



An Audit Report on

The Department of Criminal Justice's Oversight Processes for the Management & Training Corporation Contracts for Pre-release Services

- The Department ensured that changes to the delivery of MTC's treatment services were authorized and documented.
- The Department performed contract reviews but did not ensure that (1) treatment services were always performed at one facility and (2) key information about all treatment records was documented.
- The Department's contract review checklists were not designed to include all key treatment requirements.

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

The Department of Criminal Justice (Department) effectively monitored Management & Training Corporation (MTC) to ensure pre-release services were provided to offenders in accordance with contract requirements. The Department approved MTC's use of an alternative, self-study method instead of a counselor-led program, to ensure offenders continued to receive treatment during the COVID pandemic. However, the Department should improve its processes and checklists to ensure it consistently documents records examined during its contract reviews and verifies all aspects of MTC's delivery of pre-release treatment services.

- [Background](#) | p. 3
- [Audit Objective](#) | p. 15

This audit was conducted in accordance with Texas Government Code, Sections 321.013 and 321.0132.

LOW

PRE-RELEASE SERVICES DURING THE COVID PANDEMIC

The Department allowed MTC to provide treatment services using a self-study method from March 2020 to December 2022 and did not evaluate the feasibility of returning to counselor-led sessions prior to that date.

[Chapter 1 | p. 7](#)

MEDIUM

MONITORING PRE-RELEASE SERVICES

The Department performed contract reviews but did not always ensure treatment services were monitored at one facility. In addition, the contract reviews did not document key information about the treatment records examined.

[Chapter 2 | p. 9](#)

MEDIUM

CONTRACT MONITORING TOOLS

The Department's monitoring schedule for fiscal year 2023 was adequate. However, its contract review checklists, used to evaluate MTC's compliance with treatment requirements, were not designed to include all key treatment requirements.

[Chapter 3 | p. 11](#)

LOW

INFORMATION TECHNOLOGY

The Department appropriately restricted user access to its shared drive containing contract monitoring documentation.

[Chapter 4 | p. 14](#)

For more information about this audit, contact Audit Manager Willie Hicks or State Auditor Lisa Collier at 512-936-9500.

May 2023 | Report No. 23-030

Summary of Management Response

Auditors made recommendations to address the issues identified during this audit, provided at the end of certain chapters in this report. The Department agreed with the recommendations.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

Scope of Audit

This audit was performed as part of “An Audit of the Department of Criminal Justice’s and Board of Pardons and Paroles’ Processes for Addressing Parole Violations under the Electronic Monitoring Program,” which produced SAO Report No. 23-026 in April 2023.


In response to a complaint received by the Department of Criminal Justice (Department) and the State Auditor’s Office in November 2022, auditors identified risks related to allegations concerning weaknesses in the Department’s processes for monitoring pre-release treatment services provided at five correctional facilities through its contracts with Management & Training Corporation (MTC). This audit determined whether the Department had processes and related controls to help ensure pre-release treatment services provided by MTC were delivered in accordance with contract terms and applicable requirements.

Types of Pre-release Services

The Department contracted with MTC to provide pre-release treatment services to offenders held in its various correctional facilities. Auditors examined the Department’s monitoring processes for certain pre-release services for the five correctional facilities identified in the complaint. Figure 1 on the next page identifies and defines the pre-release programs provided at each of the five facilities tested as of April 30, 2023.

Figure 1

In-Prison Treatment Programs Provided by MTC

| Facility Name (Location) | Program Type(s) | Program Duration | |
|---|---|--|---------------------------|
|  | Larry Gist State Jail Beaumont, TX | State Jail Substance Abuse Treatment Program ^a | 60-90 days 90-120 days |
| | Ernestine Glossbrenner Unit San Diego, TX | Substance Abuse Felony Punishment Facility and In-Prison Therapeutic Community ^b ; In-Prison Substance Use Treatment Program ^c | 6-9 months |
| Ellen Halbert Unit Burnet, TX | Substance Abuse Felony Punishment Facility and In-Prison Therapeutic Community ^b ; In-Prison Substance Use Treatment Program ^c ; Female Cognitive Pre-Release Program ^d | 6-9 months | |
| J.W. Hamilton Unit Bryan, TX | Driving While Intoxicated ^e | 6 months | |
| Thomas R. Havins Unit Brownwood, TX | Substance Abuse Felony Punishment Facility and In-Prison Therapeutic Community ^b ; In-Prison Substance Use Treatment Program ^c | 6-9 months | |

^a **State Jail Substance Abuse Treatment program** provides rehabilitation services for offenders who are confined in a state jail facility.

^b **Substance Abuse Felony Punishment Facility and In-Prison Therapeutic Community program** provides substance use treatment to offenders.

^c **In-Prison Substance Use Treatment program** provides therapeutic community program services to offenders with substance use history by housing these offenders together to work towards a common goal of addiction recovery, positive behavior, and life change.

^d **Female Cognitive Pre-release program** provides behavioral services to female inmates to manage their behavior and provide opportunities for behavioral change.

^e **Driving While Intoxicated program** provides group and individual therapy services to offenders to assist with alcohol-related problems, relapse prevention, and pro-social problem-solving techniques.

Source: Pre-release service contracts between the Department and MTC.

Contract Reviews and Monitoring Changes During COVID

The Department's Private Facility Contract Monitoring/Oversight Division (Division) was responsible for monitoring the MTC contracts for pre-release services. Among other stipulations, the contracts required that MTC provide 20 hours per week¹ of counselor-led treatment services to each offender participating in pre-release programs. To verify that MTC provided those 20 hours, as part of its on-site contract reviews, the Division selected a sample of offenders in a pre-release program at each facility and reviewed MTC's approved treatment schedule and the following documentation: (1) weekly progress notes signed by the offender and counselor and (2) attendance sheets for treatment sessions.

In March 2020, the Governor issued a disaster declaration as a result of the COVID pandemic. In response, the Department suspended on-site contract reviews, including allowing MTC to provide treatment services using an alternative method that provided 2 hours of counselor-led treatment and 18 hours of self-study assignments (which did not require a counselor to be present). Offenders completed workbook assignments that were reviewed by a counselor for completion (see [Chapter 1](#) for information). According to the Department, this self-study method had been used in other circumstances, such as other contagious viruses, holidays, and counselor trainings.

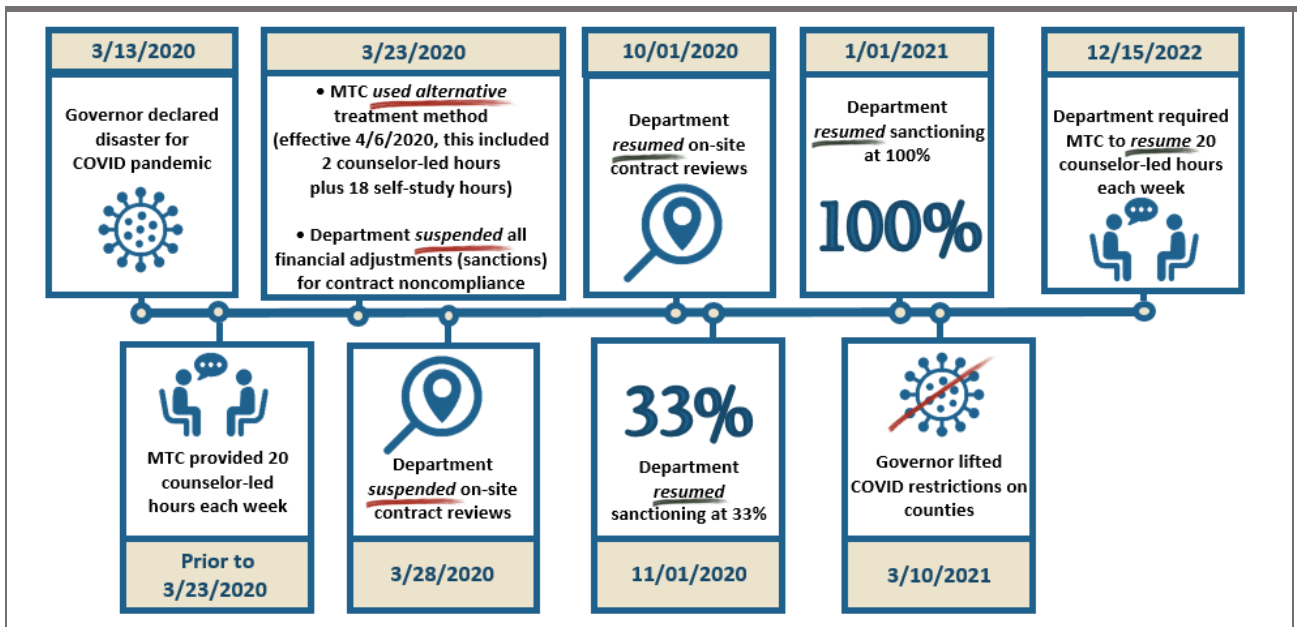
The Department resumed on-site contract reviews in October 2020. In December 2022, it required MTC to resume providing 20 counselor-led hours of treatment services instead of using the alternative treatment method.

Figure 2 on the next page provides a timeline of important milestones related to changes to the Department's processes due to the COVID pandemic.

¹ The 20-hour requirement applies to all treatment programs at the facilities tested except for the Tier 1 treatment program at the Gist State Jail, which requires 15 hours of treatment sessions per week. At the same facility, the Tier 2 program requires 20 hours of treatment per week.

Figure 2

Timeline with Governor’s Declarations and Department’s Changes Related to Monitoring Pre-release Treatment Services During COVID Restrictions



Sources: Governor’s executive orders, the Department’s pre-release service contracts, and memos between the Department and MTC.




The Department’s Payments to MTC for Pre-release Services

The Department paid MTC on a monthly basis according to the contracted daily per diem rate per offender treated in the pre-release programs.

See Figure 3 for the maximum number of offenders allowed to participate in MTC programs and the total maximum contract amount allowed for each of the facilities tested for fiscal years 2021 through 2023.

Figure 3

Contract Information on Facilities Tested for Fiscal Years 2021-2023

|  Facility Name |  Maximum Number of Offenders |  Maximum Contract Amount (rounded) |
|--|--|--|
| Gist | 116 | \$1.3 million |
| Glossbrenner | 612 | \$5.4 million |
| Halbert | 612 | \$5.4 million |
| Havins | 576 | \$5.2 million |
| Hamilton | 400 | \$5.1 million |

Sources: The Department’s pre-release service contracts and Legislative Budget Board’s contracts database.



LOW

Chapter 1 Pre-release Services During the COVID Pandemic

The Department ensured that changes to the delivery of MTC's treatment services were authorized and documented.

For the five facilities tested, the Department of Criminal Justice (Department) appropriately approved and documented changes to the delivery of treatment services by Management & Training Corporation (MTC) during the initial months of the COVID pandemic, from March 2020 through September 2020². These changes included allowing MTC to provide offenders with 2 hours of counselor-led treatment sessions a week along with 18 hours of self-study, instead of the 20 hours of counselor-led treatment sessions a week as required by its contracts with the Department.

Treatment services returned to counselor-led sessions in December 2022.

Due to the COVID pandemic, the Department allowed MTC to provide treatment services using the self-study method from March 23, 2020, through December 15, 2022. Although the COVID pandemic restrictions related to

² Auditors examined the Department's changes to treatment services from March 2020 through September 2020 because the Department temporarily suspended on-site contract reviews by its contract monitors due to the COVID pandemic during that time. The Department resumed on-site contract reviews in October 2020.

occupancy in Texas were lifted in March 2021³, the Department did not evaluate the feasibility of returning to the contractually required 20 hours a week of counselor-led sessions until after hiring a new private facility contract monitoring/oversight division director in October 2022.

Allowing MTC to continue providing self-study treatment instead of returning to counselor-led treatment sessions once the COVID pandemic restrictions were lifted may have limited the effectiveness of the treatment, which the Department determined is designed to provide offenders with the ability to avoid involvement with drugs and crime after release from an institutional setting.

Recommendation

The Department should develop and implement a policy to routinely evaluate the continued use of the self-study method, when it is used, to ensure treatment services return to contractually required counselor-led sessions in a timely manner.

Management's Response

The Texas Department of Criminal Justice (TDCJ) agrees with the recommendation. The Private Facility Contract Monitoring/Oversight Division (PFCMOD) will create a policy to routinely evaluate the necessity and use of the self-study method when it has been authorized by the agency.

Person Responsible: PFCMOD Director

Implementation Date: June 01, 2023

³ The Governor lifted COVID pandemic restrictions related to operating limits for businesses or other establishments in Texas effective March 10, 2021.

MEDIUM

Chapter 2

Monitoring Pre-release Services

The Department performed contract reviews but did not ensure treatment services were consistently monitored at one facility.

The Department performed contract reviews between September 1, 2019, and January 31, 2023, at the five facilities tested to verify that MTC provided pre-release treatment services in accordance with contract requirements. For 4 (80 percent) of the 5 facilities, the Department consistently ensured that contract monitoring reports were completed, supported, and approved, and that MTC provided corrective action for any noncompliance identified.

However, the Department did not consistently confirm contract compliance for the treatment services provided at 1 (20 percent) of the 5 facilities tested, the Hamilton Unit. For that facility, 2 (50 percent) of the 4 contract reviews that the Department performed did not verify that treatment services were provided in accordance with contract requirements. According to the Department, this was an oversight during its secondary review of the contract review checklists at the facility.

As a result, the contract reviews that the Department completed at the Hamilton Unit for fiscal years 2022 and 2023 (through April 30, 2023) did not verify that MTC provided treatment services in accordance with contract requirements.

Contract reviews did not document key information about the treatment records examined.

As part of the contract review process, the Department selected a sample of treatment records and required its contract monitors to maintain documentation **only** for noncompliance issues identified during contract reviews. Contract monitors were not required to document key details about treatment records reviewed, such as offender names and the time period that contract monitors

examined to determine contract compliance with treatment frequency requirements. As a result, 19 (95 percent) of 20 contract reviews at the 5 facilities tested did not include that information. Documenting key details would help the Department validate the results of contract reviews to confirm that MTC is providing treatment services in accordance with contract requirements.

Recommendations

The Department should:

- Perform contract reviews of the treatment services provided at the Hamilton Unit for fiscal years 2022 and 2023.
- Ensure that the secondary review of each contract review verifies that the contract review checklist for treatment frequency requirements is completed, as required.
- Document in contract reviews the names of all offenders and the time period examined by contract monitors.

Management's Response

The Texas Department of Criminal Justice agrees with the recommendation. The Private Facility Contract Monitoring/Oversight Division (PFCMOD) will ensure that contract reviews of the treatment services provided at the Hamilton Unit for fiscal years 2022 and 2023, are conducted by the assigned contract monitor. Additionally, the treatment frequency guidelines will be incorporated within the current contract reviews; structuring the applicable question(s) to capture each treatment program required per contract and the associated hours required in succession with the days per week or month. Upon conducting all contract reviews, the PFCMOD will ensure inclusion of the names of the program participants and time periods examined within the reports, by the contract monitors.

Person Responsible: PFCMOD Director

Implementation Date: June 01, 2023

MEDIUM

Chapter 3

Contract Monitoring Tools

The Department's monitoring schedule for fiscal year 2023 was adequate.

For fiscal year 2023, the Department developed a monitoring schedule to verify MTC's compliance with key contract requirements, including those related to treatment services. Specifically, that schedule was designed to ensure that compliance with the contractually required frequency of treatment services would be reviewed at least once during the fiscal year at all 19 facilities that provide these services⁴. As of March 1, 2023, 9 facilities had been reviewed, and the Department indicated that the remaining 10 facilities were scheduled to be reviewed during the second half of the fiscal year.

The Department's contract review checklists were not designed to include all key treatment requirements.

In addition to the monitoring schedule, the Department developed a contract review checklist that contract monitors use to evaluate MTC's compliance with treatment requirements.

For the 5 facilities tested, the Department's contract review checklists for fiscal years 2020 through 2023 consistently ensured that contract monitors verified whether MTC provided 20 hours of counselor-led sessions to offenders each week, as the contract required. However, for four of the five facilities tested, the contract review checklists did not include other key treatment activities⁵


⁴ While the Department stated that the contract review checklist used to evaluate treatment requirements should be included in all contract reviews at facilities that provide pre-release services, the Department did not include it in the review at one facility during fiscal years 2022 and 2023. See [Chapter 2](#) for additional information.

⁵ Auditors identified key treatment requirements as those related to (1) treatment sessions that have a required frequency and (2) the development of a treatment schedule.

that contract monitors should have also verified for contract compliance. See Figure 4 for more information.

Figure 4

Inclusion of Required Treatment Services on the Contract Review Checklists for Fiscal Years 2020 through 2023

|  Facility Name | Counselor-led treatment sessions for 20 hours per week | Family education and interactive sessions at least 4 times per month | Recovery-oriented support group sessions at least 2 times per week/month ^b | Therapeutic community meetings held daily | Individual counseling sessions at least once a month | Comprehensive treatment schedule ^c |
|--|--|--|---|---|--|---|
| | Gist | | | | N/A ^a | |
| Glossbrenner | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ |
| Halbert | | | | | | |
| Havins | | | | | | |
| Hamilton | | N/A ^a | N/A ^a | N/A ^a | | |

✓ On checklist
✗ Not on checklist

^a The treatment frequency requirement was not applicable (N/A) for certain facilities, per contract terms.

^b Recovery-oriented support group sessions provide recovery assistance for substance abuse or addiction. These sessions are required (1) at least two times *per month* at the Gist facility and (2) at least two times *per week* at the Glossbrenner, Halbert, and Havins facilities.

^c A comprehensive treatment schedule lists the curriculum of treatment sessions provided daily at the facility.

As a result, the contract monitoring checklists were not adequately designed for fiscal years 2020 through 2023 to ensure that the Department evaluated MTC’s compliance with key treatment services and their required frequency at four of the facilities tested.

Recommendation

The Department should include on its contract review checklists the contract requirements for all applicable treatment services and their required frequency at each of its facilities.

Management's Response

The Texas Department of Criminal Justice agrees with the recommendation. The Private Facility Contract Monitoring/Oversight Division (PFCMOD) will ensure that treatment frequency guidelines are incorporated within the current contract reviews; structuring the applicable question(s) to capture each treatment program required per contract and the associated hours required in succession with the days per week or month.

Person Responsible: PFCMOD Director

Implementation Date: June 01, 2023

LOW

Chapter 4 Information Technology

The Department appropriately restricted user access to its shared drive containing contract monitoring documentation.

The Department had processes and controls to ensure that user access to the shared network drive, which contained contract reviews and supporting documentation, was appropriate. Specifically, users were current employees and contractors with a business need to access the shared drive.



Appendix 1

Objective, Scope, and Methodology

Objective

This audit was performed as part of “An Audit of the Department of Criminal Justice’s and Board of Pardons and Paroles’ Processes for Addressing Parole Violations under the Electronic Monitoring Program,” which produced SAO Report No. 23-026 in April 2023. The primary objective of that audit was to determine whether the Department of Criminal Justice (Department) and the Board of Pardons and Paroles comply with applicable requirements in addressing violations of parole or mandatory supervision for individuals under electronic monitoring.

As a sub-objective, addressed in this report, we determined whether the Department has processes and related controls to help ensure that pre-release treatment services provided by the Management & Training Corporation (MTC) are delivered in accordance with contract terms and applicable requirements.

The following members of the State Auditor’s staff performed the audit:



- Kelley Ngaide, CIA, CFE (Project Manager)

- Krista L. Steele, MBA, CPA, CFE, CECFE, CIA, CGAP (Assistant Project Manager)
- Steven Arnold, CFE
- Michael Bennett
- Cody Bogan, CFE
- Allison Fries, CFE
- Joe Kozak, CPA, CISA
- Eric Ladejo, MPA, CFE, CIA
- Thanh Le, MBA
- Bianca F. Pineda, CFE, CGAP
- Daniel Spencer, MSA, CFE
- Jacqueline Thompson, CFE
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Willie Hicks, CIA, MBA, CGAP (Audit Manager)

Scope

The scope of this audit included the Department's monitoring activities of MTC contracts for pre-release services between September 1, 2019, and January 31, 2023.

The scope also included a review of significant internal control components related to the Department's monitoring activities.

Methodology

We conducted this performance audit from December 2022 through May 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to the Department's management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed Department staff to gain an understanding of the activities related to monitoring pre-release services provided by MTC, including the internal controls and information that support those activities.
- Identified the relevant criteria:
 - Contracts between the Department and MTC for select facilities.
 - Department policies effective from September 1, 2019, through January 31, 2023.
 - Texas Administrative Code, Title 1, Part 10, Section 202.26.

- Tested user access to the shared network drive containing contract review documentation.
- Reviewed documentation that described and authorized changes to the delivery method of pre-release services between March 2020 and September 2020 for five facilities tested to determine whether changes to services were properly documented and approved.
- Tested a nonstatistical sample of 25 offenders enrolled in MTC's pre-release services from March 2020 to September 2020 at the 5 facilities tested to determine whether MTC was providing pre-release services as required by its contract. The population of 10,644 offenders was stratified to select 5 offenders randomly at each of the 5 facilities for the months tested.
- Tested all 20 contract monitoring reviews performed at the 5 facilities selected between September 1, 2019, and January 31, 2023, to verify that the Department's contract reviews ensured that MTC provided pre-release services in accordance with contract terms.
- Reviewed the Department's (1) fiscal year 2023 contract monitoring schedule and (2) contract review checklists used for fiscal years 2020 through 2023 to determine whether the established processes resulted in effective monitoring of the contractually required treatment services.

Data Reliability and Completeness

To determine data reliability and completeness, auditors (1) observed the Department's extraction of the requested data population, (2) reviewed data queries and report parameters, and (3) analyzed the population for reasonableness and completeness. Auditors determined that the data population of offenders in MTC pre-release programs from March 2020 to September 2020 at the five facilities tested was sufficiently reliable for the purposes of the audit.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse;

significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Department of Criminal Justice

Members of the Board of Criminal Justice

Mr. Bryan Collier, Executive Director



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: <https://sao.texas.gov>.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD); or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government, visit <https://sao.fraud.texas.gov>.