



REPORT OF
THE
STATE AUDITOR

**Senate Bill 91-94 Program
Division of Youth Corrections
Department of Human Services**

**Performance Audit
November 1999**

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Members of the Legislative Audit Committee:

This report contains the results of the performance audit of the Senate Bill 91-94 program in the Division of Youth Corrections within the Department of Human Services. This audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government, and Section 2-3-112(1), C.R.S., which requires the State Auditor to conduct programmatic reviews and evaluations of the performance of state-funded or federally funded prevention and intervention programs.

This report presents our findings, conclusions, and recommendations, and the responses of the Division of Youth Corrections and the Department of Human Services.

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**SENATE BILL 91-94 PROGRAM
DIVISION OF YOUTH CORRECTIONS
DEPARTMENT OF HUMAN SERVICES
November 1999**

Authority, Purpose, and Scope

The performance audit of the Senate Bill 91-94 program (SB94 program) in the Division of Youth Corrections (Division, DYC) was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor to conduct audits of state agencies, and to meet the requirements of Section 2-3-112 (1), C.R.S. The latter statute requires the State Auditor to conduct programmatic reviews of prevention and intervention programs for children and families. The audits are to determine whether programs are effectively and efficiently meeting their stated goals and to identify all occurrences of duplication between prevention and intervention programs. We conducted the audit according to generally accepted government audit standards. We gathered information through interviews, reviews of documents and financial information, and analysis of data. Audit work was performed between March and October 1999.

Our audit focused on the Division's fiscal and programmatic oversight of the operation of the SB94 program in the State's 22 judicial districts and the relationship of the SB94 program to other juvenile justice programs. During Fiscal Year 1999 the Division received about \$11.4 million for the SB94 program, of which approximately \$11.1 million was passed on to the judicial districts for their local SB94 programs. The Division reports that 13,101 juveniles received services funded by the SB94 program during that year.

We would like to express our appreciation for the assistance provided to us by the Division of Youth Corrections and other state and local personnel involved with the SB94 program.

SB94 Program Goals

Statutes state that SB94 monies are to be expended for services intended to prevent juveniles from being held in detention or commitment facilities or to reduce the time juveniles are held in facilities. Overall, the SB94 program was a laudable innovation, and program personnel report that the SB94 program has had positive effects on service delivery to juveniles and coordination among various agencies. At the same time, our audit identified fundamental and pervasive problems with the program in terms of fiscal oversight, targeting funds toward effective supervision alternatives to incarceration, and establishment and tracking of program-specific outcomes as a means to monitor effectiveness of services.

For further information on this report, contact the Office of the State Auditor at (303) 866-2051.

Allowable Costs Under the SB94 Program

Statutes give very limited guidance in terms of defining the services or expenditures appropriately funded by SB94 program monies. However, we believe the statutory mission to reduce detention and commitment populations and reduce lengths of stay, in addition to other legislative language, indicates the services appropriate for SB94 funding are of two basic types: first, those that are clearly supervisory in nature such as telephone and electronic monitoring, as well as office, home, and school visits and drug testing and second, those intervention services that are directed toward addressing behavior issues through treatment, counseling, and work or school programs. Further, it is the Division's responsibility to ensure limited state resources are used in the most efficient and effective manner to meet its goals. This reemphasizes the need for the Division to target resources toward programs and expenditures directly related to program goals.

We reviewed a sample of expenditures for 6 of the State's 22 judicial districts. These districts received almost half of SB94 program allocations to judicial districts in Fiscal Year 1999 and served about 59 percent of the 13,101 juveniles that received services funded by the SB94 program during that year. We found the following:

- \$172,883 in costs that we considered excessive or not directly linked to the intent of SB94 such as various items for juvenile incentives (gift certificates and tickets to recreational events); outdoor sporting equipment; rafting trips; computer equipment; resource materials for staff and juveniles; part of a lease payment on a sport utility vehicle and staff bonuses not disclosed in the local SB94 program plans; office equipment; and a donation for start-up costs for a day treatment center.
- \$98,585 in payments for various goods and services not received prior to payment. In several instances local SB94 program personnel reported that not all services paid for were provided, or personnel were unable to verify that the prepaid goods or services were received.
- \$7,733 in double payments or overpayments for goods and services.
- In total, we identified \$236,213 in unduplicated questioned costs.

We also found the Division does not ask the districts to maintain lists of equipment purchased with SB94 program funds.

We recommend that the Division of Youth Corrections (a) develop clear definitions for the types of expenditures that are consistent with the legislative intent of the SB94 program and therefore are allowable, (b) communicate these definitions in a written format to all appropriate parties under the program, and (c) reevaluate the \$3000 threshold for tangible personal property and require SB94 program contractors to report these inventories annually.

Division of Youth Corrections Response:

Agree. The Division of Youth Corrections disagrees with the State Auditor staff's interpretation of the statutes and the assertion that the statutes clearly define the types of expenditures that can be made by SB 94. There is no question that in many instances, SB 94 statutes are broad and vague, and that it is sometimes difficult to interpret Legislative intent. However, given the lack of statutory specificity, the Division believes that some of the "questioned costs" are not inconsistent with current statutes.

In response to the issues raised in this audit, the Division will: (a) develop broad service definitions to guide local planning committees in the development of their plans to reduce local use of state secure facilities; (b) develop a policy manual to guide local communities in budget development and to assist them in providing appropriate and responsible oversight of their expenditures; and, (3) re-evaluate the \$3000 threshold for tangible property and require SB 94 program contractors to report these inventories annually.

Fiscal Oversight of the SB94 Program

Our audit reviewed the Division's fiscal oversight of the SB94 program and identified the following weaknesses:

- Inadequate resources devoted to SB94 program oversight at the central DYC office.
- Inadequate review at DYC's five Regional Offices of monthly expenditures made by local contractors.
- Lack of information provided to DYC Regional Offices on expenditures made by districts under the Interagency Agreement with the Judicial Branch for the SB94 program.
- Lack of standardization of information on monthly billing forms to permit the DYC Regional Offices to determine if SB94 contractors are making expenditures in compliance with the budget line items in the approved SB94 plans.
- No requirement for year-end reports from contractors that detail SB94 program expenditures, reconcile expenditures to accounting records, and compare expenditures to the approved SB94 plan.
- Infrequent on-site financial or programmatic reviews of local SB94 programs since the SB94 program was implemented statewide in Fiscal Year 1994.

The purpose of fiscal and programmatic controls is not only to help ensure compliance with approved plans and appropriate fiscal practices. Controls also assist in preventing and detecting the misuse and misappropriation of state funds.

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We recommend that the Division of Youth Corrections develop a comprehensive system of managerial and fiscal oversight of the SB94 program including adequate controls, procedures, and on-site reviews of local SB94 program expenditures.

Division of Youth Corrections Response:

Agree. The Division of Youth Corrections will develop a comprehensive system of managerial and fiscal oversight of the SB 94 program that will include: (1) clear fiscal policies, including defining allowable costs under State Fiscal Rules; (2) standardized billing forms, with required review by DYC Regional Office staff; (3) standardized procedures for oversight of service providers by local planning committees; and, (4) periodic programmatic and limited fiscal reviews at the state level.

SB94 Program and Annual Evaluations

Under a footnote to the Long Bill the Division of Youth Corrections is required to submit a report to the Joint Budget Committee detailing the SB94 program's impact upon commitment and detention populations in the Division's facilities by November 1 annually. Beginning in Fiscal Year 1997 the Division was also required to collect standardized data on youth served and include an analysis allowing for comparison of the effectiveness of SB94 programs among judicial districts.

Incarceration rates are a systemwide indicator, meaning that they are a long-term measure reflecting the impact of many programs and their policies, as well as statutory changes affecting sentencing, local judicial policies, the economy, societal shifts, and other factors. There is some indication that the SB94 program has affected detention rates, although the effect, if any, on commitment is less discernable. Furthermore, if interventions with juveniles in detention are not successful in deterring the juvenile from further involvement in the juvenile justice system, these failures could impact commitment rates. Historically, most SB94 program funding has been targeted toward affecting detention rather than commitment. In any case it is not possible to statistically isolate the impact of the SB94 program on detention and commitment populations.

Targeting SB94 Program Resources

As discussed earlier, specific statutory guidance is very limited on the types of activities that are appropriately funded by SB94 program monies. However, we believe that legislative language indicates that the types of services funded should be either supervisory services that function as alternatives to incarceration or intervention services directed toward addressing behavior issues of the youth. This is consistent with the statutory intent that SB94 program services are intended to prevent the juvenile from being placed in detention or commitment or to reduce the time the juvenile is held. We refer to these types of supervisory and intervention services as "SB94 program core services."

In some instances SB94 funds are used for programs that are not part of the SB94 program core services. For example, some districts also use SB94 program monies to fund recreational activities such as camping, hiking, and rafting trips, as well as to purchase related outdoor equipment. One district used \$11,200 to fund rafting trips for staff and juveniles during 1998.

We recommend that the Division of Youth Corrections establish clear policies on the types of services and programs that are appropriate for funding with SB94 program monies. Services funded should be consistent with the statutory mission of SB94 to fund alternatives to incarceration, and the services should be consistent with legislative language for the SB94 program. If the Division believes this cannot be accomplished under its administrative authority, it should seek statutory change. In addition, the Division should ensure that intervention programs included under the SB94 program core services are based on models of proven programs.

Division of Youth Corrections Response:

Partially agree. The Division of Youth Corrections will develop guidelines for the programmatic expenditures of SB 94 resources based upon the statutory mission of SB94.

Prioritize Use of SB94 Program Funds Through Zero-Based Budgeting

In view of these concerns, as well as the fiscal oversight issues identified for the SB94 program, we believe that the Division should undertake a zero-based budget approach for determining the best use of SB94 funds. Several scenarios could be developed, such as zero-based budgets for funding the SB94 program at 50 percent and 75 percent of current funding levels. This reassessment could focus funds to those programs and services that are directly mission-related and have demonstrated effectiveness with juveniles.

We recommend that the Division of Youth Corrections work with the Office of State Planning and Budgeting and the Joint Budget Committee to develop zero-based budget scenarios for SB94 funds.

Division of Youth Corrections Response:

Disagree. The Division does not believe that a zero-based budget approach is consistent with current statutory requirements for resource allocations that are currently based upon a formula which considers population data, arrest data, probation intakes, poverty indicators, and a rural factor. Arbitrarily establishing funding levels of 50 percent and 75 percent, as suggested by the audit staff, is contrary to the Legislative intent to reduce

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reliance upon state detention and commitment beds, and would necessitate additional resources in the DYC system to address population increases that would surely occur under such scenarios.

Performance Measures and Reporting Requirements for Service Providers

The audit found that the Division of Youth Corrections does not require that districts identify and report on quantifiable performance measures for programs. DYC also does not require that local planning committees build performance measures into contracts or service agreements with providers.

Performance measures assist the local planning committee and the Division in determining if juveniles are making progress and if value is received for the funds spent. Additionally, the measures should reflect a perspective that mere provision of the service is no longer considered success. Measures should indicate whether the service provided was a cost-effective alternative to incarceration and, for intervention programs, whether the service positively affected the behavior of at-risk juveniles.

We recommend that the Division of Youth Corrections (a) require local planning committees to identify relevant, measurable goals related to the mission of SB94 for each program included in the district plans and to report on the goals in the subsequent year, and (b) direct local planning committees to include specific performance measures into contracts or service agreements with providers and to use demonstrated success as the basis for contract renewal decisions.

Division of Youth Corrections Response:

Partially agree. The Division will require local SB 94 planning committees to develop and collect program-specific performance measures. Such measures will be used in conjunction with information on incarceration rates and trends during the plan reviews to develop recommendations and program modifications likely to produce outcomes consistent with the statutory mission of SB 94. The Division will continue to focus on reduced reliance on incarceration, which is the major statutory goal of SB 94. Without this emphasis upon incarceration rates, programs could conceivably meet youth specific performance goals without impacting the rate of incarceration.

The Division will work with local SB 94 planning committees to increase the effectiveness of interventions and systems changes and provide technical assistance to meet both the short-term performance goals as well as the long-term goal to impact the incarceration rates. It is now and always has been much easier, and sometimes less costly, for local communities to simply send youth to state detention and commitment facilities than to devote time, energy and dedication to the interagency process of collaboration and the creation of alternatives to incarceration. The Division recommends that the State

continue to work in partnership with local communities to improve SB 94, rather than encourage local planning committees to threaten their contractors with cancellation of contracts.

Options for Funding Alternatives to Incarceration and Reducing Duplication

Section 2-3-112(1), C.R.S. (House Bill 96-1017) requires the State Auditor to audit prevention and intervention programs for children and families in relation to their program goals, as well as to identify occurrences of duplication between prevention and intervention programs that result in the provision of services to the same population or person or that could result in the provision of services to the same population or person. Our concerns about the program's performance in relation to legislative goals is discussed above.

The original Senate Bill 91-94 legislation stated that state funding for youth services was "fragmented between several state agencies and the local counterparts of such agencies and that such fragmentation leads to duplication of bureaucracy, services, case management, and accountability. Such fragmentation also leads to a situation of cost unpredictability." Our audit indicates that although the SB94 program has helped to provide a continuum of services, in other respects it is duplicative of existing intervention programs. Therefore, it has not necessarily addressed the problems identified in the Senate Bill 91-94 legislation. Further, this kind of duplication was one of the concerns identified under HB96-1017.

The only new service that districts are required to provide with SB94 program funds is assessments for juveniles that have been taken into custody and detained by law enforcement officers to determine appropriate placement and level of bond. In addition, SB94 program funds are used to supplement other existing programs such as diversion, probation, detention, commitment, and parole. Where the SB94 program supplements other programs, it creates duplication in the sense that SB94 monies pay for services already available through other programs; the SB94 program merely enables the other program to provide a higher volume of services. The SB94 program also creates administrative overlap because the program has its own organizational structure through the local planning committees, SB94 contractors, and local SB94 coordinators, as well as its own requirements.

We identified three options for improving accountability for SB94 program funding and reducing duplication and administrative overlap. We believe the best option is to redirect SB94 program funding to the various parts of the juvenile justice system, such as probation within the Judicial Branch and diversion in the Division of Criminal Justice, that the SB94 program currently supplements. This reallocation of SB94 program funds among other programs or agencies could be based on some assessment of the current usage of SB94 program monies across these programs or another agreed-upon assessment.

We identified the following advantages under this redirection of SB94 program funds:

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- Appropriating SB94 program monies directly to specific programs would hold these programs accountable for the use of SB94 funds through each program's outcomes.
- This option refocuses SB94 program monies on supervisory activities more consistent with the legislative language in Section 19-2-302 (4), C.R.S.
- Diversion and probation gain more control over service dollars and thus have more ability to demand quality services from private service providers.
- The diversion program requires a local match, thus state dollars are leveraged by local dollars.
- This approach addresses the legislative intent expressed in HB96-1017 to reduce duplication and overlap of prevention and intervention programs.

The disadvantage that we identified under this option is that local flexibility in how SB94 program funds are used is decreased to the extent that some portion of SB94 funds are directly appropriated to state agencies for juvenile diversion and postadjudication juveniles. However, local planning committees would retain discretion for determining which services to provide for the preadjudicated population as provided under statute.

We recommend that the Executive Director of the Department of Human Services and the State Court Administrator of the Judicial Branch reconvene the working group established under Section 19-2-212, C.R.S. The working group, which should include representation from the Division of Criminal Justice in the Department of Public Safety and other appropriate agencies, should (a) develop recommendations for the appropriate manner in which to redirect SB94 program funds to other juvenile justice programs that currently use these funds, including preadjudication screening and services, diversion, probation, detention, commitment, and juvenile parole; (b) identify the specific program objectives (i.e., reducing detention or reducing commitment) for which these programs would be responsible as a result of receiving these SB94 program funds; and (c) provide these recommendations to the House and Senate Judiciary Committees by September 2000 as a basis for required legislative changes.

Department of Human Services Response:

Partially agree. The Department of Human Services disagrees with the State Auditor staff's assertion that there is a duplication of services between SB 94, diversion programs in the Division of Criminal Justice, and probation in the Office of Probation Services in the Judicial Department. The Department believes that local communities have creatively and collaboratively "blended" funding from multiple agencies to address the goals of SB 94 and to improve services to youth and families.

The Department supports convening the working group as suggested by the State Auditor staff. However, the Department believes the task of this group should be to assess whether or not the SB 94 program *should be* re-structured, including the re-direction of funding, and to develop recommendations to the House and Senate Judiciary Committees for potential changes to SB 94 statutes.

State Court Administrator Response:

Agree. The State Court Administrator of the Judicial Branch agrees to work with the Executive Director of Human Services to reconvene the working group established under Section 19-2-212, C.R.S. The group will study various options on how SB94 program funds should be distributed as well as identify the objectives of the program. Recommendations will be provided to the Senate and House Judiciary Committees by September 2000.

Division of Criminal Justice Response:

Partially agree. The Division agrees to participate in the working group to develop recommendations to more effectively use, rather than redirect, SB94 program funds to enhance local alternatives to secure incarceration and treatment services for preadjudicated youth presenting lower safety risks, to provide graduated sanctions in place of sentenced detention, and to provide appropriate non-secure and staff-secure options for placement of committed youth; identify the specific SB94 program objectives for which programs would be held responsible; and provide these recommendations to the House and Senate Judiciary Committees.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	37	Establish policies for allowable expenditures under the SB94 program by: <ul style="list-style-type: none"> a. Developing clear definitions of the types of expenditures that are consistent with legislative intent for the SB94 program and therefore allowable under the program. In addition, the Division should define the types of expenditures for which prior approval is necessary and expenditures that are not allowable. b. Communicating these definitions to all Division Regional Directors, SB94 coordinators, SB94 program contractors/fiscal agents, providers, and local planning committees in a written format such as a policy manual. c. Reevaluating the \$3000 threshold for tangible personal property and requiring SB94 program contractors to track equipment purchased with SB94 program monies and list these inventories as part of annual year-end reporting. 	Division of Youth Corrections	a. Agree b. Agree c. Agree	a. July 1, 2000 b. August 1, 2000 c. July 1, 20000

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
2	42	<p>Improve fiscal oversight of the SB94 program by developing adequate management controls and practices. This should include but not be limited to:</p> <ul style="list-style-type: none"> a. Assigning clear responsibility and accountability for the overall SB94 program management to one full-time manager. b. Establishing adequate review of SB94 program contractor expenditures in NYC Regional Offices that includes assessing compliance with the SB94 plan in more detail. c. Standardizing the reporting of SB94 program expenditures on monthly billing forms to reflect the level of budgetary compliance required of the SB94 program contractors. d. Ensuring SB94 program expenditures made through the Interagency Agreement with the Judicial Branch are routinely communicated to and reviewed by the appropriate Regional Office. e. Requiring SB94 program contractors to submit year-end reports that reconcile expenditures billed for the SB94 program to the contractors' accounting records and to the approved plan. 	Division of Youth Corrections	<ul style="list-style-type: none"> a. Agree b. Agree c. Agree d. Agree e. Agree 	<ul style="list-style-type: none"> a. February 1, 2000 b. March 1, 2000 c. March 1, 2000 d. February 1, 2000 e. March 1, 2000

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
3	44	<p>Expand on-site audits of local SB94 programs by:</p> <ul style="list-style-type: none"> a. Conducting both fiscal audits and programmatic reviews of local SB94 programs to ensure compliance with approved SB94 plans and program requirements. b. Ensuring audits and reviews include recommendations that help provide solutions to the problems identified. c. Following up with local SB94 programs regarding the resolution of identified problems. 	<p>Division of Youth Corrections</p>	<ul style="list-style-type: none"> a. Partially Agree b. Agree c. Agree 	<ul style="list-style-type: none"> a. Continuing b. Continuing c. Continuing
4	67	<p>Ensure SB94 program funds are used for services consistent with legislative language and statutory intent for the program and improve effectiveness of SB94-funded services by:</p> <ul style="list-style-type: none"> a. Establishing clear policies on the types of services and programs that are appropriate for funding with SB94 program monies. Services funded should be consistent with the statutory mission of SB94 to fund alternatives to incarceration, and the services should be consistent with legislative language for the SB94 program. If the Division believes this cannot be accomplished under its administrative authority, it should seek statutory change. b. Ensuring that intervention programs included under the SB94 program core services are based on models of proven programs. The Division should work with the Division of Criminal Justice, the judicial districts, and other state agencies as appropriate to identify key components for these intervention programs and incorporate them into requirements for funding under district SB94 plans. 	<p>Division of Youth Corrections</p>	<ul style="list-style-type: none"> a. Partially Agree b. Partially Agree 	<ul style="list-style-type: none"> a. Beginning March 1, 2000 b. Full Implementation November 1, 2000
5	70	<p>Work with the Office of State Planning and Budgeting and the Joint Budget Committee to develop zero-based budget scenarios for SB94 funds.</p>	<p>Division of Youth Corrections</p>	<p>Disagree</p>	<p>S</p>

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
6	74	<p>Increase programmatic accountability for SB94 expenditures by:</p> <p>a. Requiring local planning committees to identify relevant, measurable goals related to the mission of SB94 for each program included in the district plans and to report on the goals in the subsequent year as part of the new plan proposal.</p> <p>b. Directing local planning committees to include specific performance measures into contracts or service agreements with providers and to use demonstrated success as the basis for contract renewal decisions.</p>	<p>Division of Youth Corrections</p>	<p>a. Partially Agree</p> <p>b. Partially Agree</p>	<p>a. April 1, 2000</p> <p>b. April 1, 2000</p>
7	76	<p>Improve oversight of local SB94 programs by working with local planning committees to establish requirements for the regular monitoring of service providers funded under district SB94 plans.</p>	<p>Division of Youth Corrections</p>	<p>Agree</p>	<p>Beginning February 1, 2000</p>
8	78	<p>Assess the feasibility of using the Colorado Young Offender Level of Service Inventory as a uniform tool for the assessment of juvenile intervention needs and risk in the SB94 program, and work with the Office of Probation Services in the Office of the State Court Administrator and the CYO-LSI Steering Committee to identify and resolve legal issues and facilitate this process.</p>	<p>Division of Youth Corrections</p> <p>Office of Probation Services</p>	<p>Partially Agree</p> <p>Agree</p>	<p>Beginning February 1, 2000</p> <p>Beginning February 1, 2000</p>

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
9	81	<p>Improve the utility and accuracy of the SB94 services database by:</p> <ul style="list-style-type: none"> a. Capturing and reporting only meaningful and useful information. b. Standardizing program definitions based on core programs and services. c. Including relevant performance measurement information. d. Developing a more accurate classification of programs between direct services to juveniles and other types of programs or services, such as administrative or oversight programs and assessment services. e. Ensuring that information included in the annual report, such as average daily caseload, is accurately portrayed to the reader. 	<p>Division of Youth Corrections</p>	<ul style="list-style-type: none"> a. Agree b. Disagree c. Agree d. Agree e. Agree 	<ul style="list-style-type: none"> a. May 1, 2000 b. – c. April 1, 2000 d. May 1, 2000 e. November 1, 2000
10	85	<p>Improve controls to safeguard information in the SB94 services database by requiring the contractor to:</p> <ul style="list-style-type: none"> a. Obtain signed confidentiality agreements from all staff with access to the database prior to granting access. b. Train users on confidentiality requirements of SB94 data and measures to safeguard access, including timely notification regarding changes in employee status and confidentiality of user codes. c. Perform periodic updates with the districts on current lists of users. 	<p>Division of Youth Corrections</p>	<ul style="list-style-type: none"> a. Agree b. Agree c. Agree 	<ul style="list-style-type: none"> a. March 1, 2000 b. March 1, 2000 c. March 1, 2000

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
11	95	Reconvene the working group established under Section 19-2-212, C.R.S., to:		Agree	Beginning March 1, 2000
		a. Develop recommendations for the appropriate manner in which to redirect SB94 program funds to other juvenile justice programs that currently use these funds, including preadjudication screening and services, diversion, probation, detention, commitment, and juvenile parole.	Department of Human Services	a. Disagree b. Disagree c. Partially Agree	a. – b. – c. September 2000
		b. Identify the specific program objectives (i.e., reducing detention or reducing commitment) for which these programs would be responsible as a result of receiving these SB94 program funds.	State Court Administrator	Agree	September 2000
		c. Provide these recommendations to the House and Senate Judiciary Committees by September 2000 as a basis for required legislative changes.	Division of Criminal Justice	Partially Agree	September 2000

Description

In the 1991 Session the General Assembly passed Senate Bill 91-94 to help address the fragmentation of state juvenile services between youth corrections and child welfare and to assist with containing the growing need for juvenile beds in state detention and commitment facilities. The new law authorized the Department of Institutions, now part of the Department of Human Services, to use its existing appropriations to start a pilot project for providing community-based services to juveniles as alternatives to building and maintaining expensive detention and commitment facilities; this initiative has become known as the SB94 program. The legislation contained provisions for establishing a "working group" charged with (1) developing a method of allocating SB94 funds across each county and (2) establishing placement criteria for juveniles in order to promote a more uniform system of placing juveniles into the legal or physical custody of the State either through the detention and commitment facilities in the juvenile justice system, or into out-of-home placement under the child welfare system. The legislation also provided for the establishment of guidelines for emergency release of committed juveniles from facilities during periods of crisis overcrowding.

In the 1993 Session several changes were made to the SB94 program:

- The program became statewide, and the basis for allocating funds was changed from the State's 63 counties to the 22 judicial districts.
- Statutes provided for the creation of local juvenile services planning committees (local planning committees) to be appointed by each district's chief judge and consisting of representatives from county social services, a local school district, local law enforcement, the local probation department, the Division of Youth Corrections, the district attorney's office, the public defender's office, community mental health, and municipalities, as well as private citizens. The local planning committees were charged with developing a district plan for using SB94 program funds for juvenile services that would serve as alternatives to incarceration, without compromising public safety. Under the original legislation, the planning function had been under the governing body of the city or county. The revised statutes continued to assign the responsibility for approving the local plans each year to the Department of Institutions. This approval function is currently performed by the Division of Youth Corrections within the Department of Human Services.
- Local planning committees were required to establish an assessment process for juveniles taken into custody and detained by law enforcement officers.

The purpose of the assessment was to use the juvenile placement criteria for detention developed by the working group, mentioned above, as the basis for recommending appropriate placement of the juvenile to the judge for use during the detention hearing. The local district plans were permitted to use SB94 program monies to establish a preadjudicated services program which could include various methods and levels of community-based supervision as a condition of the juvenile's release prior to the adjudicatory hearing. The intent was to reduce the use of detention for preadjudicated juveniles without sacrificing community safety.

During the recodification of the Colorado Children's Code in the 1996 Session, the original legislative intent from Senate Bill 91-94 was deleted from statutes. The following wording was added, stating that services provided under the SB94 program:

. . . are intended to prevent the juvenile from being held in detention prior to adjudication, sentenced to detention, or committed to the Department of Human Services or to reduce the length of time the juvenile is held in preadjudication or postadjudication detention or held in a commitment facility operated [by the State]. (Section 19-2-310, C.R.S.)

Funding History

During Fiscal Year 1992, the first year of SB94 operations, the Department of Institutions spent \$15,137 in efforts to establish the 11 pilot projects under SB94. Appropriations have increased considerably over the years. In Fiscal Year 1994 appropriations were about \$4.5 million; the SB94 program became statewide in October 1993, or three months after the start of the fiscal year. For Fiscal Year 2000, appropriations are about \$11.6 million. This is an increase of about 159 percent over the seven-year period.

According to Division of Youth Corrections staff, the SB94 program has functioned as one piece of the State's strategy to meet the growing numbers of juveniles entering the juvenile justice system. Other ways used by the State include contracting with private providers to operate facilities and continuing to build juvenile detention and commitment centers. The table below summarizes the history of SB94 funding from inception through Fiscal Year 2000. For a history of allocations provided to the judicial districts, please refer to Appendix A.

Funding History of the SB94 Program
Fiscal Years 1992 - 2000
(Dollars in Millions)

Fiscal Year	1992	1993	1994 ²	1995	1996 ⁴	1997	1998	1999	2000
Appropriations	-- ¹	\$1.91	\$4.48	\$6.12	\$10.15	\$10.58	\$11.05	\$11.38	\$11.61
DYC Admin.	-- ¹	n/a ³	\$0.09	\$0.18	\$0.41	\$0.41	\$0.35	\$0.31	\$0.54
Allocated to Districts	-- ¹	n/a ³	\$4.39	\$5.94	\$9.74	\$10.17	\$10.70	\$11.07	\$11.07

Source: Office of the State Auditor analysis of Joint Budget Committee reports and Division of Youth Corrections data.

Notes:

1. The General Assembly did not make a direct appropriation to SB94 for Fiscal Year 1992. The Department of Institutions was permitted to use existing appropriations to fund start-up costs for an SB94 pilot program. The Department used \$15,137 toward this purpose.
2. The SB94 program became statewide during Fiscal Year 1994. Prior to this, only 11 pilot projects were being funded.
3. Breakdowns between the Division of Youth Corrections' administrative budget and the funds allocated to pilot projects were not available for Fiscal Year 1993.
4. According to Division of Youth Corrections staff, the SB94 program was given specific responsibility in Fiscal Year 1996 for developing programs for sentenced youth in detention.

District Funding Levels

Statutes direct that the working group shall develop an allocation formula for SB94 funds to districts that "take[s] into consideration such factors as the population of the judicial district, the incidence of offenses committed by juveniles in such judicial district, and such other factors as deemed appropriate" (Section 19-2-212(1)(b), C.R.S.). At the present time, the allocation formula is based on each district's share of the State's juvenile population, juvenile arrests, new juvenile probation intakes, a poverty indicator, and a rural factor.

During Fiscal Year 2000 the amounts allocated to individual districts ranged from a high of almost \$1.7 million (2nd Judicial District: Denver County) to a low of just under \$58,000 (22nd Judicial District: Dolores and Montezuma Counties). The average allocation per district was about \$503,200; however, the median allocation per district was about \$198,800. Viewed another way, five large urban districts were allocated over \$1 million each in SB94 funds for Fiscal Year 2000, or about 61.3 percent of total district allocations. On the other hand, 12 of the State's 22 judicial districts were allocated less than \$200,000 each for Fiscal Year 2000, or about 15 percent of total district allocations. These differences in the level of allocations

among districts reflect the factors included in the allocation formula mentioned above (e.g., the district's share of the State's juvenile population).

Typically, districts fund assessment and case management services, electronic home monitoring, substance abuse treatment, mentoring services, mental health services, restitution and community service projects, family services, and employment and education services. Districts vary on the types of services they provide and the amount spent per juvenile served. In Fiscal Year 1999 the total number of juveniles served was 13,101; average costs per juvenile ranged from \$534 in the 2nd Judicial District (Denver County) to \$2,507 in the 14th Judicial District (Grand, Moffat, and Routt Counties).

Organization

The Division of Youth Corrections (DYC, Division) within the Department of Human Services is the designated agency for the oversight of the SB94 program. The Division is also responsible for the operation and oversight of juvenile detention and commitment facilities, which includes oversight of contract-operated facilities. These latter have served an increasing share of incarcerated juveniles over recent years. The Division also is responsible for the juvenile parole program and for providing case management services for all youth under its supervision. The Division's total appropriations for Fiscal Year 2000 are approximately \$105.9 million. The SB94 program received appropriations of just over \$11.6 million, which represents about 11 percent of DYC's total funding.

The Division does not have staff solely dedicated to the SB94 program. One staff person, in addition to other duties, performs most of the oversight and administrative functions related to the SB94 program at the state level. Several other staff assist with duties for the program based on their particular areas of responsibility within the Division. The Division has five Regional Offices throughout the State, and the Regional Directors in these offices are responsible for overseeing the SB94 program in the districts within their respective regions along with their other duties.

The Division of Youth Corrections' main activities related to the SB94 program include:

- Establishing the requirements for the districts' SB94 plans, working with the local planning committees, and overseeing the plan review and approval process.
- Setting guidelines for the program.

- Allocating SB94 funds to the judicial districts in accordance with the formula and communicating the amounts to the districts.
- Entering into contracts with an entity to administer the SB94 plan as approved for each district.
- Approving reimbursements to the contractors in each district for expenditures made on behalf of the SB94 program and recording these expenditures on the State's financial system.
- Providing technical support to local programs in the form of conferences, training, and consultation.
- Fulfilling reporting requirements to the General Assembly set forth in Long Bill footnotes. The Division is required to submit an annual evaluation of the SB94 program. DYC contracts for the evaluation of the SB94 program and compilation of the annual report.

During Fiscal Year 1994, when SB94 became a statewide program, the Division established the Statewide Advisory Committee composed of representatives from a variety of interests involved with SB94 such as law enforcement, probation, local judges and magistrates, social services, and other related state and local agencies. This Committee helps oversee the program and provides input to the Division; however, the Division retains overall responsibility for the administration of the SB94 program.

SB94 Program and the Juvenile Justice System

The SB94 program has had some positive impacts on the juvenile justice system. Discussions during the audit with state and local personnel identified the following:

- *Services for preadjudicated youth and commitment and continuum of care.* Prior to the creation of the SB94 program in 1991 and related statutory amendments in 1993, few funds were available for services to this group. This meant that options were limited to putting the youth in detention or releasing them into the community without any supervision or services. The SB94 program has enabled communities to provide alternatives to detention for some youth, such as tracking, electronic home monitoring, treatment of various kinds, and case management. In this respect, the SB94 program has helped develop a continuum of services for youth involved in the juvenile justice system because it specifically addresses preadjudicated juveniles.
- *Alternatives to sentenced youth in detention.* According to Division staff, as part of the budgetary process for Fiscal Year 1996 the SB94 program was given additional funds to help provide alternatives for sentenced youth in detention, such as youth on probation serving a detention sentence. The

purpose is to provide local judges and magistrates with other options for addressing these juvenile cases besides placing the youth in facilities.

- *Uniform assessment tool for detention placement decisions.* SB94 funds have been used to develop an assessment tool for juveniles that are arrested and detained by law enforcement officers. The tool gathers information used to make recommendations to the court on the type of facility (level of security), if any, in which the youth should be held prior to the detention and adjudicatory hearing. All districts use this same assessment tool. The Division of Youth Corrections has used SB94 to fund research on data gathered through the tool on detained youth. The Division is working with researchers and the districts to use this information to better manage detention populations.
- *Greater coordination between the Division of Youth Corrections and other agencies at the local level.* DYC reports that SB94 funds have enabled them to "bring something to the table" **S**funding **S**when working with communities. All five DYC Regional Directors indicated that the SB94 program has enabled them to develop stronger relationships with communities and other agencies for the purpose of improving the justice system and reducing incarceration.
- *Flexible funding.* Because of the broad mandate of the SB94 program and the use of local planning committees, districts have been able to use the funds in the manner considered most appropriate to their specific needs.

While recognizing these efforts, our audit identified concerns with the SB94 program. Chapter 1 discusses concerns about the appropriateness of the use of some SB94 funds in view of the program's legislative intent, as well as the weaknesses in fiscal oversight of the SB94 program. Chapter 2 discusses the impact of SB94 on decreasing incarcerated populations and the need to promote effective programs on the local level. Chapter 3 looks at options for improving the accountability of programs funded with SB94 monies and reducing duplication by making changes in the organizational structure of the SB94 program.

Audit Methodology

We obtained and reviewed documentation on the SB94 program related to the legislative history and intent of the program, program goals and evaluation methods, fiscal management and oversight, and provision of services under the program. We interviewed Division of Youth Corrections staff at the state and regional levels as well as personnel for other related programs in the State.

In addition, we visited six judicial districts. These six districts received a total of about \$5,583,300 in SB94 allocations in Fiscal Year 1999, which represents 49 percent of the almost \$11.4 million appropriated to the program that year. The six districts served 7,723 juveniles with SB94 funds in Fiscal Year 1999, or almost 59 percent of the 13,101 juveniles served across all districts for that year. The six districts chosen for site visits represent a sample of urban and rural districts and different geographic areas of the State. The districts selected were as follows:

- 1st Judicial District (Jefferson and Gilpin Counties)
- 2nd Judicial District (Denver County)
- 7th Judicial District (Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel Counties)
- 15th Judicial District (Baca, Cheyenne, Kiowa, and Prowers Counties)
- 18th Judicial District (Arapahoe, Douglas, Elbert, and Lincoln Counties)
- 20th Judicial District (Boulder County)

We interviewed local personnel involved with the SB94 program such as district SB94 coordinators, chairs of local planning committees, and contractors, and obtained and reviewed additional documentation. We also interviewed the co-chairs of the Division's Statewide Advisory Committee for the SB94 program and attended several committee meetings.

Use of SB94 Program Funds and Fiscal Oversight of Local SB94 Programs

Chapter 1

Introduction

Senate Bill 91-94 (SB91-94) had several purposes. One of these was to establish more uniform criteria for determining the type of placement that troubled juveniles receive in the State—whether the juvenile should be placed in the custody of the Division of Youth Corrections, or in the custody of the Division of Child Welfare. The issue of uniform criteria was addressed in the Child Welfare Performance Audit conducted by the Office of the State Auditor in August 1998. As of October 1999 the Department of Human Services, which houses the Division of Child Welfare and the Division of Youth Corrections, reports that an interagency group including representation from the Judicial Branch has established agreed-upon criteria. However, an assessment tool based on the criteria needs to be developed and then implemented across the State. No completion date for this process has been established at this time.

Provision of Alternative Services

Our audit focuses on one of the other primary purposes of the SB91-94 legislation: the provision of services intended as a less expensive alternative to incarceration for juveniles that are not considered a risk to public safety. This effort to provide alternative services has become known as the "SB94 program." Statutorily, the Department of Human Services is responsible for the oversight of the SB94 program and the provision of alternative services through the State's 22 judicial districts. Within the Department, the Division of Youth Corrections (Division, DYC) administers the program.

While the Division is responsible for the oversight of the SB94 program, its primary responsibility is managing and overseeing the State's detention and commitment services for juveniles from 10 to 21 years of age as well as the juvenile parole program for youth released from commitment. Detention is used for juveniles that are

awaiting court hearing or dispositions or that have received short-term sentences to detention as a condition of probation, or due to contempt of juvenile and municipal court orders. The maximum sentence is 45 days. Commitment is used for juveniles in which the disposition of the case has resulted in the transfer of legal custody of the juvenile to the Department of Human Services by the court due to the adjudication of the youth on delinquency charges. In most cases the maximum sentence is two years; however, the juvenile can be committed for as long as seven years under certain legally defined circumstances. The Division's total budget for Fiscal Year 2000 is approximately \$105.9 million, of which about \$11.6 million is for the SB94 program.

Overall, the State's creation of the SB94 program was a laudable innovation. It is a worthwhile effort to identify means other than incarceration to address the problems of troubled youth without jeopardizing public safety. It is sound public policy to find ways to minimize the costs to taxpayers for juvenile detention and commitment facilities and programs. As noted in the Description section, personnel involved with the SB94 program report that the program has had positive effects on service delivery to juveniles and coordination among various agencies. At the same time, our audit identified fundamental and pervasive problems with the program in terms of fiscal oversight, targeting funds toward effective supervision alternatives to incarceration, and establishment and tracking of program-specific outcomes as a means to monitor effectiveness of services.

The original legislation for the SB94 program gave little direction in the types of services to be used as alternatives to incarceration, other than stating that they "may include, but shall not be limited to, intervention, treatment, supervision, lodging, assessment and bonding [juveniles released on bond] programs, [and] family services. . . ." Subsequent legislation eliminated this section and added other language regarding types of services for preadjudicated juveniles. However, in general, the statutes furnish very limited guidance in terms of identifying the types of activities appropriately funded with SB94 program monies. In turn, the Division of Youth Corrections has provided wide latitude to local planning committees in formulating district SB94 plans and determining how funds will be spent. The lack of statutory guidance and state policies, combined with lack of fiscal and programmatic oversight, has resulted in funds being spent for a considerable variety of purposes. Because fiscal oversight is weak and outcomes of the specific services funded are not adequately monitored, this raises serious concerns about whether funds are being spent in the most appropriate and effective manner to reduce incarceration rates.

This chapter discusses the State's oversight of how SB94 program funds are spent in relation to legislative intent and language and the lack of sufficient assurance that funds are used in accordance with the local district plans submitted to and approved by the Division. It also reports the results of our review of fiscal information and expenditures for the SB94 program.

Chapter 2 focuses on the Division's efforts to evaluate the SB94 program and the need to target resources toward services consistent with the statutory mission to reduce detention and commitment populations. The lack of program-specific performance measures and other related issues are also addressed.

Chapter 3 discusses the role of the SB94 program in providing supplemental funding to other existing programs such as probation and diversion and gives some options for redirecting SB94 funds to reduce administrative duplication and improve accountability.

Our audit concluded that the SB94 program needs more structure and oversight by the State. Without adequate managerial and fiscal oversight and meaningful, program-specific performance measures, the State lacks assurance that SB94 funds are spent in an effective and efficient manner to achieve program goals of decreasing detention and commitment populations and juveniles' lengths of stay. The State General Fund bears the cost of housing youth in detention and commitment. The assumption underlying the SB94 program is that these costs can be mitigated to some degree by successfully intervening with youth at an earlier point in the juvenile justice system. The State should therefore adequately oversee the SB94 program to ensure that the performance of the various alternatives to incarceration is monitored and that appropriate fiscal review takes place. Local interests and differences, while also important, need to be acknowledged within this context.

Oversight of Local SB94 Programs

The Division of Youth Corrections designates part of one FTE from its Denver central office to act as the state SB94 Coordinator and to oversee the program; several other staff also help with the program based on their particular expertise. The Division uses the following to help administer and oversee the SB94 program.

Local Planning Committees. Statutes allow for the creation of local juvenile services planning committees (local planning committees, committees) that are to be appointed by the chief judge in each judicial district. Statutes outline the following with regard to the committee:

- Membership should reflect, to the extent practical, a variety of local representatives including DYC Regional Directors, social services, law enforcement, probation, district attorneys, public defenders, mental health, and local government.

- The local planning committee is responsible for developing an annual plan for the allocation of the district's share of SB94 program resources for local juvenile services within the district.
- Expenditure of SB94 program monies are to be made in accordance with the plan developed by the local planning committee.

Members of the local planning committees are volunteers. The committees perform general oversight for the implementation of the plan and work with the DYC Regional Directors in their areas. The local planning committees also negotiate with the Regional Directors to set their districts' not-to-exceed goals or "maximums" for detention and commitment facilities and to monitor their districts' performance related to these goals. The local planning committees are not recognized in statutes as a legal entity and therefore cannot sign contracts or be held legally responsible for the implementation of the local SB94 plan.

SB94 Contractors/Fiscal Agents. Each local planning committee, as part of the planning process, identifies an entity that will be responsible for implementing the plan in its district. This entity may be a nonprofit or for-profit organization that provides services under the plan, a local government such as a municipality or county department of social services, or a local probation department or district court under the Judicial Branch. According to the contract, the contractor is responsible for implementing the district's SB94 plan under the direction of the local planning committee.

The Division of Youth Corrections executes annual contracts with each designated entity, and the plan is incorporated into the contracts. For districts in which the local planning committee elects to fund the plan in whole or in part through the Judicial Branch (Branch), the Division of Youth Corrections enters into one Interagency Agreement with the Branch that covers all such districts and the appropriate parts of their plans. The importance of the role of the contractor in developing the plan varies considerably among districts, as does the contractor's role in determining which service providers will be used.

The contractor serves as the fiscal agent for SB94 monies for the district. This means that the contractor makes expenditures for the SB94 program and then requests reimbursement from DYC. Often the SB94 contractor provides some services under the plan and subcontracts for other services. Some districts have more than one contractor.

Local SB94 Coordinators. Each local planning committee also identifies a local SB94 coordinator who often acts as staff to the local planning committee. The local SB94 coordinator generally oversees the programs and services funded by the plan and coordinates with the various entities involved. In some districts, the SB94 coordinator reports to the district chief judge. The coordinator's position is funded by the district's SB94 program. In smaller districts, the coordinator may provide some SB94 services such as case management for juveniles. In larger districts, the coordinator may work for the local SB94 contractor, which could be a service provider under the plan. Generally, coordinator duties vary depending on the size of the district.

DYC Regional Directors. For administrative purposes, the Division of Youth Corrections divides the State into five regions, each of which is overseen by a Regional Director, assisted by support staff. The Regional Directors are responsible for oversight of both state-operated and contractually operated detention and commitment facilities in their Regions and for SB94 programs for the districts within their areas. Regional Directors mainly exercise their SB94 oversight responsibility by attending local planning committee meetings for the districts within their Regions and providing input on various decisions, especially the formulation of the plan and district goals or "maximums" for detention and commitment. Regional Directors sometimes conduct training in their areas related to the SB94 program.

Statewide Advisory Committee. This group was created by the Division in Fiscal Year 1994, the year that the SB94 program became statewide. It includes the DYCSB94 Coordinator and other representatives from DYCS as well as state and local personnel from agencies involved with juveniles such as social services, law enforcement, probation, and the judiciary. The Statewide Advisory Committee meets quarterly and functions as an advisory group to the Division by acting as a forum to discuss issues related to the SB94 program.

On-site reviews. At the request of the Division of Youth Corrections, the Department of Human Services Field Audit Section has performed on-site financial audits of expenditures and compared them with proposed expenditures under the plans for two districts in the last several years. In addition, in Fiscal Year 1999 the Division contracted with an individual to perform on-site reviews of districts to review local planning committee functions and business practices. Two of these programmatic reviews had been completed as of the conclusion of our audit. The Division plans to continue these latter types of reviews during Fiscal Year 2000.

Training. The Division holds training to establish and communicate policies and procedures for the SB94 program to the districts. The Division's primary training is the annual SB94 Conference held each fall.

Annual plans. The annual planning process is one of the Division's main tools for overseeing the SB94 program. The Division distributes planning materials and the plan format to the districts each year, and local planning committees submit completed plans to the Statewide Advisory Committee and the Division. The Division and the Statewide Advisory Committee hold meetings across the State with members of the local planning committees and other local SB94 personnel to discuss each plan and raise concerns or questions. Once the Division approves the plans, it enters into a contract with the SB94 contractor or contractors for the district.

Approval process for changes in the plans. If a district wishes to change the plan after it has been approved, the Division requires that the change be approved by the local planning committee and Regional Director and then submitted to the DYCSB94 Coordinator for final approval. Contracts require that all changes greater than 10 percent of a budget line item in the plan have prior written approval from the appropriate DYCS Administrator.

Compliance With Statutory Intent of SB94 and Approved Plans

During the audit we interviewed staff at the state and local level concerning financial oversight and responsibilities for SB94 program expenditures and reviewed documentation provided to us. We also visited all five DYCS Regional Offices and the six judicial districts selected as our sample for the audit. (See discussion of "Audit Methodology" in Description section for a listing of site visit districts).

For all six districts visited we performed detailed reviews of expenditures for three sample months in each district between December 1997 and April 1999. We reviewed fiscal year-end expenditures made in June 1998 in all six districts. We reviewed select financial information across all 22 judicial districts.

We noted a variety of concerns. These concerns occurred more in some districts than in others. The problems identified are the result of (1) lack of clear policies and guidelines on the types of expenditures that are, or are not, allowable under the SB94 program and (2) lack of fiscal oversight by the Division. The lack of policies on the types of expenditures that are allowable, coupled with weak financial oversight, creates an environment in which the mission of SB94 can be used to justify expenditures that, in some cases, we believe are questionable or inappropriate.

Statutory Intent and Mission of SB94 Program

As noted earlier, statutes provide very limited guidance in terms of defining the types of activities or expenditures appropriately funded with SB94 program monies. Statutes contain the following provisions for use of SB94 funds:

The moneys appropriated to the Department of Human Services for allocation [under SB94] by each judicial district shall be expended ... *for services to juveniles that are intended to prevent the juvenile from being held in detention prior to adjudication, sentenced to detention, or committed to the Department of Human Services or to reduce the length of time the juvenile is held in preadjudication or postadjudication detention or held in a commitment facility operated under section 19-2-403. . . . [T]he expenditure of monies for juvenile services in such judicial district shall be made in accordance with the [SB94] plan* (Section 19-2-310, C.R.S., italics added.)

A Long Bill footnote first appearing in the 1996 Session further clarified that SB94 programs:

. . . are to provide *alternative services* for juveniles determined to be at *imminent risk* of being placed in a detention or commitment facility and to provide services designed to *reduce the length of stay* of juveniles placed in Division facilities. . . . [T]he Division is requested to focus SB91-94 funds on programs and services that will most effectively reduce populations in Division facilities, *including intake screening, assessment, and case management services and other services designed to divert youth* from placement in facilities. (House Bill 96-1323, italics added.)

In addition, Section 19-2-302 (4), C.R.S., which became part of statutes during 1993, contains the following language regarding services that may be funded by SB94 for preadjudicated juveniles:

The [SB94] plan may provide for the use of any of the following supervision methods as conditions of preadjudication release:

- (a) Periodic telephone communications with the juvenile;
- (b) Periodic office visits by the juvenile to the preadjudication service agency;
- (c) Periodic home visits to the juvenile's home;
- (d) Periodic drug testing of the juvenile;
- (e) Periodic visits to the juvenile's school;

- (f) Mental health or substance abuse treatment for the juvenile, which treatment may include residential treatment;
- (g) Domestic violence or child abuse counseling for the juvenile, if applicable;
- (h) Electronic monitoring of the juvenile;
- (i) Work release for the juvenile, if school attendance is not applicable or appropriate under the circumstances; or
- (j) Juvenile day reporting and day treatment programs.

We recognize statutes do not require that districts provide these specific services, and statutes do not limit the services districts provide solely to those outlined. However, we believe this statutory language indicates an intent that the kind of services appropriate for SB94 funding are of two basic types. First, those that are clearly supervisory in nature such as telephone and electronic monitoring, as well as office, home, and school visits and drug testing and secondly, intervention services that are directed toward addressing behavior issues through treatment, counseling, and work or school programs. The footnote quoted earlier mentions intake screening, assessment, case management, and other services designed to divert youth from placement in facilities. These services also are generally consistent with the supervisory and intervention services listed in Section 19-2-302(4), C.R.S.

We believe a similar type of approach is appropriate for viewing the types of services to be funded under the SB94 program for postadjudicated juveniles. In other words, services should be either supervisory or behavioral in nature. Using SB94 funding for these types of services is consistent with statutory language stating that SB94 program services are intended to prevent the juvenile from being placed in detention or commitment or reducing the time the juvenile is held.

We found that some districts used SB94 funds for services of a questionable nature given the mission of the SB94 program to provide alternatives to detention or commitment or reduce lengths of stay, and given the types of services mentioned in statutes. In some cases our concern is related to the lack of adequate guidelines and oversight from the Division which would help ensure that certain types of expenditures are limited to those required for the SB94 program.

Summary of Reviews of District Expenditures

During our review we identified several types of expenditures that we categorized as "questioned costs." These included expenditures made with SB94 funds that did not appear to be consistent with the statutes and legislative intent, or that were not adequately disclosed in the plan or did not appear in the plan. In other cases we questioned expenditures because contractors used poor payment practices such as prepaying for goods and services not received, or making duplicate payments or overpayments. Generally, questioned costs occurred at the end of the fiscal year when districts were attempting to use remaining funds allocated for the period.

We found that several districts made changes in their plans without receiving appropriate approvals. Our scope did not include a detailed review of districts' total expenditures for the fiscal year and their plans; however, the problems identified in the sample months suggest that wider problems may exist, especially since there is little financial oversight by the Division. Finally, there was evidence of weaknesses in fiscal oversight at the local level. Below is an overview of the results of our review. More detail is provided in **Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts**, which is provided at the end of this chapter. (See pages 46 through 51.)

Questioned costs. On the basis of the sample months reviewed, we identified the following questioned costs:

- \$172,883 in costs that we considered excessive or not directly linked to the intent of the SB94 program (3 districts). These included various items for juvenile incentives such as gift certificates and tickets to recreational events; outdoor sporting equipment; rafting trips; computer equipment; resource materials for staff and juveniles; part of a lease payment on a sport utility vehicle used to transport juveniles that was not disclosed in the plan; staff bonuses not disclosed in the plan; office equipment; and a donation for start-up costs for a day treatment center.
- \$98,585 in prepayments for various goods and services not received prior to payment (3 districts). These were expenditures made at the end of the year apparently in an effort to use up district allocations. We identified multiple instances where districts spent significant amounts of money in the last month of the fiscal year as well as the last day of the fiscal year. One district's contractor had a document titled "Spend Down" for SB94, which described the items to be purchased at year-end to use up funds.

We recognize the argument can be made that many of these costs would have been incurred in any case, whether in one fiscal year or the next. However, many of these prepayments were for expenditures we considered excessive, not directly linked to the intent of SB94, or not adequately disclosed in the plans. These include significant amounts on recreation-related items, computer equipment, office furniture, and bonuses. Further, during our follow-up with districts to verify whether prepaid services were in fact received, we identified several instances in which local SB94 program personnel reported that not all services paid for were provided, or personnel were unable to verify that the prepaid goods or services were provided. This illustrates the fundamental risk involved in paying for goods or services before receipt.

The Division reports that it has stated in numerous training sessions for SB94 program staff that prepayments should not be made with SB94 funds. Furthermore, contracts state that payments to the contractors will be made "as earned" and billings to the State are to be for actual expenses. The fact that prepayments are still occurring confirms the need for more fiscal oversight by the Division.

- \$7,163 in double payments for goods and services (1 district). This same district overpaid a contractor for costs related to a juvenile work program at the rate of about \$117 per month; the subcontractor is researching past billings to find out how long this has been taking place. This subcontractor was overbilling a second district SB94 program in the same manner. Another district in our sample overpaid a subcontractor \$570. These problems occurred because of inadequate tracking and review of SB94 expenditures in the districts.
- In total, we identified \$236,213 in unduplicated questioned costs. Some questioned costs appeared in more than one category (for example, the item was both inconsistent with legislative intent and a prepayment); total unduplicated questioned costs were calculated by eliminating all double counting among categories.

Changes to the plan without prior approval by DYC SB94 Coordinator. If a contractor and local planning committee wish to make changes amounting to more than 10 percent of a budgeted line item in the SB94 plan, they are required to request approval from the DYC SB94 Coordinator. However, we noted that three of the six districts had made changes to their approved plans without the required prior approval from the DYC SB94 Coordinator.

Review of other summary-level information from the Division indicated that at least one other district had changed its plan in both Fiscal Year 1998 and Fiscal Year 1999 without obtaining necessary approvals. We believe this is a conservative picture of whether or not districts are making unauthorized changes to their plans due to the limited fiscal oversight performed by the Division. For example, the Division does not require that districts report monthly information at a level of detail that allows it to determine whether contractors are making changes between budget line items.

Contractor role and reviews of expenditures. Because of the Division of Youth Corrections' limited fiscal oversight, we have concerns across all districts in terms of the appropriateness of expenditures charged to the State for the SB94 program. The contractor is the entity responsible for the implementation of the SB94 plan under the direction of the local planning committee. Similar to other state contractors, SB94 contractors are paid on a reimbursement basis. This creates a potential risk that the State could be billed for goods or services not provided. Therefore, it is important that the State have adequate oversight to offset this potential risk.

We also found that local planning committees generally do not perform detailed reviews of SB94 contractors' expenditures. In some cases, contractors are not familiar with the SB94 plan. For the six districts in our sample:

- Three of the districts had contractors that provide services under the plan and also approve and submit reimbursement requests to the Division. In two of the districts, the local planning committee does not perform a detailed review of expenditures by the contractor. The SB94 coordinators in these two districts work for the contractor, and thus the coordinators' reviews of expenditures, to the extent these reviews occur, are not independent.
- Three of the districts had contractors that were not familiar with the district's plan and view themselves only as responsible for processing payments, not as responsible for compliance with the plan or for ensuring expenditures are adequately supported. In two of the districts, the local planning committee does not perform a detailed review of expenditures by the contractor. The third district is a small, rural district in which the local SB94 coordinator is the acting chair of the committee.

Unauthorized advances. We also found one district, which administers its plan through the counties, where one county subcontractor made semiannual draws in advance of expenditures without prior authorization from DYC. In Fiscal Year 1999 these advances were for about \$36,800 each. The county subcontractor retained the interest as an administrative fee.

Unnecessary administrative fees and complexity. In another district, the contractor charged a 2.33 percent surcharge to process SB94 expenditures made by a state agency that subcontracts under the plan. In turn, the contractor bills the State (DYC) for the subcontracting state agency's SB94 expenditures. The contractor reported that it charges the fee to reflect its increased business liability insurance costs, which are based on its gross revenues. However, the contractor does not perform any review of the subcontracting state agency's expenditures. Therefore, this is an administrative cost to the State that does not increase program oversight or contribute to the provision of services to juveniles (\$6,860 total for Fiscal Year 1998 and Fiscal Year 1999; estimated to be \$3,870 for Fiscal Year 2000). The subcontracting state agency could submit expenditures directly to the State, and these costs would be avoided or greatly reduced.

Inventories purchased with SB94 funds. In order to gain some understanding of how much equipment has been purchased with SB94 funds and find out if the equipment was being tracked, we asked the six districts to furnish us with an inventory list of equipment that had been purchased with SB94 monies. We found the following:

- One district reported a total inventory accumulated from about January 1998 to the present of \$120,342. This consisted of \$17,104 in juvenile incentives (e.g., gift certificates, movie tickets, fun park tickets) and the remainder in outdoor equipment, computer equipment, office furniture, and other equipment.
- One district reported a total inventory of \$76,980. Items listed included cellular phones, pagers, office furniture, and computer equipment. This contractor spent a total of \$5,471 on a fax, modems, software, and palmtop computer in June 1998 and June 1999.
- One district reported that it did not track equipment in terms of the source of funds used to purchase it. We identified that this contractor spent \$10,414 on computer equipment during June 1998 and June 1999.

The other three site-visit districts each reported inventories of less than \$6,000.

Starting with Fiscal Year 1999, the Division required contractors to transfer tangible personal property worth \$3,000 or more and a useful life greater than one year, at the State's request, to another party, if the contractor is no longer providing services through the SB94 program. However, our audit indicates a \$3,000 threshold may be too high, since many items, such as computers, do not meet this threshold. Further, the Division does not ask the districts to maintain lists of equipment purchased with SB94 funds. Tracking SB94 equipment is important because as SB94 contractors change, information may be lacking about which equipment the State is entitled to

transfer. For example, in one district, all items are tagged with the contractor's inventory tags regardless of funding source. This could create problems for the Division in identifying and requiring the transfer of equipment if the contractor changes. This creates the risk that equipment purchases would have to be needlessly duplicated by a new contractor.

Defining Allowable Costs Under SB94 and Capital Equipment Requirements

Many of the problems identified reflect the need for better fiscal oversight of district SB94 programs by the Division of Youth Corrections. The next section discusses the fiscal reviews and procedures the Division has in place and the need for improvement in that area.

In addition to those improvements, the Division needs to define what types of costs are allowable under the SB94 program in terms that are consistent with the legislative language for the program. In addition, the Division needs to reassess capital equipment policies in terms establishing whether these costs are appropriate for the SB94 program and under what conditions. If these costs are appropriate, DYC should consider lowering the threshold from \$3000 to an amount that will capture more equipment, such as computers, in order for the Division to better track equipment purchased with SB94 funds, and require contractors to maintain listings of these purchases. Establishing these types of basic policies to define appropriate expenditures for the SB94 program is a fundamental part of ensuring that SB94 funds are spent in accordance with legislative language and contractual requirements.

Recommendation No. 1:

The Division of Youth Corrections should establish policies for allowable expenditures under the SB94 program by:

- a. Developing clear definitions of the types of expenditures that are consistent with legislative intent for the SB94 program and therefore allowable under the program. In addition, the Division should define the types of expenditures for which prior approval is necessary and expenditures that are not allowable.
- b. Communicating these definitions to all Division Regional Directors, SB94 coordinators, contractors/fiscal agents, providers, and local planning committees in a written format such as a policy manual.

- c. Reevaluating the \$3000 threshold for tangible personal property and requiring contractors to track equipment purchased with program monies and list these inventories as part of annual year-end reporting.

Division of Youth Corrections Response:

Agree.

- a. The Division will develop a policy manual for SB 94 Programs that includes information on expenditures that are allowable under State Fiscal Rules, and expenditures that require prior approval. However, DYC does not fully agree with the State Auditor staff's interpretation of the SB 94 statutes. (See Division's response to Recommendation 4). The Division will consult with the Attorney General's Office to review the legislative intent of the SB 94 statutes. The Division will develop a policy manual by July 1, 2000.
 - b. The Division will develop a policy manual that outlines programmatic guidelines, roles of the local planning committees and fiscal agents/contractors, required fiscal and accounting procedures, and reporting requirements. The manual will be provided to local planning committees, contractors and providers, the Division's Regional Offices and other administrative staff. Training on the issues addressed in the manual will also be provided for Division Regional staff and those involved in the development of local SB 94 plans by August 1, 2000.
 - c. The State of Colorado Fiscal Rules require capitalization of equipment with a useful life of more than one year and an acquisition cost of more than \$5000. However, the Division will review current policy and establish the type and price threshold of equipment that vendors will be required to track and report as inventory in year-end reports. Language concerning this policy will be included in the SB 94 policy manual and Fiscal Year 2000-01 contracts. The Statewide SB 94 Advisory Committee will continue to require local planning committees to identify all proposed equipment purchases in annual SB 94 plans.
-

Oversight of Local SB94 Program Expenditures

Our audit identified the following weaknesses in the Division's fiscal oversight:

- Monthly review procedures are inadequate, and there are several improvements to reporting systems that are needed. Also, there are inadequate resources devoted to SB94 oversight at the DYC central office.
- The Division does not require any type of meaningful year-end reports from contractors that detail expenditures made, based on accounting records, and that compare expenditures with the plan or with reimbursements received.
- There have been few on-site fiscal and programmatic reviews since the program was implemented statewide in Fiscal Year 1994.

The purpose of fiscal and programmatic controls is not only to help ensure compliance with approved plans and appropriate fiscal practices. Controls also assist in preventing and detecting the misuse and misappropriation of state funds. The Division has an obligation to have controls in place that provide reasonable assurance that both of these objectives are met.

Management Oversight and Review of Expenditures for Appropriateness and Consistency With Approved Plans

As mentioned earlier, the Division has one staff person that oversees the SB94 program as the DYC SB94 Coordinator. This person has additional duties at the Division. In terms of the review of expenditures, the five DYC Regional Directors are responsible for general oversight of the SB94 programs for the districts within their respective Regions. In addition, staff in the five Regional Offices are responsible for reviewing the districts' SB94 expenditures under the various contracts. Our audit found that the Regional Offices do not perform a sufficient review of SB94 expenditures to determine if supporting documentation submitted by the contractor agrees with the amount billed, or if expenditures are consistent with approved plans and categorized appropriately. This, combined with the complexity of the SB94 program and the problems identified during our site visits, indicates that the Division needs to strengthen its general oversight of the SB94 program as well as its fiscal oversight in particular.

The Division does not have adequate resources at its central office devoted to the oversight of the SB94 program. Currently the DYC SB94 Coordinator is responsible for oversight of all of the Division's contracts, such as contracts for operations of detention and commitment facilities, in addition to SB94 contracts. We believe the complexity and variation in the SB94 plans, plus the decentralized nature of the program, indicate more resources should be devoted to the central oversight function. Many entities are involved with the SB94 program on the local level, and the lines of responsibility are not clearly defined between the local planning committees and the contractors. The Division also reports that the "SB94 players" can change frequently, including members on the local planning committee, SB94 coordinators, contractors, or other SB94 personnel. The Division indicates that it has initiated efforts to have the DYC SB94 Coordinator oversee the program full-time.

Review procedures in Regional Offices are inadequate to determine if contractor billings are adequately supported and in compliance with the plan. Three of the five DYC Regional Offices only review SB94 expenditures to ensure that contractors are not overspending their contractual amounts. Further, we found some discrepancies between supporting documentation and billed amounts in several Regional Offices, including one of the offices that stated it did perform reviews on supporting documentation. Although Regional staff contacted the district and cleared up the discrepancies, it indicates that the review may not always be adequate to identify problems.

Regional Offices are not informed about and do not review expenditures made by districts under the Interagency Agreement with the Judicial Branch for the SB94 program. In other words, Regional Office staff do not know how districts are spending funds that are administered under the Interagency Agreement with Judicial. In Fiscal Year 1998, 15 out of the State's 22 judicial districts funneled all or part of their SB94 funds through this agreement; in Fiscal Year 1999, 14 districts used this arrangement. Therefore, in these instances the Regional Offices lack the information to even perform a review for appropriateness. For districts in our sample that were under the Interagency Agreement we found that the judicial Branch also was not reviewing SB94 expenditures for compliance with district plans.

It should be noted that under payments made for services through the Judicial Branch, the state warrant is issued by the Judicial Branch to the service provider *before* the Branch requests reimbursement through the DYC central office for SB94 program expenditures. If the DYC central office were to identify an inappropriate payment, state funds would already have been expended. Further, since local personnel are not routinely providing supporting documentation with requests for reimbursement from the Judicial Branch, the Division of Youth Corrections does not necessarily have a basis on which to determine the appropriateness of the payments made by the Judicial Branch.

Billing forms used by the contractors to submit requests for reimbursement are not standardized to allow the reviewer to determine the appropriate level of compliance with the approved plan. The Division requires that SB94 contractors use DYC's standard monthly billing form to request reimbursement. Contractors send the forms, along with supporting documentation, to the appropriate Regional Office. However, the Division does not specify how contractors should break down their expenditures on the forms. As a result, most districts do not report expenditures at the level of budget line items. As previously stated, contractors have to receive prior written approval to make changes greater than 10 percent of a budget line item in the plan. We reviewed billing forms for all 22 judicial districts for Fiscal Years 1998 and 1999 and noted that only one contractor reported expenditures by budget line items on its billing forms. All others grouped expenditures at a higher level. Therefore, a reviewer cannot determine from the billing forms whether or not the contractor is expending funds in accordance with the budget line items in the approved plan.

Contractors are not required to submit meaningful year-end reports on expenditures for SB94 in relation to the approved plans. The year-end billing forms do not supply meaningful information about expenditures made compared with the plan. Contracts require that billings must reconcile to the accounting system, and that a "supplemental statement providing detailed financial information for the expenditures of th[e] contract" should be furnished annually. However, the Division has not put this requirement into practice and no such supplemental information is sent to the Division. Although self-reported data are always subject to manipulation, such reporting could provide some level of assurance that contractors are adhering to approved plans.

Improvements to Division Oversight

In addition to setting clear policies and guidelines for expenditures discussed in the previous section, the Division needs to implement substantial improvements in its general oversight of the SB94 program as well as the review of expenditures and compliance with approved plans. Without significant efforts in these areas, SB94 monies can be misspent and state resources wasted. We believe that the Division needs to implement a comprehensive system for oversight of the SB94 program to ensure that fiscal oversight of state funds occurs and that the plans formulated to provide alternative services and reduce length of stay are operating in the intended manner.

Recommendation No. 2:

The Division of Youth Corrections should improve fiscal oversight of the SB94 program by developing adequate management controls and practices. This should include but not be limited to:

- a. Assigning clear responsibility and accountability for the overall SB94 program management to one full-time manager.
- b. Establishing adequate review of SB94 program contractor expenditures in DYC Regional Offices that includes assessing compliance with the SB94 plan in more detail.
- c. Standardizing the reporting of SB94 program expenditures on monthly billing forms to reflect the level of budgetary compliance required of the SB94 program contractors.
- d. Ensuring SB94 program expenditures made through the Interagency Agreement with the Judicial Branch are routinely communicated to and reviewed by the appropriate Regional Office.
- e. Requiring SB94 program contractors to submit year-end reports that reconcile expenditures billed for the SB94 program to the contractors' accounting records and to the approved plan.

Division of Youth Corrections Response:

Agree.

- a. The Division is currently in the process of reassigning the non-SB 94 duties of the current SB 94 Coordinator to other administrative staff. This process will be completed by February 1, 2000. This will allow the Division's SB 94 Coordinator to devote 100% of her time to the SB 94 program.
- b. The Division's SB 94 Coordinator, Central Office staff and Regional Offices will develop and implement more effective methods of reviewing SB 94 expenditures for compliance with local plans. Changes in the review process will be implemented by March 1, 2000.

- c. The Division's Central Office staff will work with Division Regional Office staff to standardize billing forms and to monitor compliance with budget information in local plans. These actions will be completed by March 1, 2000.
- d. By February 1, 2000, the Division will develop and implement procedures for Regional Office review of the billings submitted under the Division's SB 94 Interagency Agreement with the Colorado Judicial Department.
- e. The Division will implement procedures to require SB 94 contractors to submit year-end expenditure reports that reconcile to the approved plan and to the contractor's accounting records. This reporting requirement will be included in Fiscal Year 2000-01 contracts which will be finalized by March 1, 2000.

On-Site Audits of Contract Expenditures

As discussed, the Division has performed few on-site reviews of districts and their plans. During the six years since the implementation of the SB94 program statewide in Fiscal Year 1994, only four districts have undergone the on-site review process. Two districts have had financial audits of their SB94 plans that were performed by the Field Audits Section from the Department of Human Services. In fact, the district where we found the most problems was the subject of the first financial audit performed by the Field Audit Section for the SB94 program. This audit report was issued in February 1997 and identified some problems similar to those in our audit. This raises the question of whether the Division adequately followed up on the problems identified in this earlier audit.

Two other districts have had implementation reviews of their SB94 plans that were performed by an independent contractor. These latter are more programmatic in nature than the financial audits, although some review of expenditures is included. The Division plans to conduct additional programmatic reviews during Fiscal Year 2000.

Although the scope of these two types of engagements differed, these audits and reviews identified financial weaknesses. Findings varied among the reports, but the types of problems identified included the following:

- Lack of understanding of contractual requirements related to accounting procedures such as not monitoring expenditures in relation to the plan, not having a reasonable and consistent manner for allocating overhead or

- administrative costs to the SB94 program, and making prepayments for items at the end of the year in an effort to use up remaining SB94 funds under the contract.
- Problems with expenditures not adhering to the plans, or plans not adequately detailed to permit sufficient accountability for how funds were spent. This was noted particularly in the areas of expenditures made for capital equipment such as computers and for client incentives. These incentives, such as gift certificates for clothes, tickets to amusement parks, and hiking trips, are rewards given to juveniles to reinforce positive behavior.
- Lack of adequate involvement or oversight by the local planning committee in monitoring the expenditure of SB94 monies.

These types of findings further indicate the need for regular, on-site reviews of district expenditures in addition to improved monthly oversight by Regional Offices. In addition to continuing the programmatic audits the Division has undertaken, it needs to conduct financial reviews, either as part of the programmatic reviews or separately, to address the expenditure of funds in accordance with the plan on a regular basis. Further, the Division needs to ensure that audits recommend specific solutions and that identified problems are followed up on and resolved satisfactorily. Our review indicates that the breadth of financial problems could be significant. We urge the Division to place a high priority on assessing and correcting issues of the SB94 program financial control systems.

Recommendation No. 3:

The Division of Youth Corrections should expand on-site audits of local SB94 programs by:

- a. Conducting both fiscal audits and programmatic reviews of local SB94 programs to ensure compliance with approved SB94 plans and program requirements.
- b. Ensuring audits and reviews include recommendations that help provide solutions to the problems identified.
- c. Following up with local SB94 programs regarding the resolution of identified problems.

Division of Youth Corrections Response:

Partially agree.

- a. The Division contracted with an independent reviewer in January 1999, to conduct on-site reviews of programmatic and fiscal implementation of local SB 94 plans. These reviews are not in-depth fiscal audits conducted by a Certified Public Accountant, but rather are limited reviews of fiscal procedures and sample billings to ensure expenditures are in accordance with local plans. Neither the Department of Human Services (CDHS) or the Division have adequate staffing resources to provide full financial audits for all local programs. The CDHS Field Audits Division annually provides two audits of Division contract programs. The Division will develop procedures to standardize expenditure and budget tracking, which should allow Division staff to identify areas of concern, and provide technical assistance to remedy deficiencies. The Division will then continue to seek assistance from the CDHS Field Audits Division when appropriate.
 - b. Reviews currently being conducted by the independent reviewer identified in the response to 3.a., include recommendations for local planning committees and contractors. The recommendations and proposed solutions to any identified problems are discussed at a meeting of local planning committee members, contractors and Division staff. Written responses to the recommendations are then submitted to the Division for approval. Also, audits conducted by the CDHS Field Audits Division include specific recommendations as well as a process to review and approve proposed actions to remedy problems.
 - c. The Division will continue to contract with an independent reviewer to conduct reviews of the programmatic and fiscal implementation of local SB 94 programs. Part of this process will include follow-up with local programs to assess their progress in implementing action plans developed in response to identified problems.
-

Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts

Auditor's Definition of Questioned Costs: These included expenditures made with SB94 funds that did not appear to be consistent with the statutes and legislative intent, or that were not adequately disclosed in the plan or did not appear in the plan. In other cases we categorized expenditures as questioned costs because contractors used poor payment practices such as prepaying for goods and services not received, or making duplicate payments or overpayments. Generally, questioned costs occurred at the end of the fiscal year when districts were attempting to use remaining funds allocated for the period.

Note: Some items appear in more than one list, e.g., cost is questioned because it is not consistent with the statutory intent of SB94 *and* because it is a prepayment for goods or services not received. Questioned costs are identified only on the basis of the sample transactions tested as part of the audit. Generally, three sample months were reviewed for each district between December 1997 and April 1999.

18th Judicial District: Total Fiscal Year 1998 allocation: \$1,552,300
 Number served in Fiscal Year 1998: 1,681
 Average cost per juvenile: \$923

QUESTIONED COSTS:

Costs are not consistent with statutory intent of SB94 (June 1998):		
	Incentives for juveniles, no specific juvenile identified (gift certificates to various stores, tickets to movies, Water World, IMAX, Elitch Gardens, Zoo, Art Museum; bus passes)	\$12,930
	Clothing allowances for specific juveniles (46 juveniles, avg. \$244)	\$11,244
	Outdoor gear for "experiential interventions" (snowboarding, camping, rock climbing, etc.) from Patagonia, Mountain Miser, Therapeutic by Nature	\$19,675
	Rafting trips	\$11,200
	Office equipment (projector, microwave, 3-\$400 two-way radios, metal detector, refrigerator, VCR, TV, camcorder, etc; and various furniture)	\$21,141
	Office supplies purchased at end of fiscal year for subsequent year	\$12,002
	Computer equipment (2 laptops, 10 printers, 7 modems)	\$12,263
	Books and materials for resource library for staff and juveniles	\$10,314
	Donation to BOCES for start-up costs for day treatment program (not identified in plan)	\$20,000
	Total:	\$130,769

Prepayments for goods and services not received at year-end (June 1998):		
	Colorado Outward Bound \$23,400; juvenile incentives purchased at end of year \$12,930; rafting trips \$5,400; office and computer equipment; etc.	\$71,731

Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts

18th Judicial District: cont.

Duplicate payments for goods and services:	
Juvenile Work Camp services \$5,490; printers \$1,673	\$7,163

Overpayment to subcontractor: District overpaid a subcontractor at a rate of about \$117 per month; subcontractor is researching the problem to identify how long the overpayments occurred. The subcontractor was overbilling another SB94 program in a different district for the same amount.

OTHER CONCERNS:

Unapproved changes to plan: Changes were made to the plan in eight program areas at the end of Fiscal Year 1998. No prior approval was obtained from DYC SB94 Coordinator. The changes were made to facilitate using a projected excess of \$391,560 at the end of the fiscal year (about 25 percent of the district's total allocation). Changes were approved by the local planning committee, which includes the DYC Regional Director. All the money was spent before the end of Fiscal Year 1998.

Lack of review of expenditures by contractor: The contractor is not familiar with the district plan. The contractor only processes payments and does not perform a review of expenditures for compliance to the plan or for adequate supporting documentation. For example, out of the 229 items that we reviewed for June 1998, 96 or 41.9 percent were lacking appropriate or complete supporting documentation (e.g., missing units of service, invoice amount did not match the bill). In some cases payment was issued based only on a purchase order or an "SB94 Billing Form;" no invoice was provided to verify that the merchandise or services were received.

Food for staff meals (non-travel) and meetings: Payments for staff food did not include the purpose of the meeting and a list of attendees. Staff food for June 1998: \$488.

Inventories: District reported the following items purchased with SB94 funds in inventory as of September 1999:

Outdoor equipment	\$19,314
Juvenile incentives and gift certificates	\$17,104
Computer equipment and printers	\$45,868
Furniture	\$18,105
Miscellaneous (cell phones, Canon copier, cameras, stereos, refrigerator, projector, handcuffs, leg irons)	\$19,951
Total inventory	\$120,342

Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts

2nd Judicial District: Total Fiscal Year 1998 allocation: \$1,770,455 (This district uses two contractors to administer its plan.)

Number served in Fiscal Year 1998: 3,445

Average cost per juvenile: \$514

QUESTIONED COSTS:

Costs are not consistent with statutory intent of SB94 (June 1998) :	
Incentives for juveniles, no specific juvenile identified (gift certificates for food, household supplies/clothing, Elitch Gardens)	\$6,265
Rent and food payments for specific juveniles (5 juveniles, avg. \$424)	\$2,120
Computer equipment	\$3,416
Security system for TASC program and Denver Juvenile Court	\$4,651
Staff bonuses not disclosed in plan*	\$8,850
Lease on Nissan Pathfinder (50%) not disclosed in plan	\$237
Total:	\$25,539

Prepayments for goods and services not received at year-end (June 1998):	
Juvenile incentives purchased at end of year (specific juveniles and general, \$7,848), computer equipment and supplies \$9,471	\$17,319

OTHER CONCERNS:

*Bonuses paid not disclosed in the plan: In addition to the bonuses noted above, the contractor paid bonuses to staff totaling \$9,050 in June 1999. These were not disclosed in the Fiscal Year 1999 plan.

Lack of independent review at local level of expenditures by contractor: Primary contractor under the plan also provides services for the plan. Local SB94 coordinator is employed by the primary contractor. The local planning committee does not perform a detailed review of expenditures, although the committee conducts periodic programmatic reviews of the contractors.

Unnecessary administrative fees and complexity: One contractor processes reimbursement requests for a state agency that is a subcontractor under the district plan. The contractor charges a 2.33 percent processing fee on these monies to reflect its increased business liability insurance costs, which are based on its gross revenues. However, the contractor does not perform any review of the subcontracting state agency's expenditures. Therefore, this is an administrative cost to the State that does not increase program oversight or contribute to the provision of services to juveniles. This fee totaled approximately \$2,990 in Fiscal Year 1998, \$3,870 in Fiscal Year 1999, and is estimated at about \$3,870 for Fiscal Year 2000.

Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts

2nd Judicial District: cont.

Administrative fees: Primary contractor charges 6.5 percent administrative fee on all programs it provides or subcontracts.

Inventories: One contractor stated that it could not provide a list of equipment purchased with SB94 funds because equipment was not tracked in that manner. However, the contractor used SB94 funds to purchase equipment totaling over \$7,000 in computer and office equipment on the basis of our limited review of expenditures.

Food for staff meals (non-travel) and meetings: Payments for staff food did not include the purpose of the meeting and a list of attendees.

1st Judicial District: Total Fiscal Year 1998 allocation: \$1,165,846
 Number served in Fiscal Year 1998: 1,549
 Average cost per juvenile: \$753

QUESTIONED COSTS:

Costs are not consistent with statutory intent of SB94 (June 1998):	
Incentives for juveniles, no specific juvenile identified (Water World)	\$349
Security system for juvenile assessment center	\$9,186
Computer equipment	\$3,666
Office furniture and equipment	\$3,374
Total:	\$16,575

Prepayments for goods and services not received at year-end (June 1998):	
Juvenile incentives purchased at end of year \$349, security system \$9,186	\$9,535

OTHER CONCERNS:

Unapproved changes to plan: Changes were made to the plan at the end of Fiscal Year 1998. No prior approval was obtained from NYC SB94 Coordinator.

Lack of independent review at local level of expenditures by contractor: Contractor also provides services for the plan. Local SB94 coordinator is employed by the contractor. The local planning committee does not perform a detailed review of expenditures.

Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts

1st Judicial District: cont.

Inventories: District reported the following items purchased with SB94 funds in inventory as of June 1999: \$76,980 (cellular phones, pagers, office furniture, and computer equipment).

20th Judicial District: Total Fiscal Year 1998 allocation: \$665,714

Number served in Fiscal Year 1998: 565

Average cost per juvenile: \$1,178

On the basis of documentation reviewed, no questioned costs or concerns noted.

7th Judicial District: Total Fiscal Year 1998 allocation: \$171,528

This district is composed of multiple counties, each of which administers its own plan.

Number served in Fiscal Year 1998: 111

Average cost per juvenile: \$1,545

QUESTIONED COSTS:

Overpayment to subcontractor: One county overpaid a subcontractor by \$570.

OTHER CONCERNS:

Lack of review of expenditures by contractor: The contractor is not familiar with the district plan. The contractor only processes payments and does not perform a review of expenditures for compliance to the plan or for adequate supporting documentation. No supporting documentation is submitted to the contractor in support of requests for funds.

Drawdowns prior to expenditures: One county draws down funds in advance twice a year. The local government that processes payments keeps the interest on the funds as an administrative fee. This arrangement had not been approved by the Division of Youth Corrections at the time of our audit. Another county had drawn down \$1,091 more in SB94 funds than it had expended for the fiscal year at the time of our field work.

Unapproved changes to plan: Two counties had made expenditures in a manner that differed from the approved plan by amounts that would require prior DYC approval. Neither had requested an approval.

Table 1: Summary of SB94 Expenditure Reviews in Site-Visit Districts

15th Judicial District: Total Fiscal Year 1998 allocation: \$70,124
Number served in Fiscal Year 1998: 68
Average cost per juvenile: \$1,031

CONCERNS:

Lack of review of expenditures by contractor: The contractor is not familiar with the district plan. The contractor only processes payments and does not perform a review of expenditures for compliance to the plan. District administers its plan through the Interagency Agreement with the Judicial Branch, and a district court administrator from another judicial district processes payments. Local SB94 coordinator reports difficulties with agreeing available amounts under SB94 with those reported by central Judicial accounting. On the basis of documentation reviewed, no other concerns noted.

Impact of SB94 and Program Effectiveness

Chapter 2

Introduction

Beginning with the 1992 Session, a footnote was added to the Long Bill requiring the Division of Youth Corrections to submit a report to the Joint Budget Committee detailing the SB94 program's impact upon commitment and detention populations in the Division's facilities by November 1 annually. In the 1996 Session the footnote was expanded to require that the Division collect standardized data on youth served and include an analysis in the report allowing for comparison of the effectiveness of SB94 programs among judicial districts. Our audit found that the annual report contains considerable information related to detention and commitment populations and discusses the impact and effectiveness of the SB94 program solely within this context. It does not attempt to measure or report the effectiveness of the specific types of services that are funded under local SB94 programs in terms of their outcomes.

The Division's first evaluation of the SB94 program reported on the 11 pilot programs that had been established in the State as of Fiscal Year 1992. The Division has submitted the annual evaluation of the SB94 program to the Joint Budget Committee in each succeeding year. The SB94 program was expanded to all 22 judicial districts effective in October 1993 of Fiscal Year 1994. At the time of our audit, the most recent evaluation report available on the SB94 program was for Fiscal Year 1998.

The Division contracts with a private research firm to compile the annual evaluation report. The Division expects to pay approximately \$225,000 for the Fiscal Year 2000 evaluation and other services provided by the firm, such as the maintenance of the SB94 services database.

Trends in Detention and Commitment Populations

The tables below show the trends in detention and commitment over a 12-year period from Fiscal Years 1988 through 1999. This period begins four years prior to the start of the SB94 program pilot projects in Fiscal Year 1992 and six years prior to the statewide implementation of the SB94 program in Fiscal Year 1994, and it includes six years during which the SB94 program operated statewide. Clearly the population of incarcerated juveniles has continued to increase since the introduction of the SB94 program, as have the rates of incarceration when adjusted for the growth in juvenile population.

From this simple perspective, the SB94 program has not been successful in decreasing or containing the number of incarcerated juveniles. From an empirical perspective, the specific impact of SB94-funded services on detention and commitment populations is not known. This is because there are numerous intervention programs such as probation, diversion, and child welfare programs, as well as prevention programs such as those funded by the Youth Crime Prevention and Intervention Program, that also address the troubled juvenile population. Additional factors that influence incarceration rates are statutory changes affecting sentencing; the introduction of capitation policies in related systems such as child welfare and mental health; local judicial policies; the economy; and societal shifts.

Division staff report that the SB94 program is only one aspect of the State's strategy to meet the increase in incarcerated juveniles. The State has also increased the use of private providers to operate facilities and has built more juvenile detention and commitment facilities.

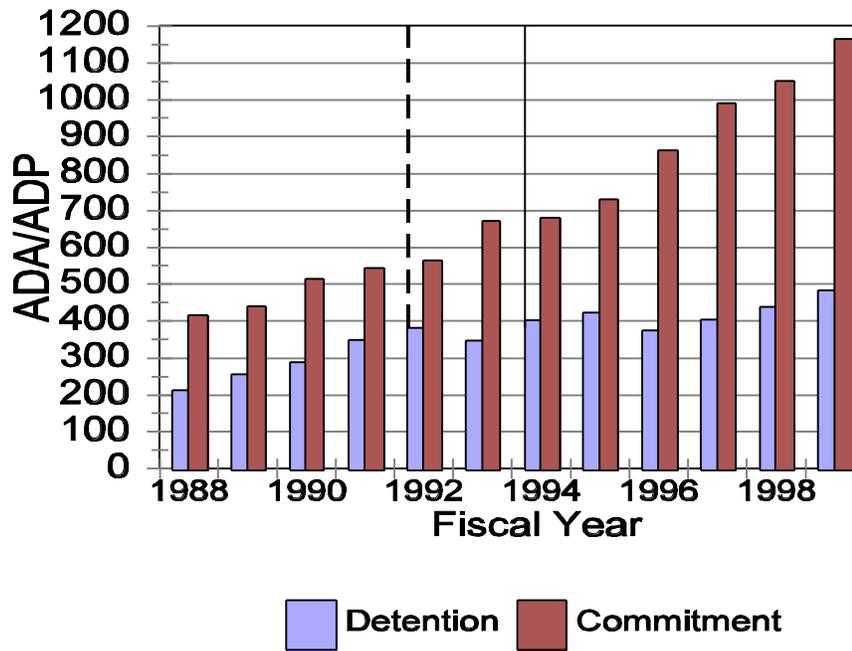
In any case the rise in the number of incarcerated juveniles is a persistent problem with serious implications, both for the communities that the juveniles come from and return to, and for the State's budget.

The increases in detention and commitment populations are shown in Table 2 below, based on the average daily population (ADP) in those facilities during each year.

TABLE 2:

Division of Youth Corrections

Avg. Daily Populations in Facilities Fiscal Years 1988-1999



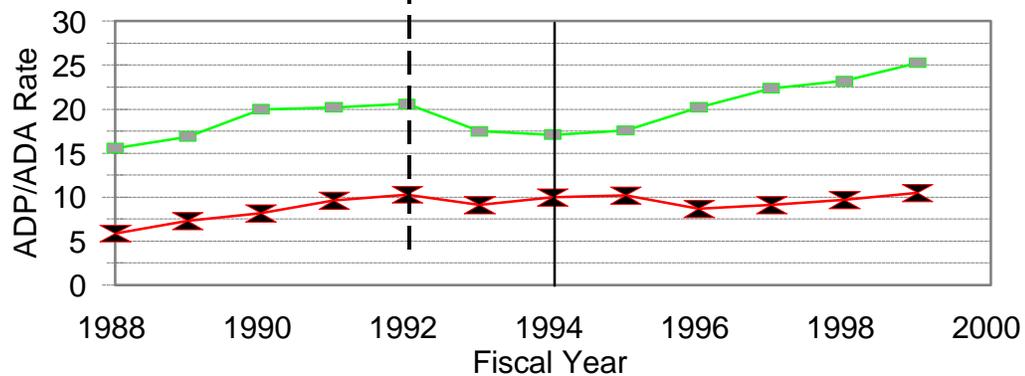
Source: Office of the State Auditor analysis of Division of Youth Corrections data.

Note: The dashed vertical line indicates the implementation of 11 pilot projects under the SB94 program in Fiscal Year 1992. The solid vertical line indicates statewide implementation in Fiscal Year 1994. According to Division personnel, Fiscal Year 1988 and Fiscal Year 1989 detention numbers are calculated based on Average Daily Attendance (ADA). This counts any portion of a day spent in a facility by a juvenile as one whole day. For Fiscal Year 1990 through Fiscal Year 1999, detention numbers are calculated based on Average Daily Population (ADP), which is based on minutes and does not count a portion of a day as one whole day. Therefore, ADP could result in a lower number than ADA if calculated for the same period. For commitment, the length of stay for juveniles is considerably longer and there has been no change in the calculation; the day the youth enters commitment is counted, but the day the youth leaves is not counted.

For detention, ADP has grown from 209.9 to 481.8 juveniles from Fiscal Year 1988 through 1999. This is an increase of 271.9 in the average daily number of juveniles held in detention facilities, or 130 percent. Commitment ADP has risen from 414.9 to 1,163.8 juveniles during the same period. This is an increase of 748.9 juveniles, or 181 percent.

TABLE 3:

Division of Youth Corrections Detention and Commitment ADP Rates Fiscal Years 1988 - 1999



✕ **DETENTION** ■ **COMMITMENT**

Source: Office of the State Auditor analysis of Division of Youth Corrections data.

Note: The dashed vertical line indicates the implementation of 11 pilot projects under the SB94 program in Fiscal Year 1992. The solid vertical line indicates statewide implementation in Fiscal Year 1994. According to Division personnel, Fiscal Year 1988 and Fiscal Year 1989 detention numbers are calculated based on Average Daily Attendance (ADA). This counts any portion of a day spent in a facility by a juvenile as one whole day. For Fiscal Year 1990 through Fiscal Year 1999, detention numbers are calculated based on Average Daily Population (ADP), which is based on minutes and does not count a portion of a day as one whole day. Therefore, ADP could result in a lower number than ADA, if calculated for the same period. For commitment, the length of stay for juveniles is considerably longer and there has been no change in the calculation; the day the youth enters commitment is counted, but the day the youth leaves is not counted. Rates are calculated as follows: ADA or ADP/(juvenile population 10-17 years of age) x 10,000.

Table 3 illustrates the trends in detention and commitment by looking at these populations in relation to the size of the juvenile population during the same period, or by using ADP rates. According to this table, ADP rates for detention have risen from 5.9 to 10.5 juveniles per 10,000 juveniles in the total population. This is an increase of almost 78 percent. However, the rate has remained fairly flat since Fiscal Year 1991; the SB94 program pilot projects began operating in Fiscal Year 1992 and the program was implemented statewide in Fiscal Year 1994.

For commitment, ADP rates have risen from 15.6 to 25.3 juveniles per 10,000 juveniles, or an increase of about 62 percent over the 12-year period. These rates

dropped from 20.6 to 17.5 between Fiscal Year 1992 and 1993, the years during which the 11 SB94 program pilot projects were in place prior to statewide implementation in Fiscal Year 1994. Since Fiscal Year 1995, commitment rates have increased fairly steadily.

This may be some indication that the SB94 program has affected detention rates. However, the effect, if any, on commitment is less discernable. Furthermore, if interventions with juveniles in detention are not successful in deterring the juvenile from further involvement in the juvenile justice system, these failures could impact commitment rates.

Until Fiscal Year 1999, DYC set goals for the SB94 program based on directing 75 percent of each district's funding to reducing the use of detention beds and 25 percent to reducing the use of commitment beds. The annual evaluation reports submitted by DYC, which have attempted to statistically isolate the effect of the SB94 program on detention and commitment from other factors, state that the program has had success in affecting detention rates, but it is less successful in affecting commitment rates. The Division reports that starting with the Fiscal Year 1999 report, it will no longer attempt to identify the specific effect of the SB94 program on detention and commitment rates because of problems with this approach. We agree that the establishment of a statistically valid cause-and-effect relationship between detention and commitment trends and the SB94 program is not possible.

Other Difficulties With Assessing the Impact of the SB94 Program

In addition to the existence of other programs and factors affecting incarcerated populations, the difficulty of assessing the impact of the SB94 program is exacerbated by the following:

- *Broad target population.* SB94 funds are directed toward juveniles at all levels of involvement in the juvenile justice system past the point of arrest, including preadjudicated and postadjudicated youth. This includes juveniles on pretrial release, juveniles held in detention or commitment, juveniles on diversion, probation, or parole, or juveniles otherwise considered at risk of being placed in detention or commitment. Further, information is not tracked that identifies where the juvenile is within the juvenile justice system when he or she receives services funded by the SB94 program, or on the amount of funds spent for juveniles in different parts of the system.
- *No defined set of programs or services.* SB94 funds are not used for a unique, identifiable service or set of services. Often the funds are used to supplement existing programs. For example, many districts use SB94 funds

to provide intervention services for a youth on probation. In some cases, districts use some of their SB94 funds to pay for additional probation officers. In numerous instances, SB94 funds are combined with other sources of funding, such as federal funds, local funds, or state monies such as WRAP funds, to provide programs or services to a juvenile and his or her family. The issue of the SB94 program's relationship with other existing programs is developed further in Chapter 3.

- *Variations in district plans.* Under statutes, districts are only required to provide one specific service to juveniles under their SB94 plans: Districts must assess juveniles taken into custody and detained by law enforcement officers to aid the judge in determining whether the youth should be held in detention or can be released on bond. While there are certain types of services such as case management and tracking that are typically funded by districts, the types of services and relative funding levels of services vary among districts.

In effect, the SB94 program has been used as a funding source in different parts of the juvenile justice system to supplement other existing programs. The primary exception to this is the services funded through the SB94 program that are provided to preadjudicated juveniles. However, the juvenile diversion program also serves some of these juveniles.

Expenditures for Incarceration of Juveniles

While it is not possible to determine the effect of the SB94 program on the number of juveniles in detention and commitment, the impact of increasing numbers of incarcerated juveniles on the State's budget is clear. The Division of Youth Corrections' expenditures grew from \$24.7 million in Fiscal Year 1988 to \$100.6 million in Fiscal Year 1999 excluding the SB94 program, or by almost 307 percent. After being adjusted for inflation, this is still an increase of approximately 150 percent. As mentioned earlier, during this time the average daily population in detention has grown by about 130 percent, while commitment has grown by about 181 percent. Juvenile parole, which is also included in the Division's expenditure figures below, is not reflected in Tables 2 and 3 on detention and commitment ADP.

Table 4 below illustrates that the great majority of the increase in the cost of detention, commitment, and parole is borne by state general funds; relatively few federal programs provide funding for these types of costs.

**Table 4: Division of Youth Corrections
Expenditures Excluding SB94 Program
Fiscal Years 1988 - 1999**
(Dollars in Millions)

Fiscal Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
General Funds	\$23.1	\$26.0	\$27.0	\$29.9	\$32.9	\$37.4	\$28.2	\$46.7	\$52.1	\$64.1	\$74.5	\$87.8
Cash	\$1.6	\$1.8	\$1.9	\$2.2	\$1.6	\$0.2	--	--	--	--	--	--
Cash Funds Exempt	--	--	--	--	--	\$2.2	\$16.9	\$4.4	\$8.6	\$11.9	\$10.1	\$12.4
Federal Funds	--	--	--	--	--	\$0.8	\$0.5	\$11.7	\$8.1	\$0.6	\$0.4	\$0.4
Total	\$24.7	\$27.8	\$28.9	\$32.1	\$34.5	\$40.6	\$45.6	\$62.8	\$68.8	\$76.6	\$85.0	\$100.6

Source: Office of the State Auditor analysis of Division of Youth Corrections data.

Note: Cash funds exempt are transfers from other state agencies and include both general fund and federal monies.

The increase in demand for general funds to meet incarceration costs for juveniles further emphasizes the need to find successful methods, in addition to incarceration, to address troubled youth. While being effective at protecting public safety, incarceration for most juveniles is only a temporary solution. At some point incarcerated youth are released back into the community, where youths' unresolved issues or untreated needs must again be dealt with in that environment.

Promoting Effective Programs Consistent With Statutory Intent

In order to look at programs and effectiveness in a meaningful way, a distinction must be made between long-range social and policy goals and more immediate measurements specific to determining the effectiveness of a particular service or group of services clustered under a program. The federal Juvenile Accountability Incentive Block Grant, which funds a wide variety of juvenile justice services, discusses this distinction and emphasizes the need to use both perspectives as part of the strategic planning process:

- **Systemwide indicators** are used to assess whether or not a state and individual communities are successful in enabling juveniles to stay out of

trouble. They are long-term measures that cross agencies and programs, and hence the results are not owned by any single agency or program. Incarceration rates are an example of a systemwide indicator. These rates are used by Colorado's Division of Youth Corrections in efforts to evaluate the SB94 program. Other examples of system indicators include the juvenile arrest rates, teen drug use, and teen out-of-wedlock pregnancies.

- **Performance measures** are designed to measure the effectiveness of the delivery of individual services for specific programs or services. These measures are more short-term in focus, and they are tailored to the particular program or service. These types of goals include, for example, percentage of youth completing some appropriate goal (e.g., not committing a new offense during pre-trial release, appearing in court when scheduled, attending work weekends, attaining a GED, paying restitution and victims fees, maintaining a certain GPA, having "clean" urinalysis tests). In addition, goals can reflect compliance with standards for the particular type of program (e.g., staffing ratios, qualifications of staff, use of proven strategies in program design). DYC currently does not require that local SB94 programs establish or report on quantifiable performance measures for the various services funded under the SB94 plan.

Making this distinction between system indicators and performance measures allows the long-term perspective to be maintained and monitored, and at the same time focuses on the need to ensure that the specific service providers funded are held accountable for the quantity and quality of services. Both types of measurements are needed in order to ensure outcomes are defined at appropriate levels so that results can be tracked and adjustments made.

The Division's attempt to evaluate the SB94 program has focused almost exclusively on the analysis of detention and commitment populations and related characteristics. Some of this has been driven by legislative language that requires the Division to report on the SB94 program's impact on populations in detention and commitment. However, the Division's Fiscal Year 1998 evaluation report on the SB94 program acknowledges that the attempt to compare the numbers of youth in detention and commitment with a projected estimate of what these populations would have been without the SB94 program is an ineffective methodology. Instead, as of Fiscal Year 1999 the Division negotiates with SB94 program local planning committees to establish "not-to-exceed" goals for detention and commitment populations in their districts. DYC then monitors each district's performance in relation to these goals and sends monthly reports to the districts.

Information about detention and commitment populations is important for policy makers and for management, and it is necessary and appropriate for the Division to

track and report these data. However, it does not function as a true evaluation of the SB94 program, because these rates reflect the influence of many other factors. By focusing evaluation efforts only on detention and commitment data, the Division has overlooked the opportunity and obligation to ensure that the specific services funded by the SB94 program are effective.

In other words, the State can and should ensure that SB94 program funds are spent in an effective and appropriate manner by measuring the value and benefit of specific SB94 program expenditures. This should be done in addition to monitoring the larger goal of decreasing or leveling juvenile incarceration rates.

The rest of this chapter discusses various aspects related to the services provided under SB94 programs and areas for improvement.

Targeting SB94 Program Resources

If a juvenile is taken into custody and detained by law enforcement officers, he or she must be screened or assessed to determine whether the youth needs to be placed into detention or can remain in a less secure environment until the adjudicatory trial. SB94 funds are used to perform the screening and assessment process, and they can be used to supervise juveniles within a less secure and, theoretically, less costly environment. Options available other than a DYC detention facility generally include a "staff secure" facility or group home operated by an independent contractor, or it may be the community itself. However, as mentioned earlier, SB94 program monies are used to fund services to juveniles at all points in the juvenile justice system. This means that SB94 program funds are also used for services to postadjudicated youth that may be in detention, on probation, in commitment, or on parole. The Division reports that, historically, most SB94 program funds and services have been targeted at this preadjudicated juvenile population. However, the actual number of juveniles served and the dollars spent on juveniles in the various parts of the juvenile justice system are not specifically tracked.

Statutory Requirements Regarding Services Funded by the SB94 Program

As discussed in Chapter 1, specific statutory guidance is limited on the types of activities that are appropriately funded by SB94 program monies. Statutes contain only one requirement, which is that local SB94 plans provide for the assessment of juveniles to determine whether they need to be placed into detention prior to adjudication.

Statutes do, however, contain language that indicates the types of services toward which SB94 program funds should be directed. For example:

The moneys appropriated to the Department of Human Services for allocation [under SB94] by each judicial district shall be expended ... *for services to juveniles that are intended to prevent the juvenile from being held in detention prior to adjudication, sentenced to detention, or committed to the Department of Human Services or to reduce the length of time the juvenile is held in preadjudication or postadjudication detention or held in a commitment facility operated under section 19-2-403. . . .* (Section 19-2-310, C.R.S., italics added.)

A Long Bill footnote first appearing in the 1996 Session further clarified that SB94 programs:

. . . are to provide *alternative services* for juveniles determined to be at *imminent risk* of being placed in a detention or commitment facility and to provide services designed to *reduce the length of stay* of juveniles placed in Division facilities. . . . [T]he Division is requested to focus SB91-94 funds on programs and services that will *most effectively reduce populations* in Division facilities, *including intake screening, assessment, and case management services and other services designed to divert youth* from placement in facilities. (House Bill 96-1323, italics added.)

Section 19-2-302 (4), C.R.S., added during 1993, contains the following language regarding services that may be funded by the SB94 program for preadjudicated juveniles:

The [SB94] plan may provide for the use of any of the following supervision methods as conditions of preadjudication release:

- (a) Periodic telephone communications with the juvenile;
- (b) Periodic office visits by the juvenile to the preadjudication service agency;
- (c) Periodic home visits to the juvenile's home;
- (d) Periodic drug testing of the juvenile;
- (e) Periodic visits to the juvenile's school;
- (f) Mental health or substance abuse treatment for the juvenile, which treatment may include residential treatment;
- (g) Domestic violence or child abuse counseling for the juvenile, if applicable;
- (h) Electronic monitoring of the juvenile;

- (i) Work release for the juvenile, if school attendance is not applicable or appropriate under the circumstances; or
- (j) Juvenile day reporting and day treatment programs.

On the basis of this language and the need to make the most effective use of limited state resources, we believe that the types of services appropriate for SB94 program funding are of two basic types.

- Supervisory services that function as alternatives to incarceration, including case management; telephone and electronic monitoring; office, home, and school visits; and drug testing.
- Intervention services, or those that are directed toward addressing behavior issues through treatment, counseling, and work or school programs.

This approach can be used for identifying the types of services appropriately funded under the SB94 program for postadjudicated juveniles as well: Services should be either supervisory or behavioral in nature. This is consistent with the statutory intent that SB94 program services are intended to prevent the juvenile from being placed in detention or commitment or reduce the time the juvenile is held. We refer to these types of supervisory and intervention services as "SB94 program core services."

Services Provided to Juveniles Under Local SB94 Programs

We reviewed information compiled in the Division's SB94 services database and district SB94 plans and examined financial records to identify the types of services funded by the SB94 program.

Assessment services for juveniles taken into custody and detained: We found that all districts had included screening and assessment services for juveniles in their SB94 plans and were delivering these services to juveniles.

Other services for preadjudicated, postadjudicated, and postcommitment juveniles: All districts provide some level of services to preadjudicated juveniles as an alternative to detention. Many districts also provide services to juveniles on diversion, probation, and parole. In some cases youth in detention or commitment may receive services funded by the SB94 program. For example, the SB94 program funds case management services to juveniles in the Gilliam Youth Services Center, which is a state detention facility located in Denver.

According to Fiscal Year 1998 data, the most common services funded with SB94 program monies are described below:

- **Supervision alternatives** equate to general surveillance of the youth and/or acting as a mentor. Methods typically utilized include electronic home monitoring with an ankle bracelet, tracking (monitoring a juvenile through frequent phone contact and unannounced visits), and case management.
- **Intervention alternatives** are services which try to promote positive social behavior or address other needs of the youth. These alternatives may include educational/vocational programs or life skills programs or counseling that addresses substance abuse, family services, or mental health issues. Local SB94 programs also fund restitution or community service activities that are typically done with supervised groups of youth.

We identified the following concerns about the types of services funded through SB94 programs:

- The Division has not established clear policies on the types of services and programs that are appropriate for funding with SB94 monies. Services funded should be consistent with the statutory mission of the SB94 program to fund alternatives to incarceration, and the services should be consistent with the SB94 program core services as defined in statutes. In some instances we question whether the services funded through the SB94 program are consistent with legislative language.
- The Division needs to ensure that in cases where intervention programs such as mental health or substance abuse treatment are funded, programs are based on models with proven effectiveness with juveniles.

Policies on Appropriate Services

Districts are given a wide latitude to structure supervision and intervention programs and services in a manner that they deem appropriate. Many of the services provided appear consistent with the statutory intent of the SB94 program. However, in some instances SB94 funds are used for programs that are not part of the SB94 program core services, and they are not sufficiently linked to the basic mission of the SB94 program to provide alternatives to detention or commitment.

In addition to providing supervision services and intervention or treatment services described above, some districts use SB94 program monies to fund recreational activities such as camping, hiking, and rafting trips, as well as to purchase related outdoor equipment. One of the six districts we visited during the audit used SB94 funds to purchase an inventory of about \$19,000 in outdoor gear, much of it from high-end outdoor sporting equipment companies. This same district used \$11,200 to

fund rafting trips for staff and juveniles during 1998. Due to the manner in which data are tracked, we were unable to identify how much SB94 program money is used overall to fund recreational activities. SB94 personnel stated that recreational activities were used to provide "experiential interventions" for juveniles, or to give juveniles experiences outside of their psychological comfort zone. Such services are also used as incentives and rewards for juveniles. In addition, some districts use SB94 program monies to purchase various incentives and rewards in the form of movie tickets, tickets to amusement parks and other recreational activities, and gift certificates.

While we recognize that juvenile justice literature recognizes incentives as an important element in programs to help achieve positive outcomes for youth, we question whether incentives or experiential interventions are an appropriate use of SB94 program funds.

Further, we found that in two of the six districts visited during the audit, some funds were shifted from providing the supervision or intervention services for juveniles described in the plan, and instead were used to purchase computer and outdoor equipment and office furniture. In some cases funds were used to purchase substantial amounts of gift certificates and amusement park tickets for juveniles. These expenditures were made at the end of Fiscal Year 1998 without obtaining approval from the DYJ central office.

Intervention Services Based on Proven Programs

For intervention services, which include educational/vocational programs or counseling related to mental health, substance abuse, or family issues, DYJ has not required that districts use programs with proven effectiveness. The Division has provided information on effective programs to the districts, primarily at its annual fall SB94 Conference. For example, DYJ invited representatives of the Center for the Study and Prevention of Violence (Center) at the University of Colorado in Boulder to attend the SB94 Conference in October 1998. The Center extended an offer for free technical assistance, often the most expensive aspect of developing a new program, to up to 50 entities interested in implementing Blueprint or "proven" programs. Despite the information offered through the conference and the opportunity to receive free technical assistance, we found that only 2 out of the approximately 140 programs funded annually by the SB94 program in Colorado submitted applications.

Research directed toward identifying the best types of intervention programs for serving troubled youth is still in a developing stage. However, a variety of information is available to assist states and local communities in ensuring that funding and other resources committed to helping juveniles is used in a productive manner. Incorporating key components of proven programs into the funding process is an

approach that has already been used in the juvenile justice area. North Carolina requires that juvenile delinquency prevention programs include specific elements based on the particular type of program. In Colorado, the Division of Criminal Justice (DCJ) in the Department of Public Safety has included critical elements for program success into the request-for-proposal and grant application process for some federal programs that it administers. DCJ's responsibilities include funding juvenile justice programs including the State's diversion program, as well as numerous federal programs, and performing research on juvenile justice issues. It has assisted communities in developing strategies for crime reduction that are based on principles of proven effectiveness. The Division of Criminal Justice currently is one of the agencies represented on the SB94 Statewide Advisory Committee.

We also noted that the Division of Youth Corrections has joined with other state agencies in child welfare, mental health, and substance abuse intervention to develop intervention programs for juveniles in detention and commitment facilities that are based on programs with proven effectiveness, such as multisystemic therapy programs.

Identifying Key Elements

Once the Division has established policies regarding the intervention programs that are appropriate for SB94 program funding, the Division should work with other agencies, such as the Division of Criminal Justice, and with the districts to identify models of programs with proven effectiveness and their key elements. For example, DYC could identify one or more models of proven programs in the area of mental health treatment and the key elements of these models. In turn, the Division of Youth Corrections needs to ensure that districts incorporate these models and key elements if the districts choose to use SB94 funds to provide these types of intervention programs. Requiring key elements to be in place for funded programs offers more assurance that the program may have a positive impact on youth.

The key components or critical elements for the intervention programs that the Division includes as part of its core programs and services should be uniform across districts. The Division could also consider allowing the districts to incorporate a specific number of the key elements, which would give the districts some flexibility in determining which elements they can incorporate into a program with community resources. Meanwhile, the accountability of the program is improved.

Ensuring Appropriate SB94 Program Services Are Funded and Improving Program Effectiveness

The Division needs to target SB94 funds toward SB94 program core services consistent with statutory language and take steps that will assist districts in using intervention programs with proven effectiveness. This will allow the Division to focus SB94 program resources toward a manageable list of programs that are appropriate to the SB94 program mission. Districts still would have the flexibility to decide which of the core programs are most appropriate for their areas and needs and could direct their efforts accordingly. This could enable the districts to better focus their resources on quality programs and ensure that key components are present in the intervention programs funded. If the Division believes that more specific legislative guidance is required in order to identify SB94 program core services, it should seek statutory change.

The SB94 program core services and the key components for intervention programs should be reevaluated on a periodic basis to ensure that the core listing is appropriate and that key components are kept current with research findings.

Recommendation No. 4:

The Division of Youth Corrections should ensure SB94 program funds are used for services consistent with legislative language and statutory intent for the program and improve effectiveness of SB94-funded services by:

- a. Establishing clear policies on the types of services and programs that are appropriate for funding with SB94 program monies. Services funded should be consistent with the statutory mission of SB94 to fund alternatives to incarceration, and the services should be consistent with legislative language for the SB94 program. If the Division believes this cannot be accomplished under its administrative authority, it should seek statutory change.
- b. Ensuring that intervention programs included under the SB94 program core services are based on models of proven programs. The Division should work with the Division of Criminal Justice, the judicial districts, and other state agencies as appropriate to identify key components for these intervention programs and incorporate them into requirements for funding under district SB94 plans.

Division of Youth Corrections Response:

Partially agree.

- a. The Division of Youth Corrections disagrees with the State Auditor staff's interpretation of the statutes, particularly as it relates to Section 19-2-302(4), C.R.S. However, the audit staff clearly indicated in Chapter I, that the statutes provide "limited guidance" in terms of identifying the types of services that SB 94 can fund. The Division has been guided by the intent of the original legislation in SB 91-94, the modifications that occurred in SB 93-134, and Section 19-2-310, C.R.S., which designates the purpose of the appropriation and outlines the mission of SB 94: *"...for the provision of services that are intended to prevent the juvenile from being held in detention prior to adjudication, sentenced to detention or committed to the department of human services or to reduce the length of time the juvenile is held in preadjudication or post adjudication detention or held in a commitment facility..."* In addition, the Joint Budget Committee has reinforced Section 19-2-310, C.R.S., with a yearly footnote that further clarifies the intent of this statute: *"The Division is requested to submit to the Joint Budget Committee...a report detailing Senate 91-94 programs' impact by judicial district upon the committed and detention populations in Division of Youth Corrections facilities..."* Section 19-2-302(4), C.R.S., which the State Auditor staff reference as identifying the "core services" of SB 94, speaks only to preadjudication services, and was intended to address an issue unrelated to SB 94.

Consistent with its understanding of the current statutes, and the statutory history of SB 94, the Division has given local communities latitude to develop programs that have been directed at impacting bed usage and population, not individual youth outcomes. The Division believes that the activities of the SB 94 programs at the local level (including behavioral incentives, "wrap around" services, recreational and experiential challenge programs), are not inconsistent with the statutes. However, DYC does believe that the statutes in many instances are vague in relationship to SB 94. The Department of Human Services' response to Recommendation No. 11 outlines the Department of Human Services' proposal to convene a SB 94 working group to explore the need for clarification of the statutes supporting the SB 94 program, and to report its findings to the House and Senate Judiciary Committees.

- b. The Division does not believe that there is an abundance of "proven" programs to specifically impact bed usage and overcrowding in detention and commitment facilities. The State Auditor staff have correctly pointed out that this is a developing area of research. The only initiative in the country that is similar to SB 94 is the Reclaim Ohio Program, which provides fiscal incentives to counties to not commit youth to the Ohio Youth Services system. In Ohio, counties (with some offense exceptions) must purchase secure commitment beds from the State. This program was recognized in 1996 by the Kennedy School of Government at Harvard University as one of the 25 most successful and innovative programs in the country. The SB 94 Program is similar to the Ohio program in that it supports local efforts in providing similar programming for alternatives to incarceration, including recreation, physical stress challenge programming, and "wrap-around" services. The Division believes that the State should be cautious in attempting to mandate "core" or "key component" requirements upon local communities that have been working diligently through the SB 94 collaborative initiative to address local juvenile justice system issues. Communities have been given the opportunity to develop community specific plans and programs based upon the unique needs of their local community and local juvenile justice system to address their reliance on secure state facilities.

The Division will, however, outline appropriate and reasonable program and service guidelines, particularly in the commitment area, and will provide training and consultation on "promising programs" based upon research findings. However, DYC believes that communities should continue to have wide latitude in developing specific programs based upon their community needs. The Division will begin to provide technical assistance and training on effective research-based programs as part of the annual planning process in March 2000, and anticipates that this will be an on-going process.

Similar to other efforts in the Department of Human Services, such as the child welfare managed care initiative and the devolution with welfare reform, the State should hold communities accountable for outcomes, but allow communities the latitude to create their own solutions to endemic social problems.

Use of Zero-Based Budgeting to Prioritize SB94 Program Expenditures

In addition to concerns about some of the programs and services currently funded by the SB94 program discussed above, our audit identified problems with the Division's fiscal oversight and some examples of questionable expenditures. These additional issues are discussed in Chapter 1. In view of these concerns, we believe that the Division should undertake a zero-based budget approach for determining the best use of SB94 funds. This process would help the Division to prioritize the expenditures of SB94 funds and establish a clearer basis for funding decisions. Several scenarios could be developed, such as zero-based budgets for funding SB94 at 50 percent and 75 percent of current funding levels. This reassessment could focus funds on those programs and services that are directly mission-related and have demonstrated effectiveness with juveniles.

Recommendation No. 5:

The Division of Youth Corrections should work with the Office of State Planning and Budgeting and the Joint Budget Committee to develop zero-based budget scenarios for SB94 funds.

Division of Youth Corrections Response:

Disagree. A zero-based budget approach to allocating SB 94 funds is in direct conflict with the funding formula approach required in Statute, which the SB 94 Statewide Advisory Committee currently employs in its annual allocation process. Pursuant to Section 19-2-212(1)(b), C.R.S., the Department is responsible

“...to establish a formula for the purpose of allocating funds by each judicial district in the state of Colorado for alternative services to placing juveniles in the physical custody of the department of human services. Such allocation shall take into consideration such factors as the population of the judicial district, the incidence of offenses committed by juveniles in such judicial district, and such other factors as deemed appropriate.”

Furthermore, Section 19-2-310, C.R.S., states: “...*The general assembly shall appropriate moneys for the provision of services to juveniles to the department of human services which shall allocate such moneys by each judicial district in the state.*” The Department believes that the audit staff’s recommendation to develop various funding scenarios at 50 percent and 75 percent of current funding levels is in conflict with the specific statutory requirements related to formula allocations, and directly contradicts Legislative intent to avoid funding additional beds in the DYC system by appropriating SB 94 monies. Clearly, with assumed funding levels of 50%-75% of current available resources, the Division would require additional resources to either contract for additional capacity, or expand existing State-operated facilities. Finally, as part of the Governor’s strategy of scrutinizing more closely Executive Branch department expenditures, the Department developed a more comprehensive zero-based budget approach to its FY 2000-01 budget request, and will continue this more in-depth examination of expenditures in future budget requests.

Performance Measures and Reporting Requirements for Service Providers

The audit also found that the Division of Youth Corrections does not require that districts identify quantifiable performance measures for programs, build performance measures into contracts or service agreements with providers, or that providers furnish periodic reports on agreed-upon measures to the various districts and the Division.

SB94 Plans and Program Performance Measures

Beginning in Fiscal Year 1999, as part of the districts' annual SB94 plans, the Division required that districts identify the goals for each program or service that would be funded under the plan. However, the Division does not state that the goals need to be measurable, and it does not require the districts to report on the goals periodically or even in the subsequent year's plan.

On the basis of our review of SB94 plans for Fiscal Years 1999 and 2000 for all 22 judicial districts, we found limited evidence that districts were setting measurable goals for their programs.

- In Fiscal Year 1999 we identified 142 individual SB94 programs in Colorado's 22 judicial districts. Of these 142 programs, only 10 programs, or about 7

percent, included goals that were, at least in some respect, measurable. For example, of these 10 programs, 3 programs stated that "all" juveniles would be screened and assessed. We interpreted this to mean a goal of 100 percent was set for the programs.

- In our review of Fiscal Year 2000 plans nearly all goals were the same as Fiscal Year 1999. Only one district set output measures (e.g., number of juveniles served) as well as effectiveness measures (e.g., reduce the number of youth ordered to confinement by 10 percent). This plan also commented on the development of outcome measures based on offense-specific issues.

We also noted that when measurable goals were identified for Fiscal Year 1999, none of the plans in the subsequent year reported on whether or not the goals for Fiscal Year 1999 had been met. In other words, even if a district set measurable goals, it was not apparent that the goals had been monitored. The lack of setting and reporting measurable goals is problematic when trying to determine if SB94 programs have desired outcomes and if programs have ways to gauge their success in achieving those outcomes.

Performance Measures in Local Programs

We found some evidence that performance measures were used locally in our discussions with SB94 personnel in the districts. Three of the seven contractors for the districts in our sample stated that they used some type of performance measures in their own programs or in subcontracts with service providers. Local planning committees in the six site visit districts generally receive some type of programmatic information; however, usually it was focused on number of youth admitted or served in programs, ethnicity and gender, and some information about rates of reoffense for juveniles. Therefore, there are some efforts occurring which the Division could more actively promote at a statewide level.

We identified one judicial district that has developed a systematic evaluation process that includes program-specific performance measures. This district was also recognized by DYC staff as the most progressive district in this area of evaluation. The 4th Judicial District addresses and tracks short- and long-term indicators for performance appropriate for each of its SB94-funded programs. These measures include new charges filed against a juvenile, failure of the juvenile to appear in court, probation violations, runs from home, new incarcerations, school disciplinary referrals, GPA, and school attendance. This district also develops a baseline score for each youth during intake screening and tracks changes to outcome indicators as long as the youth is served within any SB94-funded program.

Several other districts have focused on average cost of each direct service per juvenile and the amount spent per day compared with the costs of detention and commitment days. Further, youth in detention are reviewed on a weekly basis to ensure that no juvenile found eligible for an alternative to detention program is being detained unnecessarily. While these instances illustrate districts are making some type of effort to evaluate services, more is needed.

Measures Provide Accountability for Services

The need for program evaluation and performance measures is frequently mentioned in juvenile justice literature because such practices are important not only to provide accountability for the types of services received, but to ensure that the youth served are benefitting from the services. We look to these measures to determine if SB94-funded services are an effective alternative to incarceration. Determining that services are delivered is only the simplest part of holding the service provider accountable for the services received. For example, in terms of supervision services, providers could report relevant information such as whether juveniles released into the community commit new offenses while they are under supervision, make scheduled court appearances, attend community service programs, and have "clean" urinalysis test results.

Intervention programs such as substance abuse treatment and mental health counseling are relatively expensive programs compared with community-based supervision services. Therefore, it is particularly important that these programs develop and report meaningful performance measures. There are indications from studies performed in other states that the quality of services for offenders is not always high or even satisfactory. One evaluation tool that has been used to assess a variety of intervention and correctional programs in several states indicated that 60 percent of the programs surveyed scored either "satisfactory but needs improvement" or "unsatisfactory" overall, based on components such as program implementation, assessment of clients, treatment, staffing, program evaluation, and other factors. Less than half of the programs achieved a satisfactory rating in treatment. Even fewer had satisfactory program evaluation practices. While this study did not include programs in Colorado, the results were consistent among the states and could have implications for the quality of programs here.

Use of Planning Process to Identify Measures

The Division needs to use the annual planning process to assist the districts in identifying performance measures that the specific programs should monitor and report on to the local planning committee and the Division. The measures should be clear and quantifiable and provide feedback on program and offender performance.

The districts should be required to include specific performance measures and reporting requirements into the contracts and other written agreements that they enter into with service providers when using SB94 funds. The renewal of any contract should be contingent upon successful accomplishment of contract performance standards.

On the program level, this feedback can provide the basis for adjustments to the program or to the types of services received by youth. Further, performance measures assist the local planning committee and the Division in determining if juveniles are making progress and if value is received for the funds spent. It is important that measuring performance not become another academic or bureaucratic activity. Rather, it should reflect a perspective that mere provision of the service is no longer considered success. It should measure whether the service provided was a cost-effective alternative to incarceration and, for intervention programs, positively affected the behavior of at-risk juveniles.

Recommendation No. 6:

The Division of Youth Corrections should increase programmatic accountability for SB94 expenditures by:

- a. Requiring local planning committees to identify relevant, measurable goals related to the mission of SB94 for each program included in the district plans and to report on the goals in the subsequent year as part of the new plan proposal.
- b. Directing local planning committees to include specific performance measures into contracts or service agreements with providers and to use demonstrated success as the basis for contract renewal decisions.

Division of Youth Corrections Response:

Partially agree.

- a. The Division supports the recommendation that districts identify relevant, measurable program goals for inclusion in local district plans. The Division will incorporate this recommendation into the FY 2000-01 plan formats to be submitted by the districts in the spring of 2000, and will work with the SB 94 research contractor to provide technical assistance to districts in identifying and collecting measurable performance data for these plans.

- b. The Division disagrees with the recommendation that districts should be directed to use the success or lack of success in achieving program level performance outcomes as a basis for contract renewal decisions. It is important that programs collect data on performance measures that 1) provides information to the program as to whether it is achieving the intended effect specifically related to the program intent, and 2) provides evidence that changes need to be made to strengthen or replace the program. However, it is possible to have strong performance outcomes at the program level without impacting the overall mission of SB 94. Using performance measures alone as a basis for contract renewal, without costly program evaluation studies that control for critical factors such as the profile of youth served, can be counter productive toward the overall SB 94 mission. This practice would likely encourage programs to serve lower risk youth who are likely to succeed in the program, but who would not otherwise have been incarcerated. This is a concept that is commonly referred to a “widening the net.” The Division supports the recommendation to require districts to identify specific program goals and measures. The Division further supports the use of this information in statewide plan reviews. This information can lead to recommendations involving profiles of clients served, specific program components, and system issues that may be impacting overall outcomes related to incarceration rates.

Local Monitoring of Service Providers

The audit also found that the Division does not require that local planning committees monitor service providers funded under their plans. Of the six districts we visited, only one of the local planning committees stated that it regularly conducted on-site reviews of its service providers prior to renewing contracts. The visits include a brief file review and, on occasion, observation of treatment. Unfortunately, we were unable to determine the type of information collected and reported because the district could not locate a copy of the most recently completed report. In general, local planning committee chairs indicated that they rely on word of mouth and other informal means to determine whether services are being delivered and to monitor the appropriateness and quality of services. However, all of the chairs of the local planning committees for these six districts stated that the committee was the entity responsible for the performance of the local SB94 program. Two stated that this responsibility was shared with the local SB94 coordinator, and one included the district chief judge.

DYC's five Regional Directors, who oversee SB94 programs in their areas, stated that monitoring practices vary with the size of the district. Larger districts may occasionally "audit" a service provider, but generally oversight is more informal; in the case of small districts, there may be only one provider.

In Fiscal Year 1999 the Division contracted for an individual to perform on-site reviews of districts in order to evaluate local programs and provide feedback to the districts on areas where they need to make improvements. At the end of our audit, the report on the second of these visits was being finalized. This process should help the districts identify and address problem areas, and the Division intends to extend this review process to additional districts. However, the local planning committees, which are accountable for the local SB94 plan and the programs used to implement them, should take more oversight responsibility for the services that are being funded through the plan. On-site monitoring is a standard oversight tool used in many other types of programs to help ensure that the quality of service is appropriate and that records and facilities are adequate.

Recommendation No. 7:

The Division of Youth Corrections should improve oversight of local SB94 programs by working with local planning committees to establish requirements for the regular monitoring of service providers funded under district SB94 plans.

Division of Youth Corrections Response:

Agree. A subcommittee of the Statewide SB 94 Advisory Committee will be formed by February 1, 2000, to develop guidelines and procedures for monitoring of local service providers. These guidelines and procedures will be incorporated in the new SB 94 policy manual. Local districts will be required to address the monitoring expectations in their FY 2000-01 local service plans.

Assessment of Juveniles

In 1993 the General Assembly passed SB93-1064, which required local planning committees to develop an assessment process for juveniles taken into custody and detained by law enforcement. This assessment assists the judge in determining whether the juvenile needs to be held in detention until his or her adjudicatory trial or whether the juvenile can be released into the community. In response to this

legislation, the Division of Youth Corrections worked with a private research firm to develop the SB94 Screening and Assessment Guide, which is currently used in all districts. The Screening and Assessment Guide is designed to provide information for making a placement decision about the juvenile; it is not designed to determine the juvenile's need for intervention services.

Frequently, a juvenile receives intervention services such as mental health or substance abuse counseling through the SB94 program. The Division does not require that the districts use a tool to identify the treatment needs of the juvenile, and it does not know what instrument or instruments the districts may use for this purpose.

Support for Assessment Instruments

Research in the juvenile justice field supports the use of assessment instruments to identify juvenile offenders' intervention needs, risk level, and placement. These tools can help ensure that both sanctions and services are appropriate. Since 1994 Colorado has taken steps toward implementing a standardized assessment tool for juvenile offenders through the use of the Colorado Young Offender Level of Service Inventory (CYO-LSI) tool. This tool was developed through the Office of Probation Services in the Office of the State Court Administrator, in cooperation with several agencies, including the Division of Youth Corrections. Agencies participated in the CYO-LSI Steering Committee during the development process. The tool was validated through a study conducted on a pilot project involving juvenile probation, diversion, and in DYC commitment facilities. Currently all of these programs use this tool in some manner.

Standardizing the instrument used by SB94 programs for determining the need for intervention services could have several benefits. It would help ensure that a valid tool is used for making decisions about intervention services, provide a common baseline to measure juveniles' progress, and establish a method to facilitate comparisons among different agencies and programs. Further, it could serve to better ensure that youth at "imminent risk," or relatively high risk, or incarceration are targeted to receive services as required under the language included in footnotes to the annual Long Bill.

Since many juveniles receiving intervention services funded by the SB94 program are on probation or in other programs using the CYO-LSI, it may be possible for probation or other programs to share information about the assessments that juveniles are already receiving. If the juvenile is not in such a program, SB94 programs would need to conduct the assessments. Since local probation departments use the CYO-LSI, they could assist in training others in how to administer the tool to juveniles.

Division of Youth Correction staff report that for preadjudicated juveniles the CYO-LSI could pose problems because some of the questions may not be legally appropriate. Some districts that use the CYO-LSI in their SB94 programs have addressed this problem by modifying the instrument.

Colorado is fortunate to have already implemented the use of assessment tools for the purposes of better serving juveniles and for making more informed decisions about how to allocate scarce resources for intervention services. Ensuring districts are using an assessment tool in SB94 programs would further this process. Since the CYO-LSI is already in place in several parts of the juvenile justice system, the State could leverage resources already invested in this tool by expanding its use to the SB94 program. Appropriate consideration needs to be given to ensure that legal issues are not compromised; however, the State would benefit by helping to ensure decisions are based on a uniform tool and by expanding the ability to compare and report information across agencies and systems.

Recommendation No. 8:

The Division of Youth Corrections should assess the feasibility of using the Colorado Young Offender Level of Service Inventory as a uniform tool for the assessment of juvenile intervention needs and risk in the SB94 program. It should work with the Office of Probation Services in the Office of the State Court Administrator and the CYO-LSI Steering Committee to identify and resolve legal issues and facilitate this process.

Division of Youth Corrections Response:

Partially agree. The Division of Youth Corrections agrees with the recommendation to assess the feasibility of using the Colorado Young Offender Level of Service Inventory (CYO-LSI) as a uniform tool for the assessment of juvenile intervention needs and risk in the SB 94 program. In this process, the Division will continue to work with the Office of Probation Services and the existing state level committee studying the CYO-LSI. The Division will propose to the Office of Probation Services that the feasibility assessment process begin in February 2000.

The Division, however, does not believe that DYC is the appropriate entity to resolve any legal issues related to the use of the CYO-LSI with preadjudicated youth, but rather that it is more appropriately the responsibility of the state Judicial Department to resolve these concerns.

Office of Probation Services Response:

Agree. The Office of Probation Services (OPS) agrees to participate with the Division of Youth Corrections in discussions related to the use of the CYO-LSI as a required risk-need assessment tool for all SB94 programs, including both pre-sentence and post-sentence cases. The OPS has identified issues related to training, quality assurance and the use of the information that will need to be discussed by both departments.

SB94 Services Database

The Division contracted with a research firm at the beginning of the SB94 program to develop a database to track the number of youth served in programs funded by SB94, as well as a variety of program- and service-related information. The database assists the districts with tracking the numbers of youth served and types of services received, and information from it is used in the Division's annual evaluation report to the Joint Budget Committee.

Data Comparability and Accuracy

The types of programs tracked in the database for each district are defined by their plans, which vary from district to district, so it is not possible to compare programs across districts. The districts are required to use another matrix to indicate the types of services performed by each program in an effort to identify commonalities. In general, the information tracked in the database is comparable across districts only on the aggregate level of numbers of juveniles screened, and it provides some indications of the types of services districts provide. Variations in the program classifications across districts and differences in the way districts are using the matrix make interdistrict comparisons difficult, except in a generalized manner.

As part of its effort to define the core programs and services that will be considered for funding under SB94, the Division should also move to standardized program data to facilitate these comparisons. This should include using agreed-upon categories to identify the core programs and services.

We noted the following additional concerns with the database:

- *Performance measures.* The database does not track information on performance measures for programs or services, other than "reason for termination." This does not inform the reader or management whether other important program goals were met, such as whether or not the youth made

scheduled court appearances, or for intervention programs, whether the youth made behavioral progress during the program. In Fiscal Year 1998 the contractor reported that 87 percent of youth successfully terminated from SB94 programs.

Several districts stated that they have had to develop other means to track performance information because the SB94 services database does not provide these data. This problem is linked to the general lack of performance measures in the SB94 program and lack of identification of core programs and services.

- *Classification of types of programs.* Programs need to be classified as to whether they provide direct services to youth or not in order to clarify the types of services under the program and to improve the accuracy of "average daily caseload" information. For example, some programs perform administrative or oversight functions, and others provide assessment services. Neither of these represents the delivery of direct services to juveniles. Nonetheless, in one case a program that was described in the district plan as providing oversight to contract service providers reported an average daily caseload of 45 juveniles for Fiscal Year 1998. Either this overstates the direct services being provided to juveniles, and therefore the average daily caseload, or the program is not accurately described in the plan.
- *Average Daily Caseloads.* The average daily caseload figures in the annual report to the Joint Budget Committee reflect duplicated counts of juveniles, and this is not clearly explained in the narrative. The Fiscal Year 1998 report stated that the average daily caseload for SB94 was 2,685 youth; however, if a juvenile participates in two programs or services over a period of time such as electronic home monitoring and mental health counseling, the juvenile may be counted twice for the entire period. Additionally, while the juvenile might receive mental health counseling only once a week, the length of stay for the program is calculated based on the entire period of the treatment, not on the number of days that counseling occurs.

We calculated an unduplicated average daily caseload of 708 juveniles for the SB94 program for Fiscal Year 1998 based on available data. The Division indicates that our methodology is flawed; however, it was unable to provide a more accurate number for this calculation. In any case, we believe that our calculation is closer to portraying the average number of juveniles served per day than the number included in the annual report. While the average daily caseload information is not used for decision-making purposes, such reporting practices do not give the reader an accurate picture of the number of juveniles involved in SB94-funded programs or services at a given point in time.

The Division of Youth Corrections has already established the districts' responsibility to enter program information into the SB94 database. As it improves its oversight of program quality, the Division should ensure that the database evolves as a useful tool to help monitor performance and accurately report data.

Recommendation No. 9:

The Division of Youth Corrections should improve the utility and accuracy of the SB94 services database by:

- a. Capturing and reporting only meaningful and useful information.
- b. Standardizing program definitions based on core programs and services.
- c. Including relevant performance measurement information.
- d. Developing a more accurate classification of programs between direct services to juveniles and other types of programs or services, such as administrative or oversight programs and assessment services.
- e. Ensuring that information included in the annual report, such as average daily caseload, is accurately portrayed to the reader.

Division of Youth Corrections Response:

Partially agree.

- a. The Division agrees that only meaningful and useful information should be captured in the SB 94 services database. The Division and the research contractor will review each SB 94 report to ensure the accuracy and utility of all data, prior to transferring the data to the new Children, Youth and Families data system. This review will be completed by May 1, 2000.
- b. The Division does not agree with the recommendation to standardize program definitions based on core programs and services. (See the Division's response to Recommendation No. 4.)
- c. The Division believes that incarceration data and trends most closely relate to the mission and goals of SB 94, and should be the primary outcome information contained in the SB 94 database. However, the Division also believes that program level performance data should be maintained by the districts and used in the development of their local

plans. This data should be reviewed by both the districts and the Division during the annual planning process and periodic program reviews, and should serve as a tool in developing recommendations to revise and strengthen programs. It is important to understand that collection of this data does not replace scientific program evaluation which encompasses research design methods and controls for impacts of intervening factors on program performance. The program performance measures should not replace or serve as measures of overall performance relative to the goals of SB 94. The program level performance data can, however, provide a mechanism to review intermediate outcomes in conjunction with overall goals related to incarceration rates, and to develop recommendations for changes at the program level. The SB 94 research contractor has already begun to provide technical assistance to the districts in the development of appropriate measures specific to identified program goals, data collection procedures, and interpretation of performance data relative to the overall goal of SB 94. The Division will incorporate a requirement in the Fiscal Year 2000-01 planning process for districts to identify program-level performance measures that are relevant to specific programs identified in the plans. Districts will be required to collect and track this information for use in developing and strengthening local SB 94 programs relative to the overall goals of SB 94.

- d. The Division acknowledges that the variability in the types of programs in the SB 94 data system has impacted the research contractor's ability to calculate average daily populations in these programs. Some services are episodic while others are ongoing. The Division will work with the research contractor to define classifications of programs to more accurately report information by program type (e.g., assessment, ongoing treatment, and episodic services). Programming will be completed on these categories by May 1, 2000.
- e. The Division will require that methods used to calculate measures included in the SB 94 annual report are clearly defined. These definitions will be incorporated in all evaluation reports beginning with the Fiscal Year 1999-2000 report.

Policies on Confidentiality and on Access to the SB94 Services Database

The SB94 services database includes information on juveniles' SB94 Screening and Assessment Guide, in addition to program data and demographic information. Some of this is personal and sensitive data that are protected as confidential under state

statutes, such as information about family history and the juvenile's prior arrests or adjudications. Information is entered into the SB94 services database by district personnel. The Division of Youth Corrections' contractor is in charge of providing and deleting personnel's access to the SB94 services database.

The Division of Youth Corrections' contract with the research firm states that all data entered into the SB94 services database are confidential. However, the Division does not require that the contractor incorporate confidentiality safeguards into its procedures for providing access to the database for district personnel. The contractor considers the maintenance of confidentiality to be the responsibility of the local districts. The contractor also relies on districts to notify it when a new staff person needs access to the database or when a staff person should have their access deleted.

Maintaining Confidentiality of Data

We surveyed all district SB94 coordinators and asked if the staff in their districts were trained on the confidential nature of the SB94 data. We found the following:

- Eighteen districts reported that they were aware of confidentiality requirements and had some type of training or discussions regarding them. Of these, eight specifically mentioned that staff are required to sign confidentiality agreements.
- Four districts reported that they did not have training or other informal methods of ensuring staff were aware of confidentiality requirements. These districts report that a total of 17 staff currently access the SB94 services database.

While it is appropriate to hold the districts responsible for maintaining confidentiality, we believe that the contractor, as the gatekeeper for the system, is in a pivotal position to bring confidentiality requirements to users' attention. It is common practice with other state systems for the gatekeeper to perform this function as part of its duties. Further, districts report that they have a high turnover rate of SB94 staff, which means that district training may not always occur when new staff start performing data entry or otherwise are given access to the system.

Updating User Access Information

We compared information from the contractor on the number of people that currently have access to the SB94 services database to information from the districts. We noted:

- 174 personnel were listed by the contractor as having access to the database.
- 59 of these personnel (34 percent) currently should have access, according to the districts.
- 111 (64 percent) have either left or changed to positions that no longer require access.
- 4 personnel listings (2 percent) were duplicates of existing access.

The contractor reports that it relies on the districts to let it know when an individual no longer needs access. While the districts are the ones with the best knowledge of which staff need access, it is apparent that communication with the contractor about the need to delete access is not occurring on a regular basis. This suggests that districts need additional training regarding the need to notify the contractor on a timely basis about changes in user status. In addition, the contractor in its role as the gatekeeper could facilitate matters by regularly requesting districts to verify lists of current users of the database.

Further, the districts reported 34 personnel are accessing the SB94 services database for whom the contractor has no record of having granted access. It is probable that these staff are using someone else's user code to access the database. This indicates that local staff are not adequately trained on standard security procedures, which require that users not share user codes.

The Division and the contractor report that some of these issues will be addressed when the SB94 database is converted to the State's new Children, Youth, and Families database, now referred to as Colorado Trails, in July 2000. While this may be true, we believe that the Division should take immediate action to improve controls over security. State law requires that significant portions of the information maintained on the database be kept confidential. Much of it is highly personal in nature and could be subject to misuse. Not ensuring that confidentiality requirements are understood and access is monitored creates a risk that information will be handled in a careless or inappropriate manner.

Recommendation No. 10:

The Division of Youth Corrections should improve controls to safeguard information in the SB94 services database by requiring the contractor to:

- a. Obtain signed confidentiality agreements from all staff with access to the database prior to granting access.
- b. Train users on confidentiality requirements of SB94 data and measures to safeguard access, including timely notification regarding changes in employee status and confidentiality of user codes.

- c. Perform periodic updates with the districts on current lists of users.

Division of Youth Corrections Response:

Agree.

- a. The Division will require the research contractor to implement procedures to obtain by March 1, 2000, signed confidentiality agreements from all staff with access to the SB 94 database. The Division will also require signed agreements from new employees prior to granting access to the database. These agreements will be kept on file in the SB 94 research contractor's office.
 - b. The research contractor will be required to train users on confidentiality requirements of SB 94 data, measures to safeguard access, use of access codes, and timely notification regarding changes in employee status. Certification of training on these confidentiality requirements will be obtained on all current users by March 1, 2000.
 - c. The Division will implement procedures to perform updates with the districts on current lists of users by March 1, 2000.
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Options for Funding Alternatives to Incarceration

Chapter 3

House Bill 96-1017 Requirements

In the 1996 Session the General Assembly passed House Bill 96-1017, which requires the State Auditor to conduct programmatic reviews of prevention and intervention programs for children and families for the following purposes:

1. Determine whether the programs are effectively and efficiently meeting their stated goals, and
2. Specify all occurrences of duplication between prevention and intervention programs that result in the provision of services to the same population or person or that could result in the provision of services to the same population or person. (Section 2-3-112 (1), C.R.S.)

Effectiveness and efficiency of SB94 program in meeting stated goals. Chapter 2 of this audit discusses the Division of Youth Corrections' efforts to evaluate the SB94 program. The Division has focused its evaluation of the SB94 program on juvenile detention and commitment populations and rates because the goal of the program is to provide alternative services to incarceration or to reduce juveniles' lengths of stay in these facilities. Additionally, legislative language specifically requires the Division to report on the impact of the SB94 program on these populations. The Division does a good job of tracking and reporting detention and commitment populations and rates; however, we have two concerns about this evaluation method for the SB94 program:

- *The annual evaluation report is not a specific evaluation of the SB94 program.* Incarceration populations and rates are a broad measure that reflect the combined results of many programs and initiatives that are directed toward enabling juveniles to stay out of trouble. These types of measures are long-term system indicators that are important both to policy makers and for program personnel. However, the measures do not specifically address whether or not the SB94 program itself is "successful." The impact of the

SB94 program cannot be isolated from other influences and programs, such as diversion and probation, as well as myriad other factors that are reflected in such a broad indicator. The Division's annual evaluation reports through Fiscal Year 1998 have attempted to identify what the specific effect of the SB94 program has been on detention and commitment. However, the Fiscal Year 1998 report acknowledges that this methodology is ineffective.

- *There is no evaluation of the specific programs and services funded by the SB94 program that are intended to serve as alternatives to incarceration or to reduce juveniles' lengths of stay.* The Division has not defined core programs and services that should be funded by the SB94 program. In addition, it has not developed and reported on program-specific performance measures for the various services and programs funded with SB94 program monies. These performance measures are needed in order to determine whether or not these "alternative services" are an effective alternative to detention or commitment. These alternatives are intended to be a less costly means of supervising juveniles that have penetrated the juvenile justice system, without adversely affecting public safety.

Since the effectiveness of programs and services funded by the SB94 program has not been determined at this time, we are unable to address whether or not the programs are efficiently meeting goals of reducing detention and commitment or reducing lengths of stay. Certainly the funds spent per juvenile under the SB94 program are less than those spent per juvenile in detention or commitment, but this comparison does not answer the question of whether programs or services funded by the SB94 program are a good use of state monies. Further, our audit identified a number of concerns with the fiscal aspects of the SB94 program, as discussed in Chapter 1. These concerns suggest that the funds may not be used in an efficient manner toward meeting program goals:

- *SB94 program monies are being used to fund a wide variety of programs and services and to fund administrative infrastructure costs.* The Division has not defined allowable costs under the SB94 program that are consistent with and reflect the basic intent of the program. This is closely related to another problem: the lack of definition of core programs and services that are appropriate for SB94 program funding. As a result, some SB94 program monies are used to fund services, such as recreational activities, that we believe are questionable. In addition, SB94 program monies are used for administrative infrastructure costs such as computer equipment, and office furniture and equipment.

- *Fiscal oversight of the SB94 program is weak and insufficient to help ensure funds are spent in accordance with policies and approved SB94 plans.* The Division's Regional Offices do not review expenditures made under local SB94 programs, and it has not established other methods to ensure that plans are administered as approved. We found several instances in which districts did not obtain the required prior approval for making changes in the plans. This is a concern because we found that in several of these cases the change resulted in more funds going to administrative infrastructure costs and less to services to juveniles than identified in the plan. In addition, the local oversight of expenditures is weak. Since the State is being billed for various goods and services for SB94 through a variety of local contractors, there needs to be a reasonable level of assurance on the State's part that goods are received and services performed.

Duplication between prevention and intervention programs. The original Senate Bill 91-94 legislation included the following statement:

The General Assembly hereby finds and declares that state funding for youth services is *fragmented between several state agencies* and the local counterparts of such agencies and that such fragmentation leads to *duplication of bureaucracy, services, case management, and accountability*. Such fragmentation also leads to a situation of cost unpredictability. (Senate Bill 91-94, italics added.)

Our review of the SB94 program indicates that although the program has provided some services not furnished by other programs, in other respects it is duplicative of existing intervention programs. Therefore, it has not necessarily addressed the problems identified in the SB91-94 legislation. Further, this kind of duplication was one of the concerns identified under HB96-1017.

The only new service that districts are required to provide with SB94 program funds is assessment services for juveniles that have been taken into custody and detained by law enforcement officers to assist in making a decision regarding the youth's placement and level of bond. In addition, statutes permit districts to fund different methods and levels of community-based supervision as a condition for releasing preadjudicated juveniles, instead of holding them in detention prior to the adjudicatory trial.

However, in addition to serving this population, SB94 program funds are used to supplement other existing programs such as diversion, probation, detention, commitment, and parole. In cases where SB94 program funds supplement other

programs, it creates duplication in the sense that SB94 monies pay for services already available through other programs; SB94 program funds merely enable the other program to provide a higher volume of services. The SB94 program also creates administrative overlap because the SB94 program has its own organizational structure through the local planning committees, SB94 contractors, and local SB94 coordinators, as well as its own requirements.

For example, if a district chooses to use SB94 program funds to pay for a probation officer, the probation officer has a dual reporting responsibility to both the local SB94 program and the local probation department. If a juvenile on probation needs services and probation obtains funding from the SB94 program, probation must go through the district's interagency staffing process to obtain the funds. Further, both the probation program and the local SB94 program track data on the juvenile and are then accountable for the same juvenile's outcomes for the same or overlapping time periods.

Options for Improving Accountability for SB94 Program Funding

The problems identified in Chapters 1 and 2 of this report indicate that there are fundamental programmatic and fiscal issues that need to be addressed in order to improve the management of the SB94 program. However, we do not believe that improving the current system and program structure for the SB94 program is the best option for the State. Consequently, we have identified three other options to the present structure that we believe should be considered for the SB94 program. These options are listed below, with advantages and disadvantages of each.

Option 1: Redirect SB94 Program Funds to Reduce Duplication

We believe this first option is the best way to address the issue of eliminating duplication and overlap and to improve accountability for the use of the funds presently referred to as the SB94 program. Our audit leads us to conclude that the overlap and duplication between the SB94 program and other juvenile justice programs is inherent in the present structure of the SB94 program, and that this structure may not represent the best use of state funds. In other words, because SB94 program funds are used for a variety of services at various points in the juvenile justice system—in many cases supplementing other existing programs such as diversion and probation—there is no clear accountability for how the funds are spent and for the outcomes achieved.

A more direct approach would be to redirect the present SB94 program appropriation among the programs that serve juveniles at various points in the juvenile justice system. This reallocation of SB94 program funds among other programs or agencies could be based on some assessment of the current usage of SB94 program monies across these programs or another agreed-upon assessment. Under this option:

- The Division of Youth Corrections would retain a portion of the SB94 program appropriation expressly for the purpose of continuing to oversee the (1) screening and assessment function for juveniles that are taken into custody and detained by law enforcement officials and (2) services provided to juveniles on preadjudication release. These services presently are not provided under any other existing state agency, with the possible exception of some juveniles that are accepted for the State's juvenile diversion program. The amount of SB94 program funds used for these services currently is not specifically tracked, although the Division indicates that a majority of SB94 program resources historically have been directed toward developing alternatives to detention or reducing the detention population.

Local planning committees would retain responsibility for developing and overseeing plans to use SB94 program funds for detention screening and assessment purposes and for services to preadjudicated juveniles. However, the use of SB94 funds would be restricted to only SB94 program core services consistent with legislative language under Section 19-2-302 (4), C.R.S. These core services include supervisory options such as periodic telephone communications with the juvenile, required office visits by the juvenile, visits to the juvenile's home or school, work release programs, juvenile day reporting and day treatment programs, electronic monitoring, drug testing, mental health or substance abuse treatment, or domestic violence or child abuse counseling for the juvenile, if applicable.

- The Division of Youth Corrections would retain an additional portion of the SB94 program appropriation that would be earmarked to supplement intervention services provided to youth in detention or commitment or on parole.
- The Division of Criminal Justice in the Department of Public Safety would receive a direct appropriation for a portion of SB94 program funds to provide additional services under the State's juvenile diversion program.
- The probation program under the Judicial Branch would receive a direct appropriation for a portion of SB94 program funds to provide additional services under the State's probation program, including the Juvenile Intensive Supervision Probation program.

Advantages:

- Appropriating SB94 program monies directly to specific programs would hold these programs accountable for the use of SB94 funds through each program's outcomes. In the case of diversion and probation, legislation could be considered that further defines the intent of these programs to reduce detention and commitment populations without affecting public safety if such language is needed to help ensure that the original intent of the SB94 program is incorporated into these programs' goals.
- This option refocuses SB94 program monies on supervisory activities more consistent with the legislative language in Section 19-2-302 (4), C.R.S.
- Diversion and probation gain more control over service dollars and thus have more ability to demand quality services from private service providers. Presently, probation in particular must access other funding sources for almost all intervention services for the juveniles it serves. Therefore, probation is not the party contracting with service providers for these services.
- The diversion program requires a local match, thus state dollars are leveraged by local dollars. This helps ensure that local communities are invested in and share responsibility for the success of the program.
- This approach addresses the legislative intent expressed in HB96-1017 to reduce duplication and overlap of prevention and intervention programs.

Disadvantages:

- Local flexibility in how SB94 program funds are used is decreased to the extent that some portion of SB94 funds is directly appropriated to state agencies for juvenile diversion and postadjudication juveniles. However local planning committees would retain discretion for determining which services to provide for the preadjudicated population as provided under statute.

Option 2: Move the SB94 Program to the Judicial Branch

Under this approach the SB94 program becomes the responsibility of the Judicial Branch. The present organizational structure of local planning committees would continue. However, consistent with Option 1, SB94 funds could be used only to fund the core services consistent with Section 19-2-302 (4), C.R.S.

Advantages:

- During our audit, personnel at the state and local level stated that the most important factor for an SB94 program to be successful in affecting detention and commitment rates was the support of the judges and magistrates in the judicial districts. Since the judges and magistrates make the final decision on whether or not the youth will be held in a facility, it is vital that they support the use of alternatives. Providing SB94 program funds directly to the Judicial Branch would give more control to the judges in deciding what types of alternatives they believe are acceptable to incarceration.
- Another variation of this option is to have probation departments administer the SB94 program. Chief probation officers are appointed by the district chief judge and thus have an established working relationship with the judiciary.
- Judicial districts are already the entity that receives SB94 program funding. Therefore, this option easily utilizes the existing funding mechanism through the districts.
- Overall, providing these funds directly to the Judicial Branch could hold the Branch more accountable for its role in assisting the State with ensuring that less expensive alternatives to detention and commitment are used when appropriate.

Disadvantages:

- The Judicial Branch may not provide better oversight of SB94 program than the Division of Youth Corrections. On the basis of our the audit of the SB94 program we found that the Branch is providing very limited oversight of the implementation of SB94 plans and the use of funds in districts that are presently administering their entire plans through the Branch. It is difficult to know if this would change were the Branch to be charged with the direct oversight of the program.
- The Branch lacks a delivery system for services to preadjudicated juveniles.

Option 3: Move the SB94 Program to the Division of Criminal Justice

This option would also retain the present structure of using local planning committees; however, the Division of Criminal Justice (DCJ) in the Department of Public Safety would become responsible for the SB94 program. As with the other options, SB94 funds could be used only to fund the core services consistent with Section 19-2-302 (4), C.R.S.

Advantages:

- DCJ's present mission already includes administering several state and federal juvenile justice programs that are community-based programs. Of particular relevance for this discussion, DCJ oversees the State's diversion program. Diversion is funded through local district attorney offices and private providers. The diversion program is an option to probation or incarceration that may be used by the courts upon recommendation of the district attorney. Diversion funds are also used to provide services to probation youth.
- A diversion program with expanded authority and responsibility may represent the best option for addressing the need to provide assessment services to arrested and detained juveniles and alternative services prior to the adjudicatory trial. This is the one population served by the SB94 program that is not presently served by another existing program, with some exceptions where youth receive services through diversion.
- DCJ administers the federal Juvenile Accountability Integrated Block Grant. This program funds a wide range of activities, including the types funded by the SB94 program. It also requires a local committee for planning and oversight purposes that is essentially the same in membership as the SB94 local planning committees. This program has accountability measures structured into its design. SB94 program monies could be used as the local match for these federal funds, thereby leveraging state monies.

Disadvantages:

- DCJ is not presently involved in administering the SB94 program, although it serves on the SB94 Statewide Advisory Committee. Therefore, there would be a learning curve for the Division to assume the program.

Statutory Working Group Should Recommend How to Redirect SB94 Program Funds

We believe that the best alternative for the State is Option 1, which redirects SB94 program funds to specific programs, eliminates duplication, and modifies the present organizational structure. Implementing this option would require that a determination be made concerning how the SB94 program funds should be divided up among preadjudication screening and services, diversion, probation, and other programs (detention, commitment, and parole). The working group established under Senate Bill 91-94 is a logical body to address this issue. Statutes make the following provisions for the composition of this working group:

The executive director of the *department of human services* and the *state court administrator of the judicial department*, or any designees of such persons, in consultation with the *division of criminal justice* of the department of public safety, the office of state planning and budgeting, the Colorado district attorneys council, law enforcement representatives, and representatives of local and county governments, shall form a working group (Section 19-2-212, C.R.S., italics added.)

Redirecting SB94 program funds meets the legislative goal of reducing duplication and overlap, and it increases the accountability for SB94 program funds by placing them directly under the programs in instances where these programs are already utilizing SB94 funds. Ultimately, this could improve the quality of services to juveniles and help meet the broader goal of the SB94 program legislation to provide effective alternatives to detention and commitment.

Recommendation No. 11:

The Executive Director of the Department of Human Services and the State Court Administrator of the Judicial Branch should reconvene the working group established under Section 19-2-212, C.R.S. The working group, which should include representation from the Division of Criminal Justice in the Department of Public Safety and other appropriate agencies, should:

- a. Develop recommendations for the appropriate manner in which to redirect SB94 program funds to other juvenile justice programs that currently use these funds, including preadjudication screening and services, diversion, probation, detention, commitment, and juvenile parole.

- b. Identify the specific program objectives (i.e., reducing detention or reducing commitment) for which these programs would be responsible as a result of receiving these SB94 program funds.
- c. Provide these recommendations to the House and Senate Judiciary Committees by September 2000 as a basis for required legislative changes.

Department of Human Services Response:

Partially agree. The Department of Human Services disagrees with the State Auditor staff's recommendations to restructure and re-direct funding of the SB 94 Program without further study and involvement of local communities. The Department recognizes that DYC must implement changes to improve the accountability of this program, particularly in the area of fiscal oversight. However, the Department and DYC believe that SB 94 has proven to be a successful strategy, particularly in impacting local reliance upon secure detention. For the first time in many years, the detention population projections were reduced by Legislative Council staff, resulting in a \$2.0 million negative supplemental in Fiscal Year 1998-99. There may be another reduction in the projections that will be released this December. The Department and DYC believe that these reductions are directly linked to the successful efforts of SB 94 at the local level. In addition, the Division of Youth Corrections may have the most to lose if the SB 94 initiative fails. After years of crisis overcrowding in detention and the extreme negative impacts on youth and staff, DYC is highly invested in the success of SB 94.

The Department does not believe that the SB 94 program is duplicative of other intervention programs, and, in fact is unique in its focused mandate of reducing reliance upon secure detention and commitment beds. The SB 94 program has provided supplemental funding to certain existing programs that may be effective at reducing reliance upon State beds, but may not have previously had the capacity to serve sufficient numbers of youth. The Department believes that at the local level, SB 94 has allowed a successful collaborative effort among juvenile justice entities to "blend" resources. Communities in Colorado have been unanimous in their criticism of the State's categorical funding of most programs, which tends to hinder efforts to effectively serve children, families and the needs of local communities.

The Department of Human Services believes that the decision to redirect funds and restructure an initiative as important as SB 94 deserves further investigation and study. The Department recommends that the working group, including representation from the Division of Criminal Justice and from

local communities, be convened to assess whether or not SB 94 funding should be re-directed and if the program requires restructuring, and to make recommendations to the House and Senate Judiciary Committees for potential statutory changes to clarify the SB 94 authorizing statutes.

State Court Administrator Response:

Agree. The State Court Administrator of the Judicial Branch agrees to work with the Executive Director of Human Services to reconvene the working group established under Section 19-2-212, C.R.S. The group will study various options on how SB94 program funds should be distributed as well as identify the objectives of the program. Recommendations will be provided to the Senate and House Judiciary Committees by September 2000.

Division of Criminal Justice Response:

Partially agree. The division agrees with the recommendation in the amended form stated below. The Division agrees to:

- a. Work with other appropriate agencies to reconvene the working group to develop recommendations for the appropriate manner in which to more effectively use, rather than redirect, SB94 program funds to develop and enhance local alternatives to secure incarceration, and treatment services, for preadjudicated youth presenting lower safety risks, to provide graduated sanctions in place of sentenced detention, and to provide appropriate non-secure and staff-secure options for placement of committed youth.
 - b. Identify the specific program objectives (i.e., reducing detention and reducing commitment) for which any program would be responsible as a result of receiving these SB94 program funds through the local planning process.
 - c. Provide these recommendations to the House and Senate Judiciary Committees by September 2000 as a basis for required legislative changes to clarify program responsibilities and appropriate juvenile populations to be served by the various intervention programs, including probation, diversion, parole and SB94.
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Appendix

APPENDIX A

History of SB94 Program Funding Allocated to Districts Fiscal Year 1994 through Fiscal Year 2000							
Judicial District	FY 94*	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1	\$493,386	\$601,950	\$1,062,229	\$1,108,734	\$1,165,846	\$1,206,321	\$1,195,777
2	\$764,660	\$1,279,261	\$1,613,102	\$1,683,724	\$1,770,455	\$1,831,921	\$1,673,415
3	\$30,288	\$39,054	\$80,869	\$84,410	\$88,758	\$91,839	\$86,134
4	\$446,418	\$729,948	\$1,035,186	\$1,080,506	\$1,136,165	\$1,175,610	\$1,315,814
5	\$52,675	\$66,145	\$140,488	\$146,639	\$154,192	\$159,545	\$149,447
6	\$50,480	\$54,594	\$117,631	\$122,780	\$129,105	\$133,587	\$153,948
7	\$83,840	\$110,352	\$156,283	\$163,125	\$171,528	\$177,483	\$185,462
8	\$195,335	\$216,010	\$367,479	\$383,567	\$403,325	\$417,328	\$468,408
9	\$46,529	\$53,358	\$97,148	\$101,401	\$106,624	\$110,326	\$127,316
10	\$298,929	\$445,797	\$616,458	\$643,447	\$676,592	\$700,081	\$638,921
11	\$71,550	\$115,314	\$151,805	\$158,451	\$166,613	\$172,397	\$198,852
12	\$60,137	\$79,533	\$127,124	\$132,690	\$139,525	\$144,369	\$166,047
13	\$80,768	\$95,782	\$186,143	\$194,293	\$204,301	\$211,394	\$198,716
14	\$49,602	\$51,040	\$103,750	\$108,292	\$113,871	\$117,824	\$117,573
15	\$25,898	\$36,232	\$63,901	\$66,698	\$70,124	\$72,569	\$72,605
16	\$61,015	\$81,485	\$129,131	\$134,785	\$141,728	\$146,648	\$137,472
17	\$431,493	\$459,806	\$992,996	\$1,036,469	\$1,089,860	\$1,127,697	\$1,036,631
18	\$578,543	\$681,874	\$1,414,336	\$1,476,256	\$1,552,300	\$1,606,192	\$1,571,929
19	\$157,146	\$179,796	\$361,277	\$377,094	\$396,518	\$410,285	\$458,448
20	\$267,324	\$362,455	\$606,547	\$633,102	\$665,714	\$688,826	\$703,917
21	\$125,541	\$179,317	\$280,345	\$292,619	\$307,692	\$318,374	\$355,669
22	\$17,997	\$20,000	\$43,880	\$45,810	\$48,170	\$49,843	\$57,958
Total	\$4,389,554	\$5,939,103	\$9,748,108	\$10,174,892	\$10,699,006	\$11,070,459	\$11,070,459

Source: Office of the State Auditor analysis of Division of Youth Corrections data.
 * Under original legislation, eleven pilot projects began in Fiscal Year 1992; the SB94 program became statewide in Fiscal Year 1994.

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