

OFFICE OF THE INSPECTOR GENERAL

STEVE WHITE, INSPECTOR GENERAL

AUDIT OF THE LEO CHESNEY COMMUNITY CORRECTIONAL FACILITY LIVE OAK, CALIFORNIA

**SUSAN HICKEY,
FACILITY DIRECTOR**

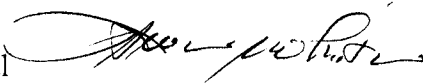


OCTOBER 2001

Memorandum

Date: October 9, 2001

To: EDWARD S. ALAMEIDA, JR., Director
California Department of Corrections

From: STEVE WHITE 
Inspector General

Subject: AUDIT OF THE LEO CHESNEY COMMUNITY CORRECTIONAL FACILITY

I am pleased to forward to you the enclosed report of the audit of the Leo Chesney Community Correctional Facility, which was performed by the Office of the Inspector General. The audit was conducted pursuant to *California Penal Code* Section 6126.

Before the final report, the Office of the Inspector General staff furnished a draft version to Facility Director Susan Hickey and held an exit conference with the facility director and her staff to explain the draft report findings. Facility Captain Nola Grannis of your department's Community Correctional Facility Administration also attended the exit conference. The written response of the Community Correctional Facilities Administration is included in the report as Attachment A. The facility director's response to the findings is included in the report as Attachment C. Comments of the Office of the Inspector General on issues raised in each of the responses are included as Attachments B and D.

Please call me if you have questions concerning this report.

cc: Robert Presley, Secretary, Youth and Adult Correctional Agency
Gregory W. Harding, Assistant Deputy Director, Community Correctional Facilities Administration, Institutions Division
Susan Hickey, Facility Director, Leo Chesney Community Correctional Facility
Nola Grannis, Facility Captain, Community Correctional Facilities Administration, Institutions Division

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STEVE WHITE, INSPECTOR GENERAL



AUDIT OF THE
LEO CHESNEY COMMUNITY CORRECTIONAL FACILITY,
LIVE OAK, CALIFORNIA

SUSAN HICKEY, FACILITY DIRECTOR

REPORT

OCTOBER 2001

STATE OF CALIFORNIA

GRAY DAVIS, GOVERNOR

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EXECUTIVE SUMMARY

This report presents the results of an audit conducted by the Office of the Inspector General of the Leo Chesney Center Community Correctional Facility. The audit was performed under the Inspector General's oversight responsibilities delineated in *California Penal Code* Section 6126. Conducted from April through May 2001, the audit focused on institutional processes relating to personnel, training, communications, investigations, security, inmate programming, and financial matters.

The Leo Chesney Center is operated by Cornell Corrections of California, Inc., a private corporation, through a contract with the California Department of Corrections. The facility is located in Live Oak, California and houses approximately 195 female inmates, the only female inmate population in the community correctional facility program. Facility Director Susan Hickey is required to manage Leo Chesney Center's administrative and correctional staff in accordance with the provisions of the contract between Cornell Corrections and the California Department of Corrections, Title 15 of the *California Code of Regulations*, and the *California Department of Corrections Operations Manual*.

Except as noted in the findings and recommendations section of this report, the facility is in compliance with its regulatory requirements. The Office of the Inspector General noted that the institution has had relatively few incidents, disciplinary actions, or inmate appeals. The center is well maintained, clean, and orderly. The inmate yard and outside visiting area have well-manicured lawns with flower gardens. Staff interviewed commented favorably about the working environment. Similarly, the majority of the staff responding to an anonymous Office of the Inspector General questionnaire rated Facility Director Susan Hickey an effective leader. Moreover, the center staff and inmates are actively involved in community affairs and, through their voluntary efforts, have made positive contributions that have been well received by the citizens of the local community.

During its review, the Office of the Inspector General discovered various policy and operational issues requiring immediate attention by the institution, Cornell Corrections, and the California Department of Corrections. Among the most important issues are the following:

- The Leo Chesney Center lacks formal policies and procedures for investigating allegations of inmate and staff misconduct;
- The Department of Corrections Office of Investigative Services has not responded adequately to allegations of sexual misconduct between Leo Chesney Center staff and inmates;
- The Leo Chesney Center has used inmate welfare funds to subsidize its budget and to purchase items that are not allowable;
- The California Department of Corrections has not prescribed clear guidelines governing the use of revenues generated from inmate telephone calls. At the Leo

Chesney Center, such revenues are used to repair and improve the center's facilities;

- Although an overwhelming portion of its inmates are incarcerated for drug-related offenses, the Leo Chesney Center does not have a mandatory substance abuse program;
- The Leo Chesney Center should improve its process for handling inmate appeals, incident reports, and inmate rules violation reports;
- Cornell Corrections should strengthen its accounting and administrative controls over the inmate trust accounting process and the inmate welfare fund; and
- Cornell Corrections is not forwarding unclaimed trust funds to the California Department of Corrections.

Throughout the review process, the audit team received excellent cooperation and assistance from Director Hickey and the staff at the Leo Chesney Center.

INTRODUCTION

The Office of the Inspector General conducted the audit of the Leo Chesney Center pursuant to its authority under *California Penal Code* Section 6126. Part (a) of that code section gives the Inspector General responsibility for reviewing departmental policy and procedures for conducting audits of investigative practices and other audits, as well as conducting investigations of the California Department of Corrections, the Department of Youth Authority, the Board of Prison Terms, the Youthful Offender Parole Board, the Board of Corrections, the Narcotic Addict Evaluation Authority, the Prison Industry Authority, and the Youth and Adult Correctional Agency, as requested by either the Secretary of the Youth and Adult Correctional Agency or a member of the Legislature pursuant to the approval of the Inspector General. The Inspector General may, under policies developed by the Inspector General, initiate an investigation or an audit on his own accord.

Furthermore, Section 6126 (c) states:

The Inspector General shall, during the course of an investigatory audit, identify areas of full and partial compliance, or noncompliance, with departmental investigatory policies and procedures, specify deficiencies in the completion and documentation of investigatory processes, and recommend corrective actions, including, but not limited to, additional training with respect to investigatory policies, additional policies, or changes in policy, as well as any other findings or recommendations that the Inspector General deems appropriate.

An audit performed in accordance with the sections referenced above includes, but is not limited to, issues relating to personnel, training, communication, investigations, security, inmate programming, and financial matters.

The Leo Chesney Center was selected for audit by the Office of the Inspector General in accordance with its oversight responsibility for boards and departments within the Youth and Adult Correctional Agency, including the California Department of Corrections.

BACKGROUND

California Penal Code Sections 2910 and 6250, enacted in 1965, authorized the California Department of Corrections to establish, operate, and contract for “community correctional centers” for the housing, supervision, and counseling of inmates. According to the Department of Corrections, contract beds were found to be an acceptable alternative to prison beds, and housing lower security inmates nearing completion of prison terms in community-based contract beds was determined to be more appropriate than housing them in prison.

Sixteen community correctional facilities presently exist statewide. Seven are public facilities operated by cities and counties and nine are private facilities operated by private entities. Community correctional facilities are operated under fee-for-service contracts with the California Department of Corrections and the Department of Corrections does not own the facilities. Until recently, the Parole and Community Services Division was responsible for contract management. This responsibility has recently shifted to the Institutions Division, with the Department of Corrections Community Correctional Facilities Administration now responsible for contractual and operational oversight of state-contracted community correctional facilities. Appended to contracts between the Department of Corrections and private community correctional facilities is a *California Department of Corrections Statement of Work for Private Community Correctional Facilities*, which provides specific guidelines and state requirements for operating private community correctional facilities under Department of Corrections contracts.

The Leo Chesney Center is one of nine privately operated community correctional facilities. It was constructed in the late 1980s and received its first inmates in May 1989. The center is a 195-bed minimum-security facility with a capacity of 200 beds. The facility is operated by Cornell Corrections, a publicly held company, and represents the only facility for female inmates in the California Department of Corrections community correctional facility program. The Leo Chesney Center is located adjacent to the Sutter Buttes mountain range in the community of Live Oak, California, approximately 50 miles north of Sacramento.

The facility consists of seven buildings, including two housing units, and is operated by a full-time staff of 45 employees. The facility provides a variety of the custody and inmate programs needed to ease the transition of inmates back to free society. The average inmate stay at the facility is six months. Before placement in the facility, inmates must be sanctioned by the California Department of Corrections to be free of violent crimes and behavior, medical and dental problems, and mental disorders.

In November 2000, California voters approved Proposition 36, the “Substance Abuse and Crime Prevention Act of 2000,” a measure that makes significant changes to the state’s

criminal justice and drug treatment systems. The proposition changes state law to require that certain adult offenders who use or possess illegal drugs receive drug treatment and supervision in the community rather than prison terms. The effect of the proposition on the operation of the community correctional facilities is still unclear, but potential effects should be considered when the recommendations in this report are reviewed.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of the audit was to evaluate the facility's performance in:

1. Planning, organizing, directing, and coordinating all correctional, business management, educational, and related programs within the Leo Chesney Center; and
2. Formulating and executing a progressive program for the care, treatment, training, discipline, custody, and employment of inmates.

In order to accomplish these objectives, the audit team performed various procedures in the general areas of communications, facility safety and security, inmate programming, personnel, training, financial management, external relationships, and environmental responsibility. Those procedures included:

1. Conducting interviews with the facility director, administrative staff, custody and non-custody employees, local citizens, inmates, and parolees;
2. Distributing survey questionnaires to Leo Chesney Center employees requesting comments regarding the facility management's effectiveness;
3. Touring the facilities and observing their operations; and
4. Gathering, reviewing, and analyzing pertinent documents related to key systems, functions, and processes to substantiate the observations made through on-site visits and interviews.

Fieldwork was performed at the Leo Chesney Center between April 3, 2001 and May 24, 2001.

NOTEWORTHY ACCOMPLISHMENTS

The Office of the Inspector General found that the institution has had relatively few incidents, disciplinary actions, or inmate appeals, although this report suggests recommendations for improvement in these areas. Staff members interviewed commented favorably about the work environment. Similarly, the majority of the staff responding to an anonymous Office of the Inspector General questionnaire rated Facility Director Susan Hickey an effective leader. The Office of the Inspector General found the center's facilities to be well maintained, clean, and orderly. The inmate yard and outside visiting area have

well-manicured lawns with flower gardens, and the administration building and inmate housing area is clean and well organized.

One of the more notable factors observed by the Office of the Inspector General during fieldwork was the significant positive impact the Leo Chesney Center has on the local community of Live Oak, California. For example, staff members volunteer on area committees, hold public office, and sponsor a holiday celebration complete with toys for hundreds of local children. With an average of 400 volunteer hours each month, staff and inmates make a significant and visible impact on the surrounding communities of Live Oak and Yuba City, California. Moreover, Leo Chesney inmates have contributed to the local community by:

- Making community event signage
- Building bookcases and lockers for area schools
- Maintaining Live Oak parks, a senior citizens housing complex, and a little league field
- Hosting and catering the annual senior citizens' appreciation luncheon
- Building city park tables and benches
- Filling sandbags for city flood control
- Speaking to schools and community groups

The following editorial in the December 15, 2000, Gridley Herald, a local newspaper, summarizes public sentiment:

Our congratulations to Leo Chesney Center for their receiving the "Best of the Best" Community Relations Award. We here in Live Oak have noted how well the center has served us in so many ways. If it were not for the work crews from the center, can you imagine how our parks and streets would look? City public work crews do a lot to keep things going but the additional help is needed. The center has done a great job of providing sign boards to advertise many of the events in the city. Our heart-felt thanks to the center.

FINDINGS AND RECOMMENDATIONS

FINDING 1

The Office of the Inspector General found that allegations of misconduct by staff and inmates at the Leo Chesney Center are not adequately investigated.

The Department of Corrections has instructed the staff of the Leo Chesney Center to investigate all allegations of inmate and staff misconduct at the facility except for allegations of over-familiarity involving sexual misconduct, which are to be referred to the Office of Investigative Services.

The Office of the Inspector General found, however, that the center has no formal policies or procedures to guide the handling of situations requiring investigation or the process of conducting an investigation. Moreover, the Office of Investigative Services has failed to adequately respond to allegations referred to that office of sexual misconduct between center staff and inmates.

The Leo Chesney Center has not adequately investigated possible misconduct by inmates.

The absence of a formal process governing the investigation process increases the likelihood that allegations of misconduct may not be properly addressed. In a recent example, center staff discovered that an inmate with a gate pass who was authorized to work outside the institution had received money orders on at least two occasions from a male member of the community. The discovery raised speculation on the part of the security staff that the inmate was engaging in sex for hire. In response, the center revoked the inmate's gate pass and performed a urinalysis exam. Following an inquiry by the Office of the Inspector General, the center sent a letter to the community member requesting information about the reason the money had been sent. The facility also sent a second letter returning the money order to the owner and advising him (incorrectly) that the inmate was not authorized to receive money. The Leo Chesney Center has no documentation that further action has been taken in the matter. At a minimum the center should have determined whether there has been a pattern of community members sending money orders to inmates for no apparent reason and taken appropriate action to investigate the cause.

The Office of Investigative Services has failed to investigate possible sexual misconduct.

The failure of the Office of Investigative Services to adequately respond to allegations of sexual misconduct is also significant. In a recent, particularly egregious case, the Office of Investigative Services declined to investigate numerous allegations of sexual misconduct between center staff and inmates. When the allegations came to light, the Leo Chesney Center conducted a preliminary inquiry by interviewing ten of the inmates at the facility. As a result of the inquiry, the Leo Chesney Center facility director referred the case to the California Department of Corrections. A detailed four-page memorandum, dated February 20, 2001, described widespread rumors among staff and inmates that an inmate at the center had engaged in oral sex in the shower area with a male correctional officer; that the inmate

had performed a strip tease in front of the officer; and that a female correctional officer commonly woke an inmate late at night and escorted her into adjacent rooms. The memorandum concluded with the following statement:

It is obvious there was some kind of inappropriate behavior going on between staff and inmates.... It appears there is an effort on behalf of the inmates identified by Inmate [name withheld] to control what others are saying concerning Inmate [name withheld] and Officer [name withheld] This leads me to believe there might be some substance to the allegations and certain inmates are trying to prevent staff from finding the truth.... I believe it is in the best interest of all concerned that this matter be referred to the Office of Internal Affairs for further investigation because of the sexual nature of the allegation.

Despite the fact that the allegations involved sexual misconduct on the part of staff members and no investigation had been conducted, the Office of Investigative Services did not investigate the charges. On March 22, 2001, the Office of Investigative Services special agent-in-charge responded to the facility director's memorandum as follows:

The California Department of Corrections, Office of Investigative Services (OIS) has received the information and documentation relative to the allegations that Cornell Correctional employee, [name withheld], was involved in sexual misconduct with Inmate [name withheld], at Leo Chesney Community Correctional Facility (LCCCF).

Based on OIS review, the investigation by LCCWF [sic] appears to be complete and thorough. Several inmates were interviewed. {Name withheld} denied any sexual activity occurred, and there are no direct witnesses that offer evidence to the contrary.

We have determined that no further investigation is warranted and our office will retain the information on file. [Emphasis added]

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center develop formal policies and procedures for investigating allegations of inmate or employee misconduct not of a sexual nature. The procedures should set investigation parameters and guidelines and establish timeframes for completion.

The Office of the Inspector General also recommends that the Department of Corrections Office of Investigative Services conduct a thorough investigation of the allegations described above involving possible sexual misconduct between Leo Chesney Center staff and inmates.

FINDING 2

The Office of the Inspector General found that the Leo Chesney Center used monies from the inmate welfare fund to subsidize its budget and to purchase unallowable items.

The Department of Corrections lacks comprehensive written guidelines defining allowable expenditures from the inmate welfare fund. The *Financial Management Handbook for Private Community Correctional Facilities* and the *California Department of Corrections Operations Manual*, however, prohibit certain types of inmate welfare fund expenditures. For example, *California Department of Corrections Operations Manual*, Section 23010.6.2 specifically prohibits the use of inmate welfare funds for the purchase of nonfiction, text, or reference books. In addition, the *Financial Management Handbook for Private Community Correctional Facilities*, Section IV.H, prohibits inmate welfare fund expenditures for items already funded in the community correctional facility contract with the Department of Corrections, including items covered in operating costs.

The Office of the Inspector General found that the Leo Chesney Center used the inmate welfare fund to purchase items not allowed under these provisions. In a sample of 72 auditor-selected inmate welfare fund expenditures at the Leo Cheney Center, the Office of the Inspector General found 16 of the expenditures not allowable. Among the expenditures not allowed were the following:

- \$3,524 to purchase textbooks on Microsoft Office software.
- Household items, including can openers, hairdryers, curling irons, and ironing boards.
- Personal care products such as soap, toothpaste, shampoo, and hair conditioner purchased as prizes for inmates.

Cornell Corrections receives a monthly amount to cover operating costs as part of the per-diem reimbursement under its contract. Household and personal supply items are already funded in the contract as operating costs. While expenditures for the personal care items listed above are not specifically prohibited, other personal supplies such as toothbrushes, hair creams, and oils, and other such items are described as operating costs in Section IV.C.8 of the *Financial Management Handbook for Private Community Correctional Facilities*. Charging the inmate welfare fund for operating costs already covered in the per-diem reimbursement allows Cornell Corrections to subsidize its budget and increase its profits at the expense of the inmate welfare fund.

In addition to the 16 transactions referenced above, the Office of the Inspector General found another five transactions in which the inmate welfare fund was charged for questionable costs. Cornell Corrections used inmate welfare fund monies to pay approximately \$600 a month toward the center's monthly charges for computer telephone lines and computer services. Although Cornell Corrections provided the Office of the Inspector General with vendor invoices to support the charges, the company was unable to explain how it had arrived at \$600 as the appropriate amount to be paid from the inmate welfare fund.

The Office of the Inspector General found that the expenditures described above were made with the concurrence of the California Department of Corrections. Under an unwritten policy, Cornell Corrections is required to secure approval for expenditures over \$500 from the Department of Corrections Community Correctional Facilities Administration. For

expenditures below \$500, Cornell Corrections obtains approval from the Department of Corrections facility lieutenant assigned to the Leo Chesney Center.

Asked about 17 questioned expenditures from the inmate welfare fund, the staff at the Community Correctional Facilities Administration referred the matter to the Leo Chesney Center facility captain, who in turn referred the question to the facility lieutenant assigned to the center. The facility lieutenant, who had approved 16 of the 17 transactions because they were under \$500, said she was uncertain about what constitutes allowable expenditures from the inmate welfare fund.

In addition, the Office of the Inspector General noted that the Community Correctional Facilities Administration approved the \$3,524 textbook purchase listed above, but directed the center to use the inmate telephone revenue fund for the purchase. Instead, the center used the inmate welfare fund, even though *California Department of Corrections Operations Manual*, Section 23010.6.2 specifically prohibits the use of the inmate welfare fund for such purchases.

RECOMMENDATION

The Office of the Inspector General recommends that the California Department of Corrections revise the *Financial Management Handbook for Private Community Correctional Facilities* to provide clear guidelines defining allowable expenditures from the inmate welfare fund. The guidelines should be consistent with existing statutory requirements.

FINDING 3

The Leo Chesney Center is using revenues generated from inmate telephone calls to make capital improvements.

The California Department of Corrections has not prescribed clear guidelines governing how revenues generated from inmate telephone calls are to be used or to whom the balances belong. Under a contract with a private telecommunications company that provides inmate telephone services to the center, the telephone revenues are paid to the Leo Chesney Center in the form of commissions amounting to approximately \$54,000 a year. The commissions represent a percentage of the gross revenue for calls made using the inmate telephone system.

Neither the *Financial Management Handbook for Private Community Correctional Facilities* nor the *California Department of Corrections Statement of Work for Private Community Correctional Facilities* provides criteria specifying the types of expenditures allowed from inmate telephone revenues. Nor does either document specify who has the legal right to the revenues if the Department of Corrections terminates the contract with Cornell. The *Financial Management Handbook for Private Community Correctional Facilities* provides only that the funds may be used for one-time costs and to pay for budgeted inmate welfare fund positions if adequate funding is otherwise not available.

In the absence of guidelines specifying how the telephone commission revenues may be spent, the Leo Chesney Center, with the approval of the Department of Corrections, has been using revenues generated from inmate telephone calls to make repairs and capital improvements. Examples include the following:

- Repair of the armory roof (\$2,340)
- Construction of a fence between the control and education buildings (\$2,074)
- Purchase of a dishwashing machine for the culinary operation (\$3,922)
- Purchase of three air doors for the culinary operation (\$2,291)
- Installation of eight quartz lights in the vehicle sallyport (\$1,975)

Without guidelines it is not possible to judge the appropriateness of these expenditures, but as the telephone revenues are generated at considerable expense to the inmates and their families, it would be reasonable to expect some or all of the revenues to be used to enhance programs or services to the inmates. Instead, the revenues have been used to offset costs incurred during the ordinary course of business.

In response to a request from the Community Correctional Facilities Administration, the Department of Corrections Legal Affairs Division issued an analysis on March 2, 2001 of the use and disposition of inmate telephone commission revenues. The analysis covered only five of the 16 community correctional facilities, however, and did not include the Leo Chesney Center, even though the center has been operational since 1989.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections clearly define the ownership and use of telephone commission revenues in contracts with community correctional facility operators, in the *California Department of Corrections Statement of Work for Private Community Correctional Facilities*, and in the *Financial Management Handbook for Private Community Correctional Facilities*. At a minimum the documents should address the following issues:

- The ownership of the revenues, including whether the funds revert to the California Department of Corrections or the state general fund or remain with the community correctional facility operator upon termination of the contract;
- Whether the funds can be used for the operating expenses of community correctional facilities; and
- What expenditures are allowable from inmate telephone revenues.

FINDING 4

The Office of the Inspector General found that despite the overwhelming percentage of inmates incarcerated for drug-related offenses at the Leo Chesney Center, the institution does not have a mandatory substance abuse program.

In interviews with the Office of the Inspector General, members of the Leo Chesney Center staff reported that approximately 90 percent of the inmates at the center are incarcerated for drug-related offenses. A survey of inmates at the facility taken by the Leo Chesney Center classification coordinator revealed that about 40 percent of the inmates are also repeat offenders. Yet, the center does not have a mandatory substance abuse program.

The Leo Chesney Center does offer voluntary programs, including Alcoholics Anonymous, Narcotics Anonymous, and a voluntary pre-release program that incorporates elements of a substance abuse program, but participation in the programs is limited because inmates are not paid for participating and most would rather be engaged in paid work.

California Penal Code Section 6250.5 allows the California Department of Corrections to contract for the establishment and operation of community correctional facilities that offer programs for the treatment of addiction to alcohol or controlled substances. The programs include post-incarceration counseling and emphasize rehabilitation with the purpose of increasing the likelihood of successful parole and helping parolees reintegrate into society. The effect of Proposition 36, the Substance Abuse Crime and Prevention Act of 2000, on community correctional facilities has not been determined.

RECOMMENDATION

The Office of the Inspector General recommends that the California Department of Corrections consider implementing a mandatory substance abuse program at the Leo Chesney Center giving consideration to the implications of Proposition 36. The program should emphasize the treatment of alcohol and controlled substance addiction to help inmates reintegrate into society.

FINDING 5

The Office of the Inspector General found that a California Department of Corrections staff member assigned to the Leo Chesney Center has a practice of cashing inmate trust account checks and release checks for inmates paroling from the institution.

The Office of the Inspector General found that a California Department of Corrections staff member has been cashing inmate trust account and release checks at a local bank for inmates paroling from the Leo Chesney Center. The auditors noted that the staff member had signed a log to receive an inmate's trust account check, and upon further inquiry, found that she had asked for the inmate's trust account funds to be released to her so that she could cash a trust account check. The staff member told the Office of the Inspector General that she had agreed to cash the check for the inmate because the inmate was paroling to the Immigration and Naturalization Service. She said she sometimes cashes inmate trust account and release money checks at the local bank when inmates are paroling and need cash for transportation or other needs.

Another California Department of Corrections employee at the Leo Chesney Center told the Office of the Inspector General that the practice of staff members cashing inmates' release money is universal within the California Department of Corrections because inmates need

cash for transportation and because bringing an inmate to a bank to cash a check poses a security risk.

Allowing Department of Corrections employees to cash inmate trust fund and release checks is not explicitly prohibited by state law or regulation. A memorandum issued by the California Department of Corrections Office of Financial Management in February 2001 defined the procedures for requesting and processing release fund checks, but did not address cashing checks for inmates in need of cash upon release. The practice is inappropriate, however, and, in appearance, and perhaps in fact, constitutes undue familiarity between staff and inmates. *California Code of Regulations*, Title 15, Section 3399 provides in part that “Employees shall not directly or indirectly trade, barter, lend or otherwise engage in any personal transactions with any inmate.” It also creates an opportunity for embezzlement or exploitation by correctional employees.

RECOMMENDATION

The Office of the Inspector General recommends that the California Department of Corrections take the following steps to end the practice of department employees cashing inmate trust fund and release checks:

- **Issue a policy memorandum directing employees to stop cashing trust fund and release checks for inmates.**
- **Explore other methods of addressing the need of paroling inmates for cash, such as establishing a revolving fund or petty cash fund. Internal control procedures should be designed for the custody and issuance of cash from the fund.**

FINDING 6

The Office of the Inspector General found that the Leo Chesney Center does not have an adequate system to ensure that inmate appeals are processed promptly and properly.

California Code of Regulations, Title 15, Section 3084, defines the requirements of the inmate appeal process, and *California Department of Corrections Operations Manual* Sections 54100.12 and 54100.9, respectively, describe the logging requirements and time limits for processing inmate appeals. The Office of the Inspector General found that the Leo Chesney Center is not adequately meeting these requirements.

The Leo Chesney Center receives only a small number of inmate appeals — for the period January 1, 1999 to March 31, 2001, only 220 inmate appeals were filed, an average of eight a month — and the center does have a system for processing inmate appeals, but the process contains a number of deficiencies. The system includes a designated inmate appeals coordinator, with blank inmate appeal forms available at each of the two living units. Inmates can submit a completed appeal to any staff person at the facility or place it in one of the lock-boxes secured in the living units. The inmate appeals coordinator checks the lock-

boxes daily and logs all completed appeals into an inmate appeals log. All formal-level appeals are submitted to the California Department of Corrections Inmate Appeals Branch for assignment of an appeal log tracking number. Once the appeal is assigned a tracking number, it is returned to the facility for completion.

The Office of the Inspector General found the following weaknesses in the inmate appeals process, however:

- The facility does not have procedures for documenting the appeals process;
- The facility has no system in place to monitor appeals to ensure that they are completed in a timely manner; and
- The facility director has little involvement in the inmate appeals process even though her staff is required to respond to the inmate appeals.

The Office of the Inspector General reviewed a selected sample of 60 inmate appeal forms and found the following:

- 18 (30 percent) of the 60 inmate appeals reviewed contained no evidence of a response;
- 15 (50 percent) of the 31 formal level appeals were never processed because the facility did not receive a log number from the California Department of Corrections Inmate Appeals Branch;
- The inmate appeals coordinator failed to log five (8 percent) of the 60 appeals into the monthly appeals log;
- The inmate appeals coordinator recorded inaccurate inmate appeal activity in the monthly operational reports submitted to the California Department of Corrections. Of the 15 monthly operational reports reviewed, nine (60 percent) contained inaccurate information; and
- In five of the 60 appeals reviewed (8 percent), facility staff failed to record the date of response to the appeal or the date the appeal was returned to the inmate.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections require the Leo Chesney Center to establish procedures for the inmate appeals process to ensure the accuracy of the inmate appeals log and timely processing of appeals.

FINDING 7

The Office of the Inspector General found that Cornell Corrections is not forwarding unclaimed trust funds to the California Department of Corrections.

The Financial Management Handbook for Private Community Correctional Facilities, Section IV.F requires that inmate trust fund checks outstanding for more than seven months

be canceled and the funds posted back to the inmate's trust account. The Office of the Inspector General found, however, that Cornell Corrections has accumulated approximately \$8,000 in unclaimed checks dating back to 1991.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections institute procedures to ensure that community correctional facility operators credit each inmate's trust account for the amount of any unclaimed checks at the end of each quarter. Also at the end of each quarter, community correctional facilities should send to the Department of Corrections a check for all unclaimed trust funds held for more than seven months and a list of inmates whose accounts have been credited.

FINDING 8

The Office of the Inspector General found that Cornell Corrections does not prepare annual budgets for inmate welfare fund operations and does not prepare and submit quarterly inmate welfare fund financial statements in a timely manner to the Leo Chesney Center or the Department of Corrections Community Correctional Facility Administration.

The Office of the Inspector General found that the Leo Chesney Center is not meeting requirements for preparing and submitting inmate welfare fund budgets and quarterly statements. The *Financial Management Handbook for Private Community Correctional Facilities*, Section IV.H, requires community correctional facility operators to prepare and submit quarterly inmate welfare fund statements in accordance with *Department of Corrections Operations Manual* Section 23010.8. Section 23010.8 also requires that the quarterly financial statements be posted in the inmate canteen and law library. The *Financial Management Handbook for Private Community Correctional Facilities* requires, in addition, that community correctional facility operators prepare and submit an annual budget for inmate welfare fund operations.

The failure to produce timely inmate welfare fund financial statements and the absence of budgetary controls makes it difficult for the center staff to manage daily facility operations. Similarly, the contracting agency needs timely budgetary and financial information to effectively manage the contract. The absence of timely financial statements also can obscure irregularities.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections take steps to ensure that community correctional facility operators prepare and submit quarterly financial statements and annual budgets for inmate welfare fund operations in a timely manner.

The financial statements should be sent to both the California Department of Corrections and the community correctional facility and should be posted in the inmate canteen and law library.

FINDING 9

The Office of the Inspector General found that Cornell Corrections has not properly managed the lease payments for the Leo Chesney Center.

The Office of the Inspector General found that Cornell Corrections has failed to account for annual adjustments to lease payments provided for under the Leo Chesney Center lease agreement. Cornell Corrections leases the property on which the Leo Chesney Center operates from a private third party and submits the facility's lease costs invoice to the Department of Corrections on the monthly participant day usage invoice. The lease agreement for the center provides for an annual adjustment to the lease payments on April 1 of each year based on the consumer price index. For the periods of April 1, 1999 through April 1, 2001, the lessor failed to make the adjustments, and Cornell Corrections did not address the issue of underpayment with the private third-party lessor. The lessor has recently realized that the adjustments have not been made and is pursuing collection of the lease adjustment amounts. The uncollected lease payments are estimated to total approximately \$60,000. Cornell Corrections may seek reimbursement from the California Department of Corrections for the additional lease payments amounts owed to the third-party lessor.

The Financial Management Handbook for Private Community Correctional Facilities, Section IV.C.6, provides that the California Department of Corrections will reimburse contractors for the actual cost of leasing, but the reimbursement of the facility lease cost cannot exceed the amount negotiated in the contract.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections direct Cornell Corrections to calculate the amount of the potential liability for the uncollected lease payments and determine whether these amounts are within the reimbursement contract amount.

The department should review all future scheduled lease adjustments to ensure that lease payments are accurately reported in the monthly invoices submitted to the department for reimbursement.

FINDING 10

The Office of the Inspector General found that staff duties for the management of inmate trust accounts at the Leo Chesney Center are not properly segregated.

The Office of the Inspector General found that the Leo Chesney Center has failed to segregate the duties of the staff members who handle inmate trust accounts, inviting errors and irregularities. Two Leo Chesney Center administrative assistants have access to all input

screens of the inmate management computer system. This arrangement allows both assistants to enter new inmates into the system, create an inmate trust account, input an inmate's work time, credit an inmate's trust account, and debit a trust account for the purchase of merchandise or when the inmate is paroled. One administrative assistant also prepares the bank deposit for the inmate trust funds account and reconciles the inmate account system to the disbursement register. There is no reconciliation between the cash receipt log listing the checks received to the bank deposit receipts and there is no supervisory review or approval of the disbursement register reconciliation.

The *Financial Management Handbook for Private Community Correctional Facilities*, Section III.C requires the implementation of adequate internal control procedures. Effective internal controls are designed to minimize the opportunity for an individual to perpetrate and conceal an error or irregularity. Segregating staff duties ensures that the assets of the institution are protected and also protects staff from accusations of wrongdoing.

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center administration reevaluate the inmate management system access assigned to its administrative assistants.

System access should be limited to screens necessary to complete assigned duties. Reconciliation and supervisory review procedures should be established to eliminate internal control weaknesses.

FINDING 11

The Office of the Inspector General found that the Leo Chesney Center does not process incident reports properly.

The Department of Corrections requires institutions to document reportable incidents on a CDC form 837, record the incident in an official log, fax the incident report to Department of Corrections headquarters within 24 hours, and mail the report in a more complete form later. Types of incidents requiring an incident report range from facility power outages to yard melees.

California Department of Corrections Operations Manual Section 51030.5.2 requires facilities to establish and maintain an official log of all reportable incidents, including the incident number, date, time, inmate name and number, type of incident, date faxed to the California Department of Corrections, date of district attorney referral, and date closed. The *Leo Chesney Community Correctional Center Operations Manual*, Section XI, Section C.2.f, also requires all incident packages to be faxed to Department of Corrections Community Correctional Facilities Administration headquarters within 24 hours.

The Office of the Inspector General found that the Leo Chesney Center is not following these procedures. Although the Leo Chesney Center has an exceptionally low number of incidents for any correctional institution, with only six recorded during the period January 2000 through March 2001, only one of the six was processed properly.

Of the six incident reports reviewed the Office of the Inspector General noted that:

- Two were not logged into the incident log; and
- Three were not reported to the California Department of Corrections in a timely manner. It is not possible to determine whether the two reports that were not logged into the incident logbook were properly reported to the Department of Corrections.

While it should be noted that none of the six incidents reported at the center during the review period involved the use of force and two were merely for power outages, the Department of Corrections cannot respond appropriately to incidents unless it is notified properly. Likewise, unless incidents are properly entered into the logbook, neither the institution nor the Community Correctional Facilities Administration can monitor whether the incidents are properly reported.

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center log all incidents in the incident log book and ensure that they are reported to the California Department of Corrections Community Correctional Facilities Administration headquarters in a timely manner.

FINDING 12

The Office of the Inspector General found inaccuracies in the Leo Chesney Center's inmate disciplinary reports.

The Office of the Inspector General found that reports of inmate disciplinary actions at the Leo Chesney Center were inaccurate and that the center is reporting inaccurate information to the California Department of Corrections.

The Department of Corrections provides a graduated system of inmate discipline designed to be administered commensurate with the seriousness of an offense. This process is described in detail in Sections 52080.1 through 52080.35 of the *California Department of Corrections Department Operations Manual*. As part of this system, a CDC form 115, rules violation report, is to be completed for inmate violations of law or approved procedure.

At the Leo Chesney Center, the facility disciplinary officer maintains a log of all disciplinary actions. The information from the log is reported to the California Department of Corrections each month in an operations report. For the period January 2000 through March 2001, the Leo Chesney Center processed 108 disciplinary actions.

A review by the Office of the Inspector General of 15 monthly operation reports revealed that six (40 %) contained inaccurate disciplinary action information. The reports also understated the number of CDC form 115s. The inaccurate reporting prevents the Department of Corrections from being adequately informed of disciplinary activity at the facility.

In addition, the Office of the Inspector General staff noted that the facility director is not actively involved in the inmate disciplinary process and does not receive status reports on inmate disciplinary activity.

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center disciplinary officer ensure that all disciplinary actions are properly recorded in the incident log. The facility director should request periodic status reports on inmate disciplinary activity so that she can be fully informed about inmate disciplinary activity.

FINDING 13

The Office of the Inspector General found that a significant number of staff performance appraisals and probationary reports for employees at the Leo Chesney Center are overdue.

Cornell Corrections policy requires staff performance appraisals to be completed annually. Probation reports are required for new employees after six months of employment. The reports are usually completed each May.

The Office of the Inspector General found that Cornell Corrections employees at the Leo Chesney Center do not receive annual performance evaluations or new employee probation reports by required due dates. The review revealed that performance reports for six of 16 Cornell employees (37 percent) were at least ten weeks overdue.

Evaluating and providing timely feedback to employees on job performance is an essential part of effective management. Employees informed of positive and negative elements in their job performance can continue to develop strengths while working to correct deficiencies. The process helps develop productive employees whose efforts help accomplish the organization mission and goals. Employee performance appraisals documenting consistently unsatisfactory performance also can provide justification for corrective action, adverse action, or dismissal.

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center director take the following actions to ensure the timely evaluation of employee performance:

- **Notify all staff members of the importance of performance appraisals and probation reports to the mission of the Leo Chesney Center;**
- **Instruct the personnel officer to log all delinquent appraisals and reports. The log should be submitted to the facility director each month and made a topic of management meeting discussions; and**

- **Hold supervisors accountable for completing timely performance appraisals and probationary reports.**

FINDING 14

The Office of the Inspector General found that some Leo Chesney Center employees have not attended mandatory training classes or met the minimum hours of annual training and that the facility training files contain errors and lack adequate documentation.

Training requirements for Leo Chesney Center employees and California Department of Corrections employees are specified in the *California Department of Corrections Operations Manual*, the *California Department of Corrections Statement of Work for Private Community Correctional Facilities*, and the Cornell Corrections training program for the Leo Chesney Center. The *California Department of Corrections Statement of Work for Private Community Correctional Facilities* requires all community correctional facility employees to complete 32 hours of California Department of Corrections entry-level orientation and training courses within the first year of employment. The Cornell Corrections training program for the Leo Chesney Center requires first-year Cornell Corrections employees at the center to undergo 120 hours of training and all others to undergo 40 hours of training annually. The *California Department of Corrections Operations Manual*, Section 3210.13, similarly, requires all Department of Corrections employees to receive 40 hours of training each year. Under *California Department of Corrections Operations Manual* Section 32010.14 and the Cornell Corrections training program for the Leo Chesney Center, sexual harassment training must be provided during employee orientation.

From a review of the training records for 17 Cornell Corrections employees and four Department of Corrections employees at the Leo Chesney Center, the Office of the Inspector General found that the training requirements are not being met. The review revealed that several employees have not attended mandatory training classes and have failed to complete the minimum hours of annual training. For example:

- Three of nine first-year Cornell Corrections employees did not complete the required 120 hours of training;
- Eleven of the 17 Cornell Corrections employees did not complete the required 32-hour Department of Corrections entry-level orientation and training courses within the first year of employment;
- Ten of the 17 Cornell Corrections employees did not attend sexual harassment training;
- Two of the 17 Cornell Corrections employees did not attend emergency operations/procedures training;
- Two of the 17 Cornell Corrections employees did not receive the required 40 hours of annual training; and

- Three of the four Department of Corrections employees did not complete the 40 hours of required annual training.

In addition, the Office of the Inspector General found that the individual training records of Leo Chesney Center employees were deficient. Specifically:

- Documentation of the training hours completed for various types of training was inconsistent;
- Some files did not contain certificates of completion to verify that training courses were attended;
- In some files, courses and hours were erroneously entered twice; and
- In the training records of two employees, totals of the training hours completed did not begin on the anniversary date, skewing the number of training hours for the year.

The Leo Chesney Center director and the facility training manager told the Office of the Inspector General they were not aware of the requirement that the Leo Chesney Center non-custody staff attend the 32-hour Department of Corrections entry-level orientation.

Employee training is essential to ensure staff awareness of the safety and security practices necessary to operate the institution. Training also ensures that the staff is aware of employee and inmate rights, thereby reducing the risk of potential lawsuits.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections and Cornell Corrections ensure that employees at the Leo Chesney Center adhere to the required training hours and attend the mandatory training courses. In addition, the Department of Corrections and Cornell Corrections should take the steps necessary to ensure that the employee training records are complete and accurate.

FINDING 15

The Office of the Inspector General found that the invoice form used by the California Department of Corrections for community correctional facility reimbursement is outdated and that the department has not provided guidance to the facilities on claiming payment for beds when they exceed the monthly maximum reimbursement amount.

The Office of the Inspector General found that the “monthly participant day usage invoice” used by the California Department of Corrections for monthly community correctional facility reimbursement is obsolete. The invoice calculates a monthly maximum reimbursement amount using the annual contract reimbursement amount divided by twelve months. The facility can be reimbursed for beds filled in excess of the maximum monthly reimbursement amount as long as the total annual contract amount is not exceeded. Unwritten policy at the California Department of Corrections calls for a supplemental

invoice to be prepared and submitted for the excess beds, but the monthly participant day usage invoice does not provide those instructions. The invoice also contains a line item for “free beds,” even though, according to the Department of Corrections, the line item is no longer relevant to the invoice and should be deleted.

The Office of the Inspector General reviewed invoices prepared by Cornell Corrections for the Leo Chesney Center for the period July 1999 through April 2001 and found that during one month the center filled more beds than the monthly maximum reimbursement amount and that the excess beds were incorrectly included on the invoice for reimbursement. To include the extra beds for reimbursement, Cornell Corrections did not follow the instructions on the form, but because the center did not exceed the annual contract amount, the irregularities in the completed invoice did not result in an unallowable payment to Cornell.

The Office of the Inspector General found that the *Financial Management Handbook for Private Community Correctional Facilities* does not provide guidance to facilities on the procedures for claiming payment for beds when the monthly maximum reimbursement amount is exceeded. The use of obsolete invoices and the absence of written guidelines for completing the invoices can result in erroneous reporting by the facilities.

RECOMMENDATION

The Office of the Inspector General recommends that the California Department of Corrections revise the monthly participant usage invoice and the related instructions in the *Financial Management Handbook for Private Community Correctional Facilities* to ensure accurate reporting by facilities.

FINDING 16

The Office of the Inspector General found that inmates assigned to the administrative unit of the Leo Chesney Center have access to performance information pertaining to other inmates, even though that access is specifically prohibited by state regulations.

California Code of Regulations Title 15 Section 3045(b) provides that inmate work supervisors’ time logs (CDC 1697 forms), which record inmates’ work, training time, and absences and are used for resolving inmate complaints and appeals pertaining to work credits, are to be retained at a secure location designated by the facility for 12 months from the date of completion. Under *California Code of Regulations*, Title 15, Section 3045(c), inmates are not allowed access to the forms.

The Office of the Inspector General found, however, that members of the inmate clerical staff at the Leo Chesney Center file the CDC 1697 forms.

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center change its procedures to retain CDC 1697 forms in a locked compartment, to

prohibit inmate access to CDC 1697 forms, and to provide for the forms to be filed by the facility staff.

FINDING 17

The Office of the Inspector General found that inmates assigned to the adult basic education program do not receive the required number of education hours.

Academic programs provided by the California Department of Corrections are intended to meet the needs and interests of the inmate population and to provide inmates with the educational skills necessary to function better in the facility and upon return to society. Department policy requires that inmates achieving below a sixth-grade proficiency level be assigned to adult basic education programs.

Section III. E .6 of the *California Department of Corrections Statement of Work for Private Community Correctional Facilities* requires that adult basic education classes be scheduled for a minimum of six hours a day. Instead, the Leo Chesney Center schedules adult basic education classes for only four hours a day so as to allow students to attend school for a half day and to work for an additional four hours. The Department of Corrections Program and Fiscal Audits Branch audit report dated January 1999 also noted this practice.

The Leo Chesney Center administrative staff is presently negotiating with the California Department of Corrections to amend the contract to change the six-hour adult basic education requirement to four hours. The facility director cites the following reasons in support of the request:

- A four-hour class allows the students, most of whom are indigent, to work half time and earn a modest income;
- The Leo Chesney Center currently runs two adult basic education programs with twelve students in the morning and twelve in the afternoon. According to the Leo Chesney staff, expanding the class to six hours would allow only one class session and the class size would increase to 24. A class of 24 would greatly reduce the instructor's ability to give attention to each student.
- The attention span of the student is exhausted after four hours.

The reduced class time, however, may not provide the students with enough hours of education to attain a sixth-grade level of proficiency.

RECOMMENDATION

The Office of the Inspector General recommends that Department of Corrections require the Leo Chesney Center to adhere to its contract requirement of offering a minimum of six hours a day of adult basic education unless or until the contract is modified by the department.

FINDING 18

The Office of the Inspector General found that floor tiles in the kitchen are cracked, creating a safety hazard.

The Office of the Inspector General found that the kitchen floor in the Leo Chesney Center dining hall has a large crack where sections of tile are missing. This condition was reported by the Sutter County Environmental Health Department during a recent inspection. The maintenance department at the Leo Chesney Center made repairs to the floor following the inspection, but the floor is now beyond repair and poses a significant safety hazard to the culinary staff. The Leo Chesney Center has requested funding to pay for the new floor and has received bids from area contractors.

California Department of Corrections Operations Manual, Section 31020.1, requires the Department of Corrections to strive to provide a healthy environment and safe working conditions for employees, inmates, and visitors.

RECOMMENDATION

The Office of the Inspector General recommends that the Leo Chesney Center replace the kitchen floor in the dining hall.

ATTACHMENT A
VIEWS OF RESPONSIBLE OFFICIALS
RESPONSE OF THE CALIFORNIA DEPARTMENT OF CORRECTIONS

DEPARTMENT OF CORRECTIONS

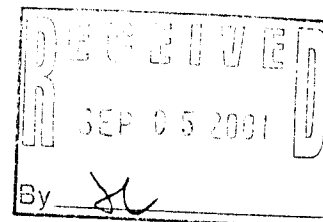
P.O. Box 942883

Sacramento, CA 94283-0001



August 28, 2001

John Chen
Chief Deputy Inspector General
Office of the Inspector General
3927 Lennane Drive, Suite 220
Sacramento, CA 95834-8780



Dear Mr. Chen:

The Community Correctional Facilities Administration (CCFA) of the California Department of Corrections (CDC) has received and reviewed the draft audit report of the Leo Chesney Community Correctional Facility, which was conducted by the Office of the Inspector General (OIG) pursuant to California Penal Code 6126, during the period of April – May 2001. The draft report notes a total of 18 findings and recommendations submitted by auditors.

The CDC appreciates the acknowledgment by the OIG relative to the positive tangibles at the Leo Chesney Center. The inmates are treated with fundamental fairness and the facility is a clean, orderly, well managed facility with excellent leadership as demonstrated by the Facility Director Susan Hickey. The CDC enjoys the cohesive working relationship that exists between the CDC staff and Cornell Corrections. Likewise, from a business perspective, Cornell Corrections is fully cooperative in meeting departmental requirements and contractual obligations.

The CDC also appreciates the professionalism demonstrated by the OIG auditors during this audit. As this was a first time experience for all involved, the impact of this experience would be quite significant. Fortunately, the auditors provided assistance to the CDC and Cornell Corrections to assist in understanding the critical factors of the audit. Additionally, the auditors executed a willingness to discuss issues of concern and clarify discrepancies with the CDC Facility Captain, the Facility Director and subordinate CDC and contractor staff. All things considered, this audit resulted in a positive first time experience for the Department and contributed to a better understanding of expectations for future OIG audits.

While the CCFA is thoroughly reviewing each area of concern for appropriate remedial action, there are several areas that warrant further consideration by the OIG prior to finalizing the audit report:

Finding 1:**The Leo Chesney Center has not adequately addressed misconduct allegations.**

For the record, the Leo Chesney Community Correctional Facility (CCF) does have a written operational procedure to address allegations of sexual misconduct. While previously there has not been a corresponding procedure for allegations of a nonsexual nature, this has not prevented the facility from adequately investigating any allegations brought forth. In the matter that was cited in the OIG report concerning an inmate assigned to an off reservation work detail, a number of steps were taken to ensure that neither the inmate population nor the

community were compromised. Specifically, immediately upon receipt of the information that raised the initial concerns, all of the inmates assigned to this detail were suspended from outside assignment, interviewed, and required to provide urinalysis samples. None of the inmates reported observing or participating in any activity related to drugs or sex. The laboratory results from the urinalysis tests supported the inmate's statements as all proved negative. Staff further pursued the matter by inquiring at the Post Office as to whom sent the mail containing the money order. Having identified that person, staff wrote to the individual, attempting to establish the basis for the money order being sent. Based upon a lack of evidence to support any wrongdoing on the part of any of the inmates or the citizen, three of the four inmates were returned to their assignment. As a proactive measure, the inmate who had received the money order was reassigned inside the security perimeter. No further contact between the two has since been reported (documentation available upon request). As recommended by the OIG, a formal procedure for investigating nonsexual allegations is currently being developed at the Leo Chesney CCF.

The Office of the Investigative Services has failed to investigate possible sexual misconduct.

According to the Office of Investigative Services (OIS), OIS conducted a review of an investigation conducted by staff at the Leo Chesney CCF into rumors of criminal and noncriminal misconduct between staff and inmates at the Leo Chesney CCF. Based upon conflicting statements and a lack of substantive information, it was determined by OIS that there was no evidence to either prove or disprove the rumors. There were no (victims) of sexual misconduct identified and there were no witnesses to provide credible evidence of any criminal violation. The allegations were received on February 14, 2001, the male staff member rumored to be the subject was terminated by the Facility Director on February 16, 2001 for an unrelated matter. This action removed the alleged threat which contributed to the lack of cause to warrant a formal investigation.

Finding 2:

The Office of the Inspector General found that the Leo Chesney Center used monies from the Inmate Welfare Fund to subsidize its budget and to purchase unallowable items.

All of the purchases internally approved out of the Inmate Welfare Fund (IWF) for the Leo Chesney CCF, were authorized with the knowledge that the inmate population would benefit as a whole. For instance, four can openers were purchased (one for each dorm) for a cost of fewer than \$10. Similarly, four ironing boards were purchased at approximately \$5 a piece. The other household items were purchased at the behest of the Inmate Advisory Council and were equally divided among the dorms. Again, the cost for such items was nominal. As noted in the OIG report the personal care product expenditures were not specifically prohibited. The audit assisted in identifying a purchase (\$3,524 for textbooks) that was authorized for payment from the Inmate Telephone Revenue Fund, but was inadvertently keyed out of the IWF. This data coding error has since been corrected and the money returned to the IWF. Several checks and balances have now been implemented to ensure proper review, authorization, and recording of expenditures from the IWF. Additionally, the CCFA issued a memorandum to all CCF's reiterating IWF procedures and guidelines (documentation available upon request). Should staff be uncertain relative to an IWF expenditure, they have been instructed to seek direction/clarification from CCFA.

Finding 3:

The Leo Chesney Center is using revenues generated from inmate telephone calls to make capital improvements.

A review of CCFA records indicates a total of seven separate requests for use of Inmate Telephone Revenue Funds (ITRF). The CCFA recognized prior to this audit that the use of the ITRF warranted formal interpretation and clarification as a matter of policy. Accordingly, the CCFA requested a legal opinion in the Fall of 2000 on this subject. On March 2, 2001, a legal opinion was provided, however, it did not fully address all of the specific Community Correctional Facility issues. A second legal review was requested and is still pending. In the interim, the CCFA has notified all contractors that any requests submitted to use ITRF monies would not be approved pending receipt of a formal CDC legal review. Once a second review is completed and reviewed, the CCFA will prescribe clearer guidelines for the use of ITRF monies. This was clearly explained to OIG audit staff as an issue CCFA had identified as requiring contractual clarification before the audit began.

Finding 4:

The Office of the Inspector General found that despite the overwhelming percentage of inmates incarcerated for drug-related offenses at the Leo Chesney Center, the institution does not have a mandatory substance abuse program.

The Leo Chesney CCF does afford inmates the opportunity to participate in a number of substance abuse recovery type programs to include: Alcoholics Anonymous, Narcotics Anonymous, Framework for Breaking Barriers and Moral Reconciliation Therapy; a specialized program developed to assist the user in better understanding the faulty thought process that enables the abuse and ways of reshaping that process and breaking the cycle. The programs while voluntary, are popular among the inmates. It is noteworthy that over the last two years, there has been in total, two serious Rules Violation Reports issued for drug related offenses at the Leo Chesney CCF. This is indicative of a facility that is largely free of drugs and drug use. Should an inmate be found guilty twice of a disciplinary drug related offense, departmental regulation mandates referral for placement in a formal substance abuse treatment facility within the State prison system. Recognizing the value of drug intervention, the Department does maintain a number of substance abuse treatment program beds for designated female offenders independent of the disciplinary process. The expansion of a substance abuse treatment program to the Leo Chesney CCF is impacted by Proposition 36. Specifically, Proposition 36 stands to significantly diminish the very population representative of Leo Chesney CCF inmates, thus, establishment of an additional drug treatment program at the CCF level is at this time premature.

Finding 5:

The Office of the Inspector General found that a California Department of Corrections staff member assigned to the Leo Chesney Center has a practice of cashing inmate trust account checks and release checks for inmates paroling from the institution.

The practice of cashing inmate trust account checks was discontinued immediately upon discovery and will not be resumed. The CCFA issued a policy memorandum to all CCFs to this effect (documentation available upon request). With regard to the cashing of release checks by staff, the Department recognizes the potential for the appearance of impropriety and has taken measures to ensure procedures exist at all the CCF's to account for handling of such funds. However, due to the CDC's limited staffing at the Leo Chesney CCF, until additional resources are provided, the practice of CDC staff cashing and issuing release checks for paroling inmates must continue. The CCFA has preliminarily discussed this issue with a number of the CCF's and intends to negotiate the transfer of these duties to contractor staff which would eliminate the potential for discrepancies.

Finding 6:

The Office of the Inspector General found that the Leo Chesney Center does not have an adequate system to ensure that inmate appeals are processed promptly and properly.

Relative to the deficiencies cited upon OIG review, it should be noted that the Leo Chesney CCF does have an Operational Procedure (246-1), Inmate Rights, established by Cornell Corrections that does provide adequate direction to contractor staff in the handling and processing of inmate appeals. The responsibility of officially logging and tracking appeals, however, falls upon CDC staff. Consequently, in addition to maintaining a formal appeals log, a log for informal appeals has been instituted as well. Additionally, the facility appeals coordinator is now forwarding written notice of overdue status to any area that has failed to meet time constraints in their response to the inmate. Written follow-up continues until the matter is resolved. There has been a long-standing problem in receiving timely log numbers for formal level appeals which was detected in the audit findings. This problem has since been remedied and should be reflected as such in future audits. Should there be any delay, the Leo Chesney Appeals Coordinator will provide a written prompt to the CCF Appeals Coordinator. Additionally, to ensure the Facility Director's involvement in the appeals process, presently all contractor related appeals are sent first with a cover letter to the Facility Director. The Facility Director then has the opportunity to review and assign the appeal to the appropriate staff. As recommended, a written procedure is being drafted to provide detailed direction to the Leo Chesney Appeals Coordinator (CDC). This should alleviate any further problems with accuracy and timeliness.

Finding 7:

The Office of the Inspector General found that Cornell Corrections is not forwarding unclaimed trust funds to the California Department of Corrections.

Response to this finding/recommendation falls within the purview of Cornell Corrections.

Finding 8:

The Office of the Inspector General found that Cornell Corrections does not prepare annual budgets for inmate welfare fund operations and does not prepare and submit quarterly inmate welfare fund financial statements in a timely manner to the Leo

Chesney Center or the Department of Corrections Community Correctional Facility Administration.

The Leo Chesney CCF advises that they are in the process of preparing annual budgets for the inmate welfare fund. The first annual budget report will be for Fiscal Year 2001/2002 and is expected to be completed and forwarded to the CCFA by August 31, 2001. Quarterly financial statements will also be provided to the CCFA and posted for the inmate population consistent with Department Operations Manual (DOM) Section 23010.8. In addition, the CCFA is taking steps to ensure that other similarly situated CCF contractors are aware of the CDC's operational and contractual budget requirements for the inmate welfare fund operations. CCF contractor compliance with these budgetary controls will serve to ensure that the inmate welfare funds are being appropriately managed consistent with state DOM and contract requirements.

Finding 9:

The Office of the Inspector General found that Cornell Corrections has not properly managed the lease payments for the Leo Chesney Center.

Response to this finding/recommendation falls within the purview of Cornell Corrections.

Finding 10:

The Office of the Inspector General found that staff duties for the management of inmate trust accounts at the Leo Chesney Center are not properly segregated.

Response to this finding/recommendation falls within the purview of Cornell Corrections.

Finding 11:

The Office of the Inspector General found that Leo Chesney Center does not process incident reports properly.

Expectations regarding the timely submittal and logging of Incident Reports has been reiterated. All Incident Reports will be closely monitored for accuracy and timeliness, with follow-up as needed.

Finding 12:

The Office of the Inspector General found inaccuracies in the Leo Chesney Center's inmate disciplinary reports.

Expectations regarding the timely logging of disciplinary actions into the appropriate disciplinary logs has been reiterated. Also, the need to properly reflect an accounting of such entries to the CCFA. This function will be routinely monitored by supervisory staff to ensure compliance. Relative to the recommendation that the Facility Director be apprised of the status of disciplinary activity within the facility, a monthly report with statistical details of disciplinary actions has regularly been provided to the director. Additionally, there has always been dialog between the Facility Director and CDC staff concerning disciplinary and

classification matters, as well as issues of significance to include those requiring incident reports. The Facility Director at Leo Chesney regularly chairs Unit and Initial Classification Committee wherein disciplinary issues are discussed.

Finding 13:

The Office of the Inspector General found that a significant number of staff performance appraisals and probationary reports for employees at the Leo Chesney Center are overdue.

Response to this finding/recommendation falls within the purview of Cornell Corrections.

Finding 14:

The Office of the Inspector General found that some Leo Chesney Center employees have not attended mandatory training classes or met the minimum hours of annual training and that the facility training files contain errors and lack adequate documentation.

Training requirements for CDC staff will be closely monitored to ensure compliance. Quarterly audits will be instituted to verify that training is being completed as required and that the records of such training are accurate and properly maintained.

Finding 15:

The Office of the Inspector General found that the invoice form used by the California Department of Corrections for community correctional facility reimbursement is outdated and that the department has not provided guidance to the facilities on claiming payment for beds when they exceed the monthly maximum reimbursement amount.

The "Monthly Participation Day Usage Invoice" form (Appendix B, Schedule I) was revised in 1995 for all private CCFs via the Financial Management Handbook (FMH). Since then, Line #4, "Free Beds" (beds provided by the contractor at no charge to the State in addition to their contracted total), no longer contractually applies to the Leo Chesney CCF. Annual participant days are reflected in the respective Fiscal Year CCF contract amendments (i.e., 98/99, 99/00, 00/01). However, the Leo Chesney CCF incorrectly reports "bed fluctuations" under Line #4 and furthermore unnecessarily details same via a separate "Supplemental Invoice". Both of these practices are not required and in-turn misstates the information reported. The CCFA will address and correct these practices directly with the Leo Chesney CCF.

One CCF still continues to contractually provide "free beds", consequently, Line #4 is still valid and has not been deleted from the form.

The Leo Chesney CCF contracts annually (365 days a year) to house 195 inmates for a total of 71, 175 participant days at a rate of \$35.21 per day (based on a "100 percent occupancy"). However, actual populations vary above and/or below the 100 percent occupancy. Therefore, if the number of monthly participant days billed exceeds 195 inmates, the CCFA would pay the invoice (i.e., "excess beds") as long as the annual total number of participant days billed

does not exceed the annual contracted amount. This allows for day-to-day population variances such as paroles, medical or disciplinary transfers, and CDC transportation bus runs. The CCFA will develop and incorporate clearer guidelines in the FMH on the reporting requirements for excess beds.

Finding 16:

The Office of the Inspector General found that inmates assigned to the administrative unit of the Leo Chesney Center have access to performance information pertaining to other inmates, even though that access is specifically prohibited by state regulations.

Upon notification that this practice was occurring it was immediately stopped by the Facility Director. All inmate timecards are now exclusively handled by staff. The timecards are maintained in a locked file cabinet for which only staff have the key. For the sake of clarification, a single inmate is and was assigned to the administrative unit. This inmate is under direct and constant supervision while at the work site.

Finding 17:

The Office of the Inspector General found that inmates assigned to the adult basic education program do not receive the required number of education hours.

Pursuant to the Department Operations Manual (DOM) Section 53130.1, persons sentenced under Penal Code Section 1170 are required to serve their entire sentence, except for credit reductions in time-served for performance in a qualifying work, training or educational program. Consequently, the CCFA does not have the authority to "negotiate" or otherwise "amend" statutory law.

Furthermore, DOM 53130.6.1 states that a "full-time" assignment shall normally require (or is expected to be) 8 hours of participation per day and "half-time" assignments, 4 hours. However, a full-time assignment shall not be less than 6 hours per day and the work week no less than 30 hours. A half-time assignment shall not be less than 3 hours and the workweek no less than 15 hours. Combination assignments, such as education and work, shall be considered as a qualifying "full-time" assignment.

DOM 53130.6.1 specifically states that "*any combination of half-time work, school, or training program resulting in full-time assignment requires the same minimum participation as a regular full-time work assignment. Each combination of a half-time assignment requires the same minimum participation as a half-time assignment*". Therefore, if an inmate is assigned to two half-time assignments (such as education and work) each half-time assignment must be a minimum of 3 hours and collectively total at least 6 hours for the entire workday.

Therefore, except for full-time assignment requirements referred to above, there is no requirement that an ABE class must specifically consist of a minimum of 6 hours of ABE instruction. The measure of a sixth-grade level of education is tied to the individual student's "*proficiency*" and not to a set number hours of instruction.

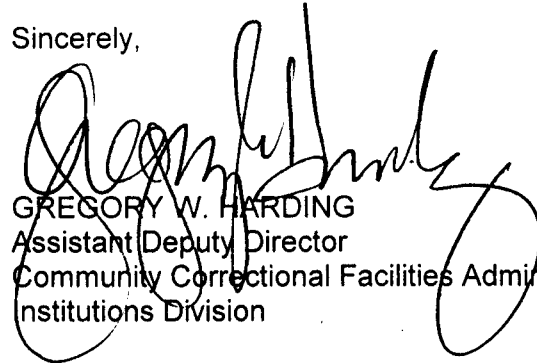
Finding 18:

The Office of the Inspector General found that floor tiles in the kitchen are cracked, creating a safety hazard.

Response to this finding/recommendation falls within the purview of Cornell Corrections.

Thank you for the opportunity to review the audit document in draft form. If I can answer other questions or concerns, please feel free to contact me directly at 327-1471.

Sincerely,



GREGORY W. HARDING
Assistant Deputy Director
Community Correctional Facilities Administration
Institutions Division

John Chen
Page 9

bcc: Pamela A. Prudhomme
Nola Grannis
Mike Smith

Subject file/OIG Audit of Leo Chesney Center
Smith/RQ-2 Disk/OIGLEOAUD

ATTACHMENT B

COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL ON THE RESPONSE OF THE CALIFORNIA DEPARTMENT OF CORRECTIONS

FINDING 1.

The Office of the Inspector General disagrees with the statement that lack of written procedures has not prevented the facility from adequately investigating allegations. During the course of the audit, the Office of the Inspector General repeatedly requested documentation on what action has been taken relative to this case. Neither the facility director nor the Department of Corrections' facility captain could provide documentation to support the action that purportedly had been taken. The Office of Investigative Services did not investigate the case despite the fact that the facility director expressed serious concerns about inappropriate sexual behavior between staff and inmates. The Office of the Inspector General could find no evidence to support the assertion that the Office of Investigative Services analyzed the facts of the case to determine whether an investigation was warranted.

FINDING 2

The fact that the purchases made were for the benefit of the inmate population, does not make these allowable inmate welfare fund expenditures. The expenditures are already funded in the community correctional facility contract. *The Financial Management Handbook for Private Community Correctional Facilities*, Section IV.H states that inmate welfare fund expenditures may not include items already funded in the community correctional facility contract.

FINDING 3

The community correctional facilities have been in existence for over ten years. The fact that the California Department of Corrections is still seeking legal clarification on basic questions of what constitutes proper use of inmate telephone revenues at community correctional facilities further signifies the need for clear policy guidelines and direction.

FINDING 4

The Office of the Inspector General finding states that there is a need for a **mandatory** substance abuse program. The programs alluded in the department's response are **voluntary** programs.

FINDING 5

From a control standpoint, the decision to allow the California Department of Corrections staff to cash release checks for paroling inmates poses a high risk of possible misconduct. If

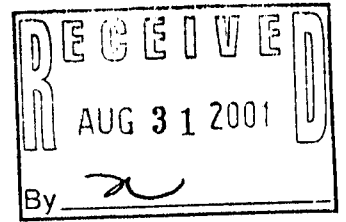
there is a necessity for paroling inmates to have cash, the Office of the Inspector General recommends that a revolving fund or petty cash fund be set up to fulfill this purpose.

FINDING 17

The six-hour-a-day adult basic education requirement is a specific requirement of the *California Department of Corrections Statement of Work for Private Community Correctional Facilities*. If the six-hour-day education requirement is not an expectation of the Department of Corrections, the Office of the Inspector General recommends that the contract be modified, as stated in the audit report.

ATTACHMENT C
VIEWS OF RESPONSIBLE OFFICIALS
RESPONSE OF CORNELL CORRECTIONS

CORNELLCORRECTIONS



August 28, 2001

John Chen
Chief Deputy Inspector General
Office of the Inspector General
3927 Lennane Drive, Suite 220
Sacramento, CA 95834-8780

Dear Mr. Chen:

We appreciate the opportunity to review and respond to the August 2001 draft report of the audit conducted at the Leo Chesney Community Correctional Facility by the Office of the Inspector General. Our responses to the eighteen findings outlined in the report are attached.

The minimal number of findings noted from the in-depth six-week audit performed by your office bears witness to the effectiveness of the Leo Chesney Center. However thrilled I am of the accomplishments of the Center, I am prouder still to acknowledge that these outstanding accomplishments are the results of a great team comprised of Cornell Companies and California Department of Corrections personnel. The mutual respect, dedication, support, and team approach allows us—the team—to truly make a difference in the lives of our residents and in the community in which we operate.

In closing, please pass on our appreciation to Patricia Ramos and the entire audit team for the professional and outstanding manner in which they conducted this audit.

Sincerely,

A handwritten signature in cursive script that reads "Susan Hickey".

Susan Hickey
Facility Director

Attachment

cc: Gary Henman, Vice President, Secure Institutions Division
Gregory Harding, Assistant Deputy Director
Nola Grannis, Facility Captain

FINDING 1

The Office of the Inspector General found that allegations of misconduct by staff and inmates at the Leo Chesney Center are not adequately investigated.

To further clarify this finding, on February 14, 2001 upon hearing of the allegation of possible sexual misconduct between a correctional officer and an inmate, a preliminary inquiry was conducted. Because the allegation was of a sexual nature the case was referred as appropriate on February 23, 2001. There was never any mention of sexual misconduct between the female correctional officer who allegedly commonly woke an inmate late at night. Unrelated to the above, both individuals are no longer employed with Cornell Companies.

Policies and procedures for investigating allegations of inmate or employee misconduct not of a sexual nature will be developed by 10/31/01. The procedures will set investigation parameters and guidelines and establish timeframes for completion.

FINDING 2

The Office of the Inspector General found that the Leo Chesney Center used monies from the inmate welfare fund to subsidize its budget and to purchase unallowable items.

We requested and received CDC approval to use telephone revenue funds for the purchase of textbooks on Microsoft Office software. Inmate welfare funds were inadvertently used and we have since corrected our error.

As stated in the report, the use of inmate welfare funds for the purchase of prizes for inmates is authorized. We purchase prizes consisting of personal care products as well as food items. Winners are given a choice of available prizes. It should be noted that we also purchase personal care products from the operating budget to provide to indigent inmates. However, only a small percentage of inmates housed at the Leo Chesney Center are indigent, and then only for a short time, because they are required to work and are paid for their work.

The household items purchased using inmate welfare funds were solely for the inmates use and the amount were minimal. For example, from 01/99 to the present, less than \$700 has been spent from inmate welfare funds on household items.

The methodology used in determining the amount charged to the inmate welfare fund for computer telephone lines and computer services is as follows:

Valley computing charges the Leo Chesney Center \$1,300 per month to provide dedicated proprietary software, computer terminals, software training, software manuals, maintenance of the software, and help desk services. The proprietary software created for the Leo Chesney Center is used (1) to track inmate bed assignments, (2) manage

inmate trust accounts, (3) prepare monthly billing rosters and invoices, (4) to track inmate commissary functions (including inventory, purchasing and pricing of product, commissary sales, shrinkage reports), etc. In addition, Cornell Companies contracts for dedicated computer telephone lines which link the Valley Computing server and the Leo Chesney Center computer terminals.

The software identifies seven transaction categories and reports the total number of transactions in each category. Commissary transactions constitute one of the seven categories. Cornell Companies and the inmate welfare fund (IWF) jointly share the monthly charges for computer services and for computer telephone lines. Since computer usage is a good indicator of software importance and value, number of help desk calls, frequency of terminal maintenance, etc., Cornell apportioned the monthly cost of the system based on volume of activity (ie., usage). Valley Computing was asked to generate a monthly report showing the total transactions for each of the seven categories. The report showed that commissary related computer activity accounted for 47% of the total monthly transactions. Since commissary operational costs can be paid out of the IWF, the fund was charged approximately \$600 each month (\$1,300 cost per month X 47% of the transactions) for its usage of the computer services. Similarly, IWF also pays approximately 47% of the related monthly computer telephone line charges.

FINDING 3

The Leo Chesney Center is using revenues generated from inmate telephone calls to make capital improvements.

Although this finding occurred at the Leo Chesney Center, the resolution is not within Cornell Companies' scope of contract. Consequently, it is our understanding that the California Department of Corrections is addressing this issue.

FINDING 4

The Office of the Inspector General found that despite the overwhelming percentage of inmates incarcerated for drug-related offenses at the Leo Chesney Center, the institution does not have a mandatory substance abuse program.

Although a mandatory substance abuse program is not within the scope of the current Contract, Cornell Companies is committed to "making a difference," understands the benefits of such a program, and is open for discussion on this issue. Short of that, the Leo Chesney Center remains committed to continuing the programs currently in place: substance abuse and addiction support groups are offered weekly through Alcoholics Anonymous (AA), Narcotics Anonymous (NA), and Al-Anon. Included in our Pre-release Program is *Framework for Breaking Barriers*, a video based training designed for individuals who face the challenge of overcoming a substance abuse problem or addiction. *Moral Reconciliation Therapy*, a dynamic 16-step cognitive behavioral and substance abuse program, enables offenders to gain self-esteem, set goals, improve life

skills, think positively and evaluate their moral reasoning is available on Thursday evening.

FINDING 5

The Office of the Inspector General found that a California Department of Corrections staff member assigned to the Leo Chesney Center has a practice of cashing inmate trust account checks and release checks for inmates paroling from the institution.

Although this finding occurred at the Leo Chesney Center, the resolution is not within Cornell Companies' scope of contract. Consequently, it is our understanding that the California Department of Corrections is addressing this issue.

FINDING 6

The Office of the Inspector General found that the Leo Chesney Center does not have an adequate system to ensure that inmate appeals are processed promptly and properly.

Although this finding occurred at the Leo Chesney Center, the resolution is not within Cornell Companies scope of work. Consequently, it is our understanding that the California Department of Corrections is addressing this issue.

FINDING 7

The Office of the Inspector General found that Cornell Corrections is not forwarding unclaimed trust funds to the California Department of Corrections.

Unclaimed trust funds will be processed in accordance with page 30 of the *Financial Management Handbook for private Community Correctional Facilities*. Outstanding checks for trust funds over seven months old will be cancelled and the funds will be sent to California Department of Corrections quarterly. Checks are now stamped "VOID AFTER SIX MONTHS." We are currently trying to locate the payees of the unclaimed checks. If the payees cannot be located, the monies will be forwarded to CDC. Anticipated completion date is November 30, 2001.

FINDING 8

The Office of the Inspector General found that Cornell Corrections does not prepare annual budgets for inmate welfare fund operations and does not prepare and submit quarterly inmate fund financial statements in a timely manner to the Leo Chesney Center or the Department of Corrections Community Correctional Facility Administration.

An annual budget for the inmate welfare fund operations for FY 2001/2002 is being prepared and will be forwarded to California Department of Corrections by 9/14/01. Quarterly inmate fund financial statements will be made available to the facility in a timely manner.

FINDING 9

The Office of the Inspector General found that Cornell Corrections has not properly managed the lease payments for the Leo Chesney Center.

Our lease agreement stipulates that the *“Landlord shall be responsible for calculating such increases pursuant to the formula described hereinbelow (sic.) and advising Tenant of such increases.”* Cornell Companies intends to comply with the agreement as stated.

FINDING 10

The Office of the Inspector General found that staff duties for the management of inmate trust accounts at the Leo Chesney Center are not properly segregated.

We have reevaluated the inmate management system access assigned to the administrative assistants as recommended and will make the following changes: The administrative assistant I & II will have access to all screens but will not have the capability to initiate inmate files after 9/14/01. The in-take counselor will assume the responsibility of initiating inmate files within the system. All system changes and staff training will be completed by 9/12/01.

The cash receipt log listing the checks received will be reconciled to the bank deposit receipts and reviewed by the administrative assistant III.

FINDING 11

The Office of the Inspector General found that Leo Chesney Center does not process incident reports properly.

Although this finding occurred at the Leo Chesney Center, the resolution is not within Cornell Companies' scope of work. Consequently, it is our understanding that the California Department of Corrections is addressing this issue.

FINDING 12

The Office of the Inspector General found inaccuracies in the Leo Chesney Center's inmate disciplinary reports.

Although this finding occurred at the Leo Chesney Center, the resolution is not within Cornell Companies' scope of work. Consequently, it is our understanding that the California Department of Corrections is addressing this issue.

FINDING 13

The Office of the Inspector General found that a significant number of staff performance appraisals and probationary reports for employees at the Leo Chesney Center are overdue.

There are no outstanding reports at the Leo Chesney Center. Of the 35 reports due in June 2001, all were finalized and forwarded to the Corporate Office in a timely manner. All staff members are aware of the importance of performance appraisals and probation reports to the mission of the Leo Chesney Center. The Administrative Assistant III notifies the Facility Director of any delinquent reports and supervisors are held accountable for completing timely performance appraisals and probationary reports.

FINDING 14

The Office of the Inspector General found that some Leo Chesney Center employees have not attended mandatory training classes or met the minimum hours of annual training and that the facility training files contain errors and lack adequate documentation.

Errors identified in the employee training records are being corrected and applicable training has been scheduled. Required corrections and training will be completed by 12/31/01.

FINDING 15

The Office of the Inspector General found that the invoice form used by the California Department of Corrections for community correctional facility reimbursement is outdated and that the department has not provided guidance to the facilities on claiming payment for beds when they exceed the monthly maximum reimbursement amount.

Although this finding occurred at the Leo Chesney Center, the resolution is not within Cornell Companies' scope of work. Consequently, it is our understanding that the California Department of Corrections is addressing this issue.

FINDING 16

The Office of the Inspector General found that inmates assigned to the administrative unit of the Leo Chesney Center have access to performance information pertaining to other inmates, even though that access is specifically prohibited by state regulations.

The inmate clerk assigned to the administrative unit no longer files inmate work supervisors' time logs (CDC 1697 forms); facility staff do the filing. CDC 1697 forms

are maintained in a locked metal cabinet per local procedure 401-1, Inmate Work Programs and Incentive Pay.

FINDING 17

The Office of the Inspector General found that inmates assigned to the adult basic education program do not receive the required number of education hours.

It is our understanding that the current Contract will be amended to allow for half education/half work assignments at the Leo Chesney Center.

FINDING 18

The Office of the Inspector General found that floor tiles in the kitchen are cracked, creating a safety hazard.

The kitchen floor is currently being replaced and should be completed by 8/31/01.

ATTACHMENT D

COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL ON THE RESPONSE OF CORNELL CORRECTIONS

FINDING 13

The Office of the Inspector General reviewed the performance and probationary reports due in the year 2000 and found a significant number overdue. In its response, Cornell Corrections said that no 2001 performance and probationary reports are presently overdue. It should be noted that the Office of the Inspector General considered probationary reports overdue if they were not completed within one month of the completion of an employee's six-month probationary period.