



Office of the State Auditor

Results of Seall, Inc. Inquiry

The following documents are the result of a non-audit inquiry initiated by the Office of the State Auditor in response to a whistleblower complaint. The file consists of a letter from this Office to the Commissioner of the Department of Corrections followed by his response. A non-audit report is an effective tool used to inform citizens and management of issues that may need attention. It is not an audit and is not conducted under generally accepted government auditing standards. A non-audit report has a substantially smaller scope than an audit; therefore, this report draws no conclusions and contains no recommendations. Instead, the report contains information and possible risk mitigation strategies relevant to the entity, which may guide future action.

8/23/2013

DOUGLAS R. HOFFER
STATE AUDITOR



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

July 24, 2013

Mr. Andrew Pallito
Commissioner, Department of Corrections
103 South Main Street
Waterbury, VT 05671-1001

Dear Commissioner Pallito,

In April, we notified you of allegations our office received concerning Seall, Inc. At that time, we announced our intention to investigate the allegations by conducting a non-audit inquiry according to professional standards outlined in our Professional Standards Manual, while leaving open the option to broaden the scope in the future and conduct a formal performance audit in accordance with generally accepted government auditing standards. The broad objectives of this inquiry were to determine (1) whether or not Seall, Inc. reports to DOC in an accurate and timely manner and (2) the extent to which DOC has controls in place to adequately account for the work performed by Seall, Inc.

A summary of the findings from our inquiry follows. I will be happy to provide you with documentation on the scope and methodology of our inquiry should you wish to see that. I want to stress at the outset that these findings result from an investigation into a single grantee in the transitional housing program, Seall, Inc., but interviews with DOC staff and a review of documents and data extracted from Service Point raise significant concerns that the problems we have identified could be more pervasive.

ISSUE 1: Case management assessments

RELEVANT DOCUMENTS: Agreement states that Grantee staff is required to “create an initial written case management assessment . . . within 2 business days of program entry” (p. 4).

SEALL COMPLIANCE: No written evidence in Seall files or in Service Point that any assessments were ever done; Director unfamiliar with requirement

DOC OVERSIGHT: None found

ISSUE 2: On-site case planning services

RELEVANT DOCUMENTS: Agreement states than Grantee shall “ensure that 100% of DOC residents enter into on-site case planning services . . . [and] have a collaborative case plan between P&P and the housing program” (p. 4).

SEALL COMPLIANCE: No written evidence in Seall files or in Service Point of any case plan; Director unfamiliar with requirement

DOC OVERSIGHT: None found

ISSUE 3: Documentation of services and outcomes

RELEVANT DOCUMENTS: Agreement requires Grantee to use Service Point to collect information about “services provided, offender data, and program outcomes” and to document the “provision of services for each resident”; it requires that “services provided to offenders be approved by P&P staff to ensure compliance with offender’s case plan”; and it requires that data entry into Service Point be 90% timely and accurate during the grant period; noncompliance for 3 consecutive months carries a \$250 monthly penalty (p. 4). In addition, the MOU requires Seall to provide “intensive housing and support services to offenders”, e.g., housing search and retention, vocational coaching, service coordination, life skill development” (p. 1).

SEALL COMPLIANCE: No documentation in Service Point of any services provided by Seall or program outcomes for six offenders we examined; also none in Seall files. The Director stated he has never received feedback from DOC about reporting inadequacies. Karen Lawson affirmed that no penalties have ever been assessed. Both Seall and DOC seem unaware of what services were intended.

DOC OVERSIGHT: Service Point appears to be a tool only for DOC to keep track of the names and residence of offenders housed in transitional housing program and not for recording the services or outcomes associated with those offenders.

ISSUE 4: Length of stay

RELEVANT DOCUMENTS: Agreement states that Grantee’s goal is to house offenders at 206 Depot for 90-120 days; upon “successful completion of this phase” offenders are to transition to more independent arrangement (auxiliary apartments) for stay of approximately 60-90 days (p. 3). However, neither the Agreement nor MOU specify a process to undertake when a resident exceeds this time period.

SEALL COMPLIANCE: Statistics compiled by this office show that 36% had stays of over 180 days; 25% had stays over 210 days; 13% had stays over 300 days; 9% had stays over 400 days.¹

A review of case notes for six former and current residents of Seall indicated discrepancies between Service Point data on entry/exit dates and P&P records, which were accounted for by offender violations and returns to jail when Seall was asked by DOC to hold the bed. The Director stated that these periods had extended at times to 30 or 60 days and occasionally more.

DOC OVERSIGHT: DOC and Seall confirmed that there are no guidelines or procedures to regularly evaluate residents for continued housing or to determine if additional services are required; both the Director and Ms. Lawson cited regular conversations but no written documents were found in Seall or DOC files.

Ms. Lawson confirmed that DOC will ask grantees to hold beds in “short sanction” situations, but there appears to be no written policy regarding how long beds will be held. She also confirmed that the State is effectively paying for two beds during those periods.

¹ Data on offenders housed at Seall, Inc. covers period 7/1/09 – 5/31/13; calculation removes 5 residents who entered Seall in 2013 and were still in residence on 5/31/13.

ISSUE 5: Calculation and collection of rent payments

RELEVANT DOCUMENTS: Agreement states that “Offender room and board payments should offset grant funds” (p. 4). MOU requires Grantee and DOC to determine rent payment plan based on “resident income, Offender Responsibility Plan, and house rules” (p. 2).

SEALL COMPLIANCE: In apparent violation of the Agreement, income from rent payments is retained by Seall; Ms. Lawson stated that grant funds are inadequate and grantees need additional sources of revenue.

Seall charges flat \$50 “fee” after first 60 days. However, when the Director believes a resident is having difficulty managing his money, he has at times charged a higher amount but asserted that he returns the excess (above \$50/mo.) to the resident when the resident exits (Director stated that one resident was charged \$300/mo. but excess returned at departure).

DOC OVERSIGHT: DOC was aware the fee was being charged, but there is no apparent oversight of grantee once amount is agreed upon, and we saw no written documentation of that agreement. The Agreement also lacks prohibitions on the imposition of other charges on residents, which raises a high risk of abuse. A more recent whistleblower report to our office contained allegations that residents were being charged a weekly fee for having a cell phone, in addition to monthly rent payments, by another transitional housing grantee. The practice, if true, is not prohibited by the contract but raises questions about DOC oversight and exploitation of offenders.

ISSUE 6: Conditions for release to community

RELEVANT DOCUMENTS: The Agreement requires the Grantee to ensure that offenders comply with the conditions of their release.

SEALL COMPLIANCE: Of the six files we reviewed at Seall, only one included the offender’s conditions for release. The Director stated that DOC does not provide these documents but he asks for them occasionally, particularly in the case of sex offenders.

DOC OVERSIGHT: DOC cannot reasonably expect the grantee to enforce compliance with conditions without providing the necessary documentation.

ISSUE 7: Grantee staff

RELEVANT DOCUMENTS: Neither the Agreement nor the MOU requires background checks for staff employed by the Grantee or for Grantee to report allegations of misconduct. A more recent whistleblower report to our office raised concerns that offenders could be exploited by staff while in transitional housing.

SEALL COMPLIANCE: N/A

DOC OVERSIGHT: DOC should consider adding requirements for additional reporting and background checks of transitional housing grantee employees to reduce the risk of abuse and waste of taxpayer dollars.

These findings and suggestions for changes in the grant agreement and MOU were discussed with Karen Lawson and Liz Whitmore several days ago. We also expressed our concerns regarding the almost complete absence of reporting and documentation required by the Agreement and MOU and by the lack of oversight by DOC, which raises significant risks of potential abuse and waste of taxpayer dollars. Lastly, we note that Karen Lawson indicated that DOC had not yet measured whether its transitional housing program was achieving its goals.

We feel that it is imperative that your department addresses these concerns in a timely way, and ask that you keep our office informed of such efforts. We would be happy to discuss these findings or answer any questions you might have.

Sincerely,

A handwritten signature in cursive script that reads "Susan Mesner". The signature is written in black ink and is positioned below the word "Sincerely,".

Susan Mesner
Deputy State Auditor



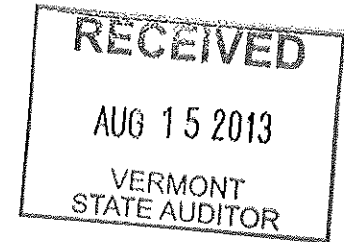
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Agency of Human Services

August 15, 2013

Ms. Susan Mesner
Deputy Auditor
132 State Street
Montpelier, VT 05633



Dear Ms. Mesner,

I am in receipt of your letter dated July 24, 2013, regarding the findings from the non-audit inquiry of the Seall, Inc. transitional housing program. Vermont DOC takes these findings very seriously. It is of the utmost importance that we are accountable to the public investment in the provision of effective human services. To that end, we have immediately begun a comprehensive process designed to definitively and sustainably improve the quality of our oversight.

In order to be directly responsive to the specific content of your inquiry, we have embedded the corresponding text from your letter under each identified issue and then proceed to share what our oversight practices have been to date and, more importantly, how we are addressing these problems going forward.

While we understand that the content of your letter was specific to our grant with Seall Inc., we further recognize that your findings may have broader implications beyond the management of this particular grant. As such, we will be applying the remedial action steps outlined below not only in relation to Seall Inc., but to the entire portfolio of our transitional housing partnerships:

Issue 1: Case Management Assessments

RELEVANT DOCUMENTS: Agreement states that Grantee staff is required to "create an initial written case management assessment . . . within 2 business days of program entry" (p. 4).

SEALL COMPLIANCE: No written evidence in Seall files or in Service Point that any assessments were ever done; Director unfamiliar with requirement

DOC OVERSIGHT: None found

DOC Oversight Process to Date:

Quarterly meetings are scheduled by DOC Central Office (CO) with the local Probation and Parole (P&P) office and the grantee to review occupancy and offender progress. Central Office has required that a Memorandum of Understanding is implemented between P&P and the grantee

(of which CO receives a copy). CO has not historically seen or requested documented communication of individual offender case plan progress beyond the use of PAS (DOC internal database) casenotes.

Remedial Action:

Central Office will begin requiring P&P and the grantee to utilize the Offender Case Plan (OCP) document for case co-management, which will create a baseline of service needs upon housing residency for each offender. P&P shall routinely update the OCP as goals are met. At each meeting with P&P and grantee, the individual client's OCPs shall be reviewed, as well as the grantee's own case plan for each resident to ensure case co-management and offender progress towards identified need areas. In the case of Seall, CO shall require that a new case plan document is created to be used for each offender resident in their program. The Seall case plan document shall outline identified services to be delivered as well as frequency and type of services dosage, to be shared with P&P to align with the OCP.

DOC staff will ensure that grantee staff members receive proper training related to the OCP document, as well as ensure that P&P staff members (and Supervisors) who are the housing grantee's direct point of contact receive proper instruction related to the OCP document and grantee case plan for case co-management. Grantees and P&P will be required to meet at least monthly to discuss program operations and individual offender progress. Notes of these meetings shall be taken and distributed among P&P, the grantee and Central Office. Updated responsibilities pursuant to this process (i.e. scheduling, note-taking) will be included in the aforementioned MOU.

Issue 2: On-site Case Planning Services

RELEVANT DOCUMENTS: Agreement states that Grantee shall "ensure that 100% of DOC residents enter into on-site case planning services . . . [and] have a collaborative case plan between P&P and the housing program" (p. 4).

SEALL COMPLIANCE: No written evidence in Seall files or in Service Point of any case plan; Director unfamiliar with requirement

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Issue #3: Documentation of Services and Outcomes

RELEVANT DOCUMENTS: Agreement requires Grantee to use Service Point to collect information about "services provided, offender data, and program outcomes" and to document the "provision of services for each resident"; it requires that "services provided to offenders be approved by P&P staff to ensure compliance with offender's case plan"; and it requires that data entry into Service Point be 90% timely and accurate during the grant period; noncompliance for 3 consecutive months carries a \$250 monthly penalty (p. 4). In addition, the MOU requires Seall to provide "intensive housing and support services to offenders", e.g., housing search and retention, vocational coaching, service coordination, life skill development" (p. 1).

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DOC OVERSIGHT: Service Point appears to be a tool only for DOC to keep track of the names and residence of offenders housed in transitional housing program and not for recording the services or outcomes associated with those offenders.

DOC Oversight Process to Date:

Expectation of services provided varies with each program and their proposed set of services to be delivered on-site. Such services are outlined in the original program proposal as well as Attachment A of the grant document. Central Office relies on local P&P representatives to communicate any concerns related to specific transitional housing program operations. Files and case notes are not routinely requested or reviewed. Central Office relies upon PAS case notes and ServicePoint database for written documentation of services provided and other case plan information.

Remedial Action:

DOC staff will develop the metrics and corresponding capacity to track measures outlined in the grant which cannot be tracked in ServicePoint. Measures will be tracked by local P&P representatives using a document provided by Central Office, and submitted to Central Office on a monthly or quarterly basis.

Issue 4: Length of Stay

RELEVANT DOCUMENTS: Agreement states that Grantee's goal is to house offenders at 206 Depot for 90-120 days; upon "successful completion of this phase" offenders are to transition to more independent arrangement (auxiliary apartments) for stay of approximately 60-90 days (p. 3). However, neither the Agreement nor MOU specify a process to undertake when a resident exceeds this time period.

SEALL COMPLIANCE: Statistics compiled by this office show that 36% had stays of over 180 days; 25% had stays over 210 days; 13% had stays over 300 days; 9% had stays over 400. A review of case notes for six former and current residents of Seall indicated discrepancies between Service Point data on entry/exit dates and P&P records, which were accounted for by offender violations and returns to jail when Seall was asked by DOC to hold the bed. The Director stated that these periods had extended at times to 30 or 60 days and occasionally more.

DOC OVERSIGHT: DOC and Seall confirmed that there are no guidelines or procedures to regularly evaluate residents for continued housing or to determine if additional services are required; both the Director and Ms. Lawson cited regular conversations but no written documents were found in Seall or DOC files. Ms. Lawson confirmed that DOC will ask grantees to hold beds in "short sanction" situations, but there appears to be no written policy regarding how long beds will be held. She also confirmed that the State is effectively paying for two beds during those periods.

DOC Oversight Process to Date:

Grantees have received written and verbal instructions from Central Office that if an offender is accepted into the program but is still awaiting prison release (within 60 days of acceptance), it is acceptable to reserve a bed in ServicePoint to illustrate that the bed is being held. Additionally, if a resident is reincarcerated on a sanction for 60 days or less and is expected to reside back with the grantee, it is approved to keep that offender as active in ServicePoint so that Central Office can see that the bed is occupied and not open for a new referral. This practice is also used for prison releases that go straight to residential treatment who have had a DOC housing grantee's address approved by P&P as their residence upon treatment completion. Additionally, P&P exercises final authority to determine individual offender length of stay in a housing program based upon progress towards independent living such as employment status, financial obligations, program compliance, etc.

Remedial Action:

A consistent MOU template to be used by each grantee and P&P office will standardize statewide expectations and ensure that all grant requirements are included and addressed, including when a bed hold is appropriate. Responsibilities of Central Office will be included in the MOU while also allowing the local partners to include program-specific items that are useful for the day-to-day operations.

Issue 5: Calculation and Collection of Rent Payments

RELEVANT DOCUMENTS: Agreement states that "Offender room and board payments should offset grant funds" (p. 4). MOU requires Grantee and DOC to determine rent payment plan based on "resident income, Offender Responsibility Plan, and house rules" (p. 2).

SEALL COMPLIANCE: In apparent violation of the Agreement, income from rent payments is retained by Seall; Ms. Lawson stated that grant funds are inadequate and grantees need additional sources of revenue. Seall charges a flat \$50 "fee" after first 60 days. However, when the Director believes a resident is having difficulty managing his money, he has at times charged a higher amount but asserted that he returns the excess (above \$50/mo.) to the resident when the resident exits (Director stated that one resident was charged \$300/mo. but excess returned at departure).

DOC OVERSIGHT: DOC was aware the fee was being charged, but there is no apparent oversight of grantee once amount is agreed upon, and we saw no written documentation of that agreement. The Agreement also lacks prohibitions on the imposition of other charges on residents, which raises a high risk of abuse. A more recent whistleblower report to our office contained allegations that residents were being charged a weekly fee for having a cell phone, in addition to monthly rent payments, by another transitional housing grantee. The practice, if true, is not prohibited by the contract but raises questions about DOC oversight and exploitation of offenders.

DOC Oversight Process to Date:

As per the current operational MOU, "Resident manager and DOC will determine rent payment plan according to resident income, Offender Responsibility Plan, and house rules to comply with the graduated rent payments. Any unexpected offender placement funds that Seall Inc. administers on behalf of DOC clients shall be returned to DOC at the end of the grant period, unless a mutually negotiated subsequent usage plan has been determined by both parties." Regarding the whistleblower report related to charges for the use of a cell phone, the local P&P office was not aware of such allegations.

Remedial Action:

DOC will require Seall Inc. to create a case plan template using the program handbook and other applicable documents for DOC approval. Seall Inc. will utilize this case plan to document how the program fee amount was determined for each resident, and the offender's progress towards payment obligations.

Issue 6: Conditions for Release to the Community

RELEVANT DOCUMENTS: The Agreement requires the Grantee to ensure that offenders comply with the conditions of their release.

SEALL COMPLIANCE: Of the six files we reviewed at Seall, only one included the offender's conditions for release. The Director stated that DOC does not provide these documents but he asks for them occasionally, particularly in the case of sex offenders.

DOC OVERSIGHT: DOC cannot reasonably expect the grantee to enforce compliance with conditions without providing the necessary documentation.

DOC Oversight Process to Date:

Seall Inc. receives face sheets from P&P for all offenders. P&P has allowed Seall Inc. the flexibility to create the offender schedule (with the final approval of P&P) based upon housing program obligations as well as DOC required programming and movement limitations. Seall Inc. receives furlough conditions for high risk sex offenders and domestic offenders due to the variance in standard furlough conditions. Seall Inc. is familiar with the standard furlough conditions.

Remedial Action:

P&P has recently ensured that copies of the offenders' furlough and OCP are sent to housing grantees. The OCP will reflect the offender's participation in the TH program, the need areas that the offender is working on, and the desired outcomes. Prior to the offender being placed in the program, P&P will provide the program with the ID face sheet, furlough conditions, and OCP. Additionally, all interactions with the TH programs will be case noted in PAS case notes.

Issue 7: Grantee Staff

RELEVANT DOCUMENTS: Neither the Agreement nor the MOU requires background checks for staff employed by the Grantee or for Grantee to report allegations of misconduct. A more recent whistleblower report to our office raised concerns that offenders could be exploited by staff while in transitional housing.

SEALL COMPLIANCE: N/A

DOC OVERSIGHT: DOC should consider adding requirements for additional reporting and background checks of transitional housing grantee employees to reduce the risk of abuse and waste of taxpayer dollars.

DOC Oversight Process to Date:

The terms of the housing grant are governed by contract, and the Seall, Inc. grant does not require Seall, Inc. staff to undergo a background check. The Seall Inc. contract provisions under Attachment C make clear that many of the benefits extended to government-subsidized volunteers are not extended to housing grantees under the terms of the agreement between the State and the grantee.

Potential Remedial Action/Considerations:

DOC has the ability to amend the housing grantee contract in writing. There is no provision of law that would make such a requirement unlawful if it was knowingly entered in to and agreed upon by the contracting parties. A potential practical hurdle could be encountered based upon the employment agreement between the housing grantee staff member and his or her employer (the housing grantee). A way to minimize complications on this issue would be to have the requirement added going forward with a new grant period contract (FY 15) and not as an amendment to an old one. That way, if the prospective housing grantee cannot comply with it, DOC can use that as the basis for seeking a compliant-ready provider. Allegations of staff misconduct also apply to the above proposed change, with the caveat that adding this type of term to a grantee's contract could prove difficult because most grantees would not agree to this term. A grantee/employer that is required to report an allegation of staff misconduct exposes

itself to liability for a defamation claim from the employee if the allegation turns out to be false, or potentially other types of employer-employee claims down the road.

Additional Context:

While the findings of your office provide us with a clear view of specific grant management dimensions requiring significant improvement, it is also important to convey our organizational experience related to the caliber of human services derived through the transitional housing partnership with Seall, Inc.

Seall Inc. has been an integral part of transitioning offenders returning to the Bennington community. They have served 66 offenders since their beginning in 2010. This is a program that we depend on heavily to accept some of our most difficult offenders given their program structure and 24/7 availability. They have specific rules and guidelines in the form of a Residents Handbook which is reviewed with the offender by the Seall Inc. Program Director prior to the offender's release from the facility. There has always been very good communication between the Bennington Probation/Parole office and Seall Inc. Specifically, the DOC District Manager meets monthly with the Seall Inc. Program Director to discuss referrals, program issues and offender updates. The Program Director is in regular contact with DOC Probation Officers to resolve any issues and clarify supervision expectations, usually in the form of an e-mail. Seall Inc. maintains their own log book which allows for Seall Inc. staff to communicate with each other when there is a change of shift. That log is available to Probation and Parole as needed. Seall Inc. services have been a beneficial experience for the majority of the offenders who resided there and who wanted to take part in the resources that the program has to offer. From our perspective, Seall Inc. is justifiably very proud of their work and genuinely engaged with offenders in facilitating the change process.

Lastly, DOC conducted an outcome study for the efficacy of the transitional housing programs in 2010, and has plans to revisit a similar study during FY 14. We welcome your office's input as to how we can better ensure and demonstrate the return on investment we are making through our transitional housing partnerships on the lives of our clients and communities.

Thank you for your commitment to the best possible services and outcomes for Vermonters.

Sincerely,



Andrew Pallito
Commissioner