been identified to ensure that Renewal's corrective action plan is implemented and effective. The program monitoring at Renewal will include the review of inmate files with additional focus on ensuring that residents are submitting room and board payments as well as payments to court records for fines, court cost and restitution.

The Jail's Alternative Housing Department will review all escape reports with an additional emphasis on ensuring that all phone notifications are made within the allocated timeframe and to ensure compliance with policy #414.

As an additional step to strengthen controls, the Jail has implemented a new process for tracking and documenting inmates who are removed from Renewal temporarily and placed into county jails while awaiting court hearings. The new tracking system will enable the Jail to confirm that Renewal does not invoice for days the inmate is temporarily housed in another county. The jail will compare our report with Renewal's invoice support and discrepancies will be communicated to Renewal by the Jail's Administrator of Alternative Housing.

The Allegheny County Jail would like to thank the Controller's Office for their review. Placement of inmates into alternative housing is a privilege awarded to inmates of the jail who meet placement criteria. The placement of Allegheny County Jail inmates into Renewal enables the inmate the opportunity to engage in training and educational programs, drug, alcohol and mental treatment, family reunification, and employment. The services provided through Renewal supports the jail's mission to reduce recidivism through programs that help persons reenter and succeed in society.