



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

**Department of Corrections
Life Skills Academy**

July 1, 2004 to May 20, 2006

**Richard L. Fair
State Auditor**

2004-2005

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New Jersey State Legislature

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The Honorable Richard J. Codey
President of the Senate

The Honorable Joseph J. Roberts, Jr.
Speaker of the General Assembly

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Enclosed is our report on the audit of the Department of Corrections, Life Skills Academy for the period of July 1, 2004 to May 20, 2006. If you would like a personal briefing, please call me at (609) 292-3700.

A handwritten signature in cursive script, appearing to read "Richard L. Fair".

Richard L. Fair
State Auditor
June 14, 2006

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Department of Corrections Life Skills Academy

Scope

We have completed an audit of the Department of Corrections (DOC) Life Skills Academy (LSA) contract for the period July 1, 2004 to May 20, 2006. The audit included financial activities accounted for in the state's General Fund. LSA receives an annual \$1.5 million grant-in-aid appropriation which represents 100 percent of this for-profit company's revenue. The contracted mission of LSA is to annually train 1250 inmates through the academy's 80 hour curriculum to better manage their lives while still incarcerated and in preparation of their eventual parole.

Objectives

The objectives of our audit were to determine whether expenditure transactions were in compliance with the contract, whether LSA was in compliance with the terms of the contract, and whether DOC properly administered the contract.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

In preparation for our testing, we reviewed the contract terms and conditions, the state's single audit guidelines, and policies of the department. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our test of expenditure transactions. We also read the budget message, reviewed financial trends, and interviewed department personnel to obtain an understanding of the program and internal controls.

We examined 100 percent of expenditure transactions to provide conclusions about the validity of transactions as well as internal control and compliance attributes. We also tested attendance records at one correctional facility.

Conclusions

We found that expenditure transactions were in compliance with the contract. However, DOC did not properly administer the contract and records were insufficient to independently verify whether the company complied with the terms and conditions of the contract.

Contract Administration

DOC needs to implement procedures and obtain independent data to verify that contract services were performed.

The Department of Corrections is responsible for administering a \$1.5 million appropriation to Life Skills Academy (LSA). The no-bid contract requires LSA to train inmates to better manage their lives while still incarcerated and in preparation for their eventual parole.

The terms of the agreement with DOC requires the vendor to employ instructors to visit various DOC institutions on a scheduled basis for two hours a day, five days per week, for eight weeks. Upon completion of the 80 hours of training, a certificate of graduation is given to each successful inmate. The contract allows for flexibility in the scheduling of classes to accommodate for missed and cancelled classes. Vendor payments are based and scheduled upon the contemplated graduation of 1,250 inmates each fiscal year.

The DOC has the responsibility to monitor the terms and conditions of the contract and the vendor's performance to ensure the value of services received is commensurate with the dollars disbursed. Our audit disclosed that DOC has not effectively monitored this contract and has allowed LSA to self monitor and report upon critical terms and conditions of the contract, such as attendance, eligibility of graduates, and curriculum hours completed.

Our review indicates that DOC did not require independent attendance data from the institutions where services were rendered prior to remitting payment to LSA. We requested that all participating institutions provide us with information about whether the institution kept attendance records. Of the eight institutions that responded, one acknowledged taking attendance and seven stated they did not take attendance. In addition, we reviewed the records at one facility and noted that the average graduate completed

approximately 60 hours of training rather than the 80 hours required by the contract. At this same institution we also noted the company supplied graduation list included inmates serving as facilitators at the classes who had already graduated from the program.

Administration of a contract should include obtaining independent information about the effectiveness of the program. We were unable to obtain any information about the effectiveness of the program from DOC. However, it was the opinion of certain DOC management that the department may be in the position to provide similar or equal services with existing resources.

Recommendation

We recommend that DOC assume the required contract monitoring responsibilities that include obtaining independently verified data for the critical terms and conditions of the contract. We also recommend that DOC obtain and review information about the effectiveness of the program and the reasonableness of its cost, and determine whether these services can be provided more efficiently with in-house DOC resources.

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JON S. CORZINE
Governor

GEORGE W. HAYMAN
Acting Commissioner

June 12, 2006

Richard L. Fair, State Auditor
Office of Legislative Services
PO Box 067
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Dear Mr. Fair:

I have reviewed the audit report prepared by your office summarizing the audit of the Department of Corrections administration of the Life Skills Academy of NJ Inc. for the period July 1, 2004 to December 15, 2006. I would like to point out this contract has been a Legislative mandated program to a specific provider since its inception in fiscal year 1995. I do appreciate the opportunity to respond to your finding and recommendation.

Attendance

At the beginning of each class, inmate attendance will be taken by institution staff. The attendance must include students as well as previously graduated students acting as facilitators. This attendance will be independent from the attendance taken by the Life Skills instructors. All student attendance at each class will be entered into the Department's software (iTAG) system and monitored in the same fashion as our other educational programs.

Eligibility

The eligibility criteria for student graduation will conform to the contract specifications. Students not meeting the contract requirements will not be eligible for graduation.

Facilitators

Former graduates acting as facilitators may continue to provide assistance to the instructors and will have to be included on the attendance. The student facilitators will be identified on the attendance sheets to avoid any confusion as to the number of students receiving instruction. Because this is a correctional facility we must account for the presence of the population at all times. I would imagine there are benefits derived by the students when they observe former students taking on some leadership as facilitators.

Program effectiveness

To measure the effectiveness of a program is an extremely difficult task, even with our traditional educational programs. We can measure outputs (the number of students attending a class); we can also measure outcomes (the increase in student grade level as a result of the class).

But to measure the effectiveness the program towards a larger goal such as increased self esteem is difficult. Applying these same standards to the Life Skill program, which we considered a contributory program makes measuring the outcomes and the effectiveness extremely difficult. At this time our department does not poses the ability to isolate the outcomes and the effectiveness of the Life Skills programs from all the other competing programs provided at our correctional facilities.

In closing, I would like to thank your audit staff for their investigative diligence and cogent recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "George W. Hayman", is written over the typed name and title. The signature is stylized and somewhat illegible due to the cursive style.

George W. Hayman
Acting Commissioner

- c: Charles Ellis, Chief of Staff
- Peter T. Roselli, Assistant Commissioner
- Patty Friend, Acting Assistant Commissioner