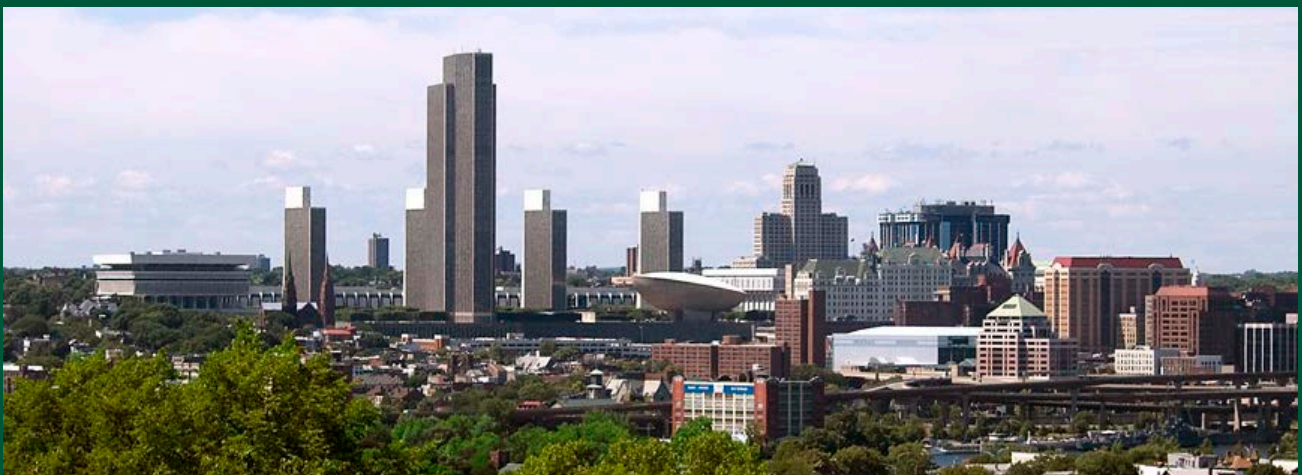


New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Selected Aspects of the Pay for Success Program

**Department of Labor
Department of Corrections
and Community Supervision**



Executive Summary

Purpose

To determine whether only randomized eligible participants are selected for the Pay for Success employment training and job placement program, and whether the employment and recidivism rates are accurately monitored for both the treatment and control groups. We audited selected aspects of Phase 1 of the program for the period October 1, 2013 through September 30, 2016.

Background

To increase employment opportunities and decrease the risk of recidivism, the Department of Corrections and Community Supervision (DOCCS) and the New York State Department of Labor (DOL), in collaboration with Harvard University, developed the Pay for Success (PFS) employment training and job placement program (Program) to target high-risk parolees. Program contracts are based on the social impact bond concept, where private investors provide initial funding for the social services designed to achieve a desired outcome. The investors are reimbursed, and thereby receive a return on their investment, only if performance outcomes are achieved.

For the purposes of this test Program, participation is limited to parolees at high risk of recidivism (high-risk parolees) released to either the New York City or Rochester areas. High-risk parolees are identified based on a clinical assessment instrument which helps determine an offender's particular risk factors and behavioral needs, and thereby helps staff design an effective supervision program for that offender. Through the assessment instrument, staff determine the offender's "Supervision Status Level," which affects the intensity of the offender's supervision and management – factors that, if inadequately addressed, could contribute to further anti-social behavior.

According to the design of the Program, its social impact is to be evaluated using a randomized, controlled trial design, whereby eligible inmates are randomly selected to be referred by parole officers to the employment services provided by the Center for Employment Opportunities (CEO) upon release (treatment group). Their outcomes are then compared with an equal number of inmates randomly selected and not referred by parole staff to the employment services provided by CEO upon release (control group). Although not specifically referred for employment services, individuals in the control group can request and receive such services. Success is measured based upon achievement differences in three factors: employment, transitional jobs, and recidivism, with payment contingent on the fulfillment of certain thresholds as specified in the contract.

In Phase 1 of the Program, 2,357 individuals were randomly assigned to the Program between December 9, 2013 and September 29, 2015: 1,502 to the treatment group and the remaining 855 to the control group. Of the 2,357 inmates in the Program, 1,875 were scheduled for release in New York City and the remaining 482 in Rochester.

Key Findings

We found that, for both the treatment and control groups, only eligible individuals were selected for Program participation and the selection was properly randomized. We also found that the

Program has procedures in place to accurately monitor employment of the group members. Although several conditions complicate the measurement of employment, we found that they did not have a material effect on the results and should not impact measurement of achievement differences between the treatment and control groups. We also determined that DOCCS is properly tracking individual days of re-incarceration to accurately account for recidivism.

Key Recommendations

None

Other Related Audit/Report of Interest

[Department of Corrections and Community Supervision: Oversight of Sex Offenders Subject to Strict and Intensive Supervision and Treatment \(2014-S-50\)](#)

State of New York
Office of the State Comptroller

Division of State Government Accountability

March 21, 2017

Ms. Roberta Reardon
Commissioner
Department of Labor
W.A. Harriman State Campus
1220 Washington Ave., Building 12
Albany, NY 12240-0001

Mr. Anthony J. Annucci
Acting Commissioner
Department of Corrections and Community Supervision
W.A. Harriman State Campus
1220 Washington Ave., Building 2
Albany, NY 12226-2050

Dear Commissioner Reardon and Acting Commissioner Annucci:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Department of Labor and the Department of Corrections and Community Supervision entitled *Selected Aspects of the Pay for Success Program*. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

Table of Contents

Background	5
Audit Findings	8
Randomization	8
Monitoring Employment Outcomes	8
Monitoring Recidivism Outcomes	9
Audit Scope and Methodology	10
Authority	11
Reporting Requirements	11
Contributors to This Report	12
Exhibit	13
Agency Comments - Department of Labor	14
Agency Comments - Department of Corrections and Community Supervision	17

State Government Accountability Contact Information:

Audit Director: John Buyce

Phone: (518) 474-3271

Email: StateGovernmentAccountability@osc.state.ny.us

Address:

Office of the State Comptroller
 Division of State Government Accountability
 110 State Street, 11th Floor
 Albany, NY 12236

This report is also available on our website at: www.osc.state.ny.us

Background

The Department of Corrections and Community Supervision (DOCCS) is responsible for working with inmates to ensure successful re-entry into the community upon their release through parole. According to DOCCS researchers, an estimated 44 percent of formerly incarcerated individuals under community supervision without employment will return to prison within two years. In contrast, recidivism among those who have part-time or full-time employment is significantly lower, at 29 percent and 23 percent, respectively.

To increase employment opportunities and decrease the risk of recidivism, DOCCS and the Department of Labor (DOL), in collaboration with the Harvard Government Performance Lab (Harvard), developed the Pay for Success (PFS) employment training and job placement program (Program) to enhance the post-incarceration potential of parolees at high risk of recidivism (high-risk parolees). High-risk parolees are determined based on a clinical assessment instrument which helps determine an offender's particular risk factors and behavioral needs, and thereby helps staff design an effective supervision program for that offender. Through the assessment instrument, staff determine the offender's "Supervision Status Level," which affects the intensity of the offender's supervision and management – factors that, if inadequately addressed, could contribute to further anti-social behavior. The population of individuals eligible for participation in the Program must meet the following criteria:

- Have a predicted release date from prison within two to six weeks;
- Be high-risk parolees;
- Be scheduled for release and assigned to: one of the New York City (NYC) PFS Target Bureaus directly from prison, the Rochester metropolitan area directly from prison, or the NYC area from the Queensboro Correctional Facility;
- Have at least six months of community supervision remaining at time of release;
- Be of male gender;
- Have a projected age of 17 years 11 months or older at release; and
- Not be a sex offender, an arsonist, seriously mentally ill, a Shock Release Hearing Type, a Harlem Reentry Court case, or an undocumented and "status unknown" foreign-born individual as defined in the DOCCS system.

PFS contracts are based on the social impact bond concept, where private investors provide initial funding for the social services designed to achieve the contract's desired outcome. The investors are only reimbursed and receive a return on their investment if performance outcomes are achieved. DOCCS, in partnership with DOL, is implementing the PFS Program. In 2012, DOL was awarded a \$12 million grant from the U.S. Department of Labor (USDOL) based on the PFS financing model to support Phase 1 of the Program.

The project also involves multiple other stakeholders as follows:

- Social Finance – a nonprofit organization that designs and manages public-private partnerships to address social challenges such as prisoner recidivism. Social Finance

contracted with DOL to structure, coordinate, and manage the PFS project. Social Finance also solicited investors and contracts with the service provider, the Center for Employment Opportunities (CEO).

- Harvard – created the New York State PFS model, payment formulas and calculations, including the scaling factor used to project the five-year impact of the Program on recidivism; participates in ongoing technical assistance; and assisted with DOL's solicitation for the validator.
- CEO – responsible for providing its evidence-based training and employment intervention to 2,000 formerly incarcerated individuals under community supervision in NYC and Rochester who are at high risk of recidivism.
- Chesapeake Research Associates – validates Program outcomes through a contract with DOL.

The relationships between these stakeholders are further illustrated in the Exhibit at the end of this report.

CEO's model is based on the assumption that people recently released from prison have an immediate need for income and help finding a job, and that better employment outcomes will help deter future recidivism. CEO's model includes a five-day pre-employment training program followed by immediate short-term paid transitional employment. Transitional jobs are designed to serve two purposes: (1) to provide stability and income, which may reduce the incentive to return to crime in the critical post-release period; and (2) to teach soft skills that employers value such as punctuality and on-the-job behavior. Once treatment group members are deemed job-ready, CEO helps them find permanent employment.

According to the design of the Program, its social impact is to be evaluated using a randomized, controlled trial design, whereby eligible inmates are randomly selected to be referred by parole officers to the employment services provided by CEO upon release (treatment group). Their outcomes are compared with an equal number of inmates randomly selected and not referred by parole staff to the employment services provided by CEO upon release (control group). Although not specifically referred for employment services, individuals in the control group can request and receive such services. Success is measured on three factors: employment, transitional jobs, and recidivism, with payment contingent on the fulfillment of certain thresholds as specified in the contract and outlined in the table below.

PFS Measurement Factors

Factor	Definition	Minimum Performance Threshold
Employment	Percentage difference in employment between the treatment and control groups as measured by positive earnings in the fourth quarter after release on parole	5-percentage point increase for the treatment group
Recidivism	The difference between the treatment and control groups in average number of days re-incarcerated per person during the observation period	36.8 day reduction in the number of bed days of re-incarceration for the treatment group
Transitional Jobs	Average hours worked in transitional jobs	Payment for transitional jobs performance is not made unless the recidivism threshold is met.

DOCCS provides lists of expected parolees, completes randomization of expected parolees into the treatment group and the control group, and maintains databases, including the PFS Master Data File. The Program had an initial goal of at least 2,000 participants, with at least 1,000 assigned from releases occurring between December 2013 and October 2015 (Phase 1) and another 1,000 between October 2015 and September 2017 (Phase 2). Enough individuals must be randomized into the treatment group to ensure the 2,000-inmate intervention goal is met, while maintaining a large enough control population to measure the differential outcomes.

As of September 1, 2016, the Department housed approximately 52,000 inmates at its 54 facilities and supervised 36,000 parolees. In Phase 1 of the Program, 2,357 individuals were selected randomly from December 9, 2013 to September 29, 2015, including 1,502 to the treatment group and the remaining 855 to the control group. Of the 2,357 inmates selected, 1,875 were scheduled for release in NYC and the remaining 482 in Rochester. We audited selected aspects of Phase 1 of the Program for the period October 1, 2013 through September 30, 2016.

Audit Findings

We found that, for both the treatment and control groups, only eligible individuals were selected for participation and their selection was properly randomized. We also found that the Program has procedures in place to accurately monitor employment of the group members. Although several conditions complicated the measurement of employment, we found that these conditions did not have a material effect on the results, and should not materially impact the measurement of achievement differences between the treatment and control groups. We also determined that DOCCS is properly tracking the number of days parolees are re-incarcerated to accurately account for recidivism.

Randomization

We compared the list of randomized population group members with a list of individuals who were released during our audit and met the same eligibility criteria at the time. We found that DOCCS adhered to the randomized, controlled trial terms of the PFS contract, and properly randomized only those individuals who met the PFS criteria at the time they were randomized. We identified 66 individuals who were randomized, but were not on a list that DOCCS provided to us of released inmates who met the Program's eligibility criteria. Our review found that these individuals were initially included in the Program because they met all Program criteria at the time they were randomized. However, the 66 individuals were not included on the list from DOCCS because, subsequent to their randomization, they no longer met one or more of the eligibility criteria.

Our analysis also identified 1,100 individuals who met the PFS criteria at the time of their release, but were not members of the randomized group. We reviewed a sample of 50 of the 1,100 and determined they were excluded from randomization for valid reasons, such as their projected release dates were not soon enough, or they did not have the minimum required six months of community supervision remaining at the time of randomization.

Monitoring Employment Outcomes

We found that the Program accurately monitors employment of the treatment and control groups. To be considered employed, group members must be employed in the fourth quarter following the calendar year quarter of their release from prison. For example, an individual released from prison in the first quarter of 2014 would have to show positive earnings in the first quarter of 2015. A group member's employment status is determined by DOL employment data reported by employers.

According to DOL officials, there is a lag of about four months between the end of the quarter when an employee is hired and when the hiring first appears in the DOL Unemployment Insurance Database. As a result of this lag, the employment data for some Phase 1 group members for the period October 1, 2016 to December 31, 2016 would not be available for DOCCS' calculation of the final employment outcome for Phase 1, which was due in January 2017. We found that the lack of employment data for that quarter only affected about 57 treatment group members and

31 control group members, or about 3.8 and 3.6 percent of the respective randomized groups. Since the impact affects such a relatively small percentage of both groups, and the impact on both groups is nearly equal, we believe it is unlikely to materially alter the overall results of the comparison of employment results between the two groups.

Another factor that affects monitoring of participant employment is the group members' Social Security numbers (SSNs), which are used to look up employment and wage information. The Program uses the SSNs provided by members at the time of randomization. In Phase 1, 1,903 members provided a SSN at randomization. We tested the 1,903 SSNs through VERIS, specialized software to test the validity of SSNs, and found that 96 percent of them were valid numbers in the Social Security system. Of the 1,903 SSNs, we identified 478 where the name of the member per DOCCS' files did not exactly match the name per DOL's employment records. DOCCS and DOL officials told us there are numerous reasons for such mismatches, including misspellings, and the name used in DOCCS' files, which is from court records of conviction, may be a street name or an alias. Thus, a parolee's name in DOCCS' files may not match the parolee's birth name or the name used on employment records.

DOL officials told us the Federal grant precludes group members, who may not have a valid SSN at randomization, from being dropped from the wage match. However, the contract also specifies how the employment calculation should be adjusted to account for persons without a valid SSN. Additionally, of the 478 mismatches we identified, only 56 had completely different names in the DOCCS and DOL records. The 56 included 39 in the treatment group and 17 in the control group, or 3 percent and 2 percent of the respective groups. Considering the relatively small percentages of those with the highest risk of inaccuracy, and the contract procedure to adjust the results for invalid SSNs, we concluded that DOL's monitoring of employment outcomes produced materially accurate results.

Monitoring Recidivism Outcomes

The PFS contract indicates that DOCCS is responsible for tracking the number of days that group members are re-incarcerated, referred to as "bed days," after they are released on parole. We found that DOCCS accurately monitors individual bed days by matching group members' State Identification Numbers assigned by DOCCS against its data that track parole violators and their release dates. DOCCS has built in several controls to verify the accuracy of the days and to ensure that dates are not double-counted. For example, DOCCS' controls include a random sampling that will be conducted before the measurement of outcomes begins to ensure that bed days were not omitted.

The contract also states that a scaling factor will be applied to the group members' observed recidivism data (ranging from 12 months to three years depending on each individual's release date). The purpose of the scaling factor is to extend the overall impact and savings of the three years of observations to a five-year period as required by the contract. The scaling factor was determined by analysis of historical recidivism data to extrapolate the results out to five years.

Our review of the scaling factor determined it was calculated in a logical manner based on

historical data. Also, we confirmed that the supporting data was selected based on parameters similar to the qualifications of the Program (e.g., non-sex offender, not mentally ill, released in NYC or Rochester), with the exception of including female releases. We analyzed the historical data to assess the impact of including female releases in the scaling factor, and determined it was minimal because female releases made up only about 4 percent of the data. Additionally, because the scaling factor is uniformly applied, this difference does not skew the comparison of the results of the treatment group and the control group. Finally, a November 2014 DOCCS report on inmate recidivism indicates that female releases had a much lower rate of return to prison (29 percent) than men (42 percent). Therefore, we believe inclusion of female release data likely results in a more conservative estimate of expected outcomes. As a result, we conclude that the scaling factor was reasonably estimated. However, for future projects targeted to specific groups of inmates, it would be best to use historical data as similar as possible to the actual Program population.

Audit Scope and Methodology

The objectives of our audit were to determine whether only randomized eligible participants are selected for the Program and whether the employment and recidivism rates are accurately monitored for both the treatment and control groups. We audited selected aspects of the project for Phase 1 for the period October 1, 2013 through September 30, 2016.

To achieve our audit objectives, and determine whether internal controls over the PFS contract were adequate, we reviewed the relevant contracts and 10 related change orders that occurred between October 2013 and March 2016, and the relevant DOCCS policies and procedures. We also interviewed the appropriate DOCCS and DOL officials. To check the randomization, we compared the lists of group members and non-participant inmates and reviewed their records in the DOCCS Under Custody, DOCCS Release, and SRP 500 file systems. We also checked the group members' SSNs through VERIS and tested them against DOL's Unemployment Insurance Database and the PFS Master Data File.

We conducted our performance audit 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 to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating threats to organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed according to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

We provided draft copies of this report to DOL and DOCCS officials for their review and formal comment. We considered DOL's and DOCCS' comments in preparing this final report and attached those comments in their entirety to it. In their responses, DOL and DOCC officials generally agreed with our report's observations and conclusions. Also, based on their comments, we revised the report as appropriate to strengthen the technical presentation of certain matters detailed in it.

Contributors to This Report

John F. Buyce, CPA, CIA, CFE, CGFM, Audit Director

Steve Goss, CFE, CGFM, Audit Manager

Todd J. Seeberger, CIA, CFS, Audit Supervisor

Stephon Pereyra, Examiner-in-Charge

Don Cosgrove, Senior Examiner

Barbara Barfield, Senior Examiner

Marzie McCoy, Senior Editor

Division of State Government Accountability

Andrew A. SanFilippo, Executive Deputy Comptroller

518-474-4593, asanfilippo@osc.state.ny.us

Tina Kim, Deputy Comptroller

518-473-3596, tkim@osc.state.ny.us

Brian Mason, Assistant Comptroller

518-473-0334, bmason@osc.state.ny.us

Vision

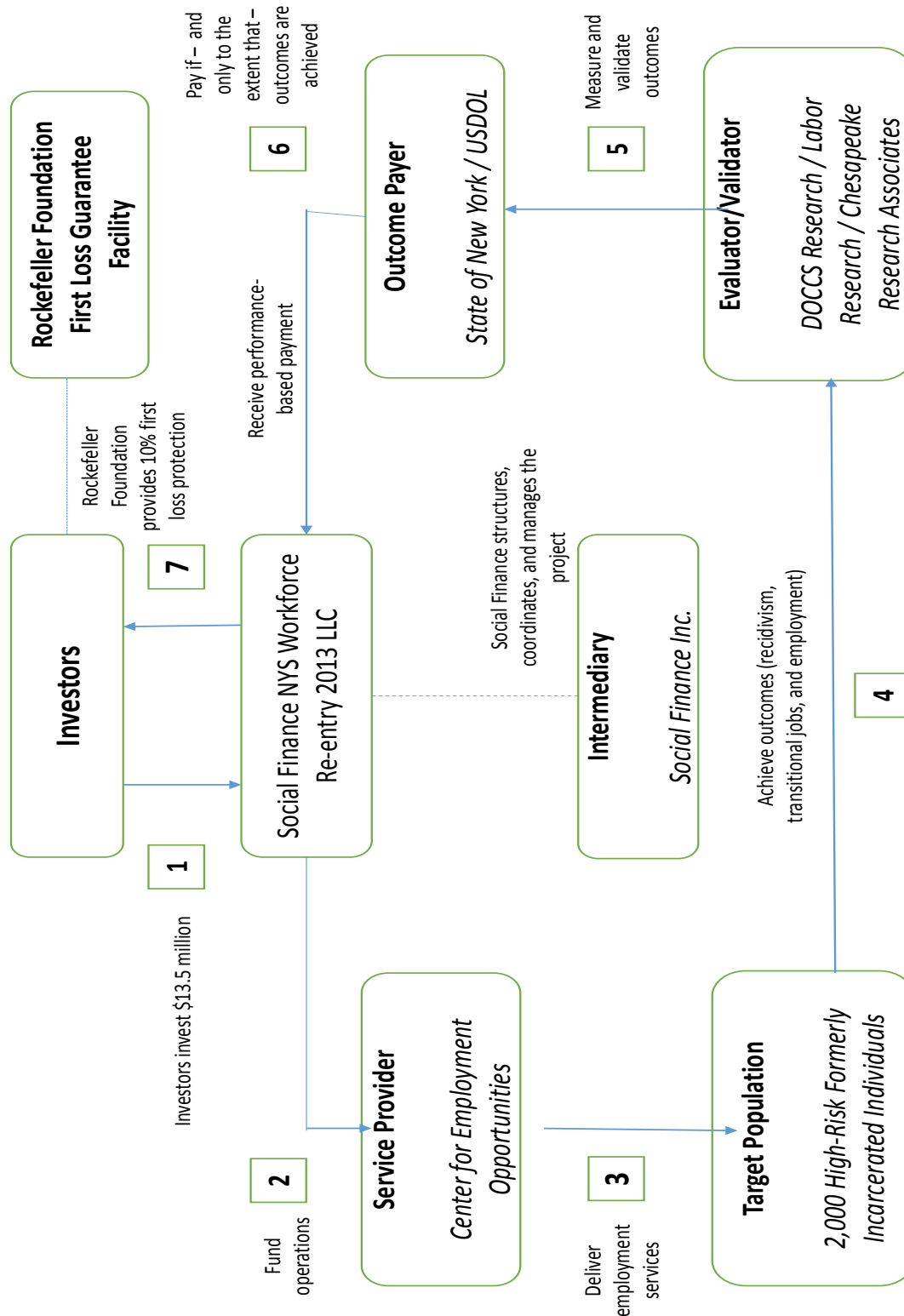
A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Exhibit

Diagram of the New York State PFS Model



Agency Comments - Department of Labor

Mrs. Roberta Reardon

Commissioner
Department of Labor

New York State Department of Labor

Harriman State Office Campus
Building 12, Room 500, Albany, NY 12240
www.labor.ny.gov

February 13, 2017

Mr. John Buyce
Office of the State Comptroller
Division of State Government Accountability
110 State Street - 11th Floor
Albany, NY 12236-0001

Dear Mr. Buyce:

This is in response to your draft audit report received on January 27, 2017, regarding the audit findings in the Draft Audit Report 2016-S-01 Selected Aspects of the Pay for Success (PFS) Program. We appreciate the diligent efforts undertaken by the OSC auditors to understand the PFS initiative, and wish to thank you and the audit team for the information that is provided in this draft audit report. We would also like to acknowledge the continuing collaboration between the Department of Corrections and Community Supervision (DOCCS) and the Department of Labor (DOL) that is necessary in order to successfully achieve the PFS Program objectives.

As verbally communicated by the OSC auditors during the exit conference held on October 18, 2016, the draft audit report confirms that there are no reportable conditions or recommendations requiring a response. As such, after reviewing the draft audit report, DOCCS and DOL are in agreement with the following *Key Findings*:

"We found that, for both the treatment and control groups, only eligible individuals were selected for Program participation and the selection was properly randomized. We also found that the Program has procedures in place to accurately monitor employment of the group members.

Although several conditions complicate the measurement of employment, we found that they did not have a material effect on the results and should not impact measurement of achievement differences between the treatment and control groups. We also determined that DOCCS is properly tracking individual days of re-incarceration to accurately account for recidivism."

In addition, given the importance of the Pay for Success program objectives, there are a few areas in the draft audit report that we believe require some additional clarification. Therefore, we offer the following points for your consideration:



1. On Page 1 of the Executive Summary, in regard to the first sentence of the second paragraph, we offer the following information:
The referral process to the Provider was different for PFS treatment population members than for the control; however, the actual services received (life skills, assignment to transitional work crews, job development) are the same for both the treatment and the control population.
2. On page 1 of the Executive Summary in the Background section, as well as on Page 1 of the draft Audit report in the last sentence of the first paragraph in the section titled "Background" it states:

"High-risk parolees are determined based on several factors, such as their levels of criminal involvement, violence, and family support."

We recommend that the wording in both instances is removed and replaced with the following:
"High-risk parolees are determined based on a clinical assessment instrument used to assist in assessing risk and needs in order to most effectively supervise the releasee. Supervision Status Level is the outcome of the assessment tool which assists in determining the intensity of supervision and management of the criminogenic and stabilization needs."
3. On Page 1 of the draft audit report, we offer the following clarification whereby the second bullet would read, "Be high risk parolees, *based on COMPAS supervision level*;"
4. On page 6 of the draft audit report, we recommend updating to second bullet to read "Chesapeake Research Associates;"
5. On Page 6 of the draft audit report, in the chart, we recommend replacing the definition for Transitional Jobs with *Average hours worked in Transitional Jobs*. Also in the same chart for Transitional Jobs, under the Minimum Performance Measures column, we recommend deleting the first three lines and offer the following clarifying information as justification. *We agree that it is true that payments for Transitional Jobs are made only if the minimum recidivism measure is met, however, the payment for Transitional Jobs differs if the Average hours worked in TJ is greater than or equal to 111.0 hours or if it is less than 111.0 hours.*

If you have any questions or concerns please contact Julie Keating, Workforce Programs Manager II at (518) 457-9530.

Sincerely,

Roberta Reardon



CC: Mario Musolino, DOL Executive Deputy Commissioner
Karen Coleman, DOL Deputy Commissioner Workforce Development
Julie Keating, DOL, Workforce Programs Manager II
Patrick Pascarella, DOL, Employment Services Manager 1
Michael Vaccaro, Director, DOL Internal Audit Unit

Dr. David Aziz, Director DOCCS Program Planning Research & Evaluation
Paul Guenette, Director, DOCCS Bureau of Internal Controls
Jeffrey Nesich, Director, DOCCS Internal Audit Unit
Michael L. Graziano, DOCCS Assistant Commissioner
Osbourne A. McKay, DOCCS Deputy Commissioner



Agency Comments - Department of Corrections and Community Supervision



Corrections and Community Supervision

ANDREW M. CUOMO
Governor

ANTHONY J. ANNUCCI
Acting Commissioner

February 28, 2017

John Buyce
Audit Director Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Re: Report 2016-S-1 "Selected Aspects of the Pay for Success Program"

Dear Mr. Buyce:

This letter is in response to your draft audit report received on January 27, 2017, regarding the audit findings in Draft Audit Report 2016-S-01 "Selected Aspects of the Pay for Success (PFS) Program." The Department of Corrections and Community Supervision (DOCCS) recognizes the diligent efforts undertaken by the Office of the State Comptroller (OSC) auditors to understand the PFS initiative and acknowledges the continued collaboration between DOCCS and the Department of Labor (DOL) to successfully achieve the PFS Program objectives.

As verbally communicated by the OSC auditors during the exit conference held on October 18, 2016, the draft audit report confirms that there are no reportable conditions or recommendations which require a response. After reviewing the draft audit report, DOCCS and DOL agree with the following *Key Findings*:

"We found that, for both the treatment and control groups, only eligible individuals were selected for Program participation and the selection was properly randomized. We also found that the Program has procedures in place to accurately monitor employment of the group members. Although several conditions complicate the measurement of employment, we found that they did not have a material effect on the results and should not impact measurement of achievement differences between the treatment and control groups. We also determined that DOCCS is properly tracking individual days of re-incarceration to accurately account for recidivism."

However, given the importance of the PFS program objectives, there are a few areas in the draft audit report that would benefit from additional clarification. DOCCS offers the following points for your consideration:

1. Within the Executive Summary on page 1, in regard to the first sentence of the second paragraph, DOCCS offers the following information:

The referral process to the Provider was different for PFS treatment population members than for the control; however, the actual services received (life skills, assignment to transitional work crews, job development) are the same for both the treatment and the control population.

2. Within the Background Section of the Executive Summary on page 1, as well as on page 5 of the draft audit report in the last sentence of the first paragraph in the section titled "Background" it states:

"High-risk parolees are determined based on several factors, such as their levels of criminal involvement, violence, and family support."

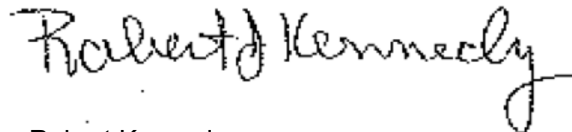
DOCCS recommends that the wording in both instances is removed and replaced with the following:

"High-risk parolees are determined based on a clinical assessment instrument used to assist in assessing risk and needs in order to most effectively supervise the releasee. Supervision Status Level is the outcome of the assessment tool which assists in determining the intensity of supervision and management of the criminogenic and stabilization needs."

3. On page 5 of the draft audit report, DOCCS offers the following clarification whereby the second bullet would read, "Be high risk parolees, *based on COMPAS supervision level*,"
4. On page 6 of the draft audit report, DOCCS recommends updating to second bullet to read "Chesapeake Research Associates;"
5. On page 6 of the draft audit report, in the chart, DOCCS recommends replacing the definition for Transitional Jobs with *Average hours worked in Transitional Jobs*. Also, in the same chart for Transitional Jobs, under the Minimum Performance Measures column, DOCCS recommends deleting the first three lines and offer the following clarifying information as justification. *We agree that it is true that payments for Transitional Jobs are made only if the minimum recidivism measure is met, however, the payment for Transitional Jobs differs if the Average hours worked in TJ is greater than or equal to 111.0 hours or if it is less than 111.0 hours.*

On behalf of the Department, thank you for the opportunity to respond to the draft audit report. If there are any questions, please contact Paul Guenette, Director, Bureau of Internal Controls at (518) 436-7886, Extension 5030.

Sincerely,



Robert Kennedy
Associate Commissioner

cc: Anthony J. Annucci, Acting Commissioner
Osbourne A. McKay, Deputy Commissioner, Correctional Industries,
Compliance Standards and Diversity
Kevin Bruen, Deputy Commissioner and Counsel
Daniel Martuscello III, Deputy Commissioner Administrative Services
Steven Claudio, Deputy Commissioner Community Supervision
Michael Tiffany, Special Counsel
Michael Graziano, Assistant Commissioner
Dr. David Aziz, Director Program Planning & Research
Sara Bryans, Chief Program Planning
Paul Guenette, Director, Bureau of Internal Controls
Jeff Nesich, Director, Internal Audit Unit
Mario Musolino, DOL Executive Deputy Commissioner
Julie Keating, DOL Workforce Programs Manager
Patrick Pascarella, DOL, Employment Services Manager 1
Michael Vaccaro, DOL Director Internal Audit
Andrew A. SanFilippo, Executive Deputy Comptroller
Tina Kim, Deputy Comptroller
Brian Mason, Assistant Comptroller