



REPORT OF

THE

STATE AUDITOR

**Residential Community
Corrections Programs**

**Performance Audit
September 2004**

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This report contains the results of a performance audit of Residential Community Corrections Programs. The 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. The report presents our findings, conclusions, and recommendations, and the responses of the Departments of Public Safety, Corrections, and Human Services, and the Judicial Department.

A handwritten signature in cursive script that reads "Joanne Hill".

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Residential Community Corrections Programs Performance Audit, September 2004

Authority, Purpose, and Scope

This performance audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor to conduct performance audits of all departments, institutions, and agencies of the state government. The audit work, performed between February 2004 and August 2004, was conducted in accordance with generally accepted governmental auditing standards.

The audit reviewed the Department of Public Safety's oversight of residential community corrections programs. We evaluated (1) services provided to offenders in residential programs, (2) outcomes (e.g., completion and recidivism rates) for offenders placed in programs, (3) the level of safety provided by residential programs to all stakeholders (i.e., the public, program staff, and offenders), and (4) the administration of residential community corrections programs, including plans for expanding the community corrections system in the future. The audit did not review the intensive residential treatment (IRT), nonresidential community corrections, probation, or parole programs. We also evaluated the implementation status of three recommendations included in our 2001 audit of the Division of Criminal Justice.

Overview

In 1974 the General Assembly enacted the Community Corrections Act, which created Colorado's residential community corrections programs. The Act was intended to provide the court system, the Department of Corrections, and the State Board of Parole with more flexibility and a broader range of correctional options for offenders under their jurisdictions. At the state level, the Department of Corrections and the Judicial Department administered Colorado's community corrections system from 1974 to 1986. In an effort to stabilize and streamline state oversight of the system, the General Assembly moved administration of the community corrections system to the Department of Public Safety's Division of Criminal Justice in 1986. Local community corrections boards and programs screen and reject any offender referred to programs located in their communities.

Residential community corrections programs are an alternative to prison and intended to help reintegrate offenders into their communities. Programs provide a structured environment where offenders live, find employment, attend treatment, and reconnect with family and community. Currently 36 residential programs operate in the State. In general, offenders placed in residential programs are either diverted or transferred from the State's prisons. Diversion offenders are placed in community corrections programs through a direct sentence from the court and are under the jurisdiction of the Judicial Department. Transition offenders are serving prison sentences in secure prison settings and are transferred to residential programs prior to their release. These offenders are under the jurisdiction of the Department of Corrections.

The General Assembly allocates funding for community corrections programs to the Department of Public Safety. Nearly all of the monies are general funds. In Fiscal Year 2003 the Department allocated a total of \$35 million to judicial districts for community corrections. In general, programs receive \$34.70 per day for each diversion or transition offender placed in a residential program, or about \$12,700 for each occupied offender bed per year.

Summary of Audit Comments

Program Services

Offenders receive treatment and services in community corrections programs to assist them in obtaining employment and reintegrating into their communities. In the long term, treatment and services reduce the likelihood that the offender will commit another crime and recidivate. On average, offenders spend more than 5 months in residential programs. We analyzed recidivism data and evaluated the services provided to offenders and found:

- **The Department of Public Safety has not analyzed the impact of community corrections programs on recidivism rates.** Recidivism is defined as “a new felony or misdemeanor court filing within two years of successful program completion.” For a sample of 332 offenders who successfully completed residential programs in Fiscal Year 2002, we found that 27 percent recidivated within two years of their release. The State pays, on average, about \$28,000 per offender per year when an offender returns to prison. The Department should evaluate recidivism data to identify the services that most effectively improve reintegration into the community.
- **Offenders are not consistently receiving services and treatment that address their needs.** Some programs provide numerous services in exchange for the standard \$34.70 per diem rate while others provide very few services. Further, some programs charge for services. Offenders’ wages are not always sufficient to purchase services and meet other financial obligations. Finally, some programs receive enhanced per diem rates, but are not required to deliver additional services. These practices do not ensure state funds are used optimally. The Department needs to establish standards setting forth the levels of service programs must provide in exchange for basic or enhanced per diem rates.
- **Employment, educational, and vocational services are not consistently available to offenders.** Obtaining full-time employment is a primary objective for most offenders in residential programs. However, 70 percent of the offenders in our sample who needed employment services did not receive any, and 67 percent who needed educational services and/or vocational training did not receive such services.

- **Offenders with diagnosed mental illnesses are not receiving needed mental health services.** We found that about 25 percent of the approximately 400 offenders with diagnosed mental illnesses who were placed in residential programs for more than 30 days did not receive any mental health treatment. Further, enhanced funding to serve offenders with severe mental illnesses is currently only available for 20 beds in the State.
- **A substantial percentage of offenders are not paying their court-ordered costs (e.g., restitution, fines, and fees) and child support.** A Department of Corrections regulation requires transition offenders to pay a minimum of 20 percent of their gross wages toward court-ordered costs, or if both court-ordered costs and child support are owed, to pay at least 10 percent toward restitution. Regulations do not address minimum payments for diversion offenders. We found that transition and diversion offenders are paying only about 7 percent of their earnings toward their court-ordered costs, including restitution.
- **Accountability within Colorado's community corrections system is lacking.** The Department of Public Safety does not apply sanctions, such as withholding funds and canceling contracts, when residential programs repeatedly fail to comply with community corrections standards.

Supervision

Our audit evaluated how state agencies, local community corrections boards, and residential programs supervise offenders to ensure public safety and found:

- **Search efforts for offenders who have escaped from residential programs need to be improved.** Between July 1, 2003 and February 29, 2004, 615 offenders escaped from residential community corrections programs. We reviewed data on the whereabouts of 98 of these escapees and found that, as of February 29, 2004, 28 offenders had not been apprehended and had been on escape status for an average of about 170 days. Of the 70 offenders who were apprehended by law enforcement as of this date, 35, or one-half, were arrested for new crimes.
- **Supervision of and services provided to sex offenders are not monitored sufficiently.** We identified 8 sex offenders in our sample of 20 who did not have required sex-offense-specific evaluations in their case files. We also found that the Department of Public Safety lacks complete and accurate data on the whereabouts of sex offenders and on which programs accept sex offenders. Finally, the Department has not determined the actual costs of treating sex offenders in residential programs or evaluated whether the services provided to sex offenders reduce recidivism or increase public safety.

- **Critical care medications (e.g., high blood pressure and psychotropic medications) do not consistently accompany transition offenders when they are transferred to community corrections programs.** Four programs we contacted reported that transition offenders arrived at their facilities in a recent month without adequate medication supplies, increasing behavioral and physical risks.

Administration of Community Corrections

We reviewed state agencies' administration of the community corrections system and conducted follow up on recommendations from our 2001 audit of the Division of Criminal Justice. We found:

- **Annual planning for expansion of community corrections is essential.** In Fiscal Year 2005, the General Assembly increased the percentage of the prison population targeted for community corrections placements from 10 to 11 percent and has indicated that it intends to further expand community corrections placements in future years. For such expansion to be successful, the Department of Corrections and Public Safety, in collaboration with other stakeholders, need to annually evaluate the capacity of the system, including the number of inmates likely to qualify for community placement, the availability of and need for additional beds, and the likelihood that local boards and programs will accept additional offenders.
- **Oversight of offender funds is lacking.** We identified one program that kept offenders' cash in an unsecured drawer, accessible to all staff. Another program maintained offenders' accounts on hand ledgers with no back-up copies. Additionally, 7 of 11 programs reviewed did not handle escaped offenders' funds in compliance with statutes.
- **Community corrections data are not complete and collection processes are not fully automated.** The Department does not require two residential programs to submit client information forms on offenders who have been discharged from their residential programs. Additionally, residential programs report client information to the Department manually, which is cumbersome and inefficient.
- **Administrative funds expended by local community corrections boards are not monitored sufficiently.** We found that 45 percent of the quarterly expense reports (i.e., reports that summarize the local boards' administrative expenditures) did not include required supporting documentation to determine if expenditures were allowable. The Department also does not require local boards to report their plans for spending accumulated administrative funds.
- **Public safety concerns still exist with the Denver Sheriff Department's Community Corrections Program (Phase 1).** Phase 1 has repeatedly failed to comply with standards related to (1) verifying offender whereabouts when he or she is outside of the facility, (2)

providing appropriate referrals to qualified treatment providers to meet the needs of offenders, and (3) developing a specific plan to address offender substance abuse programming. In addition, Phase 1 provides significantly fewer services than many other residential programs in the State but is reimbursed the same standard per diem rate. Audits issued by the Department of Public Safety have concluded that noncompliance with these standards poses a significant risk to community safety.

Our recommendations and the responses of the Departments of Public Safety, Corrections, and Human Services, along with the Judicial Department, can be found in the Recommendation Locator and in the body of this report.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	23	Work with residential programs to establish accountability benchmarks for recidivism rates. Evaluate recidivism data to improve programs' operations and reduce recidivism.	Department of Public Safety	Partially Agree	July 2007
2	29	Establish standards on the levels of service that programs must provide in exchange for the basic or enhanced per diem rates.	Department of Public Safety	Partially Agree	October 2005
3	33	Work with residential programs to enhance the employment and educational services available to offenders.	Department of Public Safety	Partially Agree	July 2006
4	36	Strengthen the treatment and services available to offenders with mental illness placed in residential programs.	Department of Public Safety	Agree	July 2006
			Department of Corrections	Agree	In progress with full implementation by June 30, 2006
5	42	Improve offenders' payments of court-ordered costs (e.g., restitution, fees, and fines).	Department of Public Safety	Partially Agree	June 2006
6	44	Identify employed offenders in residential programs who have child support obligations and require programs to periodically report these offenders and their employment status to the Department of Human Services. Coordinate with county child support enforcement offices to pursue collection of child support owed by these offenders	Department of Public Safety	Agree	October 2005
			Department of Human Services	Agree	October 1, 2005

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
7	47	Monitor service levels and quality to ensure offenders receive services in accordance with their assessed needs. Apply enforcement tools and sanctions when programs do not meet standards, as deemed appropriate.	Department of Public Safety	Agree	July 2006
8	51	Improve search efforts for community corrections offenders who have escaped.	Department of Corrections	Agree	In progress with full implementation by June 30, 2006
			Judicial Department	Partially Agree	July 1, 2006
9	52	Enhance the data collected and evaluated related to offenders who escape from residential programs.	Department of Public Safety	Agree	July 2007
10	56	Improve oversight of residential programs' supervision of and services provided to sex offenders.	Department of Public Safety	Agree	July 2006
11	58	Improve processes for providing critical care medications to offenders transferring to residential programs.	Department of Corrections	Agree	In progress with full implementation by June 30, 2006

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
12	63	Work with community corrections stakeholders to annually evaluate the feasibility of increasing the percentage of prison inmates who are placed in community corrections.	Department of Public Safety	Agree	July 2007
			Department of Corrections	Partially Agree	In progress with full implementation by June 30, 2006
13	68	Improve oversight of offender funds in residential programs.	Department of Public Safety	Partially Agree	October 2005
14	71	Improve community corrections data by collecting information on offenders placed in short-term residential programs and implementing more efficient methods (e.g., electronic databases) for collecting offender data.	Department of Public Safety	Agree	January 2008
15	74	Improve oversight of administrative fund expenditures by local community corrections boards.	Department of Public Safety	Agree	October 2005
16	76	Work with stakeholders to define the services that the Denver Sheriff's Department Phase 1 program should provide and determine a per diem rate that provides appropriate compensation for services rendered.	Department of Public Safety	Agree	July 2006

Overview of Colorado's Community Corrections System

In 1974 the General Assembly enacted the Community Corrections Act, which created Colorado's residential community corrections programs. The Act was intended to provide the court system, the Department of Corrections, and the State Board of Parole with more flexibility and a broader range of correctional options for the offenders under their jurisdictions. At the state level, the Department of Corrections and the Judicial Department administered Colorado's community corrections system from 1974 to 1986. In an effort to stabilize and streamline state oversight of the system, the General Assembly moved administration of the community corrections system to the Department of Public Safety's Division of Criminal Justice in 1986. A major aspect of Colorado's community corrections system is the authority of local boards and programs to screen and reject any offender referred to programs located in their communities.

Three types of community corrections programs operate in the State:

- **Intensive residential treatment programs** typically serve offenders who have problems associated with chronic substance abuse. Offenders are required to submit to drug tests and attend treatment; they are not allowed to leave the facility until the completion of the program, which is usually 45 days in duration. Currently four intensive residential treatment programs operate in the State.
- **Residential community corrections programs** are an alternative to prison and are intended to help reintegrate offenders into their communities. Programs provide a structured environment where offenders live, find employment, attend treatment, and reconnect with family and community. The offenders are allowed to leave the facility to participate in employment and treatment. Program staff provide supervision by conducting regular headcounts in the facilities, verifying offenders' whereabouts when they leave the facilities, and performing periodic drug and alcohol tests. Currently 36 residential community corrections programs operate in the State. Of these programs, 19 (53 percent) are located in the Denver Metro area. In Fiscal Year 2005 the General Assembly appropriated about \$35 million to provide housing, supervision, and services to offenders placed in residential programs. Our audit focused on the operations of residential programs.

- **Nonresidential community corrections programs** provide the lowest level of supervision in the community corrections system. Offenders live, work, and obtain treatment services in the community. Offenders typically transition from residential programs to nonresidential programs. Currently 26 nonresidential programs operate in the State that serve diversion offenders. Transition offenders are placed in nonresidential programs overseen by the Department of Corrections.

In general, offenders placed in residential programs are either diverted or transferred from the State's prisons. Diversion offenders are placed in community corrections programs through a direct sentence from the court. Section 18-1.3-301, C.R.S., allows judges to directly sentence offenders to community corrections programs if no mandatory sentencing provision exists requiring the offender to be sentenced to the Department of Corrections. These offenders are under the jurisdiction of the Judicial Department. Transition offenders are those serving a prison sentence who are transferred from a secure prison setting to a residential facility prior to their release. These offenders are under the supervision of the Department of Corrections.

In Fiscal Year 2003, diversion offenders represented 51 percent of the approximately 4,300 offenders "discharged" from residential community corrections programs, while transition offenders represented 49 percent. "Discharged" is defined as leaving the program for any reason, including completing the program successfully, escaping from a facility, returning to prison due to the commission of new crime, or being expelled due to technical violations (e.g., failure to comply with program rules).

Oversight

Three state departments, along with local government entities, oversee community corrections programs. The roles and responsibilities of these various agencies are discussed below.

Department of Public Safety: The Division of Criminal Justice within the Department of Public Safety is responsible for administering and overseeing Colorado's community corrections system. According to Section 17-27-108, C.R.S., the Division is authorized to (1) administer and execute contracts with units of local government, community corrections boards, and nongovernmental agencies for the provision of community corrections programs and services; and (2) establish standards for community corrections programs, which prescribe minimum levels of offender supervision and services, health and safety conditions of facilities, and other measures to ensure quality services. Furthermore, in accordance with statutes, the Division is required to audit programs to determine levels of compliance with

standards; allocate funding to local community corrections boards and programs; and provide technical assistance to local boards, programs, and referring agencies (i.e., Department of Corrections and the Judicial Department). The Division has assigned about 6 FTE to oversee community corrections and spent about \$355,000 to carry out these duties in Fiscal Year 2003.

In addition, the Division of Criminal Justice works closely with the Governor's Community Corrections Advisory Council (Advisory Council). The Advisory Council was established in 1986 to advise and assist the Division in analyzing and identifying problems or needs, recommend policy modifications and procedural changes, develop strategies, and serve as a forum to address issues in community corrections. Members of the Advisory Council are appointed by the Governor and consist of representatives from various units of government and private organizations. The Advisory Council has formed six subcommittees to examine specific areas within the community corrections system, such as per diem rates paid to providers, standards, bed usage, and contracts between the State and local boards.

Department of Corrections: Within the Department of Corrections, the Division of Adult Parole and Community Corrections is responsible for the referral, transfer, and supervision of transition inmates in residential community corrections programs. In Fiscal Year 2003 the Department of Corrections assigned 54 FTE to provide ongoing oversight of transition offenders placed in the programs.

Department of Corrections inmates are eligible for placement in residential programs prior to the completion of their sentences. Section 18-1.3-301(2)(a), C.R.S., authorizes the Executive Director of the Department to transfer any offender who is eligible to a community corrections program. According to Section 18-1.3-301(2), C.R.S., transition offenders are eligible for referral to community corrections boards and programs when they have served a specified portion of their sentences. The table below shows the eligibility requirements for the placement of transition offenders in residential programs.

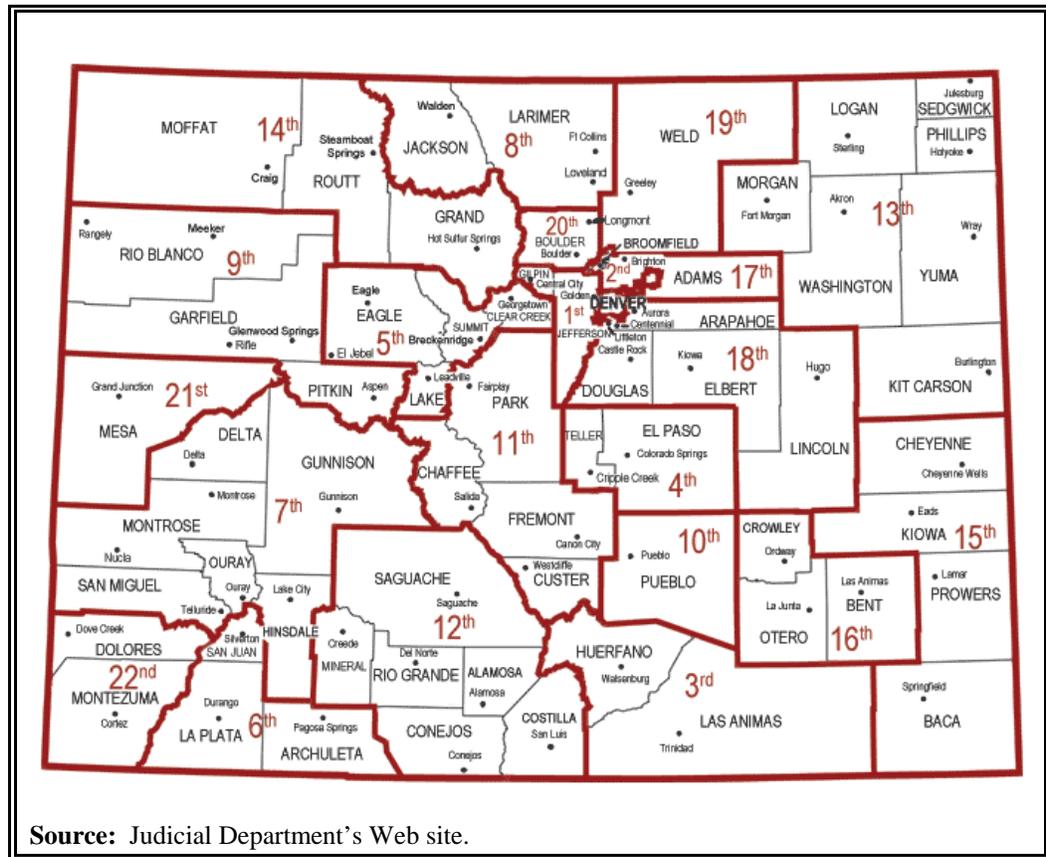
Eligibility Requirements for Placement of Transition Offenders in Residential Community Corrections Programs	
Offender Type	Eligibility Requirements for Placement in Residential Programs
Nonviolent Offenders Who Have Completed Regimented Training Programs	Eligible for placement 28 months prior to parole eligibility date.
Nonviolent Offenders in Prison Facilities	Eligible for placement 16 months prior to parole eligibility date.
Violent Offenders ¹	Eligible for placement approximately 6 months prior to parole eligibility date.
<p>Source: Office of the State Auditor's analysis of Colorado Revised Statutes.</p> <p>¹ These offenders have been convicted of crimes of violence, as defined by statutes. According to Section 18-1.3-406, C.R.S., violent crimes include (1) any crime against an at-risk adult or at-risk juvenile, (2) murder, (3) first- or second-degree assault, (4) kidnapping, (5) a sexual offense pursuant to part 4 of Article 3 of Title 18, (6) aggravated robbery, (7) first-degree arson, (8) first-degree burglary, (9) escape, or (10) criminal extortion.</p>	

Judicial Department: The Judicial Department administers a decentralized court and probation system throughout the State. Colorado is divided into 22 judicial districts. Each of the judicial districts operates a probation department that supervises offenders and provides presentence information to the courts. Currently probation departments throughout the State have assigned approximately 21 probation officers to oversee offenders placed in residential community corrections programs. The 4th Judicial District, covering El Paso and Teller counties, does not assign probation officers to oversee community corrections offenders.

According to Section 18-1.3-301(1)(f), C.R.S., the probation department in which a community corrections program is located has jurisdiction over diversion offenders. Specifically, the probation department is responsible for (1) initiating arrest warrants, (2) processing reports or other official documents regarding offenders, (3) coordinating with community corrections boards and programs, (4) reviewing the supervision and treatment of offenders, and (5) authorizing offender transfers between residential and nonresidential phases of community corrections.

Local Community Corrections Boards: The delivery of services in Colorado's community corrections system occurs at the local level. Local community corrections boards oversee community corrections activities within their jurisdictions. Section 17-27-103(1), C.R.S., authorizes local governments to establish community corrections boards within the State's 22 judicial districts, as shown in the map below. There are 23 community corrections boards, one in each judicial district, except for the 3rd Judicial District (comprising of Huerfano and Las

Animas County), which has two boards. Members of each board are appointed by the governing body (e.g., county commissioners) within their jurisdiction. In most cases, the local boards contract with public agencies and private companies to provide program services and housing to offenders in the community corrections system. Seven judicial districts do not have community corrections programs located within their jurisdictions, so they have established agreements with programs in other districts to accept their offenders.



According to Section 17-27-103, C.R.S., local community corrections boards are authorized to (1) enter into contracts with the State, other units of local government, or any community corrections program to provide supervision of and services to offenders; (2) accept or reject any offenders referred for placement in residential programs within the board's jurisdiction; (3) establish and enforce standards that may exceed, but not conflict with, the standards established by the Department of Public Safety; and (4) monitor community corrections programs within their jurisdictions. In accordance with statutes, the governing body (e.g., county commissioners) within each board's jurisdiction must approve the establishment and operation of all community corrections programs within the jurisdiction.

Program Statistics

The Department of Public Safety maintains various types of data on offenders discharged from the community corrections system. The table below shows demographic data related to offenders discharged from residential programs in Fiscal Year 2003. These offenders either successfully completed the programs or were removed before completion due to technical violations (e.g., substance abuse or a behavioral/programmatically rule violation), escape, the commission of a new crime, or other reasons.

Demographics of Offenders Discharged From Residential Programs		
Gender	Number	Percentage
Male	3,473	80.3%
Female	851	19.7%
TOTALS	4,324	100.0%
Ethnicity	Number	Percentage
Caucasian	2,360	54.6%
Hispanic	1,000	23.1%
African American	842	19.5%
Native American	70	1.6%
Asian	24	0.5%
Other/Unknown	28	0.7%
TOTALS	4,324	100.0%
Age	Number	Percentage
18-20 years	184	4.2%
21-30 years	1,667	38.6%
31-40 years	1,444	33.4%
41+ years	1,029	23.8%
TOTALS	4,324	100.0%
Source: Termination Database maintained by the Department of Public Safety on offenders discharged from residential community corrections programs in Fiscal Year 2003.		

All offenders placed in community corrections have been convicted of felonies. For offenders discharged from programs, the Division tracks the most serious crime that resulted in the offenders' placement in community corrections. State statutes categorize crimes by seriousness, and felony offense classifications range from 1 (most serious) to 6 (least serious). As shown below, nearly 50 percent of the offenders discharged from residential programs in Fiscal Year 2003 were placed in residential programs due to convictions of class 4 felonies. Few offenders were convicted of class 1 or 2 felonies.

Committing Offenses for Community Corrections Offenders			
Felony Class	Examples of Offenses	Number	Percentage
1	1 st degree murder	4	0.1%
2	2 nd degree murder, 1 st and 2 nd degree kidnapping	11	0.2%
3	1 st degree assault (intentionally causes serious injury to victim), aggravated robbery, theft (\$15,000 or more), 1 st degree arson	707	16.4%
4	Aggravated motor vehicle theft (\$15,000 or less), controlled substances (e.g., manufacture, possess, distribute)	2,048	47.4%
5	1 st degree assault (heat of passion), 3 rd degree burglary (e.g., breaks into a vault, safe, or cash register), forgery	1,220	28.2%
6	2 nd degree assault (heat of passion), 2 nd degree aggravated motor vehicle theft (\$500 or more but less than \$15,000)	334	7.7%
TOTALS		4,324	100.0%
Source: Termination Database maintained by the Department of Public Safety for offenders discharged from residential community corrections programs in Fiscal Year 2003.			

During Fiscal Year 2003, offenders remained in residential programs for an average of over 5 months before they were discharged, including both successful and unsuccessful program terminations. As shown in the table below, 60 percent of the offenders successfully completed the programs. The average length of stay for these offenders was 6.7 months. The remainder were removed from programs for various reasons, including technical violations (e.g., substance abuse or a behavioral/programmatic rule violation), escapes, new crimes, and transfers to other programs. The average length of stay for these offenders was 3.9 months.

Reasons Offenders Discharged From Residential Programs in Fiscal Year 2003		
Discharge Reason	Number of Offenders	Percent of Total
Successful Completion	2,608	60.3%
Transferred to Another Program ¹	163	3.8%
Escape	578	13.4%
New Crime	53	1.2%
Old Warrant ²	57	1.3%
Technical Violation ³	726	16.8%
Other	139	3.2%
TOTALS	4,324	100.0%
Source: Division of Criminal Justice's Fiscal Year 2003 Annual Report on Colorado Community Corrections.		
¹ These offenders discharged from one residential program to be transferred to another program.		
² These offenders discharged from a residential program as a result of an outstanding warrant and were transferred to either jail or prison.		
³ These offenders discharged from a residential program as a result of substance abuse or a behavioral/programmatic rule violation and were transferred to either jail or prison.		

Funding

The General Assembly allocates funding for community corrections programs to the Department of Public Safety, and nearly all of the monies are general funds. In Fiscal Year 2003 the Department allocated a total of \$35 million to judicial districts for community corrections; approximately \$31 million was for about 2,300 residential community corrections beds. Appendix A provides detailed data on the amount of program funds and administrative monies distributed to each judicial district in Fiscal Year 2003.

Funding for transition and diversion programs is based on per diem rates for residential and nonresidential placements. In addition, offenders are expected to contribute to their placement costs. The annual appropriations bill includes a footnote stating that appropriations are based on the assumption that "community corrections programs will collect client fees" of up to a specified amount. The table below shows the state-reimbursed per diem rates for three types of residential

placements and the per diem rates set for client fees (often referred to as “subsistence” or “room/board”) for Fiscal Year 2004.

Residential Community Corrections Per Diem Rates for Fiscal Year 2004				
Type of Per Diem Rate	State-Reimbursed Per Diem Rate	Offender’s Contribution (Daily Rate)	Total Potential Per Diem Rate	Potential Annual Rate Per Offender Bed
Standard Residential	\$34.70	\$17.00	\$51.70	\$18,871
Therapeutic Community for Offenders With Serious Substance Abuse Addictions ¹	\$47.94	\$0	\$47.94	\$17,498
Offenders With Severe Mental Illness	\$65.06	\$0	\$65.06	\$23,747
Source: Office of the State Auditor’s analysis of Long Bill Appropriations for Fiscal Year 2004.				
¹ Upon completing the first six months of these programs, offenders are required to pay a daily subsistence rate of \$17.00 (see "Offender's Contribution" above).				

In addition, Section 17-27-108(4), C.R.S., authorizes the Division of Criminal Justice to distribute up to 4 percent of community corrections appropriations, as allocated by the General Assembly, to units of local government and community corrections boards for administrative purposes. Beginning on July 1, 2006, the maximum percentage of the community corrections appropriation that can be spent for administrative purposes will increase to 5 percent.

Audit Scope

Our audit reviewed the operations of residential community corrections programs in the State. The audit did not include a review of intensive residential treatment (IRT), nonresidential community corrections, probation, or parole programs. As part of the audit, we collected and analyzed data related to residential programs that were provided by the Departments of Public Safety and Corrections, the Judicial Department, local community corrections boards, and residential programs. We contacted community parole officers from the Department of Corrections and probation officers from the Judicial Department to gain an understanding of their involvement with residential programs. Further, we interviewed representatives from 12 community corrections boards regarding oversight and funding of residential programs in their jurisdictions.

In addition, we visited 11 residential community corrections programs located throughout the State. For 10 of the programs, we conducted detailed reviews of program operations, which consisted of touring the facilities, interviewing staff and offenders, and reviewing various documents related to each program's activities, including a sample of offender case files. Our review of the remaining program was limited to determining whether a prior audit recommendation from our 2001 performance audit of the Division of Criminal Justice had been implemented. Ten of the nineteen recommendations in this prior audit were related to community corrections.

Services

Chapter 1

Background

Offenders receive treatment and services in community corrections programs to assist them in obtaining employment and reintegrating into their communities. In the long term, treatment and services reduce the likelihood that the offender will commit another crime and recidivate. Thus, appropriate levels of rehabilitation services can result in decreased costs for incarceration of repeat offenders. According to the Department of Public Safety's research, the more services offenders receive while in community corrections programs, the more likely they are to complete programs.

Colorado statutes authorize community corrections programs to provide a variety of services to offenders, including (1) oversight of restitution and community service; (2) programs to aid in employment, academic courses, vocational training, community resources, and appropriate treatment; and (3) any other services and programs as may be needed. Additionally, the Colorado Community Corrections Standards require programs to develop supervision plans in accordance with offender needs that prioritize resources and services toward those problems most related to criminal behavior and public safety.

We analyzed recidivism data for a sample of offenders successfully completing residential community corrections programs and evaluated the services provided by a sample of programs. We identified several problem areas related to the Department's use of recidivism data and with the programs' service levels, availability, and quality, as discussed below.

Recidivism

The Department of Public Safety defines recidivism for a community corrections offender as "a new felony or misdemeanor court filing within two years of successful program completion." During the audit we analyzed recidivism data on a sample of 332 offenders who successfully completed residential programs in Fiscal Year 2002 (about 2,500 offenders successfully completed residential programs, which represents nearly 60 percent of the offenders discharged in this year). We obtained data on new criminal filings, using the Judicial Department's Integrated Colorado On-Line Network (ICON) database. Overall, we found that 27 percent of the

offenders in our sample recidivated within two years of their release from residential programs. Of these offenders, 75 percent had felony charges (the most serious type of crime) issued against them, which included offenses such as aggravated robbery, sexual assault, and possession of a controlled substance. In 2002 the Department's Office of Research and Statistics released a recidivism study conducted on the entire universe of offenders who successfully completed residential programs in Fiscal Year 1998. This study found that 31 percent of the offenders recidivated within two years of release

When offenders recidivate and return to the State's custody, the cost is substantial. According to information provided by the Department of Corrections, during Fiscal Year 2003 the State paid, on average, about \$28,000 per year to incarcerate an adult. We determined that about 35 percent of the offenders in our sample who recidivated within two years of their release received sentences to a Department of Corrections prison for their new crimes. By applying the results of our sample to the population that terminated from community corrections in Fiscal Year 2002, we estimate that 238 offenders who completed community corrections subsequently were convicted of new crimes and sentenced to a Corrections facility. We further estimate that the total cost for the first year of incarceration for these 238 offenders was more than \$6.5 million. This figure does not take into account those offenders who did not successfully complete the programs and may also be incarcerated.

Despite the substantial cost of recidivism and the harm caused to victims, the Department of Public Safety has not evaluated how services provided by residential programs affect recidivism, nor has it established performance measures (e.g., target rates) related to recidivism rates. Performance measures are essential in determining which interventions are effective in reducing recidivism. Studies have identified methods for reducing offender recidivism in community corrections, such as:

- Targeting interventions, which includes (1) prioritizing supervision and treatment resources for higher-risk offenders; (2) considering individual characteristics when matching offenders to services; (3) providing appropriate levels of service, pro-social structure, and supervision; and (4) delivering targeted and timely treatment.
- Evaluating relevant processes and practices, which involves establishing a formal and valid mechanism for measuring outcomes, routinely assessing offender change in cognitive and skill development, and evaluating offender recidivism.

The Department of Public Safety needs to analyze the effect of the community corrections programs on reducing recidivism and use this information to improve programs, particularly the delivery of services to offenders.

Recommendation No. 1:

The Department of Public Safety should:

- a. Work with residential community corrections programs to establish accountability benchmarks for recidivism.
- b. Periodically evaluate recidivism data on residential community corrections programs against the established benchmarks and identify the factors affecting programs' recidivism rates.
- c. Use the results of its recidivism evaluations to identify ways to improve the operations of residential community corrections programs and to reduce future recidivism rates.

Department of Public Safety Response:

Partially agree. Implementation date: July 2007.

- a. Partially agree – contingent upon acquisition of new resources. The Colorado Department of Public Safety (CDPS) agrees with measuring community corrections program performance. Recidivism is one of many measures that may be used to evaluate program outcomes. The recidivism rates from our 2002 study were consistent with the analysis performed by the legislative auditors.

For the Division of Criminal Justice (DCJ) to periodically collect and analyze recidivism data on the entire community corrections population, a research study of this magnitude would require additional funding. The 2002 study required a \$60,807 grant from the Drug Control and System Improvement Program (DCSIP) plus a match of \$21,203 from state general funds for a total project cost of \$82,010.

Due to the diverse nature in the community corrections programs and the risk levels of their respective offender populations, recidivism rates will vary among programs. The DCJ believes that another effective methodology would be to establish goals with each program to reduce their baseline rates.

- b. Agree – contingent upon acquisition of new resources. In order to determine the empirical relationship between program characteristics and

recidivism data, an extensive study would be required. This would be a separate study from periodic recidivism data collection and analysis and would require additional resources.

- c. Agree – contingent upon acquisition of new resources. If resources are secured, the study will be designed in such a way as to provide recommendations to reduce recidivism.

Auditor Addendum:

We emphasize the importance of establishing performance measures as part of routine, ongoing operations. In the absence of accountability measures, the State has no way of determining the efficient and effective use of scarce funds. It would be appropriate for the Department's Office of Research and Statistics to perform such evaluations.

Service Levels

The Colorado Community Corrections Standards require residential programs to assess all incoming offenders for their criminal risk, service needs, and potential response to various intervention strategies. Program case managers develop a personalized supervision plan for each offender that must include (1) the services and interventions targeted to address particular needs and referral agency treatment requests, (2) measurable criteria of expected positive behavior and accomplishments, and (3) a time schedule for achievement. Additionally, case managers are required to review and document offenders' progress monthly and revise supervision plans as needed.

We reviewed the sufficiency of six key services provided by 10 residential programs to a sample of 62 offenders placed in programs for at least 30 days. We found that offenders are not consistently receiving services and treatment that address their needs. Specifically, we found that 70 percent of our sample did not receive employment services, 67 percent did not receive educational/vocational services, and 47 percent did not receive mental health services, even though these needs had been clearly identified and documented in the offenders' case files. Our results are summarized in the following table.

Comparison of Offenders' Documented Needs With Services Provided by Residential Programs			
Type of Service	Number of Offenders With a Documented Need for Service	Percent of Offenders Receiving Service	Percent of Offenders Not Receiving Service
Employment	30	30%	70%
Education/Vocational Training	19	33%	67%
Mental Health	19	53%	47%
Anger & Domestic Violence	21	57%	43%
Cognitive Education & Criminal Thinking ¹	50	78%	22%
Substance Abuse	62	85%	15%

Source: Office of the State Auditor's analysis of data in 62 offender files maintained by 10 residential community corrections programs.

¹ Cognitive education and criminal thinking classes are intended to modify criminal thinking, increase motivation, and improve skills to prevent relapse and recidivism.

We also found that programs do not consistently comply with the Department of Public Safety's standards for supervision and service provision. The Department audits higher-risk residential programs on a three-year schedule and lower-risk programs at least once every five years. Department staff performing the audits evaluate up to 99 different standards; these audits are used as the Department's primary tool for monitoring program services. We reviewed audits conducted by the Department between July 2001 and March 2003 on 17 residential programs and found that there were 6 programs that were deficient in between 26 and 40 standards.

Further, we found that residential program compliance was poor for nine important standards addressing supervision, public safety, and service monitoring. As shown in the table below, for each of the nine standards, at least 7 of the 17 programs were deficient. Most of the programs were deficient in standards 4.050, 4.051, and 4.052, which address monitoring offenders when off-site and, thus, impact public safety. Compliance rates were also poor for standard 6.060, which covers case management services.

Frequency of Deficient Ratings Determined by Audits for Certain Material Standards¹			
Standard²	Requirement	Programs With Deficient Ratings in Initial Audit³	
		Number	Percent
4.044	A urine sample will be taken within a 12-hour period of each successful discharge or transfer.	9	52.9%
4.045	A random breathalyzer (or urinalysis) test for alcohol will be conducted on each offender at a rate of no less than one per seven-day period.	8	47.1%
4.050	Program policy and procedure shall provide for the random and regular monitoring of each offender's off-site whereabouts.	12	70.6%
4.051	The off-site whereabouts of offenders residing at the facility less than 60 days shall be randomly monitored at least once in every seven-day period.	14	82.4%
4.052	After 60 days, each offender's off-site whereabouts shall be randomly monitored at least twice per month.	10	58.8%
6.050	Case managers shall formulate a personalized supervision plan for each offender that specifies supervision approaches.	7	41.2%
6.051	Case managers will perform a documented review of all offender supervision plans at least each month and revise the plan if indicated by case developments.	8	47.1%
6.060	Case managers will meet individually at least once each week with each offender on their caseload.	11	64.7%
7.024	All prescribed medications for offenders shall be secured and their use shall be monitored to ensure compliance with instructions of the prescribing medical authority.	9	52.9%

Source: Office of the State Auditor's analysis of audit reports prepared by the Department of Public Safety's Division of Criminal Justice.

¹ Ratings of "needs improvement" or "unsatisfactory" are considered deficient ratings.

² The Colorado Community Corrections Standards were revised in July 2002. However, the audits represented in this table tested compliance with the standards in place prior to the revisions.

³ These figures are based on initial audits performed on 17 programs between July 2001 and March 2003, and do not include follow-up audits.

The Department conducts follow-up audits on programs within 6 to 12 months after the initial audit to determine if program deficiencies have been corrected. We found that five of the six programs deficient in between 26 and 40 standards during their initial audits were still deficient in between 8 and 18 standards at the time of the follow-up audit. As of our review, the Department had not performed a follow-up audit on the remaining program.

Program deficiencies in service provision are of significant concern. The Department needs to establish a basic infrastructure to monitor and oversee the services provided by programs to ensure that offenders receive needed services to promote their rehabilitation and protect public safety. We discuss these improvements in the remainder of this chapter.

Service Standards

One reason that offenders do not receive needed services is that some services are not available at all programs. Additionally, some programs provide numerous services in exchange for the standard \$34.70 per diem rate, and other programs provide very few services. We reviewed the availability of six key services, accessible either internally from the programs or from an external provider, at 10 residential programs. Eight of the programs are located in urban areas and two in rural areas. For these programs, we found:

- Six did not offer employment services.
- Four did not offer education and vocational training.
- Three did not offer mental health services.
- One did not offer anger and domestic violence services.
- All offered substance abuse treatment and cognitive education.

Another reason some offenders do not receive needed services is that some programs charge for services, and offenders' wages, which average \$840 per month, are not always sufficient to purchase services and meet other financial obligations (e.g., subsistence and restitution). We reviewed the practices the 10 programs used to charge offenders for services and found there are substantial inconsistencies. For instance, offenders at one program are not required to pay for any of the six key services, because the program provides these services as part of an enhanced per diem rate of \$47.94. In contrast, offenders placed in another program may pay \$50 or more for four types of service, while a third program charges offenders a one-time fee of \$25 that covers all needed services.

Service provision for special offender populations, such as individuals with severe mental illness and those with serious substance abuse addictions, is particularly concerning, as discussed later in this chapter. Some programs receive supplemental funding for serving these special populations. One program serving offenders with both severe mental illness and substance abuse diagnoses receives an additional \$30 per offender per day. Two programs serving offenders with serious substance abuse

addictions in a therapeutic community setting receive an additional \$13.24 per offender per day. We reviewed the services provided by programs receiving supplemental funding and found that the Department has not established requirements on the delivery of additional services in exchange for the increased funds. We also found that the Department does not systematically review the treatment and services provided by the three programs to justify the increased funding levels.

The Department's practices for managing service delivery at residential programs place state funds at risk of not being used effectively. The Department needs basic standards and cost information to ensure the State receives value and offenders receive a defined level of service in exchange for the more than \$35 million in funds appropriated for residential services in Fiscal Year 2005. At a minimum, the Department should:

- Establish a rate structure setting forth the levels of service residential programs must provide in exchange for the standard \$34.70 per diem rate. The Department should assess which services are essential for public safety and offenders' successful reintegration into their communities, determine which of these services can be adequately covered by the standard per diem rate, and using the contract agreements, require programs to provide these services in exchange for the standard rate.
- Develop specific service requirements, such as treatment, medication, examinations, and assessments, that must be provided under an enhanced rate for special offender populations.
- Collect cost information to determine the basic service package residential programs should provide within the standard per diem rate. Service requirements should be included in the Colorado Community Corrections Standards and incorporated into contract provisions.

Additionally, the Department should consider the extent to which offenders should financially contribute toward their services. It should establish a schedule that sets forth the ranges of fees that programs may charge offenders by type of service. Furthermore, the Department should consider a payment structure that provides incentives to programs that expand treatment options and offer a range of high-quality services tailored to offenders' needs. For example, incentives could be one-time bonus payments. Alternatively, the Department could develop a tiered payment structure that provides an enhanced rate for programs delivering a higher, predetermined service threshold. The Department could maintain the current per diem rate for a basic service package, which would allow certain programs that are not equipped to offer expanded services to continue serving offenders who require fewer services.

Finally, the Department could consider using Requests for Proposal (RFPs) to specifically describe the services it wants to purchase. In April 2004 the Department issued a separate RFP to solicit a therapeutic community program for dually diagnosed offenders who have severe mental illness and substance abuse addictions. A competitive bidding process allows the Department to better control the specific services it intends to purchase.

Recommendation No. 2:

The Department of Public Safety should establish standards setting forth the levels of service that programs must provide in exchange for the basic or enhanced per diem rate. This should include:

- a. Clarifying in the Colorado Community Corrections Standards and in contracts the specific service levels that programs must provide and evaluating levels of service during audits to make sure programs deliver services in accordance with requirements.
- b. Considering incentives or a tiered rate structure to reward programs that provide expanded services beyond the basic requirements for the standard per diem rate.
- c. Evaluating the types of services that residential programs directly provide to, and/or contract with private vendors to deliver to, offenders and the fees assessed to offenders for such services. Using the results of the evaluation, the Department should establish fee schedules setting forth the range of fees that may be charged for each service type.
- d. Considering the purchase of services through a competitive bidding process.

Department of Public Safety:

Partially agree. Implementation date: October 2005.

- a. Partially agree. The Colorado Department of Public Safety (CDPS) agrees with the necessity to evaluate the service level requirements for the enhanced per diem programs, (i.e. Seriously Mentally Ill, Women's Remediation Program). Therefore, in 2004, Requests for Proposal (RFPs) were issued for several special programs based in community corrections. These RFPs, resultant contracts, and the existing Colorado Community Corrections Standards (CCCS) currently serve as the baseline expected

service levels for these programs. Auditing these programs will be based on the new service level requirements generated from the RFP process and current standards. The Division of Criminal Justice (DCJ) will also amend community corrections contracts to more clearly reference the service level requirements in the RFPs. The CDPS disagrees that the CCCS need to be modified to address special populations.

The CDPS believes that the existing Colorado Community Corrections Standards have established the minimum service levels that programs are expected to provide for the standard per diem rate. The current audit process evaluates performance against each standard or the expected levels of service.

- b. Agree – contingent upon acquisition of new resources. A tiered rate structure would require additional accounting and auditing staff within the DCJ in order to manage the additional billing functions and auditing tasks.
- c. Partially agree. The CDPS agrees that evaluating the types of services that residential programs directly provide and their prospective costs would be beneficial. The CDPS currently requests that programs provide documentation on the local treatment providers and the rate structure for treatment groups. This is accomplished through the Exhibit A documents during the contracting process.

The CDPS disagrees that it should establish fee schedules setting forth the range of fees that may be charged for each service type. Community corrections service providers are primarily private businesses. They often contract with other private agencies or individuals to provide crucial treatment services. Smaller programs in rural areas may be limited to the use of external services. Larger programs in urban areas may have resources to develop services internally. The cost of treatment varies accordingly. To impose fee ranges would likely be something outside of our jurisdiction and may impede private enterprise.

- d. Disagree. Contracting for treatment services in community corrections lies at the local rather than State level. While competitive bidding may result in lower cost treatment services, it may not necessarily result in higher quality treatment services. Experience has shown that offenders are not high priority clients for private treatment providers. This is particularly true for special-needs offenders such as the seriously mentally ill, sex offenders, female offenders, and the dually diagnosed. Limiting service fees and/or initiating competitive bidding might further exacerbate

this problem and could compromise the ability to obtain quality services for offenders.

Auditor Addendum:

This audit identified and documented substantial variations in the service levels provided by community corrections programs for the same per diem rate. These variations were concerning, resulting in some offenders receiving very few services. The Colorado Community Corrections Standards do not hold programs sufficiently accountable for providing a defined level of service in exchange for funding received.

In addition, due to the problems noted with service delivery, the Department needs options for exploring alternative ways to improve the provision of services, including purchasing services through a competitive bidding process. Mechanisms can be developed to ensure successful bidders are selected on the basis of both quality and price.

Employment and Education

Obtaining full-time employment is one of the primary objectives for most offenders in residential programs. Programs often require offenders to attain employment early in their placements; failure to do so can result in the offenders' being removed from the programs and incarcerated. Earning wages is essential for offenders because, as mentioned earlier, they must pay various financial obligations while in programs (e.g., subsistence, treatment costs, and restitution). Further, programs often require offenders to save a certain amount of money before they are discharged so that they can better transition into nonresidential programs. On average, offenders discharged from residential programs in Fiscal Year 2003 earned approximately \$840 per month as compared to Colorado's statewide average of \$3,170 in Calendar Year 2002 (most recent year data are available).

Helping offenders find and retain long-term employment is challenging. Many offenders face multiple personal and social barriers, including criminal histories, mental health and substance abuse issues, limited education and work experience, and transportation difficulties. We evaluated the services provided by residential programs to assist offenders in obtaining, retaining, and enhancing their employment. We found that programs typically focus on helping offenders secure low-wage employment quickly rather than assisting them with developing skills that could lead to higher wages and more stable situations. Issues related to employment and education services offered to offenders are described below.

Employment Services

Standards require programs to establish service plans that address offenders' employment needs. We reviewed practices for delivering employment services and found that residential programs do not consistently provide employment services to offenders. In particular, as discussed previously, 70 percent of the 30 offenders in our sample who needed employment services did not receive any. We also found that some programs offered "employment services" that were clearly case management or administrative services. For example, at five programs we visited, employment services consisted of verifying offenders' employment and collecting their earnings. The individuals who provided these "employment services" were designated as employment specialists, but none actually provided employment services.

A study released by the Department of Public Safety's Office of Research and Statistics in 2002 identified similar concerns with employment services offered by residential programs. The evaluation found that 40 percent of the offenders who needed employment-related services did not receive them while in the programs. The researchers recommended that the community corrections system "should focus on basic interventions for all offenders, which include employment training and services."

The Department should work to improve the types and quality of employment services provided to offenders and help programs identify community employment resources available to offenders. In addition, the Department should identify current practices used by individual programs to assist offenders in finding and retaining employment and provide technical assistance to improve program processes.

The Department should also identify programs with best practices that could be shared to improve employment services at all programs. For example, one program we visited offers a vocational training course where offenders learn construction skills by working on capital improvement projects for the program and for area nonprofit groups; program staff provide the offenders who complete the construction skills training with contacts for construction jobs. Finally, the Department needs to assist programs with developing employment strategies that result in offenders' finding stable and higher-paying jobs.

Education and Vocational Training

Standards require programs to “review each offender’s educational status to determine if attendance in Adult Basic Education (ABE) or General Equivalency Degree (GED) programs is indicated” and to make “information regarding ABE and GED services” available to offenders. As mentioned previously, 67 percent of the offenders in our sample who needed educational services and/or vocational training did not receive such services. In addition, about 660 offenders (25 percent) who successfully completed programs in Fiscal Year 2003 lacked either a high school diploma or a General Equivalency Diploma (GED). Of these, close to 400, or about 60 percent, did not receive any educational services while in residential programs. We also found that few programs offer vocational training courses.

Research indicates that enhancing offenders’ education may reduce recidivism. For instance, one study in Arizona found that probation offenders who were given a GED education had a lower new felony arrest rate (15 percent) than a control group that did not receive this service (40 percent). Another study in Texas found that the recidivism rate for those offenders who both received a GED certificate and completed a vocational training course was more than 20 percent lower than those who did not reach either milestone.

The Department should identify community resources that programs could use to improve offenders’ skills, such as various programs offered through nonprofit organizations (e.g., The Empowerment Program for female offenders and Citizens United for Rehabilitation of Errants), and work with the Department of Labor and Employment to identify new resources as they become available. Additionally, the Department’s audits should review the educational and vocational services provided by programs, including efforts to help offenders access existing educational resources.

Recommendation No. 3:

The Department of Public Safety should work with residential community corrections programs to enhance the employment and educational services available to offenders by:

- a. Clearly defining “employment services” and ensuring that all programs have staff that are responsible for overseeing employment services for offenders.
- b. Incorporating a review of programs’ educational and vocational services into routine audits. This should include identifying case files that indicate a need

for educational or vocational services and determining if those services were offered.

- c. Sharing information with all programs about available community resources for employment and educational services, and identifying best practices for employment and educational services at specific programs.

Department of Public Safety Response:

Partially agree. Implementation date: July 2006. The Division of Criminal Justice (DCJ) agrees that employment services that both enhance skills and provide job search assistance are important to offender success in the community.

- a. Agree. The DCJ will review the existing employment services standards with the Governor's Community Corrections Advisory Council and will consider modifications. We also believe that programs should have staff responsible for overseeing employment services. However, we believe that they should have the option to either employ internal staff to deliver these services or to partner with community-based resources for the same services.
- b. Partially agree. DCJ reviews the programs' educational and vocational services as part of its current audit process. However, the DCJ prioritizes the review of clinical treatment services in this process. It performs a limited review of offender case files to determine compliance with the educational/vocational services plan of the program. DCJ agrees to improve the documentation process for the review of educational/vocational services.
- c. Partially agree. The DCJ currently obtains information about available community resources for employment and educational services from the community corrections programs through the Exhibit A submissions. DCJ will encourage programs to share this information with each other along with any best practices that are useful in their communities.

Mental Health Services

According to the Department of Public Safety's data, about 10 percent of the approximately 4,300 offenders who left residential programs during Fiscal Year 2003 (due to successful completion or other reasons) had a diagnosed mental illness. The

Department's data indicate that the percentage of the prison population categorized as mentally ill increased from approximately 3 percent in 1991 to about 13 percent in 2002.

We reviewed data on offenders who had left community corrections programs during Fiscal Year 2003 to determine whether offenders with mental illness received treatment. We found that about 25 percent of the approximately 400 offenders with a diagnosed mental illness who were placed in residential programs for more than 30 days did not receive any mental health treatment. Of these offenders, 95 percent were placed in programs located in urban communities in the State (e.g., Denver, Colorado Springs, Pueblo, Fort Collins, and Grand Junction), and the remaining 5 percent were in programs located in rural areas. The percentage of offenders with mental illness who received no mental health services was particularly high at two urban programs. About 61 and 44 percent of the offenders with mental illness did not receive treatment at these two programs.

Additionally, we found that program outcomes were poorer for offenders with mental illness. According to Fiscal Year 2003 termination data, almost 50 percent of offenders with mental illness completed their residential programs. In contrast, 63 percent of offenders without mental illness completed residential programs. Further, nearly 26 percent of offenders with mental illness were discharged for a technical violation (i.e., failure to follow program rules) compared with 16 percent for offenders without mental illness.

We also evaluated services provided to special populations who are dually diagnosed with severe mental illness and substance abuse addictions. The State provides enhanced funding of \$65.06 per day, or about \$30 more than the standard per diem rate of \$34.70, to one program serving 20 such offenders. We found that the Department of Public Safety has not specified the additional services this program must provide in exchange for this higher rate. Additionally, the Department does not verify that this specialized program provides increased services to offenders to meet their mental health treatment needs. Finally, the Department expects the specialized program to use part of its enhanced rate to provide increased staffing levels. However, we found that the program did not have staffing levels that met the Department's requirements. In total, the State has invested about \$624,000 to purchase these 20 beds for offenders with severe mental illness in Fiscal Year 2003, an average of about \$31,000 per bed.

According to research, treating mentally ill and chemically addicted offenders upon release from prison in an aftercare program increases the odds that these offenders will successfully reintegrate into society. The National Development and Research Institute evaluated treatment models for mentally ill offenders in Colorado and other states. This study found that of the offenders who received both the therapeutic

community treatment (i.e., continuous intensive treatment in a group setting) and aftercare treatment, only 5 percent were arrested for a new crime in the 12-month period following their release from supervision. For offenders who did not receive both types of specialized treatment, recidivism rates ranged from between 24 and 34 percent. Using the results of this evaluation, the Department of Public Safety estimated that by lowering the recidivism rate for mentally ill, chemically addicted offenders, the State could save almost \$152,000 per offender.

Department data indicate that offenders with mental illness are not receiving the mental health treatment they need. Further, enhanced funding is only available for 20 beds, even though Department data indicate that there are about 400 offenders who have a diagnosed mental health need. The Departments of Public Safety and Corrections should work together to determine the actual costs associated with treating offenders with mental illness in community corrections programs, including those offenders with severe mental illness. They should work within the available resources to ensure funds are spent appropriately and look for additional sources of funding, such as grants. Additionally, the Departments should work to identify community resources for mental health treatment.

Recommendation No. 4:

The Department of Public Safety and the Department of Corrections should work to strengthen the treatment and services available to mentally ill offenders in residential community corrections programs by:

- a. Collecting and analyzing data on the cost of providing services to offenders with mental illness, including those offenders with severe mental illness receiving an enhanced per diem rate. The analysis should determine the level of mental health services that should be provided within the standard and enhanced per diem rates.
- b. Assessing the availability of mental health services through community resources.
- c. Evaluating the costs and benefits of expanding services to offenders with mental illness, including special populations who are dually diagnosed with mental illness and chemical addictions. The results of the evaluation should be reported to the Joint Budget Committee.

Department of Public Safety Response:

Agree. Implementation date: July 2006. The Division of Criminal Justice (DCJ) agrees that services for the mentally ill, including the seriously mentally ill, are very important to achieving success. In collaboration with the Colorado Department of Corrections, the DCJ recently issued a Request for Proposal (RFP) for the Mental Health Therapeutic Community. New service level requirements were outlined in the RFP, the resultant contract, and exist in the current Colorado Community Corrections Standards.

- a. Agree – contingent upon acquisition of new resources. This was effectively accomplished in 2003, when the Governor’s Advisory Council and the DCJ collected data examining the costs of providing services to severely mentally ill (SMI) offenders. Subsequently, the committee developed recommendations for differential per diem rates for special needs offenders.

Experience has shown that offenders are not high priority clients for private treatment providers. This is especially true for special-needs offenders such as the seriously mentally ill, sex offenders, female offenders, and the dually diagnosed.

- b. Agree. The Colorado Department of Public Safety (CDPS) agrees that evaluating the availability of community-based mental health treatment services would be beneficial. This may be accomplished through documentation provided by the community corrections providers during the contracting process. CDPS will require programs to provide a list of community-based treatment services and the related costs of services.
- c. Agree – contingent upon the acquisition of new resources. A cost/benefit analysis of providing services to the mentally ill and the dually diagnosed can be completed with additional resources and funding dedicated to such a research project. DCJ will explore the possibility of obtaining additional funding for this study.

Department of Corrections Response:

Agree. Implementation date: In progress with full implementation by June 30, 2006. The Department of Corrections (DOC) agrees to improve the data collection and analysis within existing resources and as recommended. The DOC monitors and provides treatment services to mentally ill inmates assigned to residential community corrections based upon: 1) the level of mental health need established while in prison and 2) the availability of

funding. The DOC delivers these services through the system of Approved Treatment Providers (ATP) statewide. Funds are available to treat only the highest risk/need offender who has no other resources.

The DOC relies upon the services provided by the Community Mental Health Centers established pursuant to Section 27-1-201, C.R.S., and specifically, the types of services purchased, including crisis intervention, and level of funding as established in Section 27-1-204, C.R.S., to transition the mentally ill offender into the community. The Department of Human Services selects, allocates funds to and enforces standards to this system pursuant to Section 27-1-205, C.R.S.

When these community resources are not available to manage the offender in transition, either progressing to the community or in a crisis, the DOC must rely upon the scantling of ATP funds to manage the risk and stabilize the offender with treatment and medication. When this fails the offender will likely be returned to prison. Currently, the DOC is contracting with several psychiatrists to provide crisis care not available from the Community Mental Health Centers to manage the public safety risk in lieu of return to prison. ATP funds are currently utilized which greatly reduces the statewide treatment funds available to the large number of remaining offenders with mental illness who remain untreated.

Restitution, Fees, and Fines

Offenders placed in residential community corrections programs have various financial obligations, as shown in the table below.

Primary Types of Financial Obligations for Offenders in Residential Programs	
Type of Financial Obligation	Description
Subsistence (i.e., room and board)	Daily fee authorized by statute that a program may collect to recover part of the cost of the offender’s care. The current per diem rate is \$17.
Treatment costs	Fees collected by either residential programs or external providers for treatment, such as domestic violence counseling, sex offender therapy, and cognitive skills training.
Restitution and court fees/fines	Payment amount established by the sentencing court that is intended to reimburse the victim of the crime. Restitution also includes any fees and fines levied by the Colorado Judicial Department.
Child support	Payment amount established by courts in custody proceedings requiring noncustodial parents to pay child support. These child support amounts are often withheld from offenders' wages.
Health care costs (including medications)	Costs paid by offenders in community corrections for medical services not covered by insurance or public health programs.
Taxes	State and federal taxes are typically withheld from offenders' wages.
Personal items	These include hygiene products, clothing, extra food, and work tools. Some programs provide offenders with basic personal necessities.
Source: Office of the State Auditor’s analysis of data provided by residential community corrections programs and included in offender files reviewed.	

Payment of restitution is important for both rehabilitation and offenders’ redressing of their wrongs toward victims. Specifically, statutes state that “it is the intent of the General Assembly that restitution be utilized wherever feasible to restore losses to the victims of crime and to aid the offender in reintegration as a productive member of society”(Section 17-28-101(2), C.R.S.). Further, according to statute:

The administrator of any community corrections program shall enforce any order relating to the payment of restitution, court costs, fees, or community service which is ordered by the sentencing court. Such administrator shall establish a payment contract and schedule for each offender placed in the community corrections program. (Section 17-27-104(10), C.R.S.)

In addition, a Department of Corrections regulation requires transition offenders (those who are transferred directly from a state prison) to pay a minimum of 20 percent of their gross wages toward court-ordered costs (e.g., restitution, fines, and fees) or, if both court-ordered costs and child support are owed, to pay at least 10 percent of gross wages toward court-ordered costs. There are no regulations addressing minimum payments for diversion offenders placed in community corrections. Diversion offenders are those who were diverted from prison through a direct sentence to community corrections. The Department of Corrections regulations only apply to those offenders under its jurisdiction; diversion offenders are not within the Department's jurisdiction and are never subject to its regulations or oversight.

We reviewed payments of court-ordered costs (e.g., restitution, fees, and fines) made by a sample of 66 offenders (22 transition offenders and 44 diversion offenders) in residential programs. Of these 66 offenders, we identified 46 (70 percent) who, in total, earned about \$355,000 while in residential programs and who owed about \$468,000 at program entry. We compared payments with information maintained on the Judicial Department's Integrated Colorado On-line Network (ICON) database. Of these 46 offenders, 7 (two transition and five diversion) paid off the entire amount of court-ordered costs that they owed, which, combined, totaled almost \$10,400. The remaining 39 offenders (85 percent) made some or no payments on their court-ordered costs and had outstanding balances as of their discharge. The following table shows earnings and payments of court-ordered costs for these 39 offenders.

Court-Ordered Costs¹ Owed and Paid By a Sample of 39 Offenders in Residential Community Corrections Programs						
Offender Type	Number of Offenders	Total Court-Ordered Costs Owed at Entry²	Total Court-Ordered Costs Paid While in Program²	Total Earnings²	Percent of Court-Ordered Costs Paid While in Program³	Percent of Total Earnings Paid on Court-Ordered Costs
Diversion	27	\$299,960	\$12,611	\$173,863	4.2%	7.3%
Transition	12	\$157,666	\$2,512	\$58,237	1.6%	4.3%
TOTALS	39	\$457,626	\$15,123	\$232,100	3.3%	6.5%

Source: Office of the State Auditor's analysis of data obtained from the Judicial Department's Integrated Colorado On-Line Network (ICON) and the Department of Public Safety's Division of Criminal Justice's Fiscal Year 2003 Termination Database.

¹ Court-ordered costs include restitution, fees, and fines.

² For these 39 offenders the median court-ordered costs owed at entry was \$2,595, median court-ordered costs paid while in program was \$192, and median earnings were \$4,505.

³ According to Department of Public Safety staff, since these offenders remain in residential community corrections for an average of 8 months, it is unlikely that most of them will be able to fully pay off their court-ordered costs while in the programs.

As the table shows, these 39 offenders paid a total of approximately \$15,000, or an average of about 7 percent, of their earnings toward court-ordered costs. There were 10 offenders (26 percent) who did not make any payments; of these offenders, 3 were deemed to have completed the programs successfully.

It is clear that transition offenders are not making payments toward their court-ordered costs in accordance with Department of Corrections regulations. The primary reason for noncompliance with the regulations is the Departments of Public Safety and Corrections do not monitor and enforce requirements that offenders pay court-ordered costs. Department staff review offenders' files during program audits to determine whether any payments of court-ordered costs have been made; however, staff do not ensure that programs are holding offenders accountable for paying 20 percent of their gross earnings toward court-ordered costs. The Department of Public Safety believes it is the Department of Corrections' responsibility to monitor compliance with the 20 percent standard. However, Department of Corrections' community parole officers provide limited oversight of offenders' payments of their financial obligations. We found no evidence that these officers ensure that residential programs comply with Corrections' regulations related to the payment of court-ordered costs.

Another concern we noted is that requirements for the payment of court-ordered costs are not the same for both transition and diversion offenders. As mentioned earlier, regulations do not require diversion offenders to contribute a specific percentage of their earnings toward court-ordered costs. Programs often serve both types of offenders in the same facilities; thus, it makes sense to apply the same standards to both populations regarding court-ordered costs.

The General Assembly has prioritized restitution as a critical component of offender rehabilitation. State oversight agencies should work together to identify how to improve payment of restitution, as required by statutes. This should include developing policies to ensure that both diversion and transition offenders are treated consistently, court-ordered costs are sufficiently emphasized in offender budgets, and programs take adequate steps to ensure offenders make required payments. In addition, the Department of Public Safety should ensure that residential programs comply with requirements. Since the Department of Public Safety is the only agency in the State that performs periodic audits of programs, the Department should review compliance with requirements related to court-ordered costs as part of its audit process. Additionally, the Department should impose sanctions on residential programs that continually fail to meet the requirements related to the collection of court-ordered costs. Sanctions are discussed in more detail later in this chapter.

Recommendation No. 5:

The Department of Public Safety should improve offenders' payments of court-ordered costs (e.g., restitution, fees, and fines) by:

- a. Working with community corrections stakeholders (e.g., the Department of Corrections and the Judicial Department) to develop policies that apply to both diversion and transition offenders consistently, balance requirements to pay court-ordered costs with other required payments (e.g., subsistence, and treatment costs), and hold programs accountable for collecting required court-ordered payments, including restitution.
- b. Ensuring that residential programs are complying with requirements related to court-ordered costs, including restitution payments.
- c. Imposing sanctions against residential programs that continually fail to comply with the requirements related to court-ordered costs.

Department of Public Safety:

Partially agree. Implementation date: June 2006. The Division of Criminal Justice (DCJ) believes that restitution is an essential part of the criminal justice system and provides a necessary service to victims of crime. Along with the other fines, fees, and treatment costs, it reinforces the offender's responsibility for his/her actions. According to the current legislative audit, the average monthly income of community corrections offenders is \$840 per month. Offenders must pay rent/subsistence, treatment, court-ordered costs, and personal expenses from this amount. Some offenders have more intensive treatment and personal costs based on their assessed needs, which exacerbates their mandatory financial burdens.

- a. Agree. The DCJ believes that the percentage of income paid toward court-ordered costs should be addressed by the case manager, on a case-by-case basis, based on the offender's income and financial responsibilities. The DCJ agrees to work with the Colorado Department of Corrections (CDOC) and the Judicial Department to develop policies to address restitution collections in community corrections. These policies will include balancing requirements to pay court-ordered costs with other required payments (e.g. treatment and subsistence), and holding programs accountable for collecting required court-ordered payments, including restitution. DCJ will notify the CDOC and Judicial Department of each

community corrections program's practices regarding the collection of court-ordered costs. This will include the percentage of income paid toward court-ordered costs.

- b. Partially agree. In the current audit process, the Colorado Department of Public Safety (CDPS) verifies that restitution (when court-ordered) is incorporated into the offender's individual budget and that programs require offenders to comply with their budget as part of the overall program plan. The DCJ will expand its audit documentation process to include information about the collection of court-ordered costs.
- c. Agree. The DCJ will also recommend that the Governor's Advisory Council establish a subcommittee to evaluate the feasibility of enforcing contractual sanctions against programs that do not perform according to the standards. However, sanctioning programs based on low restitution payments may result in programs prioritizing restitution over treatment costs. This might adversely impact recidivism. Clearly, victims of crime benefit from lower recidivism rates and restitution payments alike.

Payments of Court-Ordered Child Support

State statutes emphasize the importance of noncustodial parents' meeting their child support obligations. The legislative declaration in the Colorado Child Support Enforcement Act (Section 26-13-102, C.R.S.) states:

The purposes of this article are to provide for enforcing the support obligations owed by absent parents, to locate absent parents, to establish parentage, to establish and modify child support obligations, and to obtain support in cooperation with the federal government pursuant to Title IV-D of the federal "Social Security Act," as amended, and other applicable federal regulations.

The Child Support Enforcement Program in Colorado is administered by the county child support enforcement offices. At the state level, the Department of Human Services oversees the Program and provides four principal services: (1) locating noncustodial parents, (2) establishing paternity, (3) establishing and enforcing child support orders, and (4) collecting child support payments. These program services are provided to families receiving public assistance (i.e., Temporary Assistance to Needy Families, Medicaid, or foster care services) and those who do not receive

public assistance but who voluntarily apply for child support services. The Department of Human Services is responsible for ensuring that noncustodial parents meet their child support obligations, including offenders in the criminal justice system. Child support payments for offenders in residential community corrections programs are typically deducted from their wages before they receive their paychecks.

We evaluated child support payment data for 12 employed offenders with child support enforcement orders and found:

- Seven paid a total of about \$14,000 in child support while in residential programs, or about 26 percent of earnings totaling \$53,500. These offenders together owed about \$77,000 in child support arrears at program entry and discharge. Arrears balances changed minimally because offenders either did not begin paying on their child support until some time after entry or they did not pay the full amount assessed during their placement.
- Five paid no child support and had average earnings of about \$6,000 while in the programs. At program entry, these offenders together owed \$97,400 in child support arrears; at discharge, they owed about \$103,600 in arrears.

The Departments of Public Safety and Human Services should work together to increase child support collections from offenders in residential community corrections programs. One option would be for the Department of Public Safety to require residential programs to provide listings of all offenders currently in their programs, including the offenders' employment status, to the Department of Human Services on a periodic basis. The Department of Human Services could match data that it maintains on child support cases with the lists provided by residential programs and determine which offenders have open cases. The Department of Human Services or the county offices could then use this information to issue wage assignments for employed offenders who have existing child support obligations. This process is similar to one used by the Departments of Human Services and Corrections for incarcerated inmates.

Recommendation No. 6:

The Departments of Public Safety and Human Services should work together to identify employed offenders in residential community corrections programs who have child support obligations. This should include requiring residential programs to periodically provide listings of offenders in their programs and their employment status to the Department of Human Services. The Department of Human Services should then use the data to identify offenders currently in residential programs with

child support cases in their system and, in coordination with county child support enforcement offices, pursue collection of child support owed by these offenders.

Department of Public Safety Response:

Agree. Implementation date: October 2005. The Colorado Department of Public Safety (CDPS) will work with the Colorado Department of Human Services (CDHS) in order to identify employed offenders in residential community corrections programs who have child support obligations. The CDPS will coordinate this process with CDHS in order to increase collections of child support payments.

Department of Human Services Response:

Agree. Implementation date: October 1, 2005. The Department of Human Services will work with the Department of Public Safety to develop a strategy for identifying and reporting employed offenders in residential community corrections who have child support obligations. The Department of Human Services will share the employment data obtained with the county child support enforcement offices in order to pursue collection of child support owed by these offenders.

Monitoring and Enforcement

Our audit identified numerous concerns with the operations of residential community corrections programs, as discussed throughout this report. Specifically, we noted problems with how programs deliver services intended to assist offenders in successfully reintegrating into their communities (Chapter 1), supervise and treat sex offenders (Chapter 2), and handle offenders' funds (Chapter 3). Accountability within Colorado's community corrections system needs improvement.

Local community corrections boards are required by contract to ensure that their residential programs comply with community corrections standards. Contract provisions require each board to:

. . . ensure that its subcontractors [e.g., residential programs] meet, maintain, and comply with all applicable guidelines and standards as provided in Article 27, Title 17, C.R.S., as amended, and the "Colorado Community Corrections Standards," as revised or amended . . . Non-compliance with standards may result in the reduction of compensation rates as specified in the Allocation Letter . . . cessation

of offender placements in the program; implementation of a competitive bid process, coordinated with the local community corrections board, to consider alternate program providers; cancellation of the contract; or cancellation of the subcontract.

As discussed earlier in this chapter, the Department's primary method for ensuring service sufficiency and compliance with standards is an on-site audit conducted at residential programs. During these audits Department staff review the types and frequencies of treatment received by a sample of offenders while in programs. However, Department audits do not include a routine review of the sufficiency of supervision plans in addressing an offender's service needs. They do not evaluate whether supervision plans detail the frequency of services provided or the time frames for completion. Also, Department staff do not determine if offenders are receiving services that specifically address their individual needs. Consequently, Department audits do not effectively uncover service gaps such as those we identified in our review.

When the Department identifies deficiencies through its audits, it requires residential programs to address the weaknesses through a corrective action plan. However, the Department does not apply sanctions when programs repeatedly fail to adhere to standards. Our review of Department follow-up audits for the 16 programs audited between May 2002 and December 2003 determined that programs did not correct about one-third of the deficiencies previously identified. As discussed earlier, five programs with deficiencies in more than 25 standards were still deficient in between 8 and 18 standards, or 40 to 60 percent of the standards previously determined to be deficient. Yet the Department did not apply any sanctions (e.g., reduction in compensation or cancellation of contracts).

The Department should improve its service monitoring by reviewing a sample of offender case files during on-site audits to compare the offender's assessed needs with the services set forth in the supervision plan. Insufficient services should be addressed through corrective action plans. Results should be reported in audit reports, aggregated, and shared with residential programs throughout the State. This could include identifying best practices and areas in need of improvement related to service delivery. Additionally, the Department should apply available enforcement tools to improve compliance with statutes and standards, including imposing stronger sanctions such as withholding funds, implementing a competitive bid process to consider alternate providers, and canceling contracts and subcontracts, as deemed necessary.

Recommendation No. 7:

The Department of Public Safety should improve its oversight of residential community corrections programs to ensure compliance with standards for service provision and quality and to make sure offenders receive services in accordance with their assessed needs. This should include:

- a. Incorporating modified Colorado Community Corrections Standards, as described in Recommendation No. 2, to enhance its audit process. This should include a thorough evaluation of supervision plans and a comparison of the needs of a sample of offenders with the services they actually received, addressing deficiencies through corrective action plans, and reporting the results in the audit reports.
- b. Sharing the results of audits in the aggregate with residential programs throughout the State. This should include identifying best practices and areas in need of improvement related to service delivery.
- c. Applying enforcement mechanisms available through contracts with local boards, including withholding funds; implementing a competitive bid process in cooperation with local boards to consider alternate providers; and canceling contracts and subcontracts, as deemed necessary.

Department of Public Safety Response:

Agree. Implementation date: July 2006.

- a. Agree. The Division of Criminal Justice (DCJ), in its current audit process, evaluates the implementation of the offender supervision plans and their attendance in treatment (i.e. substance abuse, domestic violence, mental health, sex offender, etc). The DCJ also evaluates the timeliness of the assessments and supervision plans according to its standards. The DCJ performs a limited review of the relationship between the assessments, collateral information (e.g. Pre-Sentence Investigation Reports, DOC Diagnostic Summary) , and the supervision plan. The DCJ agrees that the documentation process could be expanded and improved.

The DCJ regularly trains case management staff on how to properly conduct offender assessments. Each program has different techniques and processes to prioritize an offender's assessed needs into a supervision plan that can be achieved given the offender's stay and financial means.

Offenders are known to have multiple criminogenic needs, some of which can be addressed within 6 months, others that may be prioritized to lower levels.

Often, after completing a 45 to 60 minute interview-based assessment of the offender, case managers discuss the offender's assessed needs with clinical staff or teams in order to develop an appropriate supervision plan. The DCJ does not override the program's clinical or professional decisions with respect to prioritizing the offenders' assessed needs and treatment services delivered.

- b. Agree. The DCJ will expand the audit section of its annual report to include an illustration of several best practices within high-performing programs based on the audits that year.
 - c. Agree. The DCJ will also recommend that the Governor's Advisory Council establish a subcommittee to evaluate the feasibility of enforcing contractual sanctions against programs that do not perform according to the standards. Although the DCJ cannot initiate competitive bid processes for providers, it will encourage boards to do so.
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Supervision

Chapter 2

Background

Section 17-27-101, C.R.S., states that one of the purposes of community corrections is “to increase public safety and promote community-based correctional programming through collaboration between the state of Colorado and local units of government.” Additionally, the Colorado Community Corrections Standards state that “public safety is a primary concern and agencies must have well-structured environments and security programs designed to reduce risk and liability and increase public acceptance and support for the programs.”

Our audit evaluated how state agencies, local community corrections boards, and residential community corrections programs supervise offenders to ensure public safety. We identified concerns related to escapes, management of sex offenders, and oversight of critical care medications for transition offenders, as discussed in this chapter.

Escapes

According to Section 17-27-106(1)(a), C.R.S., an offender in a community corrections program has escaped from custody if the offender (1) fails to remain within the extended limits of his or her placement, (2) fails to return to his or her assigned program within the time prescribed, (3) leaves his or her place of employment, or (4) neglects or fails to return to the program as ordered by the Executive Director of the Department of Corrections or the chief probation officer of the judicial district.

We evaluated escape rates for 3,985 offenders who left residential programs due to successful or unsuccessful completion between July 1, 2003, and February 29, 2004. We identified 615 offenders, or 15 percent, who escaped. We reviewed data on the whereabouts of 98 of these escapees and found that as of February 29, 2004, 28 offenders had not been apprehended and had been on escape status for an average of about 170 days. Additionally, of the 70 offenders who had been apprehended by law enforcement as of this date, 35, or one-half, were arrested for new crimes. The table below shows data on arrests for these 35 offenders.

Arrest Data for Escaped Offenders			
Type of Offense	Number of Offenders	Percent of Total	Examples of Crimes
Felony	21	60%	Aggravated Vehicle Theft, Burglary, Dangerous Drugs
Misdemeanor	11	31%	Criminal Mischief, Driving While Ability Impaired (DWAI), Making a False Report
Unknown ¹	3	9%	Receiving Stolen Property, Dangerous Drugs
TOTALS	35	100%	

Source: Office of the State Auditor's analysis of data provided by the Colorado Bureau of Investigation on arrests for new crimes.

¹ The arrest data for these three cases did not include information that specifically identified whether the offense was a felony or a misdemeanor.

Currently community parole officers at the Department of Corrections are required to complete a home visit to the escaped offender's last known address and to contact his or her employer, family and friends, and treatment providers within one working day if the offender is violent and three working days if he or she is not. Officers report that they complete these required contacts as well as work with local law enforcement to search for escaped offenders. We reviewed Department records for a sample of 11 escaped offenders and found that for 8 offenders there was no evidence that parole officers were either making the required contacts or initiating search efforts with law enforcement. The Judicial Department does not require probation officers to search for escaped community corrections offenders.

The Department of Corrections and the Judicial Department need to take immediate steps to improve the apprehension of community corrections offenders on escape status, to include:

- Developing specific policies requiring ongoing search efforts for community corrections escapees. These policies should include assessing the public safety risks posed by escapees and prioritizing the frequency of searches for escapees. In addition, because probation officers within the Judicial Department are not certified peace officers, these officers should establish partnering agreements with local law enforcement agencies to assist with apprehending escapees.
- Ensuring that community parole and probation officers adequately document the results of their searches in case notes maintained on escaped offenders.

- Considering assigning certain officers the exclusive responsibility of locating offenders should funding become available. Prior to 2001, the Department of Corrections reported that it assigned two officers with the responsibility of locating and apprehending escaped offenders. These two positions were eliminated due to funding reductions.

Finally, the Department of Public Safety should enhance its collection and analysis of data on community corrections escapees. Currently the Department collects only basic information on escaped offenders and does not evaluate escape rates for individual programs or the State as a whole. Additionally, it does not collect data on apprehension or arrests for new crimes. These data are needed to (1) evaluate trends related to escapes, (2) determine whether certain factors (e.g., programs' operations and offender characteristics) influence higher escape rates, and (3) provide important information for use by local boards and programs for screening offenders and assessing the level of supervision to be provided to them.

Recommendation No. 8:

The Department of Corrections and the Judicial Department should immediately improve their search efforts for community corrections offenders who have escaped by:

- a. Implementing policies requiring ongoing searches for offenders on escape status. Both departments should develop assessment tools to determine the public safety risk posed by escapees and to prioritize search efforts.
- b. Assigning managers and supervisors to periodically review the status of escapees and to ensure that officers comply with search policies and documentation requirements.
- c. Developing agreements with local law enforcement officers to assist in searching for offenders, as appropriate.
- d. Assigning certain officers the exclusive responsibility for locating escapees should funding become available.

Department of Corrections Response:

Agree. Implementation date: In progress with full implementation by June 30, 2006. The Department of Corrections (DOC) agrees that the level of resources devoted to locating and apprehending community corrections

escapees is not adequate and will follow up with a budget request to reinstate the officer strength lost to this function in prior year budget cuts. The DOC will work with the Judicial Department to maximize fugitive apprehension efforts. The joint effort may result in a pilot process in a couple areas of the state to develop a working model.

The DOC participates with local government on multi-agency task forces devoted to fugitive apprehension and collective information gathering as resources permit. A priority system is utilized to identify how the available resources will be utilized. Internally, when an escape occurs, the assigned officer notifies the Colorado State Parole and an escape warrant is issued.

In an intensive field operation, e.g., an escapee apprehension, public safety is the priority. Hand written notes with critical information which should be transferred to the offender file when the officer returns to the office can be lost and have been. The Office of the State Auditor has recommended, in a prior audit, that an electronic records system was required to gain data recording capabilities in the field to document offender supervision activities performed by the Community Parole Officer (CPO). The project was subsequently funded but abandoned prior to completion due to budget cuts.

Judicial Department Response:

Partially agree. Implementation date: July 1, 2006. The Judicial Department has a policy and a risk assessment instrument that are used already at the pre-sentence stage to assess risk and this information is available to the community corrections agencies. Once community corrections notifies Probation of an escape, law enforcement is notified unless community corrections has already done so. Probation officers are not peace officers and do not physically search for escapees, although a file check is made periodically. We do agree that it is worthwhile to review how these policies are working in coordination with community corrections across districts. Additionally, we agree to assign certain officers the exclusive responsibility for locating escapees if funding becomes available.

Recommendation No. 9:

The Department of Public Safety should enhance the data it collects and evaluates related to offenders who escape from residential community corrections programs by:

- a. Determining escape rates for individual residential programs and for the State as a whole.

- b. Collecting and analyzing data on the apprehension of escaped offenders and the types of new crimes, if any, that were committed while offenders were on escape status.
- c. Evaluating information collected on escaped offenders to determine whether particular characteristics exist that indicate the likelihood that an offender will escape from residential community corrections programs.

Data analysis should be shared with the Governor's Community Corrections Advisory Council, local community corrections boards, residential programs, and state referring agencies.

Department of Public Safety Response:

Agree. Implementation date: July 2007.

- a. Agree. The Division of Criminal Justice (DCJ), in collaboration with the Colorado Department of Corrections (CDOC) and the Judicial Department, will collect and analyze data in order to determine escape rates for each program and statewide.
- b. Agree. The DCJ also agrees to collaborate with CDOC and the Judicial Department in order to collect and analyze data regarding the apprehension of escaped offenders and the types of new crimes, if any, that were committed while offenders were on escape status.
- c. Agree. A study that defines the characteristics of escaped offenders and identifies the risk/predictive factors of community corrections escapes could be completed if additional resources and funding were dedicated to such a research project. The DCJ will explore the possibility of obtaining additional funding for this study.

Management of Sex Offenders

Sex offenders are a high-risk population requiring a heightened level of monitoring and supervision. Statutes give local community corrections boards and residential programs the discretion to accept or reject sex offenders for placement in their jurisdictions. About 90 sex offenders were housed by community corrections programs during Fiscal Year 2003. There are 10 local boards and a total of 12

programs that will consider accepting sex offenders, depending on the offenders' criminal history and treatment needs.

The Colorado Community Corrections Standards require residential programs supervising sex offenders to comply with state statutes related to sex offender management. The statutes provide specific guidance for the supervision and treatment of sex offenders in the criminal justice system. Section 16-11.7-101, C.R.S., describes the intent of a standardized treatment program for sex offenders as follows:

The general assembly hereby declares that the comprehensive evaluation, identification, treatment, and continued monitoring of sex offenders who are subject to the supervision of the criminal justice system is necessary in order to work toward the elimination of recidivism by such offenders. Therefore, the general assembly hereby creates a program which standardizes the evaluation, identification, treatment, and continued monitoring of sex offenders at each stage of the criminal justice system so that such offenders will curtail recidivistic behavior and the protection of victims and potential victims will be enhanced.

Section 16-11.7-103, C.R.S., creates the Sex Offender Management Board (SOMB), which consists of 15 members appointed by various officials in the State (e.g., Chief Justice of the Supreme Court, Executive Director of the Department of Corrections). As required by statutes, the Board has developed standards related to the systematic management and treatment of adult sex offenders, including sex offenders placed in community corrections.

We evaluated supervision of and services for a sample of sex offenders placed at eight residential programs. Overall, we identified problems with the Department of Public Safety's oversight of programs that accept sex offenders, as described below.

Evaluation and Treatment: The SOMB Standards require programs to establish a "community supervision team" consisting of the supervising officer, the treatment provider, and the polygraph examiner for each sex offender placed under community supervision. In addition, the standards require each offender to receive (1) a mental health sex-offense-specific evaluation, (2) a written treatment plan identifying his or her needs, and (3) sex-offense-specific treatment by a registered provider. We identified eight sex offenders (40 percent) in our sample of 20 who did not have required sex-offense-specific evaluations in their case files. Case files for one offender did not have any evidence of participation in sex-offense-specific treatment. Case files for another offender lacked sufficient information to determine whether treatment services were provided at required frequencies. One high-risk sex offender

did not receive any sex-offense-specific treatment while in residential placement because staff could neither provide nor procure the needed services to meet the offender's intensive treatment needs. After 43 days this offender was returned to prison.

Supervision: The SOMB standards require the supervising officer to explicitly outline responsibilities for monitoring the sex offender's behavior. Monitoring may include polygraph testing and verification of the offender's compliance with sentencing requirements, supervision conditions, and treatment directives. We reviewed documentation of polygraph examinations conducted on sex offenders at the eight programs. One program could not provide evidence that polygraphs had been performed on their sex offenders at least once within the prior six months, as recommended by the SOMB standards.

Data: The Department of Public Safety lacks complete and accurate data on sex offenders who participated in community corrections programs. For example, the Department lacks information detailing (1) when sex offenders enter residential programs, (2) which programs they enter, (3) how many programs accept sex offenders, and (4) which offenders have a sex offense as their current or prior criminal history. This information is important for ensuring proper supervision and treatment of sex offenders.

Funding: In most cases, residential community corrections programs receive the standard per diem rate of \$34.70 for serving sex offenders. To supplement funding, the Department has used its Special Offender Services Fund, a fund designated to assist indigent offenders in need of sex offender treatment, domestic violence counseling, or services for the physically disabled, to pay for treatment and polygraphs. However, the Department of Public Safety has not determined the actual costs of treating sex offenders. Further, the Department has not evaluated whether the services provided to sex offenders by residential programs reduce recidivism for this population or increase public safety. In Fiscal Year 2003 the Department distributed \$57,000 of the \$98,000 (58 percent) Fund monies to seven residential programs for sex offender treatment and polygraphs.

The Department of Public Safety needs to improve its oversight of programs that manage sex offenders. In particular, the Department needs to work with the Sex Offender Management Board to develop specific requirements for managing sex offenders in residential community corrections settings. Standards should require residential programs to obtain sex-offense-specific evaluations from offenders' treatment providers and incorporate the results into the offenders' supervision plans. The Department should also enhance its audit process to include (1) reviews of evaluations and treatment plans to ensure that sex offenders are appropriately supervised and treated, (2) verification that sex offenders are subject to polygraphs

as required, and (3) identification of offenders with prior sex offense histories to ensure that programs provide proper treatment to and supervision of these offenders. Further, the Department should assist programs with managing sex offenders by periodically training program staff on the requirements for the supervision and treatment of sex offenders and sharing best practices among programs on the management of sex offenders.

Additionally, the Department needs to improve the collection and analysis of data on sex offenders in community corrections. It should modify the termination form to better identify sex offenders (e.g., those with current and past sex offense convictions) and also to include summaries of evaluations performed and treatment services provided. The Department should use this information to identify all programs that accept sex offenders and determine whether programs comply with requirements on managing this population. Finally, the Department should assess the costs and benefits of providing specialized services to sex offenders in residential programs. It should evaluate the effectiveness of services for sex offenders and determine the costs associated with supervising and treating this population. If the Department finds that additional funding is needed to serve sex offenders, it should identify whether funding sources other than state general funds could be used to finance all or a portion of the increased costs. The Department should report the results of this evaluation to the Joint Budget Committee for future funding considerations.

Recommendation No. 10:

The Department of Public Safety should improve its oversight of residential community corrections programs' supervision of and services provided to sex offenders by:

- a. Working with the Sex Offender Management Board to address increased treatment and monitoring of all sex offenders in residential community corrections programs.
- b. Identifying the types of data that should be collected and analyzed related to sex offenders in residential programs.
- c. Enhancing its audit process to include reviews of sex-offense-specific evaluations and treatment plans, and polygraphs for offenders with current and prior sex offense convictions.

- d. Providing technical assistance to residential programs on the management of sex offenders.
- e. Evaluating the costs and benefits of providing specialized treatment services to sex offenders in residential programs. The Department should report the results of this evaluation to the Joint Budget Committee for future funding considerations.

Department of Public Safety Response:

Agree. Implementation date: July 2006.

- a. Agree. The Offices of Community Corrections (OCC) and Sex Offender Management will coordinate a strategy to address compliance with the existing monitoring and treatment standards for sex offenders. The OCC currently audits a sample of sex offenders' case files for compliance with SOMB standards.
 - b. Agree. In addition to the survey data Division of Criminal Justice (DCJ) has collected regarding sex offenders in community corrections, the DCJ will revise its client termination form to collect additional data.
 - c. Agree. The OCC and SOMB will develop a strategy to improve enforcement of the existing SOMB standards in community corrections.
 - d. Agree. The OCC and SOMB will develop a strategy to continue providing training on the SOMB standards for community corrections programs.
 - e. Agree – contingent upon acquisition of new resources. The DCJ agrees that appropriate services for sex offenders are essential to the supervision of sex offenders in the community. This was effectively accomplished in 2003, when the Governor's Advisory Council and DCJ collected data examining the costs of providing services to sex offenders. The committee developed recommendations for differential per diem rates for special needs offenders.
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Medications

The Department of Corrections' policies require offenders transferred to community corrections programs to be provided with a 30-day supply of critical care medications (e.g., high blood pressure, thyroid, and psychotropic medication). Four of the programs we contacted reported that transition offenders had arrived at their facilities in a recent month without adequate medication supplies, increasing behavioral and physical risks. The Department of Corrections has temporarily halted transfers to community corrections for offenders who do not have their medications until this problem is corrected. However, the Department reports that when medications do accompany offenders, they are sometimes lost or destroyed during transport to community corrections programs.

The Department needs to identify the reasons why medications are lost or destroyed during transit and modify its procedures to correct this problem. However, until this problem is fixed, the Department needs an interim process that provides transition offenders with immediate access to critical care medications when they arrive at residential programs. The Department should establish a system allowing residential programs to purchase critical care medications at reduced rates from local pharmacies for transition offenders arriving without an adequate supply. The programs could then seek reimbursement for the medication costs from the Department. The Department would need to develop internal controls and accounts payable procedures to ensure that reimbursement is only made for approved medications, specified amounts, and authorized offenders.

Recommendation No. 11:

The Department of Corrections should improve its processes for providing critical care medications to offenders transferring to residential community corrections programs. This should include:

- a. Transferring offenders to community corrections programs only after the Department's case managers confirm that an offender's file contains a valid handwritten or electronic prescription, when necessary, that covers the approved supply of critical care medications.
- b. Identifying the reasons why medications are not arriving at residential community corrections programs and immediately correcting the problem.
- c. Implementing an interim system that allows residential programs to purchase critical care medications from local pharmacies for transition offenders who

arrive at the programs without adequate medications. As part of this system, the Department should establish a process for reimbursing residential programs for approved medication costs.

Department of Corrections Response:

Agree. Implementation date: In progress with full implementation by June 30, 2006. The Department of Corrections agrees that processes for providing critical care medications to offenders transferring from a facility to a community corrections residential program need to be improved. The loss of the medications or the absence of a prescription to obtain medications when the offender is in transition is a public safety risk and a management problem.

In a crisis situation or where the Community Mental Health Centers fail to provide services and medications, the Department of Corrections annually contracts with a statewide supplier for medication purchases in the community. The current contractor is Safeway, Inc. and is the result of an Invitation for Bid (IFB) process. This contract is utilized primarily for psychotropic medications for mentally ill offenders but is also used for emergency medications assuming there is a prescription. The contract can be accessed by community corrections contractors assuming the supervising officer authorizes the purchase and all audit trail requirements are met.

An internal audit trail as recommended is maintained on all purchased medications in the community and is routinely reviewed. The most recent evaluation done by Medical Mental Health concluded that the type and cost of the prescriptions were appropriate. Efforts will continue to improve the system. If no prescription is available, a medical doctor will be required to examine/evaluate the offender and provide the prescription.

Administration of Community Corrections

Chapter 3

Background

The Department of Public Safety (Department) is responsible for overseeing Colorado's community corrections system in accordance with statutes. The Department allocates funding to local community corrections boards, establishes and revises standards related to the operations of community corrections programs, performs periodic audits of programs, and provides technical assistance to local boards and programs. The Department of Corrections and the Judicial Department are responsible for referring offenders to the system and overseeing offenders under their jurisdictions.

During our audit we evaluated the Department's administration of the community corrections system, including (1) system capacity and expansion, (2) offender funds, (3) program accountability, and (4) program data. We also evaluated the implementation status of three recommendations included in our 2001 audit of the Division of Criminal Justice. We discuss these issues in greater detail in this chapter.

Expansion of Community Corrections

In Fiscal Year 1998 the Department of Corrections established a goal of placing 10 percent of its prison population into community corrections programs, with 6 percent targeted for residential programs and 4 percent for nonresidential programs. In Fiscal Year 2005 the General Assembly raised the goal to 11 percent (6.5 percent in residential placements and 4.5 percent in nonresidential placements). The General Assembly has indicated it intends to further expand the inmate population in community corrections in future years.

The inmate population in Colorado has increased about 40 percent between Fiscal Years 1998 and 2003. This rise in the population has strained the capacity of state prisons and local jails. According to the Department of Corrections, as of June 30, 2003, state-operated correctional facilities were at about 110 percent of their designed capacity. The Department contracts with county jails and private prisons

to house the inmate population above the capacity levels of state facilities. Also, the average number of offenders placed in jail backlogs for Fiscal Year 2003 was 182. Offenders who have been sentenced to the Department but are retained in county jails because a state prison bed is unavailable are considered part of the jail backlog.

Expansion of community corrections is a viable option for addressing overcrowded prisons, particularly because the number of inmates eligible for placement in the community corrections system significantly exceeds funded beds. We estimate that about 5,300 inmates met the basic eligibility criteria for referral to community corrections in Fiscal Year 2004. However, only 2,500 of these offenders, or about 47 percent, were accepted for placement. According to community corrections representatives, some of the remaining 2,800 inmates were rejected for placement by local boards on the basis of their characteristics or service needs. However, staff also indicate that some offenders have not been placed because no funded beds were vacant at the time of the referrals. Clearly, the inmate population eligible for placement in residential community corrections could support an increase in funded beds.

Community corrections expansion would result in substantial cost savings for the State. We estimate that increasing the percentage of Colorado inmates placed in community corrections by 1 percent annually over the next four fiscal years could save the State about \$16 million by the end of Fiscal Year 2008. The State incurs savings because it pays almost 30 percent less, on average, to maintain offenders in community corrections (about \$12,700 per year) than in jails (almost \$17,000 per year) or private prisons (about \$18,000 per year). To expand community corrections, the Departments of Corrections and Public Safety, in collaboration with local boards and programs, will need to annually evaluate the impact that expansion will have on the system as a whole and how such expansion should be safely undertaken. In the sections below, we describe the areas that will need to be evaluated for the State to adequately prepare for expansion.

Impacts on Public Safety and Program Quality: As of our audit, the Departments of Corrections and Public Safety have not determined what types of offenders will be placed in community corrections as a result of expansion, how housing such offenders in programs will impact public safety, and whether programs will be adequately prepared to handle larger populations of offenders in their facilities. Such data are essential for ensuring the public safety and the quality of services provided to offenders. In collaboration, both departments should develop a system for tracking and analyzing longitudinal public safety data (e.g., number of escapes and number of new crimes committed during program participation).

Availability of Physical Beds: Currently the State has a surplus of an estimated 410 beds in community corrections facilities that have not been funded. However, the

Department of Public Safety does not know (1) whether all 410 beds will be available if needed (since some programs may contract out their available beds to other government agencies), (2) which jurisdictions will be in need of additional beds, and (3) the time frames needed to construct new bedspace. Such information is essential for effectively planning for expansion. As the State's inmate population increases and expansion is undertaken, construction of new facilities and bedspace will be necessary to meet demands within the system. State officials estimate that construction or expansion of facilities will take approximately 16 to 18 months. As a result, advanced planning is critical to ensure physical beds will be available when needed.

Identification of Barriers to Expansion: The state oversight agencies, local boards, and community corrections programs could face various challenges in expanding the system. For instance, as discussed earlier in the report, local boards and programs are given discretion as to which offenders to accept and reject for placement. The state oversight agencies will need to work with local boards and programs to identify the reasons for rejection, and to determine the numbers and characteristics of offenders that each local board is willing to accept. Another challenge that programs may encounter is receiving approval from local jurisdictions to construct new facilities or expand their current facilities, obtaining support from their communities for expansion, and complying with local zoning and building laws. The programs we visited indicated that these are often the greatest obstacles to expansion. The community corrections stakeholders will need to identify the barriers to expansion and determine how they can be resolved.

Using the results of these analyses, the Departments of Corrections and Public Safety should develop and implement a plan for expansion. The two agencies should share the plan with and solicit feedback on it from community corrections stakeholders.

Recommendation No. 12:

The Department of Public Safety and the Department of Corrections should work with all community corrections stakeholders (e.g., Judicial Department and local community corrections boards and programs) to annually evaluate the feasibility of increasing the percentage of prison inmates who are placed in community corrections. This should include:

- a. Assessing how proposed expansion will impact public safety and program quality.
- b. Determining the number of physical beds available for use by the State and comparing the available beds with the projected needs of each jurisdiction.

- c. Providing local boards and programs with information showing when projected bed needs will exceed the capacity of current community corrections facilities.
- d. Identifying and addressing the challenges faced by the State, local boards, and community corrections programs in expanding the system. This should include collecting and analyzing data on the reasons some offenders are rejected by local boards; the numbers and characteristics of offenders each local board will accept; and community barriers such as local support, zoning restrictions, and building codes.

Using the results of the evaluation, both departments should develop a plan to increase the percentage of inmates transferred to community corrections and share it with the key stakeholders in the community corrections system. Both agencies should develop their budget requests based on the annual plan.

Department of Public Safety Response:

Agree. Implementation date: July 2007.

- a. Agree. The Division of Criminal Justice (DCJ) will work with community corrections stakeholders to explore and assess the impact of proposed expansion on public safety and program quality.
- b. Agree. The DCJ will require programs to identify the number of physical beds available for State offenders. This will be accomplished via the annual Exhibit A outline.
- c. Agree. The DCJ will explore the possibility of additional resources to include community corrections offenders and beds in its annual prison population projections. The current prison population model is extremely complex and requires substantial resources to complete effectively. Because of the complexities involved in community corrections, an equally sophisticated model would be necessary to project community corrections populations.
- d. Agree. The DCJ will work with community corrections stakeholders to evaluate the challenges related to expanding the community corrections system.

Department of Corrections Response:

Partially agree. Implementation date: In progress with full implementation by June 30, 2006. While the Department of Corrections (DOC) agrees with the suggestion to improve planning efforts among the many stakeholders, the decision to further expand the community corrections system beyond the currently funded 11% of the inmate population must come from the Office of the Governor. Planning assumptions for DOC bed capacity requirements will continue at the level of 11% for community corrections until a policy change is made by the Office of the Governor.

The purpose of Colorado's Community Corrections System is stated in Section 17-27-101, C.R.S. It is threefold: 1) "provide . . . a broader range of correctional options for offenders," 2) "increase public safety . . . through collaboration between the State and local governments," 3) "give local units of government the authority to designate the programs." To meet these prescribed purposes, an ongoing network of state and local government agencies, private contractors, and citizen organizations has evolved to collectively plan for the future of the system, e.g. the Governor's Community Corrections Advisory Council.

The Department of Corrections is a partner with all these entities in the planning process as well as having a multi level internal process. Community corrections capacity is an integral part of the DOC bed planning which works together with the Department's strategic plan, agency management plans and all components of the annual budget process.

Offender Funds

Residential community corrections programs either directly manage offenders' funds or allow the offenders to handle their own monies. The Colorado Community Corrections Standards include some requirements related to how programs should process and handle offenders' funds and record financial transactions, including:

- Assisting offenders in developing financial budgets.
- Establishing policies and procedures that describe documentation to be maintained for individual recording of offenders' financial transactions.
- Providing receipts and periodic statements to offenders related to their financial transactions.

- Monitoring the payment of restitution in accordance with the local jurisdiction's requirements.

During the audit we reviewed how the 11 residential programs we visited managed offenders' monies. We identified problems with the internal controls at two residential programs. One program kept cash to be delivered to offenders in an unsecured drawer, which was accessible to all staff. The other program did not consistently provide receipts to offenders submitting their paychecks for deposit in the program's account, and did not give offenders final financial statements unless they requested them. These practices increase the risk that program staff could misappropriate or misuse offenders' funds. We also found that the processes used to manage offender funds and record offender financial transactions varied greatly among the programs. Although several programs used electronic databases and information systems to manage funds, one program maintained all of its offenders' accounts on hand ledgers with no backup copies.

In addition, according to Section 17-27-104(4)(b), C.R.S., community corrections programs are required to dispose of escaped offenders' funds in the following order: (1) payment of court-ordered restitution to the victim of the crime committed by the offender; (2) payment for the court-ordered support of the offender's dependents; (3) payment of fines, offender fees and surcharges, and other court-ordered financial obligations imposed as part of the offender's sentence; and (4) payment to the victims and witnesses assistance and law enforcement fund of any monies that remain. We found that 7 of the 11 programs we visited (64 percent) had policies and procedures that did not comply with this statutory requirement. For example:

- One program's policy is to use an escapee's money to pay all outstanding debts owed to the program and then forward the remainder to the offender (if captured) or a third party (e.g., wife, mother, guardian).
- Another program uses a limited power of attorney that requires the disposal of escapee funds in the following order: (1) outstanding debts; (2) payment of court-ordered restitution, fines, offender fees, surcharges, and other debts imposed as part of the sentence; (3) payment of court-ordered child support; (4) subsistence; (5) mailing expense for personal property; and (6) the sentencing judicial district's account.
- One program does not dispose of escapees' funds but instead retains the funds in its account. Offenders reentering the program at a later date will receive their funds. However, if they do not reenter the program after two years, the unclaimed money is transferred to the local government's general fund to be used for unspecified governmental purposes.

Oversight

Currently the Department performs limited reviews or audits of offenders' funds. The Department's audits determine whether (1) offenders have been notified of fees that they will be charged while in the program, (2) the programs have developed financial budgets for the offenders, and (3) a limited power of attorney has been established for each offender. However, the audits do not test the procedures used by programs to process and record the offenders' monies, the internal controls they have in place, and their disposal of escaped offenders' funds.

Department staff informed us that they lack the financial expertise to evaluate whether programs are appropriately managing offenders' funds. Additionally, staff assume that the independent financial audits submitted by programs in accordance with community corrections standards include an examination of how offender funds are managed. We reviewed the most recent financial audits and identified several concerns with the Department's collection and analysis of the reports. Specifically, as of our review, the Department had never received a financial audit from one company operating three residential programs in Colorado. Further, the Department accepted audit reports from five programs (four of the programs operated by the same company) that had key sections missing, and the reports could not be used for meaningful analysis. In addition, we found no evidence that the Department performs analysis of the data in the financial audits. Finally, the audits do not indicate whether the management of offender funds was reviewed. The Department has not established a requirement that the audits should include such a review.

The Department should better ensure that programs properly handle offenders' funds. We identified three options for achieving this, which include:

- **Redesigning its audit process to include reviews of how programs manage offender funds.** Department staff overseeing residential programs could acquire the financial expertise needed for these reviews by seeking assistance from other staff within the Department. Alternatively, the Department could hire a private firm to develop audit procedures and provide training on conducting these reviews.
- **Requiring independent financial audits to include reviews of how programs handle offender funds.** Under this option, firms that perform the independent audits of the programs would need to include a section in their audits related to their reviews of offender funds. The costs of the audits would likely be higher for residential programs if such reviews were included, and the Department may face opposition from residential programs. For this option to be effective, the Department would need to ensure it

receives complete financial audits from all programs, and reviews and analyzes the results.

- **Directly contracting with a private firm to perform financial reviews of all residential programs annually.** As part of this option, the Department would eliminate the requirement that each program submit annual independent financial audits. Instead, the Department would select a private firm each year to review specified financial issues at all of the programs, including the management of offender funds. The Department could allocate the costs of the audits among the residential programs based on factors such as size and complexity. One of the benefits of this approach is the costs incurred by programs would likely not increase as they would with other options. Another benefit is that the Department would have control of what is reviewed as part of the financial audits and the results would likely provide more value than the current independent financial audits submitted by programs.

The Department should also provide technical assistance and best practices information to those programs needing to improve their financial processes and systems. Finally, the Department should require any programs that do not dispose of escaped offenders' funds in accordance with statutes to repay the monies. For programs that hold the funds indefinitely in their accounts, the Department should require them to immediately distribute the funds as required by statutes.

Recommendation No. 13:

The Department of Public Safety should improve its oversight of offender funds in residential community corrections programs by:

- a. Enhancing the management of offender funds through its audits of residential programs, by establishing review requirements as part of the annual financial audits submitted by programs, or by contracting with a private firm to perform financial reviews of issues selected by Department staff.
- b. Providing technical assistance to programs that are not managing offender funds properly and sharing best practices with programs throughout the State.
- c. Requiring programs that disposed of escaped offenders' funds improperly to immediately distribute monies as required by statute and repay any monies that were not distributed as required.

Department of Public Safety Response:

Partially agree. Implementation date: October 2005.

- a. Partially agree. The Division of Criminal Justice (DCJ) in its audit process samples case files to review the management of offender funds. Of the existing 99 community corrections standards, the management of offender funds represents only one. Thus, DCJ has not developed a rigorous audit process for this single standard. In the future, the DCJ will require, as part of the independent financial audit for Exhibit A, a separate analysis on the internal controls of the offender funds management.

In addition, the DCJ will revise the existing standards to require programs to comply with the statutes outlining the disbursement of offender funds. The audit process will verify compliance with the standard on a sample of offenders. DCJ will review individual program policies through the Exhibit A audits, to determine compliance with this statute.

- b. Partially agree. The DCJ has observed that not all programs maintain offender funds. Some require offenders to have separate bank accounts. Such accounts are not maintained by the program staff. Programs found to have problems managing offender funds will be provided with recommendations in the audit report designed to improve the management of these offender funds. Without additional appropriations, the DCJ does not have the resources to support the recommended technical assistance. Provided they are willing to do so, DCJ will encourage programs to share best practices with each other regarding this standard.
 - c. Agree. Over the course of this legislative audit process, DCJ has become aware of the inconsistencies related to disposal of escaped offender funds. The DCJ will enhance the audit process to assess compliance with statutory requirements on a sample of escaped offenders for the programs that maintain offender funds. If programs are found to have disbursed escaped offender funds improperly, DCJ will pursue the possibility of corrective action.
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Program Data

Residential programs are required to complete a standardized form (known as community corrections client information forms) on all discharged offenders. The form includes data such as the offender's name, demographics, criminal history, assessment and urinalysis test results, services received, and the reason for program termination (e.g., normal completion, escape). Programs must submit completed forms to the Department of Public Safety on a monthly basis.

Upon receiving the completed forms, Department staff review them to ensure that each item is completed and that no obvious errors exist and then send them to the Pueblo Data Entry Center to be input into an electronic database. Staff use the database to compile the Department's annual statistical report on Colorado's community corrections system. The Department's quality assurance process for data received on offenders participating in community corrections appears to be adequate. However, we identified two improvements that could be made to the Department's data collection process, as described below.

Data on Short-Term Programs: The Department does not require two residential programs to complete and submit client information forms on offenders who terminate from their programs. Both programs are designed to be short-term, and offenders who successfully complete these programs are typically transferred to more traditional residential programs in the jurisdiction. One problem with this approach is that data on the offenders, such as whether they obtained jobs, earned money, or paid some of their financial obligations, are not collected. Further, data on program completion and termination are not maintained. Between July 1, 2003, and February 29, 2004, there were 72 offenders who escaped from one of these programs. The Department did not capture data related to these escapes. The Department can improve data collection and address duplication issues by developing a data collection form to capture important information related to offenders' participation in short-term programs. Such data should include earnings, payment of financial obligations, treatment and services received, and reason for discharge.

Electronic Forms: Currently, residential programs are required to manually complete the client information forms and mail them to the Department. We found the Department's system for collecting, processing, and storing client information forms to be cumbersome and inefficient. Similar concerns were noted in our 2001 performance audit of the Division of Criminal Justice.

The Department should consider developing electronic client information forms for use by the programs. One option involves the Department's creating a basic

database or spreadsheet for programs to electronically report offender data. Programs could periodically send copies of the completed spreadsheets or databases to the Department; these copies could then be downloaded onto the Department's database. Another option involves developing an Internet-based reporting system, as recommended in our 2001 audit, where programs can fill out the electronic forms on-line. Moving to an electronic system results in several benefits, including:

- Increased accuracy of data entered into the Department's database. The software could be developed to identify potential errors and prevent programs from entering incorrect data. Further, by streamlining the process, the Department could minimize errors resulting from the data entry process.
- Reduced workload and costs for residential programs because they would no longer need to prepare and submit hard copies of the client information forms to the Department.
- Reduced space needs to store hard copies at the Department.

Staff should work with the Department's information technology staff and residential programs to research and implement electronic solutions for reporting offender data.

Recommendation No. 14:

The Department of Public Safety should improve its ability to collect and report data that demonstrate results within the community corrections system by:

- a. Developing a system that allows for information to be collected pertaining to offenders placed in short-term residential programs.
- b. Working with the information technology staff within the Department and local providers and boards to develop and implement more efficient methods of reporting community corrections client information.

Department of Public Safety Response:

Agree. Implementation date: January 2008.

- a. Agree. The Division of Criminal Justice (DCJ) will develop a termination form designed for short-term residential programs such as Phase I in FY 05/06.

- b. Agree – contingent upon infrastructure support and the acquisition of new resources. The DCJ agrees that an electronic information system would be beneficial to data collection and reporting efforts. The DCJ will explore additional funding and resources necessary to develop and implement such a system. Confidentiality and security of offender information will be a paramount issue.
-

Implementation of Prior Audit Recommendations

As part of our current audit, we evaluated the implementation status of three recommendations included in our 2001 audit of the Division of Criminal Justice. These recommendations focused on improving the oversight of administrative funds spent by local community corrections boards and the operations of Denver County's Phase 1 program. In the following two sections, we discuss our findings related to the implementation status of these three recommendations.

Administrative Funds

Section 17-27-108(4), C.R.S., authorizes a portion of the community corrections appropriations to be used for administrative purposes to: (1) support local board functions authorized by statutes (e.g., screening offenders who have applied for programs and approving/disapproving the establishment and operation of programs), (2) supplement the administrative expenses of community corrections programs that have a contract with or are under the jurisdiction of the local board, and (3) support other direct and indirect costs of involvement in community corrections.

Our 2001 audit of the Division of Criminal Justice included two recommendations related to the oversight of administrative funds allocated to local community corrections boards, which are as follows:

- **Expenditures.** The 2001 audit found that the local boards' expenditure reports for administrative funds were not consistent or sufficiently detailed to enable review and comparison of expenditures. Further, the audit identified some reported expenditures that did not support administration of the judicial districts' community corrections programs. Finally, the auditors identified four local boards that commingled their administrative funds with funds reserved for other purposes.

- **Accumulated funds.** The 2001 audit found that “community corrections boards do not always exhaust all of their administrative funding by fiscal year-end.” The audit noted that 14 of the 23 local boards reported spending about \$154,000 fewer administrative dollars than they were allocated at the beginning of Fiscal Year 2000. Further, it was estimated that 16 local boards would have accumulated fund balances totaling about \$791,000 at the end of Fiscal Year 2001.

As part of our current audit, we reviewed the administrative funds expense reports submitted by the local boards to the Department in Fiscal Year 2003. We noted some improvements from the last audit. For instance, statutory changes from Senate Bill 03-177 have reduced the maximum percentage of community corrections allocations that could be used for administrative purposes from 5 to 4 percent. This, along with increased spending levels, has affected the amount of accumulated funds retained by local boards. As of the end of Fiscal Year 2003, the amount of accumulated funds held by local boards had decreased about \$160,000 since Fiscal Year 2001 (i.e., accumulated administrative funds as of June 30, 2001, totaled about \$790,000, and as of June 30, 2003, they totaled about \$630,000).

We also identified two areas that still need improvement. First, local boards are required to attach supporting documentation to the quarterly reports submitted to the Department showing their administrative fund expenditures. Of the 92 quarterly reports required by the local boards in Fiscal Year 2003, 41 reports (45 percent) did not have supporting documentation attached. In addition, we found the level of detail in the supporting documentation varied significantly among the local boards. Further, most of the supporting documentation provided by the local boards did not have sufficient detail to determine whether expenditures were allowable. The Department needs to provide additional assistance to local boards on how the expense reports are to be completed and the types of supporting documentation that should be submitted. Supporting documentation should be detailed enough for Department staff to reasonably assess whether expenditures are allowable.

Second, we found that the Department does not require local boards to report their plans for spending their accumulated administrative funds. If local boards cannot provide an explanation of how these funds will be used to benefit community corrections, then the Department should consider decreasing these boards’ administrative funds in future years until the accumulated funds are reduced to a reasonable amount.

Recommendation No. 15:

The Department of Public Safety should improve its oversight of local community corrections boards' uses of administrative funds by:

- a. Providing assistance to local boards on how to properly complete the expense reports and the types of supporting documentation that should accompany the reports.
- b. Reviewing the expense reports and supporting documentation to determine the accuracy of the data and the allowability of reported expenditures. The Department should recover any unallowable expenditures, as determined by these reviews.
- c. Determining how local boards plan to use accumulated administrative funds in the future. Using this information, the Department should determine whether future allocations of administrative funds should be modified.

Department of Public Safety Response:

Agree. Implementation date: October 2005.

- a. Agree. The Division of Criminal Justice (DCJ) will provide technical assistance regarding the appropriate documentation of the administrative funds expense reports. The DCJ will also require supporting documentation upon submission of the completed expense reports.
 - b. Agree. The DCJ will consult with the Office of the Attorney General and request a legal opinion regarding its authority to recover administrative funds that were spent improperly. The DCJ will review expense reports and supporting documentation.
 - c. Agree. The DCJ will consult with the Office of the Attorney General and request a legal opinion regarding its authority to recommend use of accumulated administrative funds. The DCJ will also explore, with local boards, the possibility of developing standards regarding the use of administrative funds including the use of accumulated administrative funds.
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Denver Sheriff Department's Community Corrections Program

Offenders approved by the 2nd Judicial District's Community Corrections Board for placement in residential programs in Denver typically must first participate in the Denver Sheriff Department's Phase 1 program. Phase 1 is designed to be a short-term program (placements of 4 to 6 weeks) intended to (1) begin development of offenders' responsibilities to manage themselves independently in the community, (2) guide offenders to appropriate resources, and (3) serve as an intermediate sanction for offenders demonstrating difficulty complying with program rules or who are posing a danger to public safety. Offenders who successfully complete Phase 1 are transferred to traditional programs in the jurisdiction for the remainder of their participation in residential community corrections.

According to Denver Community Corrections staff, offenders in the program do not usually receive rehabilitation services (e.g., drug and alcohol treatment, mental health treatment, and educational services), primarily because they remain in the program for a short time. Phase 1 staff do, however, provide some services intended to assist offenders in reintegrating into the communities. For instance, staff help offenders obtain important identification documents (e.g., a birth certificate and social security card) and work on clearing any outstanding non-felony warrants issued on the offender, which minimizes future disruptions in their participation in community corrections.

As part of our current audit, we evaluated the implementation status of a recommendation related to the operations of the 2nd Judicial District's Phase 1 program in our 2001 audit of the Division of Criminal Justice. We collected data on Phase 1's operations and reviewed case files for a sample of 20 offenders placed in the program to determine whether the concerns noted in the 2001 audit still exist. We found that some improvements have been made at Phase 1. For instance, offenders do not remain in the program for as long as they did at the time of the 2001 audit. The 2001 audit found that 33 percent of the transition offenders placed in Phase 1 between June 2000 and April 2001 spent more than 113 days (about 16 weeks) in the program, which raised public safety concerns because these offenders spent a large portion of their sentence in a setting where few reintegration and rehabilitation services were provided. As part of our current audit, we found offenders typically remain in the program for six weeks or less.

Through our follow-up review, we noted continued concerns with the operations of Phase 1. In particular, Phase 1 has repeatedly failed to comply with several Colorado Community Corrections Standards in recent years. The Department of Public Safety performed a full-scale audit of Phase 1 in August 2002 and found that Phase 1 failed to comply with the following significant standards:

- Three standards (4.050, 4.051, and 4.052) related to the verification of an offender's whereabouts when he or she is outside of the facility.
- Two standards (7.040 and 7.041) related to providing appropriate referrals to qualified treatment providers to meet the needs of the offenders and developing a specific plan to address offender substance abuse programming.

The Department's audit report concluded that noncompliance with these standards poses a significant risk to community safety. The Department performed a follow-up audit in September 2003 to determine whether Phase 1 had addressed the concerns identified in the prior audit. Department staff determined that Phase 1 had not addressed the prior audit concerns related to the five standards and reiterated the public safety risks associated with noncompliance. As part of our review, we identified similar problems with the program's verification of offenders' off-site locations and with the provision of treatment services. Although the Department is aware of ongoing noncompliance issues with Phase 1, no enforcement actions have been taken to date to address such problems.

While we recognize that Phase 1 is a nontraditional program and is important for Denver's management of its community corrections offenders, we believe improvements are needed to ensure that placement of offenders in this program does not compromise public safety and that the rate paid to the program is appropriate for the services delivered. The Department of Public Safety needs to work with Phase 1 management, representatives from the Denver Community Corrections Board, and other interested stakeholders to identify the service package that Phase 1 should deliver and then negotiate an appropriate rate to compensate Phase 1 based upon the services rendered. Currently Phase 1 provides significantly fewer services than many other residential programs in the State but is reimbursed the same standard per diem rate as other programs.

In addition, the Department must ensure that Phase 1's operations are not posing risks to public safety. Repeated noncompliance with standards important to public safety should be addressed immediately. The Department should impose sanctions available through its contract (e.g., withholding funds, canceling contracts and subcontracts) as deemed appropriate.

Recommendation No. 16:

The Department of Public Safety should work with staff from the Denver Sheriff's Department, representatives from the Denver Community Corrections Board, and other interested stakeholders to define the services that the Phase 1 program should provide to offenders and determine a per diem rate that provides appropriate

compensation for services rendered. Further, the Department should hold the Denver Sheriff's Department accountable for providing such services and for ensuring the safety of the public and impose available sanctions, as appropriate, for failure to comply with requirements.

Department of Public Safety Response:

Agree. Implementation date: July 2006. If statutory authority to determine a reduced per diem for Phase I were to occur the Division of Criminal Justice would work with the Colorado Department of Corrections, the Denver Probation, the Denver Community Corrections Board, and Phase I representatives to define the minimum services they shall provide.

Appendix A

The following table shows the total amount of program funds and administrative monies the Division of Criminal Justice allocated to each judicial district for community corrections in Fiscal Year 2003.

Fiscal Year 2003 Allocations to Local Community Corrections Boards					
Judicial District	Counties in Judicial District	Program Funds	Administrative Funds	Total Funds	Percent of Total
2 nd	Denver	\$8,292,060	\$399,888	\$8,691,948	24.8%
4 th	El Paso, Teller	\$4,328,318	\$223,870	\$4,552,188	13.0%
18 th	Arapahoe, Douglas, Elbert, Lincoln	\$4,258,902	\$215,344	\$4,474,246	12.8%
17 th	Adams, Broomfield	\$3,002,050	\$152,167	\$3,154,217	9.0%
19 th	Weld	\$2,715,392	\$68,164	\$2,783,556	7.9%
1 st	Jefferson, Gilpin	\$1,759,182	\$97,333	\$1,856,515	5.3%
21 st	Mesa	\$1,405,137	\$72,464	\$1,477,601	4.2%
8 th	Jackson, Larimer	\$1,383,580	\$67,532	\$1,451,112	4.1%
10 th	Pueblo	\$1,277,207	\$60,922	\$1,338,129	3.8%
20 th	Boulder	\$932,097	\$58,364	\$990,461	2.8%
12 th	Saguache, Mineral, Rio Grande, Alamosa, Conejos, Costilla	\$930,942	\$43,857	\$974,799	2.8%
14 th	Moffat, Routt, Grand	\$530,173	\$25,084	\$555,257	1.6%
6 th	San Juan, La Plata, Archuleta	\$468,590	\$27,486	\$496,076	1.4%
9 th	Rio Blanco, Garfield, Pitkin	\$416,808	\$16,761	\$433,569	1.3%
7 th	Delta, Montrose, San Miguel, Ouray, Hinsdale, Gunnison	\$399,166	\$19,642	\$418,808	1.2%
16 th	Crowley, Otero, Bent	\$397,350	\$18,989	\$416,339	1.2%
5 th	Eagle, Summit, Clear Creek, Lake	\$314,604	\$16,163	\$330,767	0.9%
13 th	Logan, Phillips, Sedgwick, Yuma, Washington, Morgan, Kit Carson	\$297,120	\$14,145	\$311,265	0.9%
15 th	Cheyenne, Kiowa, Prowers, Baca	\$119,163	\$4,278	\$123,441	0.4%
11 th	Park, Chaffee, Fremont, Custer	\$110,583	\$2,815	\$113,398	0.3%
22 nd	Dolores, Montezuma	\$69,398	\$4,456	\$73,854	0.2%
3 rd	Huerfano, Las Animas	\$43,202	\$1,876	\$45,078	0.1%
TOTALS		\$33,451,024	\$1,611,600	\$35,062,624	100.0%

Source: Payment data provided by the Division of Criminal Justice.

Note: The program funds represent those monies actually expended by the judicial districts. The districts reverted \$292,583 in program funds at the end of Fiscal Year 2003. The reverted funds are not included in the table.

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