OFFICE OF THE INSPECTOR GENERAL

STEVE WHITE, INSPECTOR GENERAL

AUDIT OF THE FOLSOM COMMUNITY CORRECTIONAL FACILITY

JANUARY 2002

GRAY DAVIS, GOVERNOR — PROMOTING INTEGRITY

State of California

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Memorandum

Date: January 15, 2002

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

From: STEVE WHITE
Inspector General

Subject: AUDIT OF THE FOLSOM COMMUNITY CORRECTIONAL FACILITY

I am pleased to forward to you the enclosed report of the audit of the Folsom Community Correctional Facility, which was performed by the Office of the Inspector General. The audit was conducted in accordance with the oversight responsibility of the Office of the Inspector General provided under *California Penal Code* Section 6126. The report describes serious issues requiring immediate attention.

The Office of the Inspector General furnished a draft verson of the report to Folsom City Manager Martha Clark Lofgren and to Community Correctional Facilities Administration Assistant Deputy Director Gregory W. Harding and held an exit conference on December 13, 2001, which was attended by City Manager Lofgren, Assistant Deputy Director Harding, and staff from the city and the Department of Corrections. The Office of the Inspector General also met with city officials and members of the city's legal and financial staff on December 17, 2001 to discuss in detail the findings related to financial matters. A separate meeting to discuss the report was held with the Prison Industry Authority.

The written response of the City of Folsom is included in the report as Attachment B, and the written response of the Prison Industry Authority is included as Attachment D. The response of the Department of Corrections is included in the report as Attachment F. Comments of the Office of the Inspector General on issues raised in each of the responses are included as Attachments C, E, and G.

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
Martha Clark Lofgren, City Manager, City of Folsom

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REPORT

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EXECUTIVE SUMMARY

This report presents the results of an audit of the Folsom Community Correctional Facility conducted by the Office of the Inspector General from June through November 2001. The Folsom Community Correctional Facility was selected for audit by the Office of the Inspector General in accordance with its oversight responsibility provided under *California Penal Code* Section 6126 for boards and departments within the Youth and Adult Correctional Agency, including the California Department of Corrections. The audit examined the institutional processes of the Folsom Community Correctional Facility relating to personnel, training, communications, investigations, security, and financial matters. The audit also included a review of the operations of the Correctional Resource Recovery Facility.

The Folsom Community Correctional Facility is operated by the City of Folsom under a contract with the California Department of Corrections. The facility is located in Folsom, California and has 70 full-time employees and a design capacity of 380 beds. The inmates are subject to the rules and regulations of the facility, but remain under the legal custody of the Department of Corrections. In operating the facility, the city is required to comply with operating guidelines specified in the contract and with applicable provisions of *California Code of Regulations,* Title 15, and other policies and procedures of the Department of Corrections. The facility director is Wally Smith, who has served in that capacity since the facility opened in 1990.

The Correctional Resource Recovery Facility is a mixed-waste processing facility located adjacent to the Folsom Community Correctional Facility. The waste-processing facility has been using inmates from the Folsom Community Correctional Facility to separate recyclable materials from garbage collected from homes and businesses for the City of Folsom since 1994. Almost half the inmates from the Folsom Community Correctional Facility work at the waste-processing facility, which is owned by the Prison Industry Authority and operated jointly by the Prison Industry Authority and the City of Folsom.

In assessing operations of the Folsom Community Correctional Facility and the Correctional Resource Recovery Facility, the Office of the Inspector General toured the facilities, conducted interviews and surveys of employees, talked to inmates, and reviewed pertinent documents related to key systems, functions, and processes.

SUMMARY OF FINDINGS

Audits conducted of other correctional facilities throughout the state by the Office of the Inspector General have demonstrated that well-run community correctional facilities operating under contract to public and private entities can be a cost-effective alternative to housing low-security inmates nearing parole in state prisons. But the Folsom Community Correctional Facility, operating under the contract with the City of Folsom, is a poor fiscal investment for the State. The Office of the Inspector General found that the Folsom Community Correctional Facility is badly mismanaged and that the Correctional Resource Recovery Facility presents such a risk to public safety and to the taxpayers as to require immediate action. While the City of Folsom is benefiting from its contract with the Department of Corrections, the State is not receiving the services it is paying the city to provide. The city is not fulfilling the terms of the

contract and the Folsom Community Correctional Facility is not fulfilling its mission as a community correctional facility to prepare inmates nearing parole for release into society.

The following summarizes the findings of the Office of the Inspector General.

- **FINDING 1. The Office of the Inspector General found that the operation of the Correctional Resource Recovery Facility presents unacceptable risks to public safety, to state taxpayers, to the residents of the City of Folsom, to facility employees, and to the inmates.**

  Almost half the inmates from the Folsom Community Correctional Facility are assigned under penalty of disciplinary action to work full time at the Correctional Resource Recovery Facility, extracting recyclable materials from garbage collected from Folsom homes and businesses. Conditions at the waste-processing facility are dangerous, exposing staff and inmates to toxic substances and infectious disease from discarded needles and other medical waste and the staff to safety hazards from tools and weapons found in the refuse by inmates. The facility presents serious liability risks to the State and to the City of Folsom and endangers public health as inmates exposed at the facility to hepatitis, AIDS, and other diseases are released into the community. The facility is not providing hepatitis vaccinations to inmates who work at the facility and is not providing exit medical examinations required under state law to inmates paroling from the facility. Nor does the city have a policy of informing Folsom residents that inmates are hand-sorting garbage, which may include discarded credit card statements and other documents containing home addresses, telephone numbers, and other personal information. As a result, residents are being placed at risk of identify theft, burglary, and other crimes. The City of Folsom is using the facility and the cheap inmate labor to meet the requirements of the California Integrated Waste Management Act of 1989 without the need to institute curbside recycling or other conservation measures. Meanwhile, because of the hazards in the city-run operation, state taxpayers face potential costs from numerous workers' compensation claims arising from accidents and injuries at the facility.

- **FINDING 2. The Office of the Inspector General found widespread fiscal mismanagement at the Folsom Community Correctional Facility, as well as misinformation about fiscal issues and misdirection of funds intended to benefit inmates.**

  The City of Folsom claims it has suffered financial hardship from operating the Folsom Community Correctional Facility, but in fact it has reaped substantial benefit, often at the expense of the inmates the facility is supposed to be serving. Not only does the facility allow the city to avoid the need to provide curbside recycling, the city also collects about $560,000 a year from selling recyclable materials salvaged by inmates from the city's garbage. Meanwhile, the State is paying the city a monthly lease amount covering all of the construction, financing, and program development costs for the facility, as well as a monthly flat rate to cover facility operations. The city claims the monthly amount it receives is not enough to cover operating expenses, that it is incurring deficits from operating the facility

and that therefore it cannot afford to offer the inmate programs required by state law. But the Office of the Inspector General found that the city has earned a profit from operating the facility for every one of the past five fiscal years. The city also ignores the contract budget in administering the facility, paying the facility director far more than the salary specified in the contract, for example. In addition, the city has reported questionable expenditures in running the facility, such as costs resulting from the city's failure to comply with state laws pertaining to personnel matters, and expenditures for outside counsel to represent the city in contract negotiations with the state Department of Corrections—in effect, charging the State for the city's legal costs in representing the city's interests against the State. To compensate for its purported budget deficit, the city has made a practice of improperly diverting monies from the inmate welfare fund to offset the operating costs of the facility, despite state regulations providing that the inmate welfare fund is to be administered as a trust fund for the benefit and welfare of inmates. For fiscal years 1996-97 through 2000-01, the city transferred $310,000 from the inmate welfare fund to the facility operating fund, while, in fiscal year 1999-00, the city spent just $2,869 from the inmate welfare fund on inmate programs and in fiscal year 2000-01, spent nothing from the fund for that purpose. The facility is also mismanaging inmate trust funds to a degree that could conceal irregularities and invite misappropriation.

FINDING 3. [redacted]

- **FINDING 4. The Office of the Inspector General found that the Folsom Community Correctional Facility is not providing inmates with state-mandated programming.**

The facility does not provide the inmate programs mandated by state law and by its contract with the Department of Corrections, is not operating in compliance with other statutory and regulatory requirements, and is not fulfilling its mission as a community correctional facility to prepare inmates for release. Although the contract budget provides $41,100 annually for inmate training and education, the facility spends less and less every year on such programs, and in fiscal year 2000-01, spent only $7,394. Although state law requires the facility to provide an accredited education program, the facility does not offer such a program. Even

though, according to the most recent statistics, 28 percent of Department of Corrections inmates and 38 percent of parolees have been convicted of drug offenses, the facility lacks a substance abuse program. And although the contract requires the facility to provide a pre-release program to prepare inmates for successful reintegration into society, the facility provides no such program.

- **FINDING 5. The Office of the Inspector General found that the Folsom Community Correctional Facility does not follow prescribed personnel procedures and that the facility management appears to engage in retaliation against employees and makes arbitrary personnel decisions, with resultant costs to the taxpayers.**

  The Office of the Inspector General found that the Folsom Community Correctional Facility has no written standards governing administrative leave, is not complying with mandated procedures for conducting employee investigations, and does not comply with state requirements for conducting background investigations on candidates for employment. The facility also does not require time sheets to document employee pay and has no policies and procedures to ensure compliance with the Americans with Disabilities Act. The facility management also appears to make capricious and arbitrary personnel decisions and to engage in retaliation against the staff. The actions of the facility management have exposed the City of Folsom to litigation and have caused reversal of personnel actions, with costs charged to the taxpayers.

- **FINDING 6. The Office of the Inspector General found that the employees of the Folsom Community Correctional Facility are not receiving training required by state law and by the facility's own operations manual.**

  The Folsom Community Correctional Facility has no comprehensive training policy and no centralized list of training requirements for its employees. As a result, the facility has no means of ensuring that employees receive required training. From a review of employee training records, the Office of the Inspector General found that a large percentage of facility employees are not receiving training required by the *California Penal Code,* by the State Board of Corrections, by the facility's policies and procedures manual, and by post orders for specified positions.

- **FINDING 7. The Office of the Inspector General found that the Folsom Community Correctional Facility has a high level of inmate disciplinary and appeal activity compared to other community correctional facilities. Yet, its inmate appeals system does not ensure that appeals are processed properly or on time.**

  The Folsom Community Correctional Facility had the third highest average number of disciplinary rule violations per inmate and the highest average number of inmate appeals per inmate of all of the state's community correctional facilities in the 18-month period from January 2000 through June 2001. A large percentage of the inmate disciplinary actions and appeals at the facility stem from the refusal of inmates to work at the Correctional Resource Recovery Facility. During the seven-month period between January 2001 and July 20, 2001, 67 percent of the disciplinary actions issued at the

Folsom Community Correctional Facility as a whole resulted from inmates refusing to report to work at the waste-processing facility.

Despite the high level of inmate appeal activity, the facility's inmate appeals system does not ensure that the appeals are properly documented and processed within prescribed time limits. The Office of the Inspector General found that in the period January 2000 through June 2001, 30 percent of informal level appeals and 44 percent of formal level appeals either were not completed within the time limits or had no log entry showing that they were completed.

- **Finding 8. The Office of the Inspector General found that the director of the Folsom Community Correctional Facility spends little time on the job and that the facility staff has low regard for his management performance. Yet, he is paid more than twice as much as the state's other community correctional facility directors.**

  According to the staff at the Folsom Community Correctional Facility, facility director Wally Smith rarely appears at the facility before 10 a.m., takes an extended lunch break, and leaves at 2 p.m. Yet, for the fiscal year ended June 30, 2001, he was paid more than two and a half times the average compensation paid to the State's 15 other community correctional facility directors. His base salary exceeds even that of state prison wardens, who have vastly greater responsibilities. He also receives a generous monthly leave credit and, according to the facility payroll records, has been paid for working every holiday for the past three years, even though the staff reports that he has actually appeared at the facility on a holiday only once. The facility director received the lowest scores ever recorded by the Office of the Inspector General in surveys of employees asked to evaluate the performance of administrators of state correctional agencies. The staff said the director is uninvolved in facility operations, remote from inmates and employees, and lacks interest in the welfare of the staff and the inmates. Most said they would not choose to work for him again. Those sentiments may help to account for the fact that the facility presently has a 23 percent annual turnover rate among facility employees, averaged over the period from January 2000 through July 2001.

- **Finding 9. The Office of the Inspector General found that the California Department of Corrections has failed to fulfill its responsibility for oversight of the Folsom Community Correctional Facility.**

  Responsibility for the day-to-day operation of the Folsom Community Correctional Facility and for city employees who work at the facility belongs to the City of Folsom, but the inmates remain under the legal custody of the Department of Corrections. Ultimate responsibility for the safety and welfare of the public and the inmates and for ensuring that the institution complies with its contract and with applicable provisions of state law, therefore rests with the department. The Department of Corrections has known about the problems at the Folsom Community Correctional Facility for some time from audits performed in 1999 and 2000 by the department's Program and Fiscal Audits Branch, from financial reports submitted to the department by the City of Folsom, and from reports of the department's liaison to the facility, who has oversight responsibility for facility operations. But the department has not acted to bring about solutions.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections terminate its contract with the City of Folsom for operating the Folsom Community Correctional Facility and undertake a thorough restructuring of the facility.

The usual practice of the Office of the Inspector General in reporting the results of audits and investigations of correctional institutions and programs is to offer specific recommendations for addressing each of the problems identified. The audit of the Folsom Community Correctional Facility, however, revealed problems so profound and a degree of noncompliance so extreme as to call for nothing short of a top-to-bottom overhaul of the facility. As a first step in that process, the Office of the Inspector General recommends that the Department of Corrections terminate its contract with the City of Folsom.

Recognizing that the State is liable for the costs of constructing the facility and therefore must continue to make lease payments for eight more years, the department should consider either operating the institution as a state-run facility or contracting with another entity to handle facility operations. If the department decides to maintain its contract with the City of Folsom, the department should institute a comprehensive reform of the facility operations, including changes in management, to bring about full compliance with statutory and regulatory requirements governing community correctional facilities.

INTRODUCTION

The Office of the Inspector General conducted this audit of the Folsom Community Correctional Facility pursuant to its authority under *California Penal Code* Section 6126. Section 6126 gives the Inspector General responsibility for oversight of boards and departments under the Youth and Adult Correctional Agency, including 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, and the Prison Industry Authority. The law gives the Office of the Inspector General authority to conduct audits and investigations at the request of the Governor or a member of the Legislature or at the initiative of the Inspector General. The Folsom Community Correctional Facility was selected for audit by the Office of the Inspector General in accordance with these oversight responsibilities. The audit examined the institutional processes of the Folsom Community Correctional Facility relating to personnel, training, communications, investigations, security, and financial matters.

BACKGROUND

The Folsom Community Correctional Facility is a community correctional center designed to house inmates nearing parole. *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. The impetus for the law was the belief that contract beds were an acceptable alternative to prison beds and that housing low-security inmates nearing completion of prison terms in community-based contract beds was 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 department and the department does not own the facilities. The Community Correctional Facilities Administration of the Department of Corrections Institutions Division is responsible for contractual and operational oversight of the state-contracted community correctional facilities.

Appended to contracts between the Department of Corrections and public community correctional facilities is a California Department of Corrections *Statement of Work for Public Community Correctional Facilities,* which provides specific guidelines and state requirements for operating public community correctional facilities under Department of Corrections contracts. The contract itself sets forth guidelines specific to the operation of each facility. Although the statement of work provides general guidelines on how to operate the facilities, the inmates remain under the legal custody of the Department of Corrections, and the department retains overall responsibility for the welfare and well-being of the inmates and for ensuring compliance with applicable state rules and regulations. The day-to-day management of community correctional facilities in accordance with Department of Corrections policy and procedures is the responsibility of the contractor.

The Folsom Community Correctional Facility is one of the State's seven publicly operated community correctional facilities. The City of Folsom built the facility on state property by issuing bonds (certificates of participation) to pay for the construction, financing, and program development costs. Under the contract between the Department of Corrections and the City of Folsom, the city owns and operates the community correctional facility, and at the end of the 20-year contract period, ownership will revert to the Department of Corrections. The Department of Corrections pays the City of Folsom a monthly lease amount of about $110,000 to pay off the bonds and to cover the construction, financing, and program development costs. In addition, the Department of Corrections pays the city a flat monthly rate of $347,857 to cover operating expenses for the facility. The facility director is Wally Smith, who has served in that capacity since the facility opened in November 1990.

The Folsom Community Correctional Facility was constructed in the late 1980s and received its first inmates in November 1990. The center is a 380-bed design capacity minimum-security facility with 70 full-time employees. Only inmates with less than 18 months to serve can be transferred to the facility. 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. The average stay for inmates at the facility is six months. About 940 inmates a year pass through the facility, with about 63 a month—750 a year—released on parole or into community residential facilities such as half-way houses. Another 190 a year move into other Department of Corrections institutions.

Of the 380 inmates at the Folsom Community Correctional Facility, almost half—about 180—are assigned to work at the Folsom Correctional Resource Recovery Facility, a waste-processing center owned by the Prison Industry Authority and operated jointly by the Prison Industry Authority and the City of Folsom. The City of Folsom uses inmate labor and the Correctional Resource Recovery Facility to meet the requirements of the California Integrated Waste Management Act of 1989, which required local governments to divert 50 percent of their garbage from landfills by the year 2000. Use of the facility enables the city to avoid offering curbside recycling to city residents and businesses. The program has been in operation since 1994—more than seven years.

Under the agreement between the City of Folsom and the Prison Industry Authority, garbage from Folsom residences and businesses is processed through the Correctional Resource Recovery Facility for a per-ton fee paid to the Prison Industry Authority. In the 2000-01 fiscal year, the Prison Industry Authority received more than $1.9 million for processing garbage at the facility. Inmates from the Folsom Community Correctional Facility sort through garbage by hand and pull out recyclable materials. The city sells the recyclable materials and retains approximately $560,000 in annual revenues from the sales. The recycling facility is located on 15.5 acres of state property adjacent to the Folsom Community Correctional Facility, with about 3.5 acres of the facility dedicated to the recyclable materials recovery operation and the remainder of the property used for composting yard waste and other purposes.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of the audit of the Folsom Community Correctional Facility were to evaluate the facility's performance in:

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

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:

- Conducting interviews with the facility director, administrative staff, custody and non-custody employees, local citizens, and inmates;
- Distributing survey questionnaires to facility employees requesting comments about the effectiveness of the facility management;
- Touring the facility and observing its operations; and
- Gathering, reviewing, and analyzing pertinent documents related to key systems, functions, and processes to substantiate the observations made through on-site visits and interviews.

FINDINGS AND RECOMMENDATION

FINDING 1

The Office of the Inspector General found that conditions at the Folsom Community Correctional Facility's Correctional Resource Recovery Facility present unacceptable risks to public safety, to state taxpayers, to the residents of the City of Folsom, to facility employees, and to the inmates.

The Folsom Community Correctional Facility forces inmates, under penalty of disciplinary action, to work at the Correctional Resource Recovery Facility, the waste-processing center operated jointly by the City of Folsom and the Prison Industry Authority. The work exposes staff and inmates to hazardous substances and infectious disease and endangers public health as infected inmates are paroled into the community. About 63 inmates a month—750 a year—pass through the Folsom Community Correctional Facility and into the community on parole or into half-way houses and other residential facilities. Another 190 a year go to other Department of Corrections institutions, with those who have been exposed to infectious disease potentially acting as walking incubators, spreading disease to still more inmates. The facility also presents a security risk to Folsom residents, as the city also has no policy of informing the public that inmates are hand-sorting garbage from private residences and businesses—including discarded credit card bills, prescription records, and other documents containing such information as home addresses and telephone numbers. As a result, residents are exposed to potential identify theft, burglary, and other crimes. The State and the City of Folsom also face serious liability risks resulting from deaths, injuries, and criminal actions attributable to operations at the facility, and state taxpayers face potential costs from numerous workers' compensation claims for injuries incurred at the city-run operation.

About 180 inmates from the Folsom Community Correctional Facility are assigned to work at the Correctional Resource Recovery Facility, processing garbage collected from Folsom residents and businesses. Each day the inmates hand-sort more than 100 tons of raw refuse, standing at conveyor belts to segregate and retrieve recyclable materials for additional processing. In an initial sort, inmates remove any identified hazardous waste, bulky items, and contraband. As the waste is transported by conveyor belt up to the primary sorting line, inmates open all plastic garbage bags and remove large recyclable items such as cardboard, wood, and paper. On the primary sort line, approximately 45 inmates, stationed along two 60-foot conveyor belts, hand-sort recyclable materials from the garbage and drop it into bins beneath the line, with different inmates responsible for removing glass, plastic, and paper from the conveyor belts. The City of Folsom offers inmates a pay incentive of up to $0.63 per hour in addition to the maximum hourly rate paid by the California Department of Corrections to work at the facility. The Folsom Community Correctional Facility offers additional incentives by providing the inmates at the recovery facility preference in housing and access to the canteen. Those who refuse to work at the facility are issued disciplinary rule violations, which can result in a loss of credit toward parole and transfer to higher custody housing within the state prison system.

The Correctional Resource Recovery Facility and the cheap inmate labor enables the City of Folsom to meet the requirements of the California Integrated Waste Management Act of 1989 without the need to institute curbside recycling or other conservation measures.

Photographs: Waste-processing operations at the Correctional Resource Recovery Facility

Health and safety hazards. The Office of the Inspector General found that inmates and employees working at the Correctional Resource Recovery Facility are exposed to significant health and safety hazards. Because the City of Folsom does not require residents to separate recyclable materials from garbage, the waste that the inmates sort from homes and businesses contains unlabeled containers of hazardous chemicals, medical and human waste, discarded hypodermic needles, animal carcasses, spoiled food, and other refuse. The garbage may have been stored in the trash receptacles of residents and businesses for a week or longer before it is processed at the Correctional Resource Recovery Facility. In addition to working in an unsanitary, dust-filled, fume- and stench-laden environment, inmates, are exposed to splashing, spraying, and other physical contact with potentially contaminated or hazardous substances.

- ***Medical waste hazard.*** Medical waste poses a particular danger, with the potential for inmates sorting garbage to be exposed to AIDS, hepatitis, and other infectious diseases as a result of incurring punctures from used hypodermic needles. Although the Correctional Resource Recovery Facility is not intended as a medical waste-processing facility, medical debris discarded by medical facilities nonetheless is included in the waste received at the facility. The problem is compounded by the decision of the city to use the facility to achieve compliance with the 50 percent diversion requirement of the California Integrated Waste Management Act of 1989. To meet the 50 percent goal, inmates must conduct a detailed search of all garbage, which necessitates opening all bags and containers and closely sorting through the contents. In this meticulous sorting, inmates come into close contact with the container contents, further increasing the risk of exposure to toxic or hazardous substances.
- ***Risks to facility employees.*** Even though they do not come into direct contact with the garbage being processed, City of Folsom and Prison Industry Authority employees also are exposed to health and safety hazards at the Correctional Resource Recovery Facility from dust, fumes, chemical spills, and other accidents. In addition to potential exposure to hazardous materials, an absence of adequate security measures at the facility also puts the staff at risk of harm from the inmates. Even with the potential access of inmates to tools, weapons, and contraband while processing the waste, and even with approximately 150 inmates working on any given day, the inmate-to-staff ratio at the facility is only 20 to 1, compared to an inmate-to-staff ratio of 12 to 1 at the Folsom Community Correctional Facility itself. Nor is the staff properly equipped to respond to an inmate disturbance. Only supervisory officers at the facility are equipped with chemical (oleorosin capsicum) spray for subduing inmates. Correctional officers at the facility are provided only with radios, whistles and handcuffs, and the only batons available are stored in the lieutenant's office. The Folsom Correctional Peace Officers Association, the union representing the correctional officers at the Folsom Community Correctional Facility, has informed the city of its safety concerns, but the city has not responded to the issues.
- ***High number of accidents and injuries at the facility.*** A review of the incident log maintained by the Folsom Community Correctional Facility reporting all incidents occurring at the Correctional Resource Recovery Facility revealed numerous instances of toxic material spills, suspected pipe bombs, and other industrial accidents. Some of the incidents are described below.

- ***Chemical spills.*** In July 2001, two serious hazardous material spills required evacuation of the facility and emergency response from the Folsom Fire Department and the Sacramento Hazardous Materials Response Team. One of the incidents caused a correctional officer to begin vomiting and complaining of tightness in his chest and difficulty breathing. That incident eventually resulted in the filing of 15 workers' compensation claims. In the second incident, a garbage truck that had collected garbage from an industrial area of the city dumped a container of sawdust mixed with a yellow chalky material onto the facility's "tipping floor." A plume of yellow powdery dust was released from the container and clouded the area, covering nearby machinery and trash. The facility was evacuated and Folsom and Sacramento County hazardous-material personnel responded. The substance was later identified as polyester powder. According to the material safety data sheet, dermal or inhalation exposure to that substance may result in eye irritation, blurred vision, skin irritation, coughing, sneezing, and nasal irritation. Although no inmates or employees reported serious ill effects from the incident, the facility was closed for two-and-a-half days for clean up and decontamination.
- ***On-the-job injuries.*** During the months from January 2000 through July 2001, 61 needle puncture incidents and 111 other injuries were reported at the Correctional Resource Recovery Facility. The other injuries included 45 joint, extremity, and hand injuries and 31 neck, back, and groin injuries. Examples of accidents include the following:

  - ***Inmate crushed in conveyor belt.*** On May 4, 2001, an inmate who had been performing normal maintenance and repair duties was crushed to the point of semi-consciousness and began bleeding from the mouth when a conveyor belt was activated without warning. He was pulled head-first into the machinery, with his torso and arm pinned between the rollers and belt. He survived the accident and was discharged from the hospital on May 19, 2001, but was still complaining of back pain, headaches, and photophobia at the end of August 2001. The inmate has filed a workers' compensation claim, which was pending at the time of the audit, and has also filed a lawsuit over the incident.

    According to the Prison Industry Authority staff, the California Occupational Safety and Heath Administration was notified of the accident by telephone, but did not investigate. Nor has the Prison Industry Authority investigated the incident. A Prison Industry Authority representative told the Office of the Inspector General that a new procedure was developed in the wake of the incident, giving inmates performing repairs and maintenance on the belts and rollers the ability to temporarily prevent the mechanism from being turned on. The procedure has not been documented in writing, however, and when the Office of the Inspector General asked the custody sergeant directly supervising the inmate workers and the facility operation how the new procedure was working, he said he was not aware of it.

  - ***Inmate's finger mutilated.*** On December 21, 1998, an inmate who was cleaning a drum with a pry bar on the primary sort line smashed his finger when it was caught between the pry bar and a brace on the belt system. The tip of the left middle finger was partially severed and subsequently amputated. The inmate,

who has now paroled, has filed a lawsuit against the City of Folsom for $25,000. In the lawsuit, he claims that the City of Folsom had not installed proper safeguards on the machinery.

- ***Inmate's hand amputated.*** On May 19, 1995, an inmate's left hand was severed and amputated just below the wrist when it was caught in the chain and sprocket of a chain-driven belt. The inmate had gone to an out-of-bounds area apparently to retrieve wine and beer that he had previously hidden.

Inadequate safety measures. The Correctional Resource Recovery Facility requires both inmates and staff to wear hardhats in the facility. In addition, the facility provides inmates with short-sleeved jumpsuits, steel-toed leather boots, and gloves. In accordance with the terms of the contract between the City of Folsom and the Prison Industry Authority, the inmates are also provided with safety glasses, earplugs, and dust masks. Yet despite the obvious hazards of working in the facility, not all inmates are required to wear respirators, face masks, safety glasses, or ear plugs. Nor is the staff equipped with adequate safety equipment. The Office of the Inspector General observed during several visits to the facility that although employees were wearing hardhats, none wore respirators, face masks, safety glasses, or ear plugs.

High number of workers' compensation claims. Injuries at the Correctional Resource Recovery Facility account for 95 percent of all workers' compensation claims for the Folsom Community Correctional Facility. The community correctional facility records show that inmates at the Correctional Resource Recovery Facility filed 172 workers'compensation claims from January 2000 through July 2001. Most of the claims filed at the Correctional Resource Recovery Facility have been accepted as legitimate by the California State Compensation Insurance Fund. Although records on only 89 of the 172 claims filed contain information about the ultimate disposition of the case, the Office of the Inspector General found that the California State Compensation Insurance Fund accepted liability on 85 of those 89 claims—in effect, passing the potential cost of injuries incurred at the city-run facility to state taxpayers.

Needle punctures account for large percentage of workers' compensation cases. Of the 172 workers' compensation cases filed between January 2000 and July 2001 by inmates working at the facility, 61 (35 percent) were documented cases in which inmates incurred punctures from hypodermic needles. A Department of Corrections medical report on one such case illustrates how such incidents occur. In that report, which documented an incident that took place on August 1, 2000, the inmate said, "I was tearing open a bag of medical waste and got stuck with a syringe." In another incident, which occurred on June 12, 2000, the lieutenant preparing the workers' compensation form wrote, "employee reached for a glass bottle which was resting beside a medical waste bag. He was punctured by a needle protruding from the bag."

Injury records inadequate. The Office of the Inspector General found from comparing reported workers' compensation cases on file at the Folsom Community Correctional Facility to a Prison Industry Authority facility injury log, that the injury log failed to record 54 (31 percent) of the workers' compensation cases filed from January 2000 through July 2001.

Lack of CAL-OSHA oversight. In light of the potentially hazardous conditions at the facility, it would be reasonable to expect comprehensive periodic inspections by the California

Occupational Safety and Health Administration to identify health and safety problems for corrective action. Instead, Prison Industry Authority officials told the Office of the Inspector General that the California Occupational Safety and Health Administration has not inspected the facility since it became fully operational in August 1994. According to the Prison Industry Authority, the California Occupational Safety and Health Administration conducted its only review of the facility on September 29,1993, when the facility was still in initial testing phases and was only partly operational. Responsibility for inspecting the facility was subsequently delegated to the California Integrated Waste Management Board, which in turn delegated responsibility for inspection of the facility to the County of Sacramento. The Office of the Inspector General noted that the county has conducted monthly inspections of the facility, but that the inspections consist of only a superficial checklist review, and do not comprehensively address safety and health issues.

Responsibility of the Prison Industry Authority. As the owner and co-operator of the Community Correctional Resource Recovery Facility, the Prison Industry Authority is responsible for ensuring compliance with the *California Code of Regulations,* Title 8, which sets forth California Occupational Safety and Health Act requirements. The health and safety problems identified by the Office of the Inspector General during the audit of the facility indicates that the Prison Industry Authority is not adequately fulfilling that responsibility.

Failure to provide for medical prevention and treatment. Even with the high number of needle punctures at the facility and the risk of exposure to blood-borne pathogens and infectious disease, inmates working at the Correctional Resource Recovery Facility are not offered hepatitis vaccinations upon assignment to the facility. Nor do any of the inmates paroling back into the community from the Folsom Community Correctional Facility receive the exit medical examination required by *California Code of Regulations,* Title 15, Section 3355(d). The lack of medical oversight and treatment by the facility places inmates as well as the general public at risk for infectious diseases such as hepatitis and AIDS as the inmate is paroled and comes into contact with other members of society.

A staff member told the Office of the Inspector General that during the first year of the Correctional Resource Recovery Facility's operation, inmates were given hepatitis B vaccinations before assignment to the facility. The policy was discontinued, however, reportedly because of the high turnover of inmates at the facility and the fact that inmates may not be in custody long enough to complete the follow-up vaccinations. Ironically, inmates who work in the Prison Industry Authority's laundry operations at other institutions do receive hepatitis vaccinations, but because inmates who work in the Correctional Resource Recovery Facility are under the jurisdiction of the City of Folsom, they do not.

Under current practice, inmates working at the facility are tested for hepatitis A, B, and C, and the human immunodeficiency virus only if they sustain a needle puncture. Inmates incurring needle punctures are offered a hepatitis B vaccination with follow-up vaccinations at one- and six-month intervals. However, because of the short duration of the inmates' stay at the facility and the failure of the facility to provide a medical examination to paroling inmates, it is unclear whether the vital follow-up vaccination information is provided to inmates released before completion of the vaccination series.

Contributing to the lack of preventive medical care is a failure by the Folsom Community Correctional Facility to include inmates in its occupational exposure plan. The Folsom facility is required by the California Occupational Safety and Health Administration to develop an occupational exposure plan that identifies all job classifications in which employees may be exposed to blood-borne pathogens. The employees identified in the plan are given the option to receive hepatitis B vaccinations. Although Folsom Community Correctional Facility employees have been identified in the facility plan for potential exposure, the inmates assigned to the resource recovery facility have not been included in the plan, nor are they included in the Prison Industry Authority's exposure plan.

Potential for identity theft, fraud, burglary, and other crimes. The City of Folsom has no policy or procedures in place for notifying residents and business owners that inmates are sorting their garbage. One city employee told the Office of the Inspector General that this sensitive situation was a "touchy subject" for the city and was intentionally not advertised. Without such notification, residents cannot make informed decisions about destroying credit card statements, bank statements, and other personal information that might otherwise be included in garbage from private households and businesses. The Office of the Inspector General noticed paper garbage being sorted at the facility that contained personal information such as the residents' names, addresses, and other information that could lead to identity theft, burglary, and fraud. Informing residents and business owners that inmates are handling garbage might also lessen the possibility of improper disposal of hazardous materials, weapons, and medical waste.

Disciplinary actions for refusal to work at the waste-processing facility. The Office of the Inspector General found that inmates concerned about the health and safety hazards often refuse to work at the Correctional Resource Recovery Facility and are punished with disciplinary action as a result. Disciplinary actions imposed for failure to report to work at the waste-processing facility make up a large percentage of the administrative and serious disciplinary actions issued for the Folsom Community Correctional Facility as a whole. For the months of January 2000 through July 2001, for example:

- 229 (51 percent) of the 449 administrative disciplinary actions issued at the Folsom Community Correctional Facility resulted from inmates failing to report to work at the Correctional Resource Recovery Facility.
- 100 (26 percent) of the 391 serious disciplinary actions issued at the Folsom Community Correctional Facility resulted from inmates refusing to report to work or refusing to work at the Correctional Resource Recovery Facility.

Similarly:

- Between January 1, 2001 and July 20, 2001, the Folsom Community Correctional Facility issued 110 administrative disciplinary rule violation reports to inmates who refused to work at the facility, representing 67 percent of the 164 administrative disciplinary actions issued at the facility as a whole during that period.

- Inmates who repeatedly refuse to report to work at the waste-processing center receive serious disciplinary rule violation reports, which result in a loss of time credit toward the parole date. Between January 1, 2001 and July 20, 2001, the facility issued 45 serious disciplinary rule violation reports for inmates refusing to report to the waste-processing facility. Inmates told the Office of the Inspector General that they would rather lose time credit than work at the facility.

FINDING 2

The Office of the Inspector General found widespread fiscal mismanagement at the Folsom Community Correctional Facility, as well as misinformation about fiscal matters and misdirection of funds intended to benefit inmates.

The City of Folsom claims it has suffered financial hardship from operating the Folsom Community Correctional Facility. The Office of the Inspector General found that on the contrary, the city has reaped substantial benefit from the operating the facility, often at the cost of the inmates it is supposed to be serving and without providing the services it is supposed to provide. One benefit to the city has been access to cheap inmate labor—up to 180 inmates a day—to operate the Correctional Resource Recovery Facility, which enables the city to comply with the state mandate that it divert 50 percent of its waste from landfills. The program not only allows the City of Folsom to forego offering curbside recycling, but the city also collects about $560,000 a year from selling recyclable materials salvaged by inmates from the city's garbage. Meanwhile, the State is paying the city a monthly lease amount covering all of the construction, financing, and program development costs for the facility, as well as a monthly flatrate to cover facility operations. The city also benefits by using inmate labor to barter for equipment and supplies from other agencies.

While the city contends it has incurred a deficit from operating the community correctional facility, the Office of the Inspector General found that the city is consistently making a substantial profit. And while the city asserts that it cannot provide programs for inmates because of a lack of funds, the Office of the Inspector General found that the city has misrepresented expenditures, inflated the salary of the facility director, claimed costs not allowed under its contract or state regulations, and failed to document expenditures. Instead of fulfilling its mission of programming inmates to help them transition into society, the facility spends almost nothing on inmate programs. At the same time, the city has mismanaged the inmate trust fund to a degree that could conceal irregularities and invite misappropriation, diverted inmate welfare funds to cover its own operating costs, and used its purported budget deficit to justify all but eliminating services to inmates.

The city contends the State does not pay it enough to operate the facility. The City of Folsom and the Department of Corrections have been attempting to negotiate a new monthly flat rate contract for the operation of the Folsom Community Correctional Center since 1992. Standing in the way of the agreement is the contention of the city that the amount the department is willing to pay the city to operate the facility is not enough. In a letter dated May 30, 2001 to the Secretary of the Youth and Adult Correctional Agency, the mayor of the City of Folsom claimed that the city has suffered more than $2 million in "accumulated operational deficit" as a result of

operating the facility. In a subsequent letter to the director of the Department of Corrections, the city attorney projected a loss of $986,487 for fiscal year 2001-02.

Because of the contract dispute, the facility was operating without an adjusted contract rate until June 2001, when a contract amendment was signed increasing the monthly flat rate reimbursement by $10,210 to $347,857—which raised the annual reimbursement by $122,520 to $4,174,284. The new contract, retroactive to July 1998, covers the 1998-99 fiscal year only because the City of Folsom contends the new rate is still too low and would not agree to the new rate for the subsequent years.

The City of Folsom has earned profits, not incurred deficits. Contrary to the assertions of the City of Folsom that it has suffered budget deficits from operating the community correctional facility, the Office of the Inspector General found that the city has made a profit from operating the facility for every one of the past five fiscal years. From the accounting records of the City of Folsom, the Office of the Inspector General prepared a summary schedule, attached to this report as Attachment A, showing the reported revenues and expenditures of the Folsom Community Correctional Facility for fiscal years 1996-97 through 2000-01. The schedule shows the following:

- ***The city made a profit each year from the facility.*** For each of the five fiscal years, the City of Folsom generated revenues exceeding the expenditures it incurred for operating the Folsom Community Correctional Facility. Whenever revenues exceeded expenditures, the city incurred profits. The city's profit ranged from $50,503 in fiscal year 1998-99 to $379,321 in fiscal year 1996-97. The city's cumulative profit over this five-year period totalled $954,035.

- ***The city's profit was less than budgeted in the contract.*** Except for fiscal year 1996-97, the City of Folsom did not realize as much profit as budgeted in its contract with the Department of Corrections. The contract between the City of Folsom and the California Department of Corrections budgets $353,460 for an annual "service fee," which is intended to amount to the city's profit for operating the community correctional facility. The city apparently counts it a "deficit" whenever it did not earn as much profit as the amount budgeted. For example, although the city's revenues from the facility exceeded its expenditures by $50,503 for fiscal year 1998-99, it incurred a $302,957 "deficit" compared to the $353,460 in the budgeted service fee. By this rationale, the city claims a $813,265 deficit over the five-year period, rather than the $954,035 profit it actually realized.

- ***The city pays little attention to budgeted contract amounts in operating the facility.*** The city apparently has selectively used the contract budget to arrive at a deficit figure for the purposes of contract negotiation. Moreover, despite its claims of budget deficits in operating the community correctional facility and of inadequate funds to provide programs for inmates, the Office of the Inspector General found that the city actually pays little attention to the contract budget in administering the contract. For example, the contract budget amount for the facility director's salary is $51,888 per year, yet for fiscal years 1998-99, 1999-00, and 2000-01, the city paid the facility director $121,010, $99,375, and $163,922, respectively. [A detailed discussion of the compensation paid to the director of the Folsom Community

Correctional Facility appears in Finding 8.] In another example, although the contract amount budgeted for City of Folsom's administrative overhead is $416,148 per year, the city reported overhead costs of $438,437 and $556,884 for fiscal years 1999-00 and 2000-01, respectively.

A review by the Office of the Inspector General of the city's fiscal practices in operating the Folsom Community Correctional Facility revealed numerous other improprieties. Examples include the following:

- ***The city has reported questionable expenditures for the facility.*** Although the Office of the Inspector General did not conduct a detailed audit of the City of Folsom's financial records, a cursory review revealed a number of questionable program expenditures reported for the Folsom Community Correctional Facility. Examples include the following:

  - ***Expenditures for retaining outside legal counsel for contract negotiations.*** The contract between the city and the Department of Corrections contains a line item budget of $36,060 annually for consultant/contractual services. Over the past five fiscal years, the city's expenditures for this line item ranged from $82,812 to $144,161. According to the finance department of the City of Folsom, this line item includes approximately $16,000 that the city spent in fiscal years 1999-00 and 2000-01 to retain outside legal counsel for legal representation in its contract negotiations with the Department of Corrections. It is not reasonable for the State of California to pay the city's costs for legal services to represent the city's interests against the State.

  - ***Costs resulting from violations of law.*** *The Financial Management Handbook for Public Community Correctional Facilities,* Appendix A, provides that costs resulting from violation of or failure to comply with federal, state, and local laws and regulations are unallowable. Yet the city reported a number of expenditures resulting from failure by the City of Folsom and the Folsom Community Correctional Facility to comply with laws pertaining to personnel matters. For example, the city incurred nearly seven months of paid administrative leave when it terminated a correctional officer without complying with provisions of the Public Safety Officers' Procedural Bill of Rights. The city incurred another $2,772 in interest fines from improper dismissal of a correctional officer.

  - ***Unallowable salary, commission, and interest costs.*** The City of Folsom charged the Folsom Community Correctional Facility $2,610 in salary and fringe benefit costs for a custody employee who worked at the Correctional Resource Recovery Facility. Such costs are the responsibility of the city's Department of Public Works, Solid Waste Division. The city charged another $1,530 for commission fees that should have been charged to the city's debt service fund. In addition, for the 1996-97 fiscal year, the city reported $21,701 in interest charges, which are unallowable expenditures under the contract.

- ***Reported costs are not supported by source documents.*** *The Financial Management Handbook for Public Community Correctional Facilities* Section III. B requires source documentation to support reported expenditures. The section provides as follows:

Source documents...are the instruments which bring about the actual expenditures of funds....All general ledger account entries must be supported by both subsidiary records and the original source documentation. All costs recorded will be supported by sufficient, competent and relevant source documentation.

The Office of the Inspector General found, however, that the City of Folsom was unable to produce source documents to support five transactions, representing $120,056 in operating expenses for the Folsom Community Correctional Facility for fiscal year 1999-00.

- ***Failure to make accounting adjustment caused substantial understatement of profit.*** In response to a previous audit by the California Department of Corrections, the City of Folsom was required to reduce its program revenues from the Correctional Resources Recovery Facility by approximately $400,000, with a corresponding decrease in program expenditures. The Office of the Inspector General confirmed the $400,000 revenue reduction but found no corresponding decrease in program expenditures. The Finance Department of the City of Folsom could not account for the apparent discrepancy. If revenues were indeed reduced without a corresponding decrease in expenditures, the result would be an understatement of the city's net profit from the Correctional Resource Recovery Facility of approximately $400,000.

- ***The city spends negligible amounts on inmate programs.*** As discussed more fully in Finding 4 of this report, the contract budget provides $41,100 annually for inmate programs, yet over the last five fiscal years, the city's annual expenditures for inmate programs have ranged from $796 to $10,877.

- ***Monies intended to benefit inmates are used instead to offset facility operating costs.*** The *Department of Corrections Operations Manual,* Section 23010.1 provides that the inmate welfare fund is to be administered as a trust fund for the benefit and welfare of all inmates under the jurisdiction of the department. The inmate welfare fund is to be used to provide activities for inmates, essential items for purchase by inmates, and opportunities and training for inmates to exercise creativity and to profit from hand-crafted products. At the Folsom Community Correctional Facility, however, the inmate welfare fund, which also includes inmate telephone revenues, has been used improperly to offset the operating costs of the facility.

  For the fiscal years 1996-97 through 2000-01, the city transferred $310,000 from the inmate welfare fund to the operating fund of the Folsom Community Correctional Facility. The city is scheduled to transfer another $156,378 from the inmate welfare fund to the facility operating fund for fiscal year 2001-02, ostensibly to make up for the city's funding deficit in operating the facility. Meanwhile, in fiscal year 1999-00, the facility spent only $2,869 from the inmate welfare fund on inmate programs, and in fiscal year 2000-01, spent nothing from the fund for that purpose. A majority of the remaining expenditures from the inmate welfare fund consisted of salaries and related fringe benefits for the inmate canteen manager and the inmate trust account clerk. The latter is not a legitimate expenditure from the inmate welfare fund because the inmate trust account clerk is assigned primarily to transactions related to inmate payroll and other trust fund activity, rather than to matters involving inmate welfare.

and that therefore it cannot afford to offer the inmate programs required by state law. But the Office of the Inspector General found that the city has earned a profit from operating the facility for every one of the past five fiscal years. The city also ignores the contract budget in administering the facility, paying the facility director far more than the salary specified in the contract, for example. In addition, the city has reported questionable expenditures in running the facility, such as costs resulting from the city's failure to comply with state laws pertaining to personnel matters, and expenditures for outside counsel to represent the city in contract negotiations with the state Department of Corrections—in effect, charging the State for the city's legal costs in representing the city's interests against the State. To compensate for its purported budget deficit, the city has made a practice of improperly diverting monies from the inmate welfare fund to offset the operating costs of the facility, despite state regulations providing that the inmate welfare fund is to be administered as a trust fund for the benefit and welfare of inmates. For fiscal years 1996-97 through 2000-01, the city transferred $310,000 from the inmate welfare fund to the facility operating fund, while, in fiscal year 1999-00, the city spent just $2,869 from the inmate welfare fund on inmate programs and in fiscal year 2000-01, spent nothing from the fund for that purpose. The facility is also mismanaging inmate trust funds to a degree that could conceal irregularities and invite misappropriation.

FINDING 3.

- **FINDING 4. The Office of the Inspector General found that the Folsom Community Correctional Facility is not providing inmates with state-mandated programming.**

The facility does not provide the inmate programs mandated by state law and by its contract with the Department of Corrections, is not operating in compliance with other statutory and regulatory requirements, and is not fulfilling its mission as a community correctional facility to prepare inmates for release. Although the contract budget provides $41,100 annually for inmate training and education, the facility spends less and less every year on such programs, and in fiscal year 2000-01, spent only $7,394. Although state law requires the facility to provide an accredited education program, the facility does not offer such a program. Even

The facility director contends that the funds being expended and transferred from the inmate welfare fund are inmate telephone revenues. Although telephone revenues are separately reported on the inmate welfare fund statement, specific expenditures of telephone revenues cannot be identified because they are not separately classified in the general ledger or in the inmate welfare fund financial statements. The facility director also contends that a letter from the Department of Corrections authorized him to use the telephone revenues for facility operations. But when the Office of the Inspector General requested a copy of the letter, the director provided instead a proposed contract amendment that was never formalized by either the Department of Corrections or the City of Folsom.

The inmate trust fund and the inmate welfare fund are not managed properly. The Office of the Inspector General found numerous deficiencies in key internal control procedures and fiscal practices affecting the management and accounting of the inmate trust fund and the inmate welfare fund. Specifically:

- ***Inmate trust fund bank reconciliations are incomplete.*** The *Financial Management Handbook for Public Community Correctional Centers*, Section II.H. requires the implementation of adequate internal control procedures, including procedures that reduce the opportunity for an individual to perpetrate and conceal errors or irregularities in the handling of cash. The Office of the Inspector General reviewed the April 2001 bank reconciliation for the inmate trust fund bank account and found that three checks totaling approximately $21,000 were issued from the inmate trust account but were not reported on the reconciliation. Because of the inherent high risk involved with cash accounts, it is imperative that all financial activity be reported and that accurate and complete reconciliation be performed. Moreover, the city has a fiduciary responsibility to the inmates of the facility to ensure that the trust funds are safeguarded.

- ***Improper expenditures from the inmate welfare fund.*** The Office of the Inspector General found that the canteen manager was paid $600 for a uniform allowance from the inmate welfare fund for the two fiscal years ending June 30, 2000 and June 30, 2001, even though the manager does not wear a uniform. Other improper expenditures totaling approximately $2,800 included payments for general education diploma tests and athletic equipment, both of which are expressly prohibited by *Department of Corrections Operations Manual,* Section 23010.6.2. Other expenditures from the inmate welfare fund totaling approximately $3,400, for such items as the purchase of microwave ovens, check-printing costs for the inmate trust account, two cases of fly strips, and a haircut kit, supplanted the facility's operating costs. Section III.F of the *Financial Management Handbook for Public Community Correctional Centers* provides that inmate welfare funds cannot be used to supplant funds that are provided in the contract, causing a resultant increase in service fees (profits) to the contractor.

- ***Deposit not made promptly.*** The Office of the Inspector General found that one check made out to the inmate welfare fund in excess of $20,000 was not deposited in a timely manner and therefore did not earn interest for the inmate welfare fund during that period. Although the deposit was not an amount material to the city's overall cash balance, it was

material to the inmate welfare fund because it represented approximately one-twelfth of the inmate canteen sales, which are intended to benefit the fund.

- ***Unclaimed inmate trust funds are not sent promptly to the Department of Corrections.*** In a memorandum to the Folsom Community Correctional Facility dated April 28, 1997 prescribing procedures to be followed to clear outstanding inmate trust fund account balances, the Department of Corrections specified that inmate trust account balances older than 30 days should be sent to the department. The Office of the Inspector General found that the Folsom Community Correctional Facility does not follow that procedure. As of July 2001, the Folsom Community Correctional Facility was holding approximately $16,000 in unclaimed inmate trust accounts. In addition, the April 2001 bank reconciliation provided by the City of Folsom showed that checks written from inmate trust bank accounts totaling approximately $6,600 have never been cashed. Some of the checks have been outstanding for as long as two years.

  When the Office of the Inspector General asked whether any unclaimed inmate trust funds had been remitted to the California Department of Corrections, the city staff provided a listing of approximately $1,500 in unclaimed funds that had been remitted in October 2000. The staff later provided a second list of approximately $7,400 in unclaimed inmate trust account balances that the facility purportedly intended to remit to the Department of Corrections by the end of August 2001.

- ***The city does not perform a monthly reconciliation of the inmate trust accounts.*** The *Financial Management Handbook for Public Community Correctional Facilities,* Section III.E. requires that a monthly reconciliation of inmate trust accounts be performed to ensure the accuracy of the accounting records. The Office of the Inspector General found that the city does not perform a monthly reconciliation of the Folsom Community Correctional Facility inmate trust accounts.

  The Folsom Community Correctional Facility uses a software package called the Jailhouse Management System to account for individual inmate trust accounts. Two reports can be generated from this software package. One report, the "active inmate balance report," lists all inmates in the facility and the balances in their individual trust accounts. The second report, "the inactive balance report," lists all inmates who are no longer at the facility who still have balances in individual trust accounts. The combined balances from the two reports should equal the amount in the inmate trust bank account after reconciling items such as outstanding checks or deposits in transit.

  For the past six or seven years, however, the city has not reconciled these reports to the inmate trust bank account. As a result, there is no certainty that the amounts reported in the Jailhouse Management System are correct. There are also no internal control procedures to detect whether monies have been lost, stolen, or misappropriated.

- ***The facility lacks internal controls over the inmate trust fund cash receipt process.*** The Office of the Inspector General found that the facility does not maintain a log of money orders received for inmate trust funds. The control room officer simply places money orders received at the facility in a locked box, and the inmate trust account

clerk takes the money orders from the box, credits the inmate's account, prepares the bank deposit, and takes the funds to the bank. Because there is no log of the money orders received, there is no way to verify that all money orders received are deposited into the bank account. The absence of controls over the inmate trust fund cash receipt process again violates *Financial Management Handbook for Public Community Correctional Facilities* Section II.H. requiring the implementation of adequate internal control procedures.

- ***The inmate welfare fund quarterly financial statements are not posted.*** *Department of Corrections Operations Manual* Section 23010.8 requires that a copy of the inmate welfare fund quarterly financial statements be posted in the inmate canteen and the inmate library. The Office of the Inspector General did not find the statements posted in these locations. After the Office of the Inspector General inquired about the posting of the statements, the most recent quarterly statement was posted on the library door.

Inmate work time is not properly accounted for. The Office of the Inspector General found errors in supervisors' reports of inmate work time. *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 completed daily by the inmates' supervisors. Of 28 inmate CDC 1697 forms selected for review, eight contained errors in the calculation of the hours worked. The largest variance was an understatement of 7.5 hours of inmate labor, and the smallest was 0.25 hours. Also, six CDC 1697 forms did not contain all of the daily authorizing signatures necessary for approval. None of the culinary employee forms CDC 1697 contained supervisory signatures of both the morning and evening supervisors. Three other CDC 1697 forms were incomplete. These forms were missing two or more sections of information, including inmate ethnicity, job title, pay rate, regular days off, hours of assignment, time card number, supervisor's printed name, title, supervisor's signature, or time card date. The facility also has not established a review procedure to ensure that the hours reported on the time log are accurate.

FINDING 3 (REDACTED)

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FINDING 4

The Office of the Inspector General found that the Folsom Community Correctional Facility is not providing inmates with state-mandated programming.

The mission of the Folsom Community Correctional Facility, as a community correctional facility, is to prepare inmates for parole into society. The *California Penal Code,* the *California Department of Corrections Operations Manual, California Code of Regulations,* Title 15, and the *Statement of Work for Public Community Correctional Facilities* all provide specific program requirements for the inmates of community correctional facilities. The requirements include a formal education program, a pre-release program, library services, and a substance abuse program. The Office of the Inspector General found that the Folsom Community Correctional Facility is not complying with these requirements and spends almost nothing on inmate training, education, and other programs. Although the contract budget provides $41,100 annually for inmate programs, the city has spent only between $796 and $10,877 on these programs for each of the last five fiscal years.

- ***Education program requirements***. California Department of Corrections *Statement of Work for Public Community Correctional Facilities,* Section III.E requires the facility to provide an accredited educational program that includes, but is not limited to, remedial math, remedial reading, and general educational development programs. The statement of work provides specific criteria concerning the length of the school day and the number of weeks of instruction required. Furthermore, the *California Department of Corrections Operations Manual* requires the facility to assign inmates to full-time adult basic education if their academic test scores fall below the sixth grade level.

- ***Pre-release program requirements.*** California Department of Corrections *Statement of Work for Public Community Correctional Facilities,* Section III.B requires the facility to establish a pre-release program that gives inmates the opportunity to be prepared for release and to understand the purpose and functions of parole supervision. The program is to include

lectures and discussions that address the personal, family, social, and employment needs of inmates pending release. *California Penal Code*, Section 6250.5(b) requires each community correctional facility under contract to provide programs that prepare each inmate for successful reintegration into society. The provision requires that programs involve constant counseling in drug and alcohol abuse, employment skills, victim awareness, family responsibility, and that they generally prepare each inmate to return to society. *California Code of Regulations* Title 15 also requires that inmates found to be in possession of drugs or found to be distributing drugs while incarcerated participate in substance abuse programs.

- ***Library service requirements.*** The California Department of Corrections *Statement of Work for Public Community Correctional Facilities,* Section III.G requires that public community correctional facilities provide a library for inmates at the contractor's expense and requires that the library be open for a minimum of 30 hours a week. The California Department of Corrections prescribes a formula defining the number of fiction and nonfiction books that facilities must maintain in the library based on the inmate population.

The Folsom Community Correctional Facility offers minimal inmate programming. The Office of the Inspector General found that despite these requirements, the Folsom Community Correctional Facility provides inmates with little programming. The community correctional facility has no pre-release program, no formal education program, no substance abuse program, and only limited library services. Almost half of the inmates are assigned to work full time at the Community Resources Recovery Facility sorting garbage from Folsom residents and businesses to recover recyclable materials. The other inmates work at jobs that do equally little to enhance the inmates' job prospects after release. Typical work assignments include janitorial jobs inside the facility, washing city-owned vehicles, or picking up trash at City of Folsom parking facilities. Although the facility buildings are in a state of disrepair, with numerous maintenance tasks visibly requiring attention, inmates often appear to be not working.

- ***The facility lacks a formal education program.*** The Office of the Inspector General found that the facility does not provide an accredited educational development program as specified in the *Statement of Work for Public Community Corrections Facilities,* Section III.E. Nor does the facility assign inmates to full-time adult basic education if their test scores fall below the sixth-grade level, as required by the *Department of Corrections Operations Manual.* The Office of the Inspector General found that although the academic achievement levels of the inmates are tested at California Department of Corrections institutions, the scores are not sent to the Folsom Community Correctional Facility, and the facility does not request them. The facility does offer inmates the high school equivalency examination through the Folsom-Cordova Unified School District, but the inmates are prepared for the examination by inmate tutors, rather than by a certified teacher. In any case, that program is presently in jeopardy because a change in the test will require the purchase of new test kits and the facility director has said he is unwilling to make that expenditure. In reports dated April 1999 and August 2000, the California Department of Corrections Program Fiscal Audits Branch noted the lack of an educational program at the Folsom Community Correctional Facility. The facility responded to the finding in the April 1999 report, saying that it would formalize the educational program to assign inmates to an adult basic education

program. But at the time of the Office of the Inspector General's audit more than two years later, the facility still had not implemented such a program. The facility director told the Office of the Inspector General that there are no funds available for an education program, and the lone teacher position was eliminated because of budget cuts.

- ***The facility does not provide a pre-release program.*** Despite the requirements set out under *California Penal Code* Section 6250.5(b) and in Section III.B of the *Statement of Work for Public Community Correctional Facilities,* and even though inmates at the Folsom Community Correctional Facility are all nearing release on parole, with an average remaining sentence of six months, the facility has no pre-release program. The Office of the Inspector General found that the California Department of Corrections is aware that the Folsom Community Correctional Facility does not provide a pre-release program to inmates, but appears to have condoned the failure of the facility to provide these services. In the report of an audit conducted by the Department of Corrections Program and Fiscal Audits Branch, the department acknowledged that the facility did not have a pre-release program and noted that budget reductions in 1993 had eliminated the pre-release position. The report said that the facility could not provide the full pre-release services without additional position funding.

- ***The facility does not offer a substance abuse program.*** The importance of substance abuse programming in transitioning inmates back to society is underscored by statistics. The Department of Corrections has reported that in the third quarter of 2001, approximately 28 percent of all Department of Corrections inmates had been convicted of drug use or trafficking and approximately 38 percent of parolees had been convicted of a drug-related offense. Yet, despite the obvious need, and the requirements of *California Penal Code* Section 6250.5(b), the Folsom Community Correctional Facility lacks a substance abuse program. An Alcoholics Anonymous group and a Narcotics Anonymous group is available to inmates once a week on a volunteer basis, but the facility does not require that inmates participate.

- ***Library services at the Folsom Community Correctional Facility are inadequate.*** Under the Department of Corrections inmate population formula defining required capacity for inmate libraries, the library at the Folsom Community Correctional Facility should contain approximately 2,200 fiction books and 440 nonfiction books. From the shelving space in the library, the Office of the Inspector General calculated the maximum capacity to be approximately 1,800 volumes and also noted that the library contained few nonfiction books. Moreover, despite the requirement in Section III.G of the *Statement of Work for Public Community Correctional Facilities* that the library be open a minimum of 30 hours a week, the posted hours at the Folsom Community Correctional Facility total only 22.5 hours per week. The Office of the Inspector General observed during fieldwork that the actual hours of operation were even less.

Computer lab eliminated. At the beginning of its audit fieldwork, the Office of the Inspector General noted that the Folsom Community Correctional Facility had a computer lab available for the use of inmates, which could help compensate for the absence of other inmate programs and services. The computer lab consisted of outdated IBM-compatible stand-alone computers with

Intel 486 processors. Although the computers had no network or e-mail connections, they included Microsoft Word, Excel, and Access program applications and had printer connections. Inmate tutors supervised the computer lab and were teaching inmates how to use the applications. By the end of the fieldwork, however, the Office of the Inspector General learned that the computer lab had been closed down. The computer equipment had been surplus equipment owned by the Department of Corrections, and the department had issued a reminder in the form of a memorandum dated July 23, 2001 to the facility director that it was the facility's responsibility to provide maintenance, repair service, or replacement of the equipment. As the facility director was unwilling to fund the upkeep of the equipment, the computer lab was simply closed. By the close of the audit fieldwork, the facility director had asked the Department of Corrections to remove the equipment from the facility.

Response of the facility management. The director and deputy director of the Folsom Community Correctional Facility offer various justifications for the failure of the facility to offer required programming for inmates or to otherwise fulfill the terms of the contract and its purpose of preparing inmates for release into the community.

- ***The facility deputy director contends that the waste-sorting program provides job training.*** The deputy director of the Folsom Community Correctional Facility contends that the waste-processing program at the Correctional Resource Recovery Facility provides the inmates with vocational education, and, as examples point to training in machine maintenance and forklift and truck-driving. But rather than learning such skills, most of the inmates at the facility are standing at conveyor belts sorting garbage and subjecting themselves to hazardous substances in the process. The inmates themselves apparently see little value in working at the facility, and large numbers refuse to participate. Those who refuse to report to work at the facility are subject to disciplinary action, with the result that a large percentage of the disciplinary actions issued to inmates at the Folsom Community Correctional Facility as a whole result from inmates refusing to work at the waste-processing center.

- ***The facility director contends that high security costs preclude offering programs.*** The facility director explains the lack of inmate programming by arguing that the facility was originally intended only as a return-to-custody facility for parole violators rather than as a community correctional facility for inmates approaching parole. He maintains that that the department changed the purpose of the facility by making it a community correctional facility and that the change necessitated a higher level of security and caused the facility to incur increased security costs. He said he has had to drastically curtail inmate programs because the department has not provided sufficient funding to cover the increased security needs.

The director's assertions do not hold up under scrutiny. It is true that the facility was originally proposed and contracted in 1989 as a return-to-custody facility. The Department of Corrections changed its return-to-custody facilities to community correctional facilities in April 1991. But that did not change the security needs of the Folsom Community Correctional Facility. Both community correctional facilities and return-to-custody facilities are minimum-security dormitory institutions. Community correctional facility inmates are required to be low-security inmates who have been sanctioned by the Department of Corrections as free of violent crimes and behavior and mental disorders. Nor did the Department of Corrections change the staffing

ratios at the institution when it was converted to a community correctional facility. Furthermore, the Office of the Inspector General found no evidence to suggest that the Folsom Community Correctional Facility is providing a high level of security by virtue of the fact that it houses inmates serving state prison terms instead of parole violators. On the contrary, the Office of the Inspector General found little regard for security at Folsom Community Correctional Facility. For example, the main front door to the facility does not lock, inmates are inadequately supervised, staff telephones are missing or not operating, and almost all inmates have access to tools, equipment, or other materials that could be used as weapons. These security deficiencies are discussed in greater detail in Finding 3 of this report.

The facility was always intended to house inmates serving prison terms as well as parole violators. In any case, under the contract between the City of Folsom and the Department of Corrections, the facility was intended from the beginning to house not just parole violators, but inmates serving state prison terms. Moreover, the city acknowledged in its original proposal that inmates other than parole violators would be included and outlined a broad array of pre-release and educational programs it intended to provide. In its program statement to the Department of Corrections, the city said the mission of the proposed facility, would be to "house State parole violators or *other inmates* who meet the criteria for minimum security housing" [emphasis added] and promised that the "RTC Center will meet all legislative mandates for safety, security and the provision of services to the inmate population. The city included the following in its list of goals and objectives for the facility:

- *Provide programming which is work or education oriented.*
- *Provide housing and programming at costs no greater than costs for facilities operated by the California Department of Corrections.*
- *Provide a type of housing and programming different from state prisons and private vendor provided facilities for purposes of comparison and evaluative research regarding recidivism rates.*

A community correctional facility has a greater need for inmate programs than a return-to-custody facility. While the purpose of a community correctional facility is different from that of a return-to-custody facility, the change in the type of facility *increased,* rather than lessened, the need for inmate programs. Return-to-custody facilities are intended for parole violators whose actions are not serious enough for placement at an institution. Generally, these inmates serve less than a six-month term. Community correctional facilities are intended as pre-release facilities and are supposed to provide inmates with programming to help them reenter society.

Inmate programs could be provided at low cost. Even if budgetary constraints were a valid concern, there are low-cost ways for the institution to provide programs to inmates. The facility could follow the example of other community correctional facilities, which provide job training to inmates at little cost while helping to meet the needs of the institution, such as through culinary arts programs and laundry services. Representatives from government and community non-profit agencies such as the Department of Motor Vehicles, the Employment Development Department, Sacramento County Social Services, and the Job Corps could be invited to the facility to speak to the inmates about available community services and employment resources. The facility management also could explore educational opportunities for inmates through courses offered by the Los Rios Community College District, which operates a satellite campus

in Folsom. Unfortunately, the director of the Folsom Community Correctional Facility has shown no interest in considering options for providing programs to inmates.

FINDING 5

The Office of the Inspector General found that the Folsom Community Correctional Facility does not follow prescribed personnel procedures and that the facility management appears to engage in retaliation against employees and makes arbitrary personnel decisions, with resultant costs to the taxpayers.

The Office of the Inspector General found that the Folsom Community Correctional Facility has no written standards governing administrative leave, no policies and procedures for conducting employee investigations, and no procedures to ensure compliance with the Americans with Disabilities Act. The facility does not comply with requirements for conducting background investigations on candidates for employment and does not require time sheets to document employee pay. As a local government, the City of Folsom also lacks personnel procedures adequate to handle the unique issues that arise in a correctional setting. In the absence of established guidelines, personnel decisions are made at the discretion of the facility director and deputy director, with many of the decisions later overturned in the administrative process for noncompliance with laws or prescribed guidelines or challenged in litigation, with resultant costs to the taxpayers. Employees at the facility also allege that the director and deputy director routinely engage in retaliation against the staff.

The facility has no standards governing administrative leave. The Office of the Inspector General found that the Folsom Community Correctional Facility has no written policies or procedures for imposing administrative leave. The agreement between the City of Folsom and the Folsom Correctional Peace Officers Association and the agreement between the City of Folsom and non-supervisory miscellaneous employees both provide that the Folsom Community Correctional Facility may not demote, suspend, or take any other disciplinary action against a regular full-time employee without just cause. Several employees complained, however, that administrative leave is often used at the facility as a form of discipline without a formal disciplinary process, and the Office of the Inspector General also found that employees are placed on administrative leave without proper notification of the basis for the action. Although Section 1.08.120, E.3, of the *Personnel Rules and Regulations* of the City of Folsom acknowledges that it may be necessary to immediately suspend an employee, it also requires that written statements concerning the action be prepared as soon as possible.

Managers are also inconsistent in imposing administrative leave. For example, a correctional officer who had been accused of date rape was allowed to continue to work at the facility until he pled guilty to misdemeanor charges of sexually battering and furnishing methamphetamine to a woman while off duty. Yet, in a case discussed more fully below, another correctional employee was placed on administrative leave for providing a doctor's note that required the employee to work in a temperature-controlled environment.

Although the facility director told the Office of the Inspector General staff that the facility has an unwritten policy of notifying employees in writing when they are placed on administrative leave,

if such a policy exists, it has not been consistently applied. In one case, for example, a correctional officer said that when she showed the deputy director a note from her physician explaining that she has a medical condition (multiple sclerosis) that requires her to work in a temperature-controlled environment, he told her to leave the facility immediately because he had "no light-duty positions." The officer said she explained that she was not asking for a light-duty position, but rather to be returned to her previous position, which had been in an air-conditioned environment. When the deputy director again told her to leave the premises, she said she asked both the deputy director and the director, who was also present, that the command be put in writing so that she would not be charged later with leaving her post. The employee said she did not receive documentation from either the deputy director or the facility director giving the reasons for the administrative leave or advising her when she could return to the facility until her attorney contacted the facility and the city.

The facility has no policies for conducting investigations and does not follow required procedures. The Office of the Inspector General found that the facility has no written policies on when to conduct investigations of employees or inmates, does not comply with required procedures in carrying out investigations, and fails to document the investigative process.

- ***The facility has no written procedures governing when to conduct an investigation.*** *California Department of Corrections Operations Manual* Section 31140.1 requires that every allegation of employee misconduct be promptly, objectively, and thoroughly investigated, reported, and audited. The Office of the Inspector General found, however, that the facility lacks guidelines to define situations requiring an investigation. Instead, decisions about whether an investigation should be conducted are made at the discretion of the director and deputy director. As a result, allegations of staff and inmate misconduct are not properly addressed and sometimes are not investigated at all. Examples:

  - When a correctional officer was accused of allowing an inmate's wife to bring pills into the facility, he alleged that it was another officer who allowed her to bring in the pills. Yet no investigation was performed to determine which officer allowed the pills into the facility or even to establish the nature of the pills.

  - When inmates alleged that a supervising cook was selling drugs to inmates and borrowing money from an inmate's girlfriend, a formal investigation into the allegations was never performed because, according to the city's personnel director, the city was pursuing the termination of the employee for poor workplace performance. The employee was eventually terminated for serving too many potatoes at three evening meals and for being unable to locate two cases of sausage, causing the staff to resort to serving peaches instead. The case went to arbitration and resulted in a decision in favor of the employee, who was allowed to return to work with back pay.

  - Between January 1, 2001 and July 31, 2001, the facility issued 40 incident reports for inmates found to be in possession of or under the influence of controlled substances. But instead of conducting an investigation to determine how the inmates were obtaining the

substances and taking action to prevent access, the facility only issued separate rule violations to the inmates involved.

- ***The facility is not complying with mandated procedures in conducting investigations.*** The Office of the Inspector General found that the facility is not complying with either the Public Safety Officers' Procedural Bill of Rights or the memorandum of understanding between the Folsom Correctional Public Safety Officers Association and the City of Folsom in conducting investigations. The Public Safety Officers' Procedural Bill of Rights requires that specific procedures be followed in any investigation of a public safety officer that may lead to dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment. Requirements specified in the Public Safety Officers' Procedural Bill of Rights include the following:

  - That the officer's interrogation be conducted at a reasonable hour;
  - That the officer be informed before the investigation of the names and ranks of the interrogating officers;
  - That the officer be informed of the nature of the investigation before any interrogation;
  - That the officer be advised of his or her right to tape-record the investigation interrogation;
  - That the officer be advised of his or her right to be represented during the interrogation.

  Similarly, the city's memorandum of understanding with the Folsom Correctional Peace Officers' Association, Section 9.06 provides:

  > *An employee who is under investigation for an action or incident which is likely to result in formal adverse action shall be notified simultaneously of both the subject matter and their right to representation prior to any interrogations, fact finding and/or investigatory interview, or a similarly proposed discussion which has a potential of obtaining information which could result in adverse action.*
>
> *The employee will be provided with copies of all documents and/or investigatory materials in accordance with the POBR or any current or subsequent court decision relating thereto.*

  The facility is not fulfilling these requirements. In one case, for example, the Office of the Inspector General found that a correctional officer who was eventually terminated was interrogated twice without being notified that he was the subject of a misconduct investigation or that the investigation could lead to disciplinary action. Neither was the officer given an opportunity to tape-record the interrogations. After the first interrogation, the staff person who conducted the interview prepared a memorandum to the officer documenting the interrogation and alleging that the officer had engaged in misconduct. But the officer was not provided with a copy of the memorandum or given an opportunity to respond to its contents before it was made part of the disciplinary action against him. Before

the second interrogation, the officer asked whether he should obtain representation and was told no.

The officer filed a lawsuit against the city for the violation of his rights under the Public Safety Officers' Procedural Bill of Rights, and the City of Folsom paid $3,000 to settle the lawsuit to avoid going to court over the issues raised by the officer's attorney about the Public Safety Officers' Procedural Bill of Rights violations. The attorney retained by the city in the case advised the city to adhere to the Public Safety Officers' Procedural Bill of Rights in future investigations. In a letter to the city, the attorney recommended specific procedures to be followed during future investigations. Asked whether the facility is currently performing these procedures, including tape-recording interviews and interrogations and obtaining signed advisements of rights, the Folsom Community Correctional Facility deputy director responded that it is not.

In the case described earlier involving the cook who was terminated for serving too many potatoes and being unable to account for two cases of sausage, the Office of the Inspector General found that the city failed to adhere to its memorandum of understanding with its non-custody employees. In an adverse action memorandum given to the employee, the facility director described the employee's actions as violations of the standards of employee conduct. The director also quoted several sections from the facility policies and procedures manual describing inefficient, incompetent, and negligent behavior and said that the employee performed his duties in a substandard manner and failed to improve his performance.

The adverse action was upheld in a Skelly hearing and the employee was terminated. In a subsequent arbitration proceeding, however, the employee was conditionally reinstated subject to enrollment and participation in an employee assistance program and was awarded back pay, conditioned on successful performance of duties for six months following reinstatement. The arbitrator ruled that the city did not have just cause to terminate the employee and had failed to follow progressive disciplinary steps in accordance with the city's memorandum of understanding with the employee's union. The arbitrator noted:

> *As a technical, legal matter there is no question the discharge was too severe.... [T]he Grievant's actions should have first been addressed by discipline less than discharge.*

In response to the arbitration decision, the attorney hired by the city remarked:

> *This is frustrating; once again we were prevented from wholly prevailing because we didn't follow our own MOU.*

- ***The facility does not properly document investigations.*** The Office of the Inspector General found that investigation files at the Folsom Community Correctional Facility do not contain sufficient documentation to demonstrate that Public Safety Officers' Procedural Bill of Rights requirements were followed. In some cases, the facility does not prepare investigation files at all. Several cases came to the attention of the Office of the Inspector General only because a reference to the investigation was discovered in a separate investigation or

employee grievance. The deputy director told the Office of the Inspector General that investigations performed at the facility are not like investigations performed at a state institution and that the facility does not always prepare a file containing witness statements, tape-recordings, advisement of rights, or other documentation obtained during the course of the investigation.

The facility may not be complying with the Americans with Disabilities Act. The City of Folsom, like other public and private employers, is subject to the Americans with Disabilities Act. Yet, according to the city's personnel director, the city has no policies or procedures relating to the Act and no policies or procedures to ensure compliance with its provisions. The Americans with Disabilities Act provides civil rights protections to individuals with disabilities and guarantees equal opportunity for individuals with disabilities in several areas, including employment. Title I of the Act's employment provisions applies to private employers, employment agencies, labor unions, and state and local governments. The act prohibits discrimination in all employment practices, including job application procedures, hiring, firing, advancement, compensation, training, and other terms, conditions, and privileges of employment.

The Office of the Inspector General noted that the facility director and deputy director may have violated the Americans with Disabilities Act by denying a request for reasonable accommodation in the case described earlier of the employee who requested a temperature-controlled environment and in response was told to leave the facility. The officer said that her medical condition (multiple sclerosis) existed when she was hired in 1993 and that, contrary to the assertion of the deputy director, she was not requesting a "light duty" position. She further noted that she had previously worked in the temperature-controlled control room and that another officer who worked in the control room had agreed to exchange posts with her. The officer maintained that the request met the reasonable accommodation requirement of the Americans with Disabilities Act. The failure to comply with the provisions of the Act may expose the Folsom Community Correctional Facility and the City of Folsom to litigation.

Employees reported that the facility management engages in retaliation against employees. Many members of the Folsom Community Correctional Facility staff said that the facility management routinely engages in retaliatory employment practices. Employees interviewed by the Office of the Inspector General said that they were fearful of retaliatory action by the facility director and the deputy facility director, for example, for complaining to the Office of the Inspector General. In reviewing past cases, the Office of the Inspector General also found evidence that the facility management may have engaged in retaliatory acts. For instance, the correctional officer who was placed on administrative leave for requesting reasonable accommodation under the Americans with Disability Act had previously expressed concerns to the Office of the Inspector General about the management style of the facility director and the deputy facility director. Similarly, in the case described earlier, the correctional officer whose rights under the Public Safety Officers' Procedural Bill of Rights were violated was served with a termination notice three days after winning reinstatement from an involuntary job transfer.

The facility is not complying with requirements governing background investigations. The Folsom Community Correctional Facility is not complying with requirements that background

investigations on prospective employees be completed before employment begins and that peace officers be evaluated for adverse mental and emotional conditions. The contract between the City of Folsom and the Department of Corrections requires that all candidates for employment at the Folsom Community Correctional Facility be subject to a California Department of Corrections-prescribed background investigation before employment. The *Folsom Community Correctional Facility Policy and Procedures Manual* conflicts with this contract requirement. Section 3.9 of the manual requires only that the investigation be completed "prior to an applicant being hired as a full-time employee." The facility deputy director and the personnel director have interpreted the provision to mean that the background investigation must be completed only before a probationary employee becomes a permanent employee. As a result, new employees may be hired as temporary intermittent employees and subsequently be employed as probationary employees for more than a year before the background investigation is completed. The Office of the Inspector General found that employees tested in a sample had worked at the Folsom Community Correctional Facility for an average of more than five months before the background investigation was completed.

California Government Code Section 1031 requires, in addition, that peace officers "be found to be free of any physical, emotional, or mental condition which might adversely affect the exercise of powers of a peace officer" and requires that the emotional and mental condition of peace officers:

> *[S]hall be evaluated by a licensed physician and surgeon or by a licensed psychologist who has a doctoral degree in psychology and at least five years of postgraduate experience in the diagnosis and treatment of emotional and mental disorders.*

The Office of the Inspector General found that the Folsom Community Correctional Facility is not fulfilling this requirement. The facility evaluates the physical condition of peace officer candidates, but conducts no evaluation of the emotional and mental condition of peace officer candidates for correctional officer positions.

Employee salaries are not adequately supported by time sheets. The contract between the Department of Corrections and the City of Folsom provides that "Salaries will be adequately documented by time cards signed by the employee and the immediate supervisor." The Office of the Inspector General found, however, that the Folsom Community Correctional Facility does not require its custody employees to prepare time sheets for payroll purposes. As a result, the hours reported are not certified by the employee and may be subject to future dispute. The facility processes payroll with the use of daily assignment sheets, request for time-off/overtime forms, and time-roll work sheets. The office assistant at the facility prepares the bi-monthly payroll using the hours entered by each watch sergeant on daily assignment sheets into a database. The office assistant summarizes the hours worked by each custody employee according to pay period and enters the types of hours worked and taken off onto a time-roll work sheet, which is used to enter the data into the city's automated payroll module. The time-roll work sheet is reviewed, approved, and signed by the facility director or assistant director and forwarded to the payroll unit at the city finance department for review and approval.

Volunteers do not receive a formal orientation. The Folsom Community Correctional Facility does not provide a formal orientation for volunteers, even though Department of Corrections

regulations require such an orientation. Formal orientation is necessary to help prevent volunteers from jeopardizing the security of the facility by interacting inappropriately with inmates. *Folsom Community Correctional Facility Policy and Procedures Manual* requires only that volunteers provide their name, birthdate, Social Security number, and driver's license number for a California Department of Justice inquiry. However, *California Department of Corrections Operations Manual*, Section 31040.7 requires that prospective volunteers complete an orientation before assignment as a volunteer and that the orientation include at least the following:

- The history and policies of the Department of Corrections;
- Overview of the existing programs;
- Description of the volunteer's duties, lines of communication, supervision, and accountability;
- Review of the needs, attitudes, and lifestyles of the inmate population; and,
- Discussion of the policy of divulging confidential information.

FINDING 6

The Office of the Inspector General found that the employees of the Folsom Community Correctional Facility are not receiving training required by state law and by the facility's own policies and procedures.

The Folsom Community Correctional Facility has no central list of training requirements and no way of ensuring that employees receive required training. A review by the Office of the Inspector General of the records of 15 employees—20 percent of the staff—revealed that, in fact, a significant number are not receiving training required by the *California Penal Code*, by the Board of Corrections, by the facility's policy and procedures manual, and by post orders for specified positions.

Training requirements for employees of public community correctional facilities are specified in the *California Penal Code* and in the *Board of Corrections Standards and Training for Corrections, Policies and Procedures Manual for Participating Departments.* In addition, the *Statement of Work for Public Community Correctional Facilities* requires facilities to develop and implement a training program for employees.

California Penal Code requirements. *California Penal Code* Sections 830.55 and 832(a) require that correctional officers complete an introductory course of training prescribed by the Commission on Peace Officer Standards and Training within 90 days of assignment to a correctional officer position. The review of employee records by the Office of the Inspector General found that of the 15 employees selected, three employees were new hires subject to the requirement. Two of the three had been employed since November 2000, but had not received the training as of August 7, 2001. The third employee was hired on June 20, 1999, but did not receive the required training until January 11, 2000—well beyond the 90-day requirement.

State Board of Corrections requirements. The State Board of Corrections requires that community correctional facility employees receive two types of training: 1) one-time initial core

training and 2) annual training, which consists of a specified number of hours of training employees must receive each year. The annual training requirement for most correctional officers is 24 hours, and for administrators and managers, 40 hours. The requirements do not specify the courses required. In its annual on-site monitoring of compliance with the annual training requirement for fiscal year 2000-01, the State Board of Corrections found that one staff member of the Folsom Community Correctional Facility—the facility director—failed to comply with the annual training requirement. The director completed only 33 of the required 40 annual training hours.

Training requirements developed by the facility. The Office of the Inspector General found that the facility lacks a comprehensive training policy and therefore cannot ensure that employees receive required training. Although the facility does have a written training policy, the policy does not include all of the training requirements listed in the facility policy and procedures manual, or in post orders for specified positions. In some cases, the training requirements conflict from one source to another and none of the sources list all of the training required. Nor are employees receiving the training specified in the training requirements developed by the facility.

The Office of the Inspector General prepared a consolidated list of annual training requirements for facility employees and compared the list against the training files of the 15 selected employees. Two of the employees had been employed for less than a full year and were therefore excluded from the comparison. Of the remaining 13 employees, the comparison revealed that a significant number had not received required training within the past year. For example:

- All 13 of the employees were required to take annual hostage situation training, but none of the 13 had received the training.
- Four out of nine correctional officers required to take annual baton training had not received the training.
- Six out of 13 employees required to take annual CPR training had not received the training.
- Five out of 13 employees required to take annual blood-borne pathogen training had not received the training.
- Six out of 13 employees required to take annual emergency procedures training had not received the training.
- Two out of nine employees required to take annual firearms training had not received the training.
- Two out of four employees required to take annual first aid training had not received the training.

The Office of the Inspector General also noted that the facility policy and procedures manual requires that all new employees receive 80 hours (10 days) of orientation in the form of "on-the job" training, but a checklist used since 1998 to document completion of this orientation training for correctional officers specifies a three-day, rather than a 10-day training period. Even so, the review of the 15 employee training files showed that of the five correctional officers hired since

1998 who were required to take the orientation training, only two were documented as having completed even the three days of training.

The deputy director told the Office of the Inspector General that he has a policy of examining each employee's record to see whether the training they have taken is consistent with what he believes they should take. But the deputy director's interpretation of the training requirements appears to be inconsistent with post orders and other specified training requirements. For example, the deputy director told the Office of the Inspector General that use-of-force training is required annually for all correctional officers, but neither the post orders nor the institution policy and procedures manual requires annual use-of-force training. The Office of the Inspector General nonetheless reviewed the training records of the nine correctional officers included in the sample, and found that five did not receive the annual use-of-force training.

The facility education manager, who is responsible for tracking the training given to employees, does maintain a computerized record of the training completed by each employee—compiled from signatures on class rosters—but that record does not show what training each employee should take.

The staff complained about the training deficiencies. Correctional officers at the facility expressed concerns to the Office of the Inspector General about what they characterized as the poor quality of training and complained that the poor training raises security risks for the staff. Although the questionnaire distributed to the staff did not specifically address training, one officer commented:

> *Training is almost non-existent for new employees; thus, unless previously experienced in the correctional/law enforcement field, commonsense mistakes are made, causing problems for both inmates and Officers.*

Another officer wrote:

> *First I would like to address the issue of training or lack they're of. As far as training goes I received minimal training at best. When I started the job I receive six days of on the job training from other Correctional Officers. At Folsom C.C.F. we do not have formal training Officers and it is up to the discretion of the Watch Office which Correctional Officers train the new employees. I was of the understanding that the Sergeants were suppose to do the training, but I did not receive any on the job training from any of the Sergeants nor did I ever see them train new employees. This job was put on the Correctional Officers and it was not always the most experience Officers that gave the training. I saw Officers with less than two months of experience teaching brand new hires how to do their job. These Officers with less than two months of experience did not know how to do the job properly with only two months of experience nor were they in a position to teach it to anyone else. This is scary proposition for not only the new hire that does not know any better, but for the Officer training the new hire.*
>
> *Also I did not receive my P.C. 832 Firearms Training until I had been on the job for nine months according to the Penal Code you are suppose to receive this training 90 days from the date you were hired.... I wish that I could say I was the exception to the rule, but unfortunately I was not. I have heard of Officers being on the job for two years before receiving any of the above mentioned*

training. I think this is an important issue that needs to be address for the safety of the Officers and the Facility in general.

Four correctional officers interviewed by the Office of the Inspector General said that the training provided by one of the lieutenants at the facility is inadequate. According to the officers, the lieutenant spends more course time talking about other subjects than about the subject of the course.

The accuracy of the facility's training records also is questionable. One officer told the Office of the Inspector General that he was instructed to sign a course roster for a course that he did not attend. The Office of the Inspector General identified another training course, given on August 30, 2001, which consisted of officers being provided with a booklet to read while they were performing their regular duties. The Office of the Inspector General reviewed the performance objectives and the course outline and determined that it was unreasonable to expect the officers to complete the course while performing their regular duties. One of the officers completed an evaluation for the course in which he rated the course as "poor" because he was unable to read the booklet while performing his other duties. The officer told the Office of the Inspector General staff that the lieutenant who taught the course confronted him about the "poor" rating given on the evaluation. The Office of the Inspector General later found that the officer's name was crossed off of the course roster and his course evaluation was not submitted to the Board of Corrections with the other evaluations.

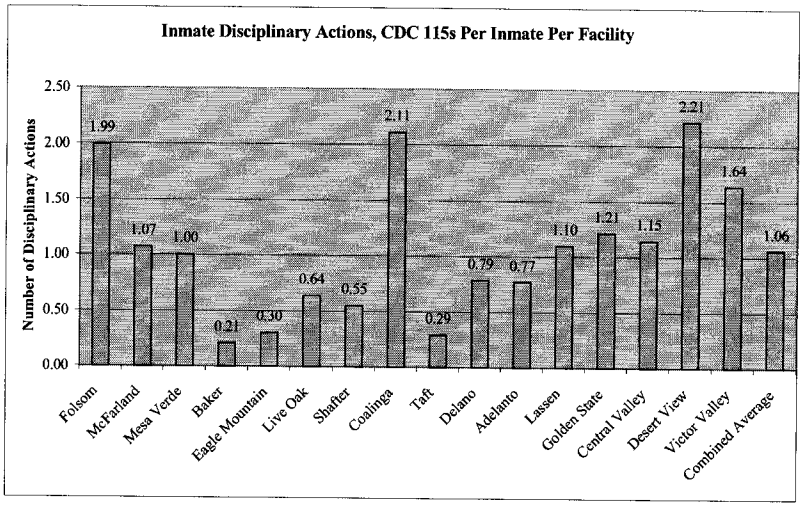
FINDING 7

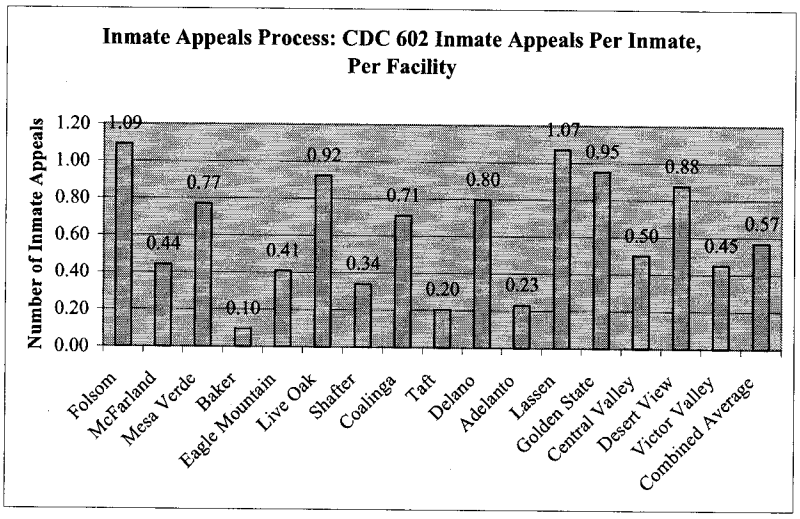
The Office of the Inspector General found that the Folsom Community Correctional Facility has a high level of inmate disciplinary and appeal activity compared to other community correctional facilities, yet its inmate appeals system does not ensure that appeals are processed properly or on time.

The Folsom Community Correctional Facility had the third highest average number of disciplinary rule violations per inmate and the highest average number of inmate appeals per inmate of all of the state's community correctional facilities in the 18-month period from January 2000 through June 2001.

During that period, the facility averaged 1.99 disciplinary actions per inmate, with a total of 796 disciplinary actions overall. The community correctional facilities with the highest and second highest averages had 2.21 and 2.11 disciplinary actions per inmate, respectively.

For the same 18-month period, the facility averaged 1.09 inmate appeals per inmate—higher than any other community correctional facility in the state—with a total of 436 inmate appeals overall. Altogether, the Folsom Community Correctional Facility averaged 81 percent more inmate appeals per inmate than the average California community correctional facility. The following charts compare the average numbers of disciplinary rule violations and inmate appeals at community correctional facilities statewide.





The director and deputy director of the Folsom Community Correctional Facility maintain that the high number of inmate disciplinary actions can be attributed to tight enforcement of policies and procedures at the facility. The Office of the Inspector General noted, however, that a large percentage of the inmate disciplinary actions and appeals at the facility result from the refusal of inmates to work at the Correctional Resource Recovery Facility. As discussed in Finding 1 of this report, for example, 67 percent of the 164 disciplinary actions issued at the Folsom Community Correctional Facility between January 2001 and July 20, 2001 resulted from inmates refusing to report to work at the waste-processing facility. The Office of the Inspector General also noted that many other disciplinary actions are likely attributable to inadequate management of the facility, the lack of staff training, the absence of inmate programming, and inadequate staffing at the facility and the waste-processing center.

The facility does not ensure that inmate appeals are processed properly or on time. Despite the high level of inmate appeal activity at the Folsom Community Correctional Facility, the facility's inmate appeals system does not ensure that the appeals are properly documented and processed within prescribed time limits.

California Code of Regulations, Title 15, Section 3084 provides the right of inmates to appeal departmental decisions, requires institutions to designate an appeals coordinator to screen and categorize appeals and coordinate the appeals process, and sets time limits for submitting and responding to appeals. *California Department of Corrections Operations Manual* Sections 54100.12 and 54100.9, respectively, describe the logging requirements and time limits for processing inmate appeals.

Although the Folsom Community Correctional Facility does have a designated inmate appeals coordinator, the facility is not adequately meeting the other requirements. The Office of the Inspector General found the following weaknesses in the inmate appeals process at the facility:

- The facility has no procedures for documenting the appeals process;
- The facility has no system in place for monitoring appeals to ensure that they are completed in a timely manner; and
- The facility director has no involvement in the inmate appeals process even though his staff is required to respond to inmate appeals.

The Office of the Inspector General also found that a significant number of inmate appeals at the facility are not completed on time. A review of appeal logs for informal and formal level appeals for the period January 2000 through June 2001 revealed that 90 (30 percent) of 303 informal level appeals and 44 (44 percent) of 99 formal level appeals either were not completed within the time limits or did not have a log entry showing that they were completed.

FINDING 8

The Office of the Inspector General found that the director of the Folsom Community Correctional Facility spends little time on the job and that the facility staff has low regard for his management performance. Yet, he is paid more than twice as much as the state's other community correctional facility directors.

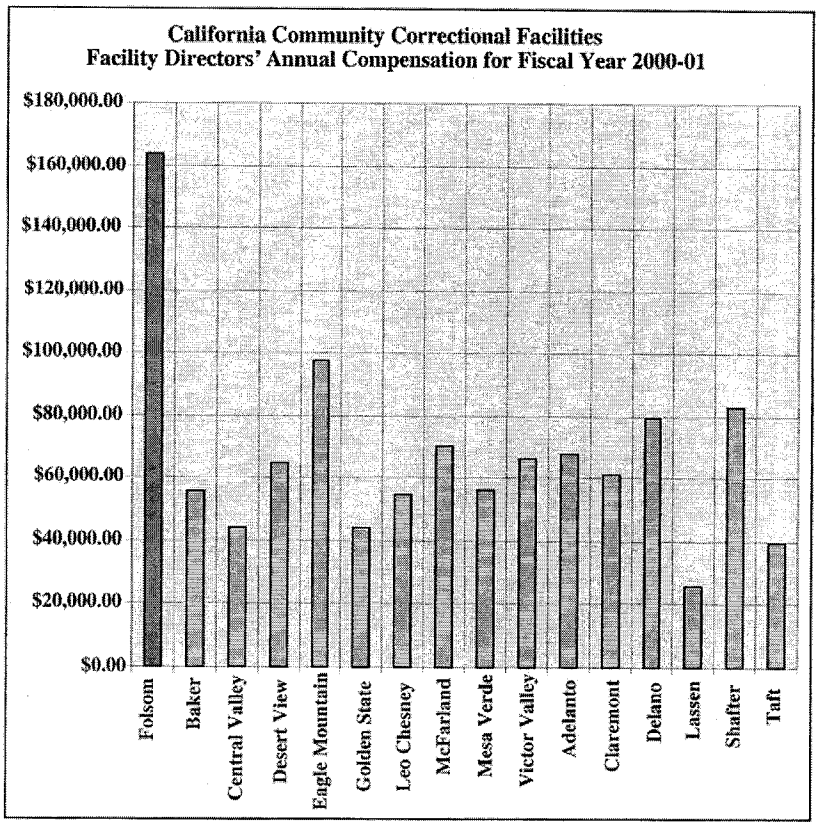
According to the staff at the Folsom Community Correctional Facility, facility director Wally Smith works short hours. Yet, for the fiscal year ended June 30, 2001, he was paid more than two and a half times the average compensation paid to other community correctional facility directors in the state. His base salary exceeds even that of state prison wardens, who have vastly greater responsibilities. He also receives a generous monthly leave credit and has been paid for working every holiday for the past three years, even though the staff reports they have seen him at the facility on a holiday only once.

Under an amendment to the employment contract between the facility director and the City of Folsom executed on July 1, 2001, the director's base salary is $8,688.75 a month or $104,265

annually. In addition, he received a one-time unexplained bonus of $23,000 under the current employment contract. He is also allowed to earn up to 14 days a year of "holiday credit" for working on holidays and another 47 hours of monthly leave credit—nearly six days a month—compared to the maximum 20 hours of monthly leave credit wardens are allowed to earn only after 25 years of service. (The facility director has been employed by the City of Folsom for 12 years.) Altogether, the facility director was paid $163,922 for the fiscal year ended June 30, 2001—7 percent of the total compensation paid to employees of the Folsom Community Correctional Facility for that period. In addition to his base salary, the director received payments for car allowances, employer-paid deferred compensation, and payments for unused holiday credit, annual leave, administrative leave, and sick leave.

In comparison, the average compensation for the other 15 community correctional facility directors in the state for the 2000-01 fiscal year, as reported in the quarterly cost reports to the Department of Corrections, was $60,557, meaning that the compensation paid to the Folsom Community Correctional Facility was 271 percent of the average compensation paid to the state's other community correctional facility directors.

The chart shown below compares the compensation paid to California community correctional facility directors in fiscal year 2000-01.



The facility director's annual base salary of $104,265 also exceeds the maximum salary of the wardens at the state's 33 correctional institutions, which is $8,618 per month or $103,416 annually. Although they are paid less, the wardens' responsibilities are far greater and their duties considerably more challenging than those of the facility director. The Folsom Community Correctional Facility is a 380-bed, minimum-security facility with approximately 70 full-time employees. In comparison, the warden at California State Prison, Sacramento, which is also located in the city of Folsom, manages an institution with more than 1,300 employees housing more than 2,900 Level IV inmates—who are among the most violent and dangerous of the inmates in the state correctional system. The prison has approximately another 300 Level I inmates, who are comparable to the inmates at the Folsom Community Correctional Facility. Yet the pay of the Folsom Community Correctional Facility director exceeds that of the California State Prison, Sacramento warden.

In addition to the disproportionate amount of compensation paid to the facility director, the Office of the Inspector General found the following improprieties:

- The generous leave credit granted the director ostensibly is meant to compensate for long work hours at the facility. He does not maintain timesheets to document hours worked, but the facility employees reported that the director rarely appears before 10 a.m., takes an extended lunch break, and leaves at 2 p.m.

- According to the facility payroll records, the director has been paid for working every holiday for the past three years. Yet none of the staff members interviewed by the Office of the Inspector General were able to recall ever seeing him at the facility on any holiday other than the Year 2000 millennium. Nor does there appear to be a legitimate need for him to work on holidays.

The facility staff has low regard for the director's management performance. The director of the Folsom Community Correctional Facility received by far the lowest scores ever recorded by the Office of the Inspector General in surveys of employees asked to evaluate the performance of administrators. The staff portrayed the director as uninvolved in facility operations, remote from inmates and employees, and lacking interest in the welfare of the employees and inmates. Those sentiments perhaps help to account for the fact that the facility presently has an annual employee turnover rate of 23 percent, averaged over the period from January 2000 to July 2001. Most of the survey respondents said they would not choose to work with the director again.

The survey asked the staff to respond to a questionnaire by rating the director's performance on a scale of 1.0 to 5.0, with 1.0 denoting the most positive response and 5.0 the most negative. Forty-one of the 70 full-time employees at the Folsom Community Correctional Facility participated in the survey. The Office of the Inspector General has used similar questionnaires in audits throughout the state as a means of giving employees the opportunity to comment on the management performance and communication skills of wardens, superintendents, and facility directors.

Of the 15 survey questions asked of the Folsom Community Correctional Facility employees, every question elicited a response average of more than 3.5. Responses to eight of the 15 survey

questions averaged more than 4.0, and two questions averaged more than 4.5, indicating extremely negative assessments. Many employees gave the facility director a rating of 5 on all or nearly all of the questions. The cumulative average of all 15 questions was 4.01. In comparison, in surveys conducted by the Office of the Inspector General at six other state prisons, youth correctional facilities, and community correctional facilities, the worst cumulative average score was 3.01. The cumulative average scores at the remaining five institutions ranged from 1.90 to 2.99. The table shown below presents the average cumulative scores recorded in surveys conducted at all seven institutions.

COMMUNICATION QUESTIONNAIRE SURVEY RESULTS

	Cumulative Average Score
Leo Chesney Center Community Correctional Facility	1.90
Fred C. Nelles Youth Correctional Facility	2.35
California State Prison, Sacramento	2.44
Heman G. Stark Youth Correctional Facility	2.61
Valley State Prison for Women	2.99
High Desert State Prison	3.01
Folsom Community Correctional Facility	4.01

The survey of Folsom Community Correctional Facility employees identified the following specific problems:

- ***The facility director rarely interacts with the staff.*** Eighty-five percent of the responses said the facility director does not walk through the facility and many members of the custody staff said they have not seen the facility director in their work area for several years. Despite the relatively small staff of 70 full-time employees, some staff members said they would not know the facility director by sight. Following are quotes from the completed surveys.

  90% of the time the director is in his office with his feet up on his desk completely unaware of what is going on. The deputy director does all the work most of the time in a faulty manner.

  Facility Director Wally Smith and I would NOT know/recognize each other on the street. [From an employee who has worked for the facility for more than five years.]

  I have never seen him past the administration sally port.

  I don't even remember what he looks like.

- ***Most of the employees expressed negative feelings about working for the facility director.*** Seventy-two percent of the staff said they would not want to work for the facility director again. More than 82 percent of the responses reflected the belief that the facility director does not care about issues important to the staff. The same percentage of responses reported that the facility director does not recognize exceptional employee performance. Specific quotes from the survey include the following:

There is no management at the facility.

The director should be ashame to pick up his pay check, the lack of professionalism and the fact that he is not accessible makes him a discredit to law enforcement.

I am tired of being blown off as a dim-witted female. The 'Good Ole Boys Club & Posse' need to be eliminated.

Morale is extremly low, to the point it effects the health and safty of the staff and inmates, therefore the public as well. Low pay, high turnover, overwork, work sick, force hires and the general feeling of no support from the administration caused me to look for other work even before the threat of closure.

Its really sad – Please Close This Place.

- ***The facility director does not interact with the inmates.*** More than 84 percent of the responses said that the facility director does not take time to speak to the inmates. This response was consistent with what the inmates reported. The chairman of the facility inmate advisory council told the Office of the Inspector General that a custody lieutenant sits in on the council meetings, but they had never met with the facility director. One correctional officer wrote:

  I have been employed at the facility for five yrs. and have only seen Mr. Smith where the inmates are housed a few times (i.e. haircut, brow beat inmates, or intimidate inmates).

- ***The facility director does not meet with the staff.*** Periodic staff meetings are a standard business practice essential to informing employees about changes in policies and procedures, for addressing operational issues, and for advising the staff about circumstances and events affecting the facility. Yet the Office of the Inspector General found no documented evidence of instances in which the director met with the facility staff. Asked for such documentation, the facility management was unable to provide copies of minutes or other evidence of any such meetings for the entire two-year period covered by the audit.
- ***The staff gave the deputy director a similarly low performance rating.*** Folsom Community Correctional Facility employees appear to view the deputy director as negatively as they view the facility director. Although the survey asked for information only about the facility director, it was noteworthy that a number of employees also volunteered comments about the deputy director. Following are some of the responses:

  Deputy Director John Knight would receive the exact response except he visited my work site once.

  Not only Wally, but Mr. Knight is just as bad.

  Not only is this survey a good idea, but I think you should also have one for the Deputy Director also. Even though it would be answered in the same manner.

The facility director's response. Asked about the survey results, the facility director said he had expected a negative rating and attributed it to the staff reacting against management in response to rumors about the possible closure of the facility and a resultant loss of jobs. The facility director said that he has an open door management style and the staff is free to come in and talk to him at any time.

The Office of the Inspector General did not find evidence to support the director's assertion about the staff reacting against management. Although results of the survey were overwhelmingly negative, it appeared that the staff tried to be objective in the evaluation. For example, many gave the facility director credit for having the knowledge to run an institution, but said he did not exercise that knowledge. Staff members also acknowledged that the facility director's door was always open, but expressed fears of retaliation if they were to express concerns to management.

The survey results can be summarized by the comments of one officer, who wrote:

> *Our facility director is indeed a very intelligent individual when it comes to a correctional setting, but lacks the ability to communicate or relate his knowledge to his officers in a positive way. The fact that he is the facility director doesn't necessarily give him the knowledge on how to manage people, affairs, or a correctional facility. If you look up the word 'Director' it says (the head of a project, bureau, or supervisor, etc – a member of a board chosen to direct the affairs of a corporation or institution.) Our facility director lacks the ability to direct the affairs of this institution, the mere fact that about 90% of all employees are disgruntled due to the lack of [attention] his officers receive, and attention to their needs says it all.*

The table shown below lists the questions included in the employee survey and gives the response averages for each question.

FOLSOM COMMUNITY CORRECTIONAL FACILITY SURVEY RESULTS

	Response Average*
1. The information I receive from the Facility Director is:	
A. Timely	3.63
B. Useful	3.56
C. Complete	3.71
2 The Facility Director:	
A. Is accessible to contact from line staff and management	3.59
B. Makes time to speak with inmates	4.59
C. Welcomes feedback, including criticism	4.20
D. Responds to concerns with action	4.07
E. Uses the appropriate medium for communication (phone, memo, in-person, etc.)	3.61
F. Conducts regular walks throughout the institution	4.75
G. Gives clear direction and instructions	3.83
H. Seems to care about issues important to me	4.37
I. Is knowledgeable about day-to-day operations	3.59
J. Recognizes exceptional performance	4.34
K. Is receptive to new ideas	4.20
3. I would work with this Facility Director again	4.17
Cumulative average	**4.01**

**Key: 1 = most positive response; 5 = most negative response.*

FINDING 9

The Office of the Inspector General found that the California Department of Corrections has failed to fulfill its responsibility for oversight of the Folsom Community Correctional Facility.

Responsibility for the day-to-day operation of the Folsom Community Correctional Facility and for the city employees who work at the facility belongs to the contractor—the City of Folsom. But the inmates remain under the legal custody of the Department of Corrections. Ultimate responsibility for the safety and welfare of the public and the inmates and for ensuring that the institution complies with its contract and with applicable provisions of state law, therefore, rests with the department.

The director of the Folsom Community Correctional Facility contends that the Department of Corrections has either approved or condoned many of the policies noted in the report—such as the drastic reduction in inmate programs and the use of the inmate welfare fund to run the facility—in recognition of what he maintains is insufficient funding for the facility.

The Office of the Inspector General found no evidence that the California Department of Corrections has explicitly approved the facility's actions. But the facts suggest that the department has known—or should have known—about the problems, but has not acted. For example, the financial reports submitted to the department by the City of Folsom clearly show that that the facility spends little of its budgeted funding for inmate programs. The reports show equally clearly that in four of the past five fiscal years, monies in the inmate welfare fund have been used to fund the facility's operations.

The department's own audits also have identified the problems. Audits of the Folsom Community Correctional Facility performed by the Department of Corrections Program and Fiscal Audits Branch in 1999 and 2000 revealed many of the same issues found by the Office of the Inspector General in the present audit. For example, in a report issued in April 1999, the Program and Fiscal Audits Branch cited the facility's pre-release programming as "noncompliant," meaning that the facility was not meeting specified requirements. The City of Folsom responded: "budget reductions by CDC in 1993 eliminated the budgeted pre-release position. Folsom CCF cannot provide the full pre-release services without additional position funding." In its subsequent audit report, issued in August 2000, the Program and Fiscal Audits Branch found the pre-release program to be in the same condition as the previous year but rated it "not ratable." The Program and Fiscal Audits Branch reports also raised concerns about the facility director's pay and about deficiencies in the education programs.

The California Department of Corrections staff person assigned as the department's liaison with the Folsom Community Correctional Facility also expressed a number of concerns to the Office of the Inspector General about the operation of the facility and about the difficulty of bringing about effective change. The staff person told the Office of the Inspector General that the department has had trouble resolving problems at the facility in part because of a lack of available sanctions to enforce compliance.

RECOMMENDATION

The Office of the Inspector General recommends that the Department of Corrections terminate its contract with the City of Folsom for operating the Folsom Community Correctional Facility and undertake a thorough restructuring of the facility.

The usual practice of the Office of the Inspector General in reporting the results of audits and investigations of correctional institutions and programs is to offer specific recommendations for addressing the problems identified. The audit of the Folsom Community Correctional Facility, however, revealed problems so profound and a degree of noncompliance so extreme as to call for nothing short of a top-to-bottom overhaul of the facility. As a first step in that process, the Office of the Inspector General recommends that the Department of Corrections terminate its contract with the City of Folsom.

Recognizing that the State is liable for the costs of constructing the facility and therefore must continue to make lease payments for eight more years, the department should consider either operating the institution as a state-run facility or contracting with another entity to handle facility operations. If the department decides to maintain its contract with the City of Folsom, the department should institute a thorough reform of the facility operations, including changes in management, to bring about full compliance with statutory and regulatory requirements governing community correctional facilities.

ATTACHMENT A

FOLSOM COMMUNITY CORRECTIONAL FACILITY
STATEMENT OF REVENUES AND EXPENDITURES

FOR FISCAL YEARS 1996-97 THROUGH 2000-01[1]

DESCRIPTION	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	Cumulative Five-Year TOTALS
PROGRAM REVENUES:						
Monthly Flat Rate	$3,530,628	$3,530,628	$3,698,304	$3,698,304	$4,099,414	$18,557,278
Service Fee	$353,460	$353,460	$353,460	$353,460	$353,460	$1,767,300
Other Revenues	$584,010	$537,750	$583,671	$561,957	$159,446	$2,426,834
Transfers:						
Inmate Welfare Fund/Inmate Telephone Fund	$60,000	$70,000		$90,000	$90,000	$310,000
From Construction Fund[2]				$163,728	$163,728	$327,456
TOTAL PROGRAM REVENUES	**$4,528,098**	**$4,491,838**	**$4,635,435**	**$4,867,449**	**$4,866,048**	**$23,388,868**
PROGRAM EXPENDITURES:						
Salaries and Fringe Benefits[3]	$3,044,658	$3,044,658	$4,709,204	$3,632,567	$3,427,787	$17,858,874
Other Operating Costs[3]	$1,104,119	$1,303,012	($124,272)	$1,057,966	$1,235,134	$4,575,959
TOTAL PROGRAM EXPENDITURES	**$4,148,777**	**$4,347,670**	**$4,584,932**	**$4,690,533**	**$4,662,921**	**$22,434,833**
TOTAL PROFIT	**$379,321**	**$144,168**	**$50,503**	**$176,916**	**$203,127**	**$954,035**

[1] This statement presents revenues and expenditures reported by the City of Folsom in the city's financial statements. The statements were not audited by the Office of the Inspector General and do not represent amounts authenticated by the Office of the Inspector General. The financial statements are audited by an independent certified public accounting firm.

[2] Monies transferred from the construction fund that were made available through refinancing the certificates of participation.

[3] Includes settlement of the Adelanto lawsuit of $1,279,702 in fiscal year 1998-99. This amount was paid to the facility's employees.

ATTACHMENT B
RESPONSE OF THE CITY OF FOLSOM

016 2-38

CITY OF FOLSOM

50 Natoma Street
Folsom, California 95630

Martha Clark Lofgren
City Manager

Joseph W. Luchi
Assistant City Manager

January 10, 2002

CONFIDENTIAL

Hand Delivered

OFFICE OF THE INSPECTOR GENERAL RECEIVED
Hand-delivered
02 JAN 10 PM 5:07
SC MH FAXED to JC

Mr. John Chen
Office of the Inspector General
801 K Street
Suite 1900
Sacramento, CA 95814

Re: Folsom Community Correctional Facility Audit

Dear Mr. Chen:

The City has reviewed the draft report concerning the audit of the Folsom Community Correctional Facility ("FCCF") recently performed by the Office of the Inspector General. The report raised management issues, operational issues, issues pertaining to financial aspects of the contract between the City and the California Department of Corrections ("CDC") for operation of the facility, and issues pertaining to the contract between the City and the California Prison Industry Authority ("PIA") concerning the recycling operations staffed, in part, by FCCF prisoners. As I have stated to you in person, I take all of the issues raised in the report very seriously. As you also know, my staff did not make me aware of any of the preliminary conclusions in the report until December 12, 2001.

After reviewing the report, I determined that an immediate internal management and operational assessment was necessary. Within forty-eight hours of receipt of the report, I placed Folsom Police Chief Sam Spiegel in command of the FCCF to assist me with this task. Immediately thereafter, the City contracted with the Sacramento County Sheriff's Department and placed at the FCCF a team of most qualified professionals from the Sheriff's Department to work as the command staff handling day-to-day operations. This new team was on-site by December 19, 2001. The Chief of Police and command staff are recommending to me appropriate responses to the report and an action plan for responding to issues raised in the report.

Telephone (916) 355-7220 / Fax (916) 355-7328

ORIG faxed + Mailed J Chen 1/10 + 11/02 resp cc: In Chron / SC + MH

The City's next step has been to evaluate each finding in the report. As you can understand, this is not an insignificant task. The Christmas and New Year's holidays have intervened in the time allotted for our response. In addition, my new management team has had to conduct both fact-finding and evaluation of the data contained in the draft report, as they were not involved in the initial audit process. Your staff has been cooperative in clarifying issues for us, and I appreciate that on-going dialogue.

While I expect thorough analysis from my staff, I must provide them with a realistic time frame for accomplishing such results. The present management team has had approximately 13 working days to analyze the 50 plus page report. While we are doing our best to comply with the deadline imposed by your office, it is entirely unrealistic. Therefore, while you have asked for specific responses to each finding, you will not find that in this response. There are some facts with which we agree, and others with which we disagree. In the attachment, I highlight for you areas of factual discrepancy of which we are currently aware. My staff continues to evaluate the findings in the report, and we will provide you with a more detailed response to each item by January 31, 2002. Earlier, I asked that you delay a final report until March 2002 so that your office could consider a full and complete response from the City. I reiterate that request. It is worth noting in this context that your staff devoted approximately 4 months to auditing the FCCF and drafting preliminary findings.

In addition to the items of discrepancy noted in the attachment to this letter, I request the following conclusion to the report:

> As is customary practice, the City's management participated in an exit interview with the Office of the Inspector General to review preliminary recommendations by the Office of the Inspector General. During that interview, it was apparent that the City Manager for the City of Folsom is committed to correcting issues raised in the report. In the week following that exit interview, the City Manager installed a new management team to advise her on necessary improvements designed to maintain the contract between the City and the California Department of Corrections and to bring the facility into full compliance with legal requirements governing the facility. In light of the immediate and receptive response by City management, the Office of Inspector General recommends that the City prepare an action plan for corrective action and that this document be submitted to the California Department of Corrections for consideration. The Office of Inspector General will re-inspect the FCCF in _____ 2002 to ascertain progress towards the items referenced in this report.

This conclusion is warranted for several reasons. First, as noted above, management issues are moving forward in a positive fashion with my new team in place. Second, there has been significant progress on physical safety issues identified in the report. The details of these improvements will be contained in our January 31, 2002 supplemental response. In addition to the issues raised in the draft, I also have instructed my staff to address physical repairs to the FCCF structure that may not affect safety, but have had an impact on employee morale. I instructed that this work commence immediately. The City also is working hard towards developing a true partnership relationship with CDC for operation of the FCCF. I have personally met with CDC representatives (including Mr. Greg Harding) to discuss the continued operation of the FCCF. His staff has met with Chief Spiegel, and we have received positive support for the management changes. The new management team has met with PIA representatives to discuss safety issues at the recycling facility. Again, please appreciate that all of this is happening concurrently with our efforts to investigate, evaluate and comment upon the factual findings in your report.

I would also like to point out that, at my direction, the City's negotiating team is approaching the contractual relationship with CDC in a new light. Even before receiving your report, I had concluded that the City needed a fresh analysis of financial costs to operate the facility that considers the benefits to the City of keeping the facility open. Unfortunately, your staff never spoke directly to me or to the members of my negotiating team about this philosophical approach during the audit process. Accordingly, the discussion of the City's financial practices with respect to the FCCF is certainly not accurate. I urge you to have your staff discuss again the financial issues with appropriate City representatives before finalizing the report.

There are many components to the facility and many people impacted by it, including our employees, the residents of Folsom, and the inmates. The City relies upon the FCCF inmates to not only meet, but to exceed, state recycling mandates. I acknowledge that there may be needed improvements in the process for using inmates at the recycling facility, and even to update public notification about the recycling process. A cooperative relationship with the PIA exists and, without it, the City's valuable contribution to the State's goal of effective recycling would be significantly diminished. It is clear that changes in inmate programs are warranted and my staff is diligently implementing modifications and new ideas to assure that the FCCF is a model community corrections facility.

Most importantly, the City has 72 loyal, valuable employees at the FCCF. Those individuals depend upon their jobs. Based upon my recent meeting with FCCF staff, the employees appear very eager to work under the new management team, and are excited about the possibility for change. It is my goal to ensure that the facility remains open for employment, and that it also provides an atmosphere conducive to productive and rewarding work.

We view the goal of an audit of this type as a tool to assist agencies in the examination of their facilities and their operation. We are utilizing this tool to implement positive change and to thoroughly examine all aspects of our FCCF. Where improvements are warranted they have been or will be made. I appreciate your cooperation and encourage you to consider the conclusion to the report suggested in this letter. I also hope you will enable your staff to evaluate the factual information contained in the attachment to this letter to ensure a balanced analysis of the corrective action required at the FCCF.

Very truly yours,

Martha Clark Lofgren

Martha Clark Lofgren
City Manager

Attachment

cc: Folsom City Council
City Attorney
Chief of Police
Assistant City Manager
John Spittler, Esq.
Director, California Department of Corrections
Mr. Greg Harding

RESPONSE TO INSPECTOR GENERAL'S AUDIT REPORT PERTAINING TO THE FOLSOM COMMUNITY CORRECTION FACILITY

Finding 1 – The Recovery Facility

We disagree with many of the issues raised in Finding 1 related to the safe operation of the recovery facility. We also disagree with the highly critical tone pertaining to the manner in which the facility is operated and related to the use of inmates at the recovery facility. Although we continue to examine components of the report, the City believes the assessment of the recovery facility is flawed and incomplete and the criticism of using inmates in the recycling operation is misplaced.

1 Use Of Inmates In The Recovery Facility Is Proper.

- The report wrongly contends that inmates are utilized by the City to avoid "the need to institute recycling or other conservation measures." The report does not address and it appears no inquiry was made into the many other recycling programs the City does have in place, in addition to the valuable contribution the recovery facility makes to achieve these goals.

- The Prison Industry Authority (PIA), with the understanding and agreement of the California Department of Corrections (CDC), runs the recovery facility program. The City has difficulty understanding the general tone of the discussion relating to the propriety of using inmates for these tasks. The critical tone of the report is different than that more recently expressed by you and your audit staff. However, as presently worded, the report does not clearly state that it is not the Office of Inspector General's decision regarding whether inmates should participate in recycling efforts.

- The report incorrectly discounts any benefit to the inmates with respect to skills they might learn in the facility, including working on equipment, driving equipment, or working on the recovery line.

- Although the report accurately states inmates earn additional money for working in the recovery facility, the report makes no mention of the fact that many inmates seek to work at the facility for the additional money they can make there.

2 There Is No Security Risk To The Community Posed By The Recovery Facility.

- The report incorrectly states the City is creating a security risk to its residents by not informing them that inmates work in the facility and sort recyclables from the City's refuse. The report does not describe the notices, brochures and newsletters that have gone to residents since it opened regarding the use of inmate labor, nor does it acknowledge newspaper articles and television reports that have been

done. These documents can be provided upon request. The report assumes, without any substantiation, that the safety of residents has been jeopardized due to inmates sorting trash in the recovery facility.

- The recovery facility and use of inmate labor is prominently referred to on the websites for the City of Folsom and the PIA. The recovery program has received national acclaim.

- The report makes no effort to describe the security measures that have long been in place at the facility, including thorough searches of each inmate and their clothing before entering and upon leaving the facility.

- The report makes no mention and to our knowledge there was no inquiry made as to whether there has ever been an occasion in which personal information has been obtained from the recovery facility or has been used by a prisoner. We are not aware of a single incident in which someone from the facility has used or acquired information obtained at the recovery facility. We know of no case in which personal materials were taken from the recovery facility or were seized by staff during searches of inmates or their belongings at the FCCF.

3 <u>Procedures Are In Place To Ensure That Medical Waste Is Not Recycled at the Facility.</u>

- The report inaccurately states that the recovery facility is used to recycle medical waste. As you are likely aware, medical waste must be specially bagged and disposed of, outside of the ordinary refuse methods. The facility is not used for such purposes. Any incidents in which medical waste has ended up at the recovery facility are rare and isolated occurrences.

- The City has procedures for the disposal of medical waste. The report does not address the program the City initiated with pharmacies to handle recycling of needles from residents who use them on their own for medical purposes. This program was a direct effort to help curb needles from ending up in the trash.

- The report fails to address the gloves worn by the inmates in the recovery facility. Information was ignored or omitted regarding the types of gloves and the fact that they are designed to withstand pin/needle pricks and they were approved and provided by the PIA, along with the inmates' other safety equipment. The City will work with the PIA to examine the gloves used to determine if more effective gloves now exist, but the gloves worn were said to be the best on the market for this type of work.

4 <u>Safety Equipment Is Worn And Is Provided To The Inmates</u>

- Statements in the report relating to the lack of use of safety equipment by inmates are inaccurate and it is incorrect to report that inmates are not required to wear

safety equipment. Inmates are required to wear protective clothing while working in the recovery facility.

- The report fails to describe safety meetings for the inmates that are conducted. The inmates are routinely briefed on safety before working at the facility and are provided and wear safety equipment issued by the PIA.

5 The City Questions The Statements In The Report Regarding Inmates Refusal To Work At The Recovery Facility.

- The report asserts that inmates refuse to work at the recovery facility. There is insufficient time to analyze the reasons the inmates have refused to work and whether it is attributable to the facility or whether they have refused to work in general.

- If the refusal to work is due to the inmates' desire not to work in the recovery facility, then the report does not address whether that refusal by the inmates is proper and infers that refusal is or may be proper. We do not believe it is appropriate to imply that an inmate's refusal to work at the facility is proper or an available option for him. Further, the report disregards the fact that inmates are able to earn more money while working in the facility, a positive component for some inmates.

6 The Report Inaccurately Attributes All Inmate Puncture Injuries to Needle Sticks.

- All puncture wounds are not the result of needle sticks. Out of caution, most puncture wounds have been categorized in that manner to assume the worst-case scenario. The City is examining other means for reporting these injuries. These types of injuries have been regularly treated with appropriate medical care and shots.

7 The Report Improperly Characterizes Two Chemical Incidents At The Recovery Facility.

- The report identified two incidents that were characterized as serious chemical spills. The City takes any incident involving potential exposure to chemicals seriously. The City responded to the incidents in an appropriate manner. The City does not have any details on the worker's compensation claims referenced in the report and the report does not provide any detail on the extent, if any, of actual claims filed or whether anything ever came of such claims. The second incident was responded to appropriately, precautions were taken and no one was injured. The report does not acknowledge that the City responded to these incidents in an appropriate manner.

8

Finding 2 – Fiscal Management

The report raises concerns about the fiscal management of the FCCF. The City is not in a position to evaluate the findings due to the time available to respond. The City does, however, disagree with some of the facts in this section of the report.

- Expenditures at the facility have been proper. It is clear, however, that different accounting approaches have been taken by the audit staff and prior City administrations. It is unfortunate that your staff never met with the team currently negotiating with CDC for contract reimbursement rates. The philosophy of the current City Manager concerning the accounting or revenue and expenditures for the FCCF differs significantly from the philosophy of prior City management. At the direction of the current City Manager, staff is reviewing the fiscal position of the FCCF. It continues to be the intent of the City to work cooperatively with the CDC to ensure consistent reporting practices. The Chief of Police, City Finance Director, command staff and other City officials have been directed to complete the fiscal review as expeditiously and exhaustively as possible.

- The report inaccurately describes and significantly overstates the salary of the former director. My staff will be able to provide the details concerning the former director's salary to you.

- The City has implemented changes in posting the inmate trust fund statements which was acknowledged in the report.

Finding 3 (REDACTED)

[redacted]

[redacted]

9

Finding 4 – Inmate Programming at the FCCF

The City agrees that improvements can be made in inmate programming and significant steps have been taken to improve the quality of the programs to levels not previously enjoyed at this facility. We have unique resources in the City and are exploring many different options to utilize those resources.

- We disagree with the characterization of the library program. The facility was constructed without a library and one was created. Although the room available for the library was inadequate, hours have been expanded and the library is now open 30 hours per week. A wide variety of books have been available and meetings have been held in the past with the inmate advisory council to discuss reading materials. The report fails to acknowledge the ability and procedures in place to permit inmates to use the law library at Folsom Prison and that inmates are provided passes for this purpose on request. The City already has constructed new space to house an expanded library in suitable space within the facility. Staff is exploring many options to expand the books available and to utilize other City resources in the library.

- We disagree with the inaccurate and incomplete presentation of the issues relating to the computer lab. An issue arose with CDC several months ago regarding the maintenance of the older computers at the facility. CDC asked the FCCF to inventory the equipment and sign a contract agreeing to maintain these old 386 models. The City felt spending funds on outdated equipment was not prudent. The City moved 10 more modern (Pentium) computers over to the facility and the program continued. Any interruption in the program that may have coincided with the audit was temporary.

- The City disagrees with the assertion that the recovery facility does not offer employment or training opportunities. Skills are learned by inmates who work on equipment, work on the recovery line or drive trucks or forklifts. The equipment, forklift and truck positions are highly sought by the inmates and are given to inmates who have performed well on the recovery line. Recovery line positions are also available at other local facilities where former inmates can earn good wages. This information should be included in the report.

10

Finding 5 – Personnel Policies and Procedures

The report inaccurately states that the FCCF has no written policies regarding administrative leave or personnel investigations. All employees of the FCCF are City employees governed by the Personnel Policies and Procedures adopted by the City Council. These rules and procedures are applied to employees of the FCCF, just as they are with other City employees. Further, the MOU with the Folsom Correctional Officers Association articulates rights and procedures relating to personnel issues. The City recognizes that POBR applies to some employees of the FCCF and adheres to its requirements.

- The facility has existed for over 10 years and the report fails to acknowledge that the vast majority of personnel matters have been handled appropriately over that period. To the extent changes need to be made in the personnel area, our interim team, the Personnel Director and the City Attorney's office are addressing them.

- The City is currently engaged in a thorough review of its city-wide Personnel Policies and Procedure and had retained outside counsel prior to the report to address these procedures.

- We disagree with the report regarding handling of an ADA case involving a correctional officer. We disagree that the facility has violated the ADA in dealing with any employee and in particular, the employee referenced in the report. We note that there was no discussion in the report pertaining to the City's position in this case or anything the City had done in the past with respect to this employee. The matter referenced in the report is a personnel matter thus we do not respond to the particulars of the report as personnel matters are confidential and not appropriately included in this response. The history of this employee is long and complicated, but the City does comply with the ADA and continues to work to resolve issues with the employee.

- We disagree with the statements that the facility has no standards regarding administrative leave and that administrative leave has been used punitively. The report inaccurately describes administrative leave with respect to the above referenced employee and reaches speculative conclusions regarding management's use of administrative leave based on two examples without complete factual information.

- The report inaccurately states that facility personnel did nothing to determine the source of contraband when inmates tested positive for drugs. In fact, inquires were made in conjunction with the police department and CDC and a course of action agreeable to all was followed. We can provide further details of the inquiry to you upon request.

- The report incorrectly concludes that Government Code provisions relating to the Peace Officers Bill of Rights (POBR) are not being followed based on one or two unique cases. The facility employs approximately 72 people and has operated for over 10 years. The City believes its record is good on personnel matters and strives to make it better. We do not believe an arbitrator's decision not to uphold a termination in one case supports the conclusion that the POBR is not being followed.

11 **Finding 6 – Training Requirements**

Preliminarily, the City agrees in part and disagrees in part with the findings pertaining to training. The new command staff is conducting a thorough analysis of the

training received by FCCF employees and options for training are being explored. Insufficient time exists to complete the evaluation and to assure we are accurate in our response.

- The report incorrectly states that twenty percent of the employees are not receiving required training. Our initial review of the training records indicates that the Director was in substantial compliance, missing only 6 of 40 hours, but all other staff actively working did receive required STC training. Several employees out on long term disability or off work for long periods of time were likely included in the statistics, thus creating incorrect conclusions.

- The City is reviewing the POST training requirements and hours of all of its employees and is assuring that all legal requirements are met.

12

Finding 7 – Inmate Appeals

The report accurately states that the FCCF has a designated appeals coordinator and process, but is not accurate with respect to the City's role in processing inmate appeals. The report wrongly criticizes the City for untimely inmate appeals. The City has a limited role in inmate appeals and is not aware of anything to suggest that we have not complied with all of CDC's requirements.

The City believes it completes required information promptly and forwards the information to the appropriate CDC counselors who handle processing of appeals. The City does not have any control over the timely handling of appeals by CDC. During the exit interviews, Chief Deputy Inspector Chen appeared to acknowledge that further analysis in this area was warranted. The City does not believe this has occurred. This additional work should be completed and shared with the City before a report is issued.

Finding 8 – Facility Director

The City acknowledges there were management issues at the facility. We do not address all of the issues raised in the report that deal with the Director, although we disagree in some respects with findings made or facts presented. We believe the changes we have made in management will correct the issues presented.

- The most significant step taken is to put a new management team in place on an interim basis while we evaluate all aspects of the facility. The Director has retired and has not been on site since December 18. He is available for questions by the new staff, but has no role in the operation any longer. Similarly, as of December 18, the Assistant Director is not involved in supervision at the facility. He has served as a resource to the new management team and as of December 28 has been assigned off-site providing an historical perspective to the new staff.

- The Chief of Police, Sam Spiegel is overseeing the FCCF facility during an interim period. The City has brought in staff from the Sacramento County

Sheriff's Department to assist in the day-to-day operations of the facility. Effective December 18, 2001, a Captain, Lieutenant and Sergeant from the Sheriff's Department have been on the FCCF site and are assisting in the day-to-day operations in lieu of the Director and Assistant Director. Our City Attorney's office and Personnel Director are working closely with the Chief of Police to resolve issues as they arise at the facility.

Finding 9 – Relationship with CDC

The City agrees that a better working relationship can be developed with CDC and has taken significant steps with the new command staff to work with CDC to implement necessary changes. The report attributes statements to the former Director, which do not reflect the view of the City. The City does believe that working with CDC on an agreeable method for accounting and reporting will foster greater cooperation between the agency and the City.

Conclusion

We offer the following as a suggested conclusion:

As is customary practice, the City's management participated in an exit interview with the Office of the Inspector General to review preliminary recommendations by the Office of the Inspector General. During that interview, it was apparent that the City Manager for the City of Folsom is committed to correcting issues raised in the report. In the week following that exit interview, the City Manager installed a new management team to advise her on necessary improvements designed to maintain the contract between the City and the California Department of Corrections and to bring the facility into full compliance with legal requirements governing the facility. In light of immediate corrective action by City management, the Office of Inspector General recommends that the City prepare an action plan for corrective action and that this document be submitted to the California Department of Corrections for consideration. The Office of Inspector General will re-inspect the FFCCF in _____ 2002 to ascertain progress towards the items referenced in this report.

ATTACHMENT C
COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL IN RESPONSE TO THE CITY OF FOLSOM

COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL IN RESPONSE TO THE CITY OF FOLSOM

The Office of the Inspector General acknowledges the City's request for additional time to respond to the audit report and to delay the issuance of the final report. The City argues that the extra time is needed because the city manager did not learn of the preliminary conclusions in the report until December 12, 2001. However, it is our practice in conducting an audit to hold regular briefings with the management of the entity under review to discuss issues identified and to ensure the accuracy of the findings.

This process was explained fully at the June 18, 2001 entrance conference for this audit, which was attended by the facility director, the facility deputy director, the city attorney, and the City's contract attorney. We have adhered to that practice throughout the course of the audit by meeting regularly with those identified to us as responsible parties, providing ample opportunity for city staff to provide additional information or to dispute issues raised by the Office of the Inspector General.

During the course of the audit field-work, the Office of the Inspector General interacted daily with the city staff to discuss issues as the findings were discovered. In addition, the Office of the Inspector General met at length with the former facility director and deputy director on August 28, 2001 to discuss all of the audit issues. A similar meeting to discuss the audit findings was held with the Department of Corrections on August 30, 2001. If the facility director and other city staff members or staff from the Department of Corrections failed to report to the city management about the issues being discussed, we would point out that the city manager was aware of the audit and could have sought this information from the staff.

It is also our usual practice to allow two weeks for a formal response to a draft audit report. In this case, because of the numerous serious issues raised in the report, we provided for a three-week response period. Later, we extended the response period by an additional week. We do not find cause to grant a further extension or to delay issuing the final report. The Office of the Inspector General would be pleased to consider any additional response from the City in a follow-up audit of the Folsom Community Correctional Facility.

In its response to the audit report, the City of Folsom made statements questioning the report's accuracy. We note that the City has provided no documentation or other evidence to support those assertions or to contradict the findings. We also note that during the exit conference and in several meetings and discussions held in the four weeks subsequent to the exit conference, the Office of the Inspector General repeatedly invited the City to identify possible inaccuracies in the report. Not a single question about accuracy was raised during that period. At the same time, we note that the City has demonstrated apparent agreement with the substance of the report by immediately replacing the management of the Folsom Community Correctional Facility and by announcing an action plan to address the issues identified by the audit and described in the report.

The Office of the Inspector General acknowledges that, upon receipt of the draft audit report, the City of Folsom made a number of significant and needed changes in the management and operation of the Folsom Community Correctional Facility. We also note that the city manager has expressed a commitment to address the issues noted in the report. The Office of the Inspector General is amenable to conducting a follow-up review at a later date to assess the City's progress in taking corrective action.

The following comments address specific issues raised by the City. The numbered items correspond to the circled numbers designated in the City's response.

ITEM 1.

The Office of the Inspector General agrees that the policy decision about whether inmates should participate in the recycling operation belongs to the Department of Corrections and the City of Folsom. The purpose of this audit and report is to identify problems resulting from that policy decision, with the goal of helping to bring about solutions. Given the unprecedented nature of the recycling program, responsible managers would take action to ensure that the program is operated safely. Most of the issues raised in the audit report have existed for years—in some cases since the inception of the program. The safety issues are well documented in the numerous incident reports and workers' compensation claims in the records of the Folsom Community Correctional Facility. Yet, little has been done to address the problems.

That the City may have other recycling programs is immaterial to the report and outside the scope of the audit. Not in dispute is that the City of Folsom does not offer curbside recycling and that it uses the Correctional Resource Recovery Facility to meet the 50 percent diversion requirement of the California Integrated Waste Management Act of 1989. Relying on the facility to achieve this diversion level necessitates the detailed sorting that presents particular dangers to the inmates and staff.

The Office of the Inspector General maintains that any skills inmates might learn at the recovery facility are marginal and, more to the point, that they do not adequately substitute for the other programs the institution should be offering to prepare inmates for release. The City's assertion that many inmates seek to work at the recovery facility for the extra money is contradicted by the substantial number of inmates who refuse to work at the facility and who incur disciplinary action as a result. Without the ability to compel inmates to work in this environment at cheap wages, it is doubtful that the City could make the program operationally and economically viable.

ITEM 2

The Office of the Inspector General correctly reported that the city of Folsom has no policy or procedures in place to inform the public that inmates are hand-sorting garbage from private residences and businesses. Such a policy would include procedures for routinely informing residents through mailed notices or other means and would describe precautions homeowners and businesses should take to safeguard confidential information. The City was not able to demonstrate during the audit that it has taken such measures. As we reported, one

city employee told the Office of the Inspector General that the recycling program using prison inmates was a "touchy subject" and was intentionally not advertised. Mention of the recycling program in occasional newspaper and television reports or on the City's website are not adequate substitutes for routine full disclosure to new and existing residents and businesses. Searching inmates as they enter and leave the facility is also ineffective in preventing potential identity theft and related crimes. That no such crimes have as yet been traced to the recycling facility is irrelevant and does not justify not fully informing the public of the potential for these crimes to occur.

ITEM 3

The Office of the Inspector General acknowledges that the City of Folsom does have procedures for disposal of medical waste separate from routine refuse collection, but it is inaccurate for the City to claim that medical waste is not nonetheless received and processed at the recycling facility. The audit team observed containers labeled "hazardous waste" at the recycling facility, which were being used to dispose of medical waste encountered as garbage moved along the conveyor belts, and workers' compensation forms reviewed during the audit cited injuries from hypodermic needles contained in medical waste at the facility. The Office of the Inspector General is unaware of other recycling programs in which workers open and sort through garbage at the level of detail required of inmates at the Correctional Resource Recovery Facility. As the high number of reported needle sticks at the facility demonstrates, gloves that might be adequate for other recycling facilities may not be sufficient for this meticulous sorting.

ITEM 4

The audit report noted that the facility does not require all inmates to wear respirators, face masks, safety glasses, or earplugs. In its response to the audit report, included here as Attachment D, the Prison Industry Authority confirmed this by saying that "all staff are required to wear gloves, helmets, and steel-toe shoes. Other equipment such as safety glasses and masks are required for some functions, but recommended and offered to all."

ITEM 5

The inmates' refusal to work at the facility is documented by the high number of disciplinary actions issued to inmates for refusing to report to work at the Correctional Resource Recovery Facility. As the report noted, the facility issued 229 administrative disciplinary actions and 100 serious disciplinary actions in the period from January 2000 through July 2001 for that reason. The disciplinary actions made up a large percentage of the administrative and serious rule violations issued during that period for the Folsom Community Correctional Facility as a whole. The City's argument that refusing to work at the facility may not be an appropriate option for an inmate ignores the legitimate health and safety concerns that may prompt the refusal. Contrary to the City's assertion, the audit report did note that inmates are offered a pay incentive of up to $0.63 an hour to work at the facility. What the City did not attempt to explain in its response—and apparently has not sought to investigate even though the problem has been long-standing—is why so many of the inmates refuse to work at the facility despite the opportunity to earn more money.

Failure to assess this issue or to remedy the problems further demonstrates that the inmates' concerns have not been seriously considered.

ITEM 6

The City claims that the audit report "inaccurately attributes all inmate puncture injuries to needle sticks," but the Office of the Inspector General relied solely on documentation provided by the Folsom Community Correctional Facility in reporting this information. The facility reports all puncture wounds as needle sticks partly because—in contrast to practices at the other recycling centers reviewed during the audit—the facility makes no effort to halt waste-processing operations to determine the source of the injury when a puncture occurs. While not all puncture wounds may be actual needle sticks, under the circumstances it would be irresponsible to assume otherwise. For that reason, the City's assertion that it categorizes puncture wounds as needle sticks only out of "caution" and that it is "examining other means for reporting these injuries" is not reassuring. And that the facility management has not taken action to remedy the alarming number of puncture injuries further illustrates lack of concern about the health and safety of the inmates.

ITEM 7

The City asserts that the audit report improperly characterized two chemical spills at the recycling facility, but provides no information to support that claim and nothing that contradicts the information in the report. Although the City claims it has no details on the workers' compensation claims filed as a result of the incidents, all of the 172 workers' compensation claims filed by inmates working at the Correctional Resource Recovery Facility are on file at the Folsom Community Correctional Facility.

ITEM 8

The City asserts that expenditures at the facility have been proper but provides no evidence or new information to support that statement. In point of fact, the Office of the Inspector General found numerous improper and questionable expenditures. As requested by the city manager at the December 13, 2001 audit exit conference, the Office of the Inspector General met separately with representatives from the City on December 17, 2001 to discuss in detail the findings related to fiscal matters. Present at that meeting were the assistant city manager, the city attorney, the finance director, the assistant finance director, the accounting manager, and a legal consultant for the City of Folsom. No one at the meeting disputed the items listed in the finding as improper expenditures. The city finance director said he would research the issues and, if possible, provide further documentation and explanation. We have received no such documentation, and the response from the City to the audit report provides no information to justify the legitimacy of the questioned expenditures.

The City's reproach that the Office of the Inspector General did not meet with the City's contract negotiation team and the City's claim of a change in accounting philosophy are equally puzzling. None of the officials at the December 17, 2001 meeting—some of whom presumably also serve on the contract negotiation team—mentioned a change in the City's "accounting philosophy," despite ample opportunity to do so. On the contrary, the comments

of the finance director centered entirely on the insistence that the Office of the Inspector General's accounting interpretation was in error. It appears that the purported change in philosophy must have occurred when it became evident that our interpretation was in fact correct. In any event, the City's philosophy of accounting for revenues and expenditures did not change over the course of fiscal years 1996-97 through 2000-01 covered by the audit. The City reported the surpluses or deficiencies of operating the Folsom Community Correctional Facility consistently over the entire five-fiscal year period.

The City claims in its response that the audit report "inaccurately describes and significantly overstates the salary of the former director." On the contrary, the audit report accurately reported the total compensation—including salary—paid to the former facility director and clearly described items included as part of the total compensation package. The figures for the director's annual compensation are those reported by the City of Folsom to the Department of Corrections in cost reports for the quarters ending June 30, 1999, 2000, and 2001. The Office of the Inspector General also verified the reported compensation against the city's monthly payroll summary reports. We have received no information to challenge the accuracy of the figures.

ITEM 9

As the audit report explains, the Folsom Community Correctional Facility has failed to meet even the most basic inmate programming requirements mandated by state law and by the City's contract with the Department of Corrections. The facility offers no formal education program, no pre-release program, and minimal job training other than the low-level skills employed at the waste-processing center. It is laudable that in the wake of the report the library hours have been extended to the minimum 30 hours required by the contract and that the computer lab has reportedly reopened. But the City's assertion that it has taken "significant steps to improve the quality of the programs" appears to miss the point that other than the library, the computer lab, and forced work at the recycling center sorting garbage, the facility offers no programs for inmates. The City has provided no evidence with its response to support its claim that it is remedying these deficiencies.

ITEM 10

The City disputes the audit finding that the Folsom Community Correctional Facility has no written policies governing administrative leave or personnel investigations, but has provided no written policies or procedures to document that claim. To argue that Folsom Community Correctional Facility personnel are city employees and therefore covered by the City's personnel policies and procedures is not sufficient to address the unique personnel issues that arise in a correctional environment. Correctional officers are afforded protections under the Public Safety Officers' Procedural Bill of Rights that are not covered by the City's personnel policies and procedures—a fact that has been communicated to the city administration by an attorney hired to represent the City in a personnel case. Clear written procedures are necessary to ensure that the protections required by this statute are met.

The City notes that the memorandum of understanding with the Folsom Correctional Officers Association articulates rights and procedures relating to personnel issues. The City

also says it recognizes that the Public Safety Officers' Procedural Bill of Rights applies to "some" of the employees of the Folsom Community Correctional Facility and that the facility adheres to its requirements. In fact, the Public Safety Officers' Procedural Bill of Rights applies to *most* of the employees, and, as the audit report describes, the facility has failed to adhere to the memorandum of understanding and to the Public Safety Officers' Procedural Bill of Rights requirements. The facility's operating policies do not address the specifics of complying with these rights.

The City faults the Office of the Inspector General for not covering personnel matters that have transpired at the facility over the past ten years. The audit did not cover a ten-year period, but the Office of the Inspector General found and reported on significant weaknesses revealed during the period reviewed that occurred during the present administration.

The Office of the Inspector General is also correct in reporting that the City of Folsom has no policies or procedures for complying with the Americans with Disabilities Act. The City disputed that it mishandled the Americans with Disabilities Act case described as an example in the report, but provided no such policies or procedures with its response. When the Office of the Inspector General asked the personnel director for the City's policies and procedures for complying with the Americans with Disabilities Act, he was unable to produce any documentation.

In disputing the finding that the facility has no standards governing administrative leave, the City claimed that the report inaccurately described administrative leave with respect to the employee who was told to leave the premises after she requested a climate-controlled environment. But the City provided no further information or evidence about the alleged inaccuracies and, again, provided no written standards, policies, or procedures governing administrative leave.

The City claims that the facility conducted an inquiry to determine the contraband source when inmates tested positive for drugs, but when the Office of the Inspector General requested that all investigations be provided, none was provided for these incidents. As discussed in the report, the facility does not properly document investigations. In some cases the facility does not prepare an investigation file at all. The city cannot support its position that the Public Safety Officers Procedural Bill of Rights was followed in these investigations. The investigation files provided to the Office of the Inspector General contained no documentary evidence of compliance with the specific requirements of the Public Safety Officers Procedural Bill of Rights, such as signed admonishments of rights or audio-tapes of interviews or interrogations.

ITEM 11

The City claims in its response that the audit report incorrectly reports that 20 percent of the facility employees are not receiving required training. This is a misreading of the report. The report states that the Office of the Inspector General reviewed the training records of 20 percent of the facility staff and found varying levels of non-compliance within that test group. The report presents specific findings with respect to the non-compliance. The areas of non-compliance centered not on State Board of Corrections requirements, as implied in the

City's response, but on non-compliance with training requirements set out in the *California Penal Code*, the facility's policy and procedures manual, and in post orders for specified positions.

ITEM 12

The Office of the Inspector General has completed the additional analysis requested by the city manager about the inmate appeals process and found no information to justify changing the audit findings. Although the Department of Corrections shares responsibility for completing inmate appeals in a timely manner, the facility has a crucial role in responding to the appeals. Yet the facility has no procedures for documenting or monitoring appeals to ensure that they are answered promptly. We note that in its response the City did not address the related issue of the high number of inmate appeals and disciplinary rule violations at the Folsom Community Correctional Facility compared to other community correctional facilities in the state.

ATTACHMENT D
RESPONSE OF THE PRISON INDUSTRY AUTHORITY

State of California
Department of Corrections

Memorandum

California **prison industry authority**

Date: January 7, 2002

To: John Chen, Chief Deputy Inspector General
Office of the Inspector General
PO Box 348780
Sacramento, CA 95834

From: **Prison Industry Authority • 560 East Natoma Street • Folsom, California 95630-2200**

Subject: **RESPONSE TO THE OFFICE OF THE INSPECTOR GENERAL'S FINDINGS**

Attached is the Prison Industry Authority's (PIA) response to the Inspector General's findings. The final response was prepared after discussions with the City of Folsom and the Community Correctional Facility Administration arm of the Department of Corrections (CDC). As of this date, PIA has not yet discussed this response with the CDC directorate nor have we seen the response from the City. As such, PIA reserves the right to amend the comments should the need arise. If you have any questions, please call me at 358-2699.

PAUL J. MILLER
General Manager (A)

Attachment

cc: Greg Harding

PRISON INDUSTRY AUTHORITY'S (PIA) RESPONSE TO THE OFFICE OF THE INSPECTOR GENERAL FINDINGS

FINDING 1: The Office of the Inspector General found that conditions at the Folsom Community Correctional Facility's Correctional Resource Recovery Facility present unacceptable risks to public safety, to state taxpayers, to the residents of the City of Folsom, to facility employees, and to the inmates.

Health and safety hazards:

- *Medical waste hazard.*

  PIA' s response: It is the policy of the Correctional Resource Recovery Facility (CRRF) not to receive and/or process medical waste. The City of Folsom is responsible for disposing medical waste and informing businesses and residents of their program. As such, PIA defers response to this issue to the City of Folsom.

- *Risks to facility employees.*

  PIA's response: All employees at the CRRF are provided various equipment (e.g., helmets, steel toe shoes, dust masks, ear plugs) and training in regards to exposure to health and safety hazards. The PIA defers response to security measures to the City of Folsom.

- *High number of accidents and injuries at the facility.*

1 PIA's response: The report alleges a **high** number of accidents and injuries at the facility. Clearly, maintaining industrial safety is a greater challenge in a correctional setting than in private industry. Unfortunately, the report fails to acknowledge the likelihood of a higher number of incidences with an inmate work force than that of a private operation. Additionally, the report fails to provide any industry standards or comparative analysis to support the implication that injuries are higher when compared to other operations. Lastly, the statement that there have been numerous instances of "suspected pipe bombs" is somewhat inflammatory and should be omitted from the final report.

- *Chemical spills.*

PIA's response: The City of Folsom and PIA cannot entirely limit the introduction of chemicals and/or hazardous materials into the facility. This is a challenge the entire waste management industry must contend with. However, there are operational procedures at the CRRF in regards to delivery of chemicals and/or hazardous materials. In addition, staff receive training prior to job assignment, participate in monthly safety meetings/training, and receive formal training on an annual basis. The CRRF will review existing procedures for safely responding to the introduction of chemicals and other hazardous materials. The City of Folsom is responsible for educating local businesses and residents on the disposal of such items.

- *On-the-job injuries.*

2 PIA's response: The report cites statistics on injuries (61 needle punctures and 111 other injuries) during the 19-month period January 2000 through July 2001. The report further describes "other injuries" and lists three serious incidents as examples. The intimation is that such accidents are indicative of problems within the operation and one could conclude that the 111 "other injuries" are equally serious. What the report fails to acknowledge is that the three examples are the most serious accidents that have occurred since the CRRF became fully operational in August 1994; and two of the three "examples" do not represent accidents during the period of review. Depicting these incidents in this fashion is less than objective. The only incident within this time period of review is addressed as follows:

➢ *Inmate crushed in conveyor belt.*

3 PIA's response: This section states that PIA has not investigated the May 4, 2001 incident nor have corrective procedures been documented in writing. An investigation **was** immediately conducted and documented. A critique of the investigation was performed on May 7, identifying corrective action to be taken. All corrective action items were completed and documented by May 25. This information was

shared with the Inspector General's staff via memorandum dated September 5, 2001.

Inadequate safety measures.

PIA's response: Specific safety equipment is determined by each "job" within the CRRF operation. For example, safety equipment required of staff assigned to the compost process is different than that of staff assigned to the materials recovery process.

All staff are required to wear gloves, helmets and steel-toe shoes. Other equipment such as safety glasses and masks are required for some functions, but recommended and offered to all. The PIA's waste agreement with the City of Folsom stipulates that the City shall pay all costs associated with inmate employment including these safety equipment items.

The PIA will reevaluate safety requirements specified in Title 8 to ensure all **required** safety equipment is a requirement in the CRRF's safety program, and reinforce the use of equipment that is not mandated.

High number of workers' compensation claims.

PIA's response: The PIA and the City of Folsom will jointly review claims over the last several years to determine trends in workers' compensation claims. Safety training and/or equipment needs will be reevaluated and corrective action taken, if necessary. In addition, PIA and the City of Folsom will conduct regularly scheduled meetings to monitor, evaluate, and reconcile claims.

Needle punctures account for large percentage of workers' compensation cases.

PIA's response: The report cites 61 documented cases of punctures from hypodermic needles. The PIA does not contest the number of punctures. However, the over 100 tons per day of waste processed at the CRRF does not practically allow for specific identification of the source for each puncture that occurs. Therefore, it is the CRRF operational policy to assume <u>all</u> punctures are from hypodermic needles so that worst-case scenario procedures are applied.

In addition, PIA and the City of Folsom, with the help of a consultant, jointly identified a puncture-resistant glove for use in the materials recovery operation, sorting process.

These gloves have been utilized since 1998 and continue to be issued to staff today. The same glove is also utilized by a Placer County facility that most closely resembles the CRRF's waste stream. However, PIA and the City will reinvestigate new technologies in puncture-proof or resistant gloves and reemphasize training for inmates on the sorting line.

Injury records inadequate.

PIA's response: Currently, there is no process in place to reconcile the PIA injury log with claims filed with the Folsom Community Correctional Facility. Claims are filed after inmates have left the CRRF which account for some of this variation. PIA will reevaluate its injury log procedures and jointly develop a claim reconciliation process with the City of Folsom.

Lack of CAL-OSHA oversight.

4 PIA's response: Prior to operation of the CRRF in 1994, PIA requested via the County of Sacramento that CAL-OSHA provide inspection services for the CRRF operation. CAL-OSHA declined to provide such services. Responsibility for the inspections of the CRRF was delegated to the County of Sacramento's Local Enforcement Agency. The inspections/audits/reviews are performed monthly and reported accordingly. The PIA has provided the Inspector General staff with copies of the monthly inspections and historical information regarding the determination by the California Integrated Waste Management Board to delegate monthly inspections to the County of Sacramento.

However, in light of concerns expressed through this investigation, PIA and the City of Folsom have requested CAL-OSHA to perform a consultation review of the CRRF operation. This review by CAL-OSHA will likely be scheduled for February 2002.

Responsibility of the Prison Industry Authority.

5 PIA's response: The Inspector General states that PIA is not adequately fulfilling its responsibility for ensuring compliance with Title 8, yet provides no specific finding. Although the Inspector General's statements are unsupported, PIA and the City of Folsom will jointly request a CAL-OSHA consultation review of the CRRF operation (see previous response).

Failure to provide for medical prevention and treatment.

PIA's response: At one time, hepatitis vaccinations were offered to the inmates by the City of Folsom prior to assignment at the CRRF. However, this was discontinued.

In discussions with the City of Folsom and the Department of Corrections, it has been determined that a hepatitis program, including vaccination, will be reinstated.

Potential for identity theft, fraud, burglary, and other crimes.

6 PIA's response: Informing local businesses and residents of the CRRF operation and its purposes is the responsibility of the City of Folsom.

The Inspector General's report needs to recognize that the risks of identity theft, fraud, or burglary are inherent in any sorting operation whether the facility is operated with inmates or employees from the private sector. Recognizing the CRRF is within a correctional setting, PIA and the City of Folsom implemented several measures/controls not utilized by the private sector. These measures include an extensive camera surveillance system throughout the operation, metal detectors, inmate strip search, shower, and clothing change procedures.

Disciplinary actions for refusal to work at the waste processing facility.

PIA's response: The PIA has no comments on this issue. Disciplinary actions are the responsibility of the City of Folsom.

ATTACHMENT E
COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL IN RESPONSE TO THE PRISON INDUSTRY AUTHORITY

COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL IN RESPONSE TO THE PRISON INDUSTRY AUTHORITY

ITEM 1

The Office of the Inspector General acknowledges the Prison Industry Authority's point that operating a waste-processing facility using inmate labor presents industrial safety risks beyond those that might be encountered in private industry. Indeed, the Prison Industry Authority's argument begs the larger policy question for the Department of Corrections, the Prison Industry Authority, and the City of Folsom: Given this added risk and attendant liability exposure, is running a facility of this nature in a correctional setting appropriate?

The Office of the Inspector General also acknowledges the uniqueness of the operation of the Correctional Resource Recovery Facility and points out that as a result, the facility cannot be measured against an industry standard. We nonetheless stand by the finding that 61 needle punctures and 111 other injuries in a 19-month period constitute a high number. For purposes of comparison, the Office of the Inspector General examined two other recycling facilities in the course of the audit and found that both facilities process much more waste tonnage per year, yet have experienced far fewer accidents. One facility processes approximately 470,000 tons of waste a year, compared to about 31,200 tons a year processed by the Correctional Resource Recovery Facility, but has had no workers' compensation claims from its permanent staff since the facility opened in early 1998. The other facility processes 220,000 tons of waste per year and received 17 workers' compensation claims in its last annual reporting period, compared to 172 workers' compensation claims filed at the Correctional Resource Recovery Facility during the 19 months between January 2000 and July 2001. Both of the other facilities said they have recorded only one or two needle punctures in the past year.

The difference between the accident rates at these two facilities and that of the Correctional Resource Recovery Facility appears to result from how the facilities operate, rather than from who sorts the waste. At the other two facilities, workers extract only large, easily identifiable recyclable materials and are not required to open and painstakingly hand-sort through bags of household refuse.

As the report clearly noted, the information about suspected pipe bombs was taken directly from the Folsom Community Correctional Facility's own incident reports.

ITEM 2

The Prison Industry Authority is correct in pointing out that two of the three incidents involving the most serious injuries did not occur within the 19-month review period. The examples were included to illustrate that safety problems at the facility have existed since the facility opened in 1994. The three incidents demonstrate the potentially serious safety hazards at the facility and the consequent liability exposure for the State and the City of Folsom.

ITEM 3

The Prison Industry Authority purports that an investigation was conducted into the incident in which an inmate was crushed in a conveyor belt, but we have yet to see a report of this investigation. When the Office of the Inspector General asked whether an investigation had been conducted, we were provided with a memorandum from the superintendent of the Prison Industry Authority to the Prison Industry Authority manager dated August 31, 2001—the day after the Prison Industry Authority met with the Office of the Inspector General—that described the circumstances surrounding the incident. The memorandum made reference to an investigation and a "critique" of the incident that was conducted by a team on May 7, 2001, but the investigation report and critique were not included. The memorandum also described recommendations proposed by the critique team, including a recommendation that the custody and Prison Industry Authority staff meet to review operating and lockout procedures. But, as we reported, when the Office of the Inspector General visited the Correctional Resource Recovery Facility, we found that the correctional sergeant was completely unaware of the lockout policies and procedures.

ITEM 4

As joint operators of the Correctional Resource Recovery Facility, the Prison Industry Authority and the City of Folsom bear responsibility for providing a safe working environment for staff and inmates. That responsibility includes ensuring that the facility undergoes periodic comprehensive safety inspections. The cursory inspections conducted in the past by the Sacramento County Local Enforcement Agency have not fulfilled that purpose. Nor does the proposal described in the response of the Prison Industry Authority for a one-time consultation review by the California Occupational Safety and Health Administration, unless that consultation results in an on-going program of regular, comprehensive inspections.

ITEM 5

The conditions revealed by the audit and described at length in the report by the Office of the Inspector General amply demonstrate that the Prison Industry Authority has not fulfilled its responsibility as owner and co-operator of the Correctional Resource Recovery Facility for compliance with *California Code of Regulations,* Title 8.

ITEM 6

The Office of the Inspector General agrees that responsibility for informing city residents that prison inmates have access to items discarded in household garbage remains with the City of Folsom. But for the Prison Industry Authority to simply assert that the risks of identify theft, fraud, and burglary are inherent in any sorting operation is inadequate. It is the responsibility of the facility operator to address the risk. The security measures described by the Prison Industry Authority—surveillance cameras, strip searches, metal detectors, and clothing changes—are standard procedures for inmate work assignments and do not prevent inmates from obtaining confidential information.

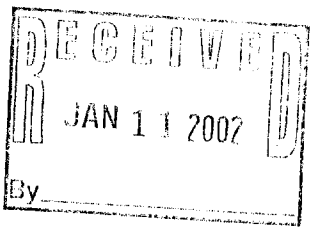
ATTACHMENT F
RESPONSE OF THE CALIFORNIA DEPARTMENT OF CORRECTIONS

STATE OF CALIFORNIA—YOUTH AND ADULT CORRECTIONAL AGENCY

GRAY DAVIS, *Governor*

DEPARTMENT OF CORRECTIONS
P.O. Box 942883
Sacramento, CA 94283-0001

January 7, 2002



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 Folsom Community Correctional Facility (CCF), which was conducted by the Office of the Inspector General (OIG) pursuant to California Penal Code 6126, during the period of June through November 2001. The draft report notes a total of nine findings and two recommendations submitted by the auditors.

The CDC appreciates the professionalism demonstrated by the OIG auditors during this audit. Specifically, the auditors provided assistance to CDC in understanding the objectives, scope and methodology of the audit while executing a willingness to discuss issues of concern and clarify discrepancies with the CDC Facility Captain and the Folsom CCF Facility Director.

In assessing operations of the Folsom CCF, the auditors found that the facility is badly mismanaged and that the city is not fulfilling the terms of the contract with the CDC. Additionally, the auditors found that the Correctional Resource Recovery Facility (CRRF) presents such a risk to public safety and to the taxpayers as to require immediate action.

1 CDC is taking the findings of the audit and the recommendation for CDC to terminate its contract with the City of Folsom for operating the Folsom CCF and/or undertake a thorough restructuring of the facility very seriously. CDC has contracted with the Department of Finance to conduct a full financial audit of the Folsom CCF's financial records for the years 1999/00, 2000/01 and 2001/02. The audit is scheduled to begin in February 2002. This will be essential to either a contract termination or contract continuance decision.

Because of the holiday season, vacation schedules and other departmental business, CCFA has not had the opportunity to discuss the audit in detail with CDC's executive staff or Director since receiving the draft audit in mid-December. We reserve the right to expand upon the comments following those discussions and a review of the City of Folsom's response to the draft audit.

CCFA has met with the City of Folsom and Prison Industry Authority (PIA) representatives. The City reports that the CCF Director and Deputy Director no longer work at the CCF, and the City of Folsom Police Chief and Sacramento County Jail administrators are managing the CCF on an interim basis with the charge from the City Manager to "clean up the operation." While the CCFA is thoroughly reviewing its options relative to contractual responsibilities, there are several areas of concern that the CDC is undertaking in response to remedial corrective action.

Finding 1:

The Office of the Inspector General found that the operation of the Correctional Resource Recovery Facility presents unacceptable risks to the public safety, to state taxpayers, to the residents of the City of Folsom, to facility employees, and to the inmates.

The detailed response to this finding falls within the purview of the City of Folsom and the Prison Industry Authority (PIA). However, given that the safety and welfare of the public and inmates is the overall responsibility of CDC, the CCFA has conferred with the City of Folsom, PIA and CDC's Health Care Services Division to immediately address health and safety concerns inclusive of Hepatitis B vaccinations and appropriate safety equipment for all inmates assigned to the CRRF. We are also attempting to clarify if the delegation of Occupational and Safety Health Administration (OHSA) inspections to the County of Sacramento is an acceptable occupational safety practice. The City and PIA's response to this finding may generate additional issues for CDC. If the City and PIA substantiate the OIG findings, CCFA will be seeking immediate remedies or will recommend that CDC inmates not be allowed to work at the CRRF.

Finding 2:

The Office of the Inspector General found widespread fiscal mismanagement at the Folsom Community Correctional Facility, as well as misinformation about fiscal issues and misdirection of funds intended to benefit inmates.

This finding is consistent with the limited scope fiscal audit findings by CDC's Program and Fiscal Audits Branch (PFAB) for Fiscal Year (FY) 1998/99 in which several of the same issues identified by the OIG were noted. That audit resulted in over $400,000 in disallowances for the FY 1998/99 contract year. The City appealed that audit to CDC's Administrative Review Committee, which upheld all the audit findings. CDC has contracted with the State Department of Finance to conduct an audit of FY 1999/00, 2000/01, and 2001/02. This has been the core of stalled contract negotiations with the City the last two and one-half years because Folsom contends that they were operating with a fiscal deficit on the CCF contract have not been substantiated by CDC auditors.

Finding 3: (REDACTED)

[redacted]

Finding 4

The Office of the Inspector General found that the Folsom Community Correctional Facility is not providing inmates with state-mandated programming.

In regard to the education program requirements, as articulated by the OIG auditors, the CDC PFAB noted lack of an educational program at the Folsom CCF in the April 1999 audit and again in the August 2000 audit to which Folsom CCF responded to the finding in both audits indicating that it would formalize the educational program to assign inmates to an adult basic education program. This was not realized and upon questioning the Facility Director regarding the recurring deficiency, the OIG auditors were told that there are no funds available for an education program, and the lone teacher position was eliminated because of budget cuts. CDC refutes the Facility Director's assertion that due to budget cuts the facility was not capable of maintaining an acceptable education program. The Folsom CCF has capriciously eliminated effective inmate programs at the direction of the Facility Director without negotiation or approval by CDC predicated on his unwillingness to allocate funds dedicated to inmate programs.

In FY 1992/93, the Parole and Community Services Division incurred a $32 million dollar unallocated budget reduction by the Legislature. As part of that reduction, the Department reduced the contracts of the then 12 CCF's effective January 1993. In regard to the Folsom CCF, CCFA approved the elimination of the Folsom CCF educator (pre-release instructor) as a result of the budget cuts; yet did not eliminate the pre-release requirements mandated by the Department and stipulated in the Statement of Work.

In a subsequent 1999 PFAB audit, it was determined that the Folsom CCF was not providing a pre-release program in accordance with departmental policy. Folsom CCF responded that CCFA had approved the elimination of the budgeted pre-release instructor's position, therefore it was their contention that the pre-release services were no longer a contractual requirement.

As a matter of record, in August 1998, in response to a formal request from the City of Folsom, CDC Director C. Terhune authorized the City of Folsom to redirect funds from several staff positions, inclusive of the pre-release instructor. However, the agreement was subject to the receipt of a revised staffing schedule from the Folsom CCF, which was to be incorporated into the contract through a contract amendment process; this process never occurred. Therefore, CCFA maintains that the Folsom CCF remains contractually obligated to provide the required pre-release services as an inmate program pursuant to the existing contract.

Relative to the issue that the Folsom CCF does not offer a substance abuse program pursuant to the requirements of California Penal Code (PC) Section 6250.5(b), CDC does not interpret this section as a mandatory requirement for its contracted community correctional facilities. Specifically, PC Section 6250.5 (a) states that the Director of Corrections <u>may</u> contract for the establishment and operations of CCFs that offer programs for the treatment of addiction to alcohol or controlled substances; however, its been the practice of the CCF program since before the current administration, not to require substance abuse programs as a mandatory element of the city or county operated CCF programs. An additional response to this finding falls within the purview of the City of Folsom. CDC reserves the right to comment further upon receiving a copy of the City of Folsom's response to the draft audit.

<u>Finding 5:</u>

The Office of the Inspector General found that the Folsom Community Correctional Facility does not follow prescribed personnel procedures and that the facility

management appears to engage in retaliation against employees and makes arbitrary personnel decisions, with resultant cost to taxpayers.

Response to this finding falls within the purview of the City of Folsom. CDC reserves the right to comment further upon receiving a copy of the City of Folsom's response to the draft audit.

Finding 6

The Office of the Inspector General found that the employees of the Folsom Community Correctional Facility are not receiving training required by state law and by the facility's own operations manual.

The Standards and Training for Corrections (STC) Division of the Board of Corrections (BOC) provides technical assistance to the CCFA for the implementation and monitoring of selection and training standards for CCF staff pursuant to Penal Code Section 6035. Accordingly, the BOC conducts an annual review of each contracted Community Correctional Facility with the audit compliance findings shared with CCFA and each CCF Facility Director.

Since the Folsom CCF has been in operation (FY 91/92), it has been "Out of Compliance" with BOC standards in eight of the ten FYs. An "Out of Compliance" finding indicates that the facility is out of compliance with all or a significant portion of the selection and training standards with no mitigating factors. The remaining two BOC audits (FY 93/94 and 99/00) received a "Substantial" compliance findings which indicates that the facility administration experienced significant mitigating factors (as defined and identified during monitoring) in order to be considered for a finding of compliance by CDC with the standards.

Of the eight "Out of Compliance" findings, seven were directly attributed to Folsom CCF administrative staff's failure to comply with BOC training requirements; and at least three of the "Out of Compliance" findings were specifically related to the Facility Director. (Please refer to enclosed letter to the City of Folsom.)

An additional response falls within the purview of the City of Folsom. CDC reserves the right to comment further upon receiving the City's response to the draft audit.

Finding 7:

The Office of the Inspector General found that the Folsom Community Correctional Facility has a high level of inmate disciplinary and appeal activity compared to other community correctional facilities. Yet, its inmate appeals system does not ensure that appeals are processed properly or on time.

Response to the high level of inmate disciplinary activity falls within the purview of the City of Folsom. Relative to the deficiencies cited regarding the inmate appeals system, it should be noted that the Folsom CCF does have an operational procedure that provides adequate direction to contractor staff in the handling and processing of inmate appeals.

The responsibility of officially logging and tracking the inmate appeals falls under the direction of CDC staff. Accordingly, in addition to maintaining a formal appeals log, a log for informal appeals has been instituted as well. The Folsom CCF CDC 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. Should there be any delay, the Folsom CCF CDC Appeals Coordinator will provide a written notice to the CCFA 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 has been implemented to provide detailed direction to the Folsom CCF CDC Appeals Coordinator. This should alleviate any further problems with accuracy and timeliness.

Finding 8:

The Office of the Inspector General found that the director of the Folsom Community Correctional Facility spends little time on the job and that the facility staff has a low regard for his management performance. Yet, he is paid more than twice as much as the state's other community correctional facility director's.

Response to this finding falls within the purview of the City of Folsom. Some of the issues identified by the OIG were also in CDC's recent PFAB fiscal audit. CDC reserves the right to comment further upon receiving a copy of the City's response to the draft audit.

Finding 9:

The Office of the Inspector General found that the California Department of Corrections has failed to fulfill its responsibility for the oversight of the Folsom Community Correctional Facility.

The CDC is in agreement with the OIG finding that the Department has the ultimate responsibility for the safety and welfare of the public and inmates, and to ensure that the institution complies with its contract and with applicable provisions of State law. That said, the CDC refutes the Facility Director's assertion that the CCFA approved or condoned the drastic reduction in inmate programs and the use of the inmate welfare fund (IWF) to run the facility. As a result of the City of Folsom's assertion that they were losing money to operate the facility, the CCFA requested the City to submit documentation to this affect. Predicated on conflicting fiscal information submitted, the CCFA insisted on a fiscal audit of the CCF's financial records by the CDC, PFAB, starting with FY 1998/99.

The City of Folsom adamantly opposed a full scope financial audit, albeit, CCFA was able to negotiate with the City a limited scope fiscal audit. The findings of PFAB's limited scope audit were made available to CCFA in September 2000. The audit noted $417,250 of disallowed expenditures.

During the City of Folsom's appeal of the findings, the City's management of the IWF came to light. Consequently, the CCFA has contracted with the Department of Finance to conduct a full financial audit of the CCF's financial records for FYs 1999/2000, 2000/01 and current year-to-date.

CCFA initiated program audits of CCFs for the first time three years ago. Because of CCFA concerns regarding the facility, Folsom CCF is one of just a few CCFs that have received two such audits. In 1999, PFAB found the facility to be in full compliance with 61 (80 percent) of the 76 ratable areas. In 2000, PFAB found the facility to be in compliance with 68 (90 percent) of the 76 rateable areas. Folsom CCF submitted corrective action plans committing to resolve most of the issues in these audits using a deficit in their contract as the reason for not correcting certain issues (e.g., pre-release). Implementation of the Folsom CCF corrective action plans has been inconsistent. CDC has unsuccessfully sought Cost of Living Adjustments (COLA's) for CCFA for several years in the State budget process. COLA funding would have allowed CDC to fund certain high priority programs while at the same time trying to resolve Folsom's actual financial status.

In regard to the OIG auditors reference that the CCFA was less than diligent in holding the Folsom CCF accountable for the discrepancies identified in numerous PFAB audits initiated at CCFA's direction, the City of Folsom's adversarial relationship with the Department and their litigious response to CCFA information requested must be considered. Specifically, the City of Folsom has made CCFA attempts to access information and records extremely difficult as experienced by the OIG auditors during your audit.

Because the City has successfully sued CDC on two occasions regarding its CCF contract, CCFA staff has been required to have legal representation in each of its meetings with Folsom for almost two years. In addition, because of that prior litigation, CCFA staff has been required to go to extraordinary lengths to demonstrate that it has been negotiating in "good faith" on its contract with the City. This has been a very contentious process with the City for which CCFA is not adequately staffed. The negotiating and operational environment for the contract has been extremely difficult because of the adversarial relationship with Folsom administrators.

Therefore, as articulated in the recommendation of the OIG auditors, the CDC is acutely aware that should the Department continue to maintain its contract with the City of Folsom, the Department will require that the City of Folsom institute a thorough reform of the facility operations, including changes in management, to bring about full compliance with statutory and regulatory requirements governing community correctional facilities. This would require unequivocal commitment by the City to proceed as a sound CDC contract partner not an ongoing litigious adversary on fiscal, operational and contractual issues.

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

Sincerely,

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

Enclosure

bcc: David Tristan
Larry Witek
Pamela Prudhomme
Sue Tobik
Lucy Fong
Tom Clifton
John Sugiyama
Patricia Ramos

STATE OF CALIFORNIA—YOUTH AND ADULT CORRECTIONAL AGENCY

GRAY DAVIS, Governor

DEPARTMENT OF CORRECTIONS
P. O. Box 942883
Sacramento, CA 94283-0001

December 19, 2001

Martha Clark Lofgren
Folsom City Manager
50 Natoma Street
Folsom, CA 95630

Dear Ms. Lofgren:

As you may be aware, the Standards and Training for Corrections (STC) Division of the Board of Corrections (BOC) provides technical assistance to the Community Correctional Facilities Administration (CCFA) for the implementation and monitoring of selection and training standards for Community Correctional Facility staff pursuant to Penal Code (PC) Section 6035. The BOC has completed its annual review of the 16 Community Correctional Facilities (CCF) and Modified Community Correctional Facilities (MCCF) for Fiscal Year (FY) 2000-2001 and reported its findings in the enclosed Community Correctional Facilities Compliance with BOC Standards.

The compliance findings revealed that the Folsom CCF achieved an "Out of Compliance" rating. Essentially, it was determined that the Facility Director failed to complete the required 40 hours of annual training and six line officers did not receive any or only some of the required 24 hours of annual training.

Since the Folsom CCF has been in operation, it has been "Out of Compliance" with BOC standards in eight of the ten FYs. Of the eight "Out of Compliance" ratings, seven were directly attributed to CCF administrative staff's failure to comply with BOC training requirements; at least three of the "Out of Compliance" ratings were specifically related to the Facility Director. I must remind you that the Facility Director and administrative staff are not excluded from compliance with contract and statutory BOC training requirements. In fact, the CCFA and BOC have gone to great efforts to assist Facility Directors in attaining their required 40 hours of annual training. Specifically, BOC has permitted crediting Facility Directors with training hours when they attend scheduled CCFA Facility Director's or similar meetings/seminars. However, despite CCFA and BOC efforts, the Folsom CCF Facility Director and other administrative staff continue to disregard BOC training requirements. The City of Folsom's continued failure to comply with statutory law is unacceptable.

In two of the ten years, the Folsom CCF achieved a "Substantial Compliance" because line staff were precluded from completing training for various medical reasons. The CCFA and BOC recognizes these factors and, to the greatest extent possible, have considered the circumstances involved on a case-by-case basis. As a result, the Folsom CCF received a "substantial compliance" as opposed to an "Out of Compliance" rating.

As Folsom's City Manager, you are apprised, failure to comply with BOC statutory requirements may constitute grounds for contract termination. In light of the eight years of training violations referenced above by the Folsom CCF administrative staff, your immediate attention and resolution to this ongoing problem is of the utmost urgency.

If you should have any questions or require additional information regarding this matter, you may contact me at 327-1471 or Pamela Prudhomme, Correctional Administrator, Field Operations, at (916) 323-5155.

Sincerely,

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

Enclosure

cc: Pamela Prudhomme
Sue Tobik

ATTACHMENT G
COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL IN RESPONSE TO THE DEPARTMENT OF CORRECTIONS

COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL IN RESPONSE TO THE DEPARTMENT OF CORRECTIONS

The decision as to whether a full financial audit of the Folsom Community Correctional Facility for the fiscal years 1999-00 through 2001-02 is necessary or beneficial under the circumstances rests with the Department of Corrections. The Office of the Inspector General did not perform a detailed financial audit of the facility because the facility's records are audited by an outside independent audit firm as part of the city of Folsom's financial statement audit. Our review did include financial analyses, however, and, where necessary, testing of financial transactions. The procedures used were similar to those of a financial audit. As programmatic issues have already been identified in the Office of the Inspector General's report, the department should consider the need for an additional audit, and if it is determined that an audit is necessary, define the nature and scope of the audit to minimize disruption to the efforts to make needed management and operational improvements at the facility.