



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 20, 2014

OFFICE OF JUVENILE JUSTICE MONITORING OF NON-SECURE RESIDENTIAL CONTRACT PROVIDERS

The state Office of Juvenile Justice has failed to establish a formula to set rates or properly monitor the spending of 12 contractors who operated 14 non-secure residential facilities for youth last fiscal year, according to a report released Monday by Legislative Auditor Daryl Purpera.

The contracts for the services cover the period from September 1, 2011, to July 31, 2015, and total approximately \$43 million during the four-year period.

The performance audit also said that the juvenile justice office, an arm of the Department of Public Safety and Corrections, has not developed a plan to monitor a two-year, \$12 million contract awarded to Magellan Health Services to manage juvenile facilities under five contracts.

The OJJ report is a follow-up to one issued by the state auditor more than three years ago which made 14 recommendations to improve OJJ's monitoring of the non-secure residential contract providers who operate facilities where juveniles not considered a threat to public safety are housed for educational training, substance abuse treatment, counseling and behavior management. Eight of the recommendations from the 2010 audit were implemented, three were not implemented and three were partially implemented.

"We found that there are outstanding monitoring issues the agency still needs to address," the report said. "In addition, OJJ has not developed a plan to monitor OJJ contracts that are now managed by the Magellan Health Services contract."

The audit said that instead of OJJ devising a formula as state law mandates, the agency requires contractors to submit a proposed daily rate and operating budget as part of its request for proposal to participate in the program.

"However, OJJ does not negotiate the rate or determine whether the rate is based on accurate information," the report said. "As a result, OJJ cannot ensure that the rates charged by non-secure residential contract providers are reasonable."



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The audit said that the 12 contractors all provide the same services but at widely varying rates. For example, the per-juvenile rates range from a low of \$112.65 a day at Allen’s Consultation, Inc., to \$258.62 a day at the Ware Youth Center.

OJJ’s two-year contract with Magellan, which began March 1, 2012 and ends Feb. 28, 2014, calls for the juvenile justice office to develop a monitoring plan “specific to the monitoring needs and performance measures of the five contracts” with the company, but OJJ has not come up with such a plan.

The audit also said that Magellan is required to submit a written report detailing its progress to OJJ every six months, including how contract money is used and what progress is being made to meet key goals but as of December “OJJ stated it has not received a written report from Magellan” on those two factors.

Another finding said the state agency does not conduct financial monitoring of the contractors to ensure they operate within their budgets and spend their daily per-juvenile rate on required services for youth. The state auditor said that although the 2010 audit recommended a process that verifies whether the contractors are operating according to their budgets and spending money properly, OJJ officials disagreed saying they did not have the capability to conduct financial audits of its contractors.

But the follow-up audit said the contractors could select and review a sample of receipts or other documents when conducting monthly compliance visits. “Without conducting any type of financial monitoring, OJJ cannot ensure that providers are operating within their budgets” and spending their daily per-juvenile allotment properly.

The report also said that although OJJ has developed standard monitoring tools, these tools do not assess all contractor requirements like educational assessments, preparation for the GED or ACT tests or behavior management.

The audit also found that:

- The agency “cannot track the deficiencies of providers over time and cannot ensure” that it is consistently imposing sanctions on contractors who fail to live up to terms of their agreements. That is because OJJ does not record results of monthly monitoring visits. Although OJJ officials enter semiannual monitoring results into an internal database, the findings are not easy to retrieve or analyze.
- OJJ does not assure that the annual reports, submitted by the 12 contractors, are complete and does not use the data to measure the quality and effectiveness of the services they provide. The report said that of the 12 annual reports submitted for



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2013, all were found to be incomplete and missing more than half of the data required to be reported, with some missing more than 85 percent of the required data.

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On Twitter: Audit criticizes OJJ for poor contractor planning.