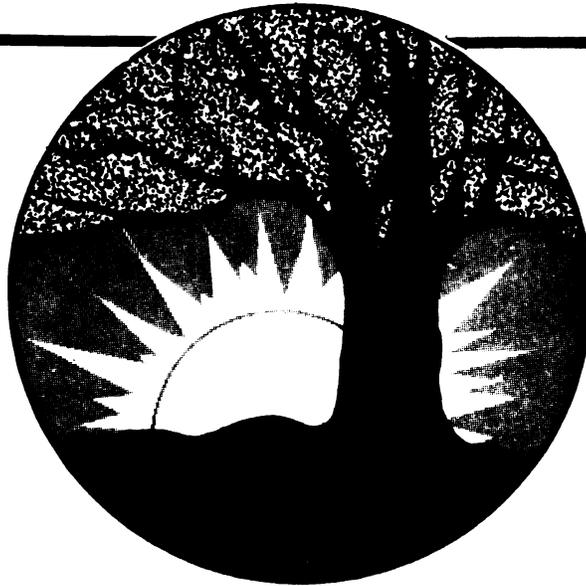


# PERFORMANCE AUDIT

Tennessee Rehabilitative Initiative in Correction  
July 2013



Justin P. Wilson  
Comptroller of the Treasury



State of Tennessee  
Comptroller of the Treasury  
Department of Audit  
Division of State Audit

***Deborah V. Loveless, CPA, CGFM***  
Director

***Joseph Schussler, CPA, CGFM***  
Assistant Director

***Diana Jones, CGFM***  
Audit Manager

***Mason Ball, CPA, CGFM***  
In-Charge Auditor

***Amy Brack***  
Editor

***Amanda Adams***  
Assistant Editor

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-1402  
(615) 401-7897

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**

DEPARTMENT OF AUDIT  
DIVISION OF STATE AUDIT

SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7897  
FAX (615) 532-2765

July 30, 2013

The Honorable Ron Ramsey  
Speaker of the Senate  
The Honorable Beth Harwell  
Speaker of the House of Representatives  
The Honorable Mike Bell, Chair  
Senate Committee on Government Operations  
The Honorable Judd Matheny, Chair  
House Committee on Government Operations  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Tennessee Rehabilitative Initiative in Correction. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the Tennessee Rehabilitative Initiative in Correction's board should be continued, restructured, or terminated.

Sincerely,

A handwritten signature in black ink that reads "Deborah V. Loveless".

Deborah V. Loveless, CPA  
Director

DVL/dlj  
13-013

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit

**Tennessee Rehabilitative Initiative in Correction**

July 2013

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## AUDIT OBJECTIVES

The objectives of the audit were to review TRICOR's solicitation and contract monitoring procedures to determine compliance with TRICOR and state policies and procedures; to determine whether the membership of the TRICOR Board of Directors is in compliance with statute and whether board members (as well as staff) complete conflict-of-interest forms; to review the TRICOR Supplemental Pay Plan to determine how objectives are determined and whether the incentives have been paid out in prior years; to review TRICOR programs at Tennessee Department of Correction facilities and other locations to determine whether programs are monitored and/or evaluated for effectiveness of offender training and self-sufficiency; to review TRICOR's Financial Integrity Act report and compliance with filing the report by December 31 of each calendar year with the Department of Finance and Administration and the Comptroller of the Treasury; and to review the transition of Cook Chill from private operation to TRICOR management and TRICOR's future plans for the Tennessee Cook Chill program.

## FINDING

### **TRICOR Did Not Establish Procedures for Creating, Administering, and Monitoring Professional Service Contracts; Several Weaknesses Were Identified in the Contract Files Reviewed**

TRICOR has not established written guidelines for dealing with professional service contracts, and the audit identified several weaknesses in the files, such as management paying vendors for services prior to the contract becoming a legal document and paying contractors in excess of the legal contract maximum liability (page 8).

## OBSERVATIONS AND COMMENTS

The audit also discusses the following issues: documentation of conflicts of interest; structure of the Board of Directors; TRICOR's Supplemental Pay Plan; the Cook Chill Program; TRICOR management's monitoring and evaluation of programs; and submission of the Financial Integrity Act report (page 16).

# Performance Audit Tennessee Rehabilitative Initiative in Correction

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# **Performance Audit Tennessee Rehabilitative Initiative in Correction**

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## **INTRODUCTION**

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### **PURPOSE AND AUTHORITY FOR THE AUDIT**

This performance audit of the Tennessee Rehabilitative Initiative in Correction (TRICOR) was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-235, the TRICOR board is scheduled to terminate June 30, 2014. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. The audit is intended to aid the committee in determining whether the TRICOR board should be continued, restructured, or terminated.

### **OBJECTIVES OF THE AUDIT**

The objectives of the audit were

1. to review TRICOR's solicitation and contract monitoring procedures to determine compliance with TRICOR and state policies and procedures;
2. to review the TRICOR Board of Directors to determine whether the membership is in compliance with statute and whether board members (as well as staff) complete conflict-of-interest forms;
3. to review the TRICOR Supplemental Pay Plan to determine how objectives are determined and whether the incentives have been paid out in prior years;
4. to review the transition of Cook Chill from private operation to TRICOR management and TRICOR's future plans for the Tennessee Cook Chill program;
5. to review TRICOR programs at Tennessee Department of Correction (TDOC) facilities and other locations to determine whether programs are monitored and/or evaluated for effectiveness of offender training and self-sufficiency; and
6. to review TRICOR's Financial Integrity Act report and compliance with filing the report by December 31 of each calendar year with the Department of Finance and Administration and the Comptroller of the Treasury.

## **SCOPE AND METHODOLOGY OF THE AUDIT**

The activities of the Tennessee Rehabilitative Initiative in Correction were reviewed for the period July 1, 2009, to June 30, 2012. We conducted this 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. Methods used included

1. review of applicable legislation and policies and procedures;
2. examination of TRICOR's records, reports, and information summaries; and
3. interviews with TRICOR staff, staff of other state agencies, and external organizations that interact with the agency.

## **STATUTORY RESPONSIBILITIES AND ORGANIZATION**

The Tennessee Rehabilitative Initiative in Correction (TRICOR) was created in 1994 by the Tennessee General Assembly to provide occupational and life skills training for Tennessee's incarcerated population through job training, program opportunities, and transitional services designed to assist offenders with a successful reintegration into society. TRICOR's philosophy is to effectively manage revenue-supported industry, agriculture, and service operations for the purpose of employing and training offenders, providing quality products and services, and assisting in transition services, all of which reduce the cost of government. TRICOR receives no state or federal appropriations, and is financially self-supporting, generating one hundred percent of the agency's revenue through the sale of products and services.

Exhibit 1 on pages 4 and 5 details TRICOR staff's leadership team, under the direction of the Chief Executive Officer, and further details TRICOR's business and offender programs, under the direction of the Chief Operations Officer. TRICOR operations, in partnership with the Tennessee Department of Correction (TDOC), are located in ten correctional facilities and four non-correctional locations throughout the state. (See Exhibit 2.) According to a fiscal year 2013 agency report, TRICOR had provided 1,163 offenders occupational skills training as of the end of the second quarter of fiscal year 2013. TDOC estimates that its fiscal year 2013 programming cost for an offender in a vocational program is \$4,259 (or \$2.73 per hour using a 1,560-hour work year). An inmate's assignment to TRICOR occupational skills programs alleviates the need for taxpayer-funded expenditures to provide similar TDOC training. In addition to the savings in program costs, TRICOR deducts 35% of the inmate's earnings and transfers the money to TDOC to cover a portion of the inmate's cost of room and board. Another 5% of earnings is deducted and placed in the Tennessee Criminal Injuries Compensation Fund.

TRICOR is governed by a board of directors appointed by the Governor. The board is required by Section 41-22-405, *Tennessee Code Annotated*, to consist of the following nine voting members:

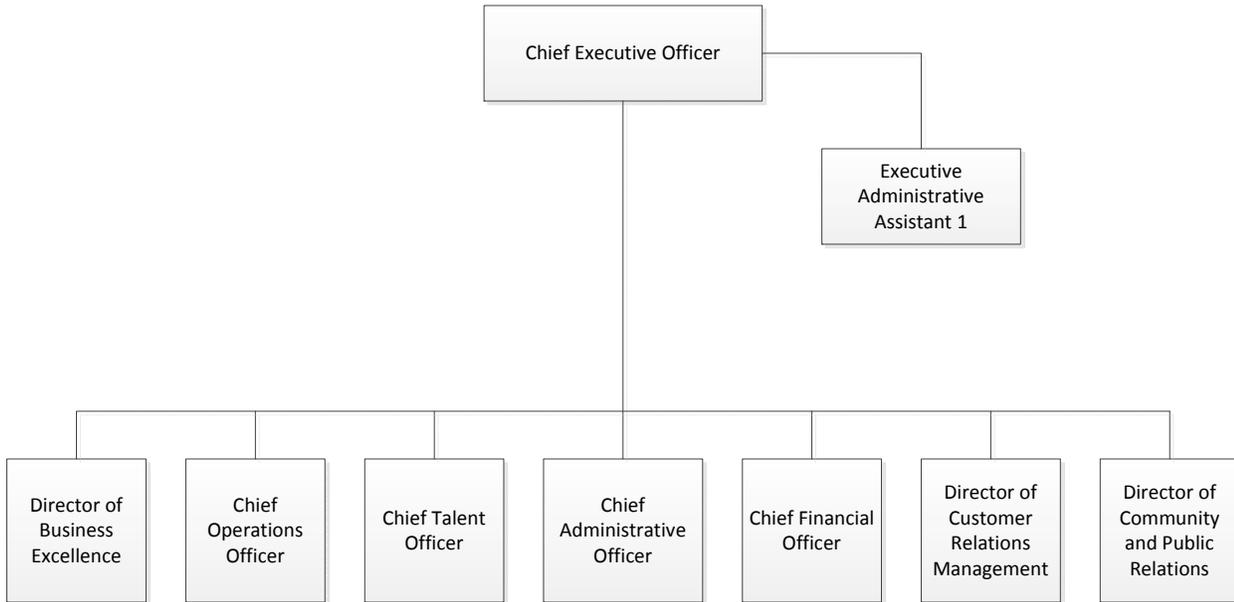
- at least one person with eminence in the field of manufacturing;
- at least one person with eminence in the field of labor;
- at least one person with eminence in the field of agriculture;
- at least one person with eminence in the field of fiscal management;
- an attorney with a strong background in business or corporate law;
- the Executive Director of the Tennessee State Employees Association;
- the Chief Executive Officer of TRICOR; and
- the remaining members are to be persons with professional experience appropriate for assisting in carrying out TRICOR's mission, in disciplines such as sales and marketing and human resources and relations.

The Commissioner of the Tennessee Department of Correction serves as an ex-officio nonvoting member.

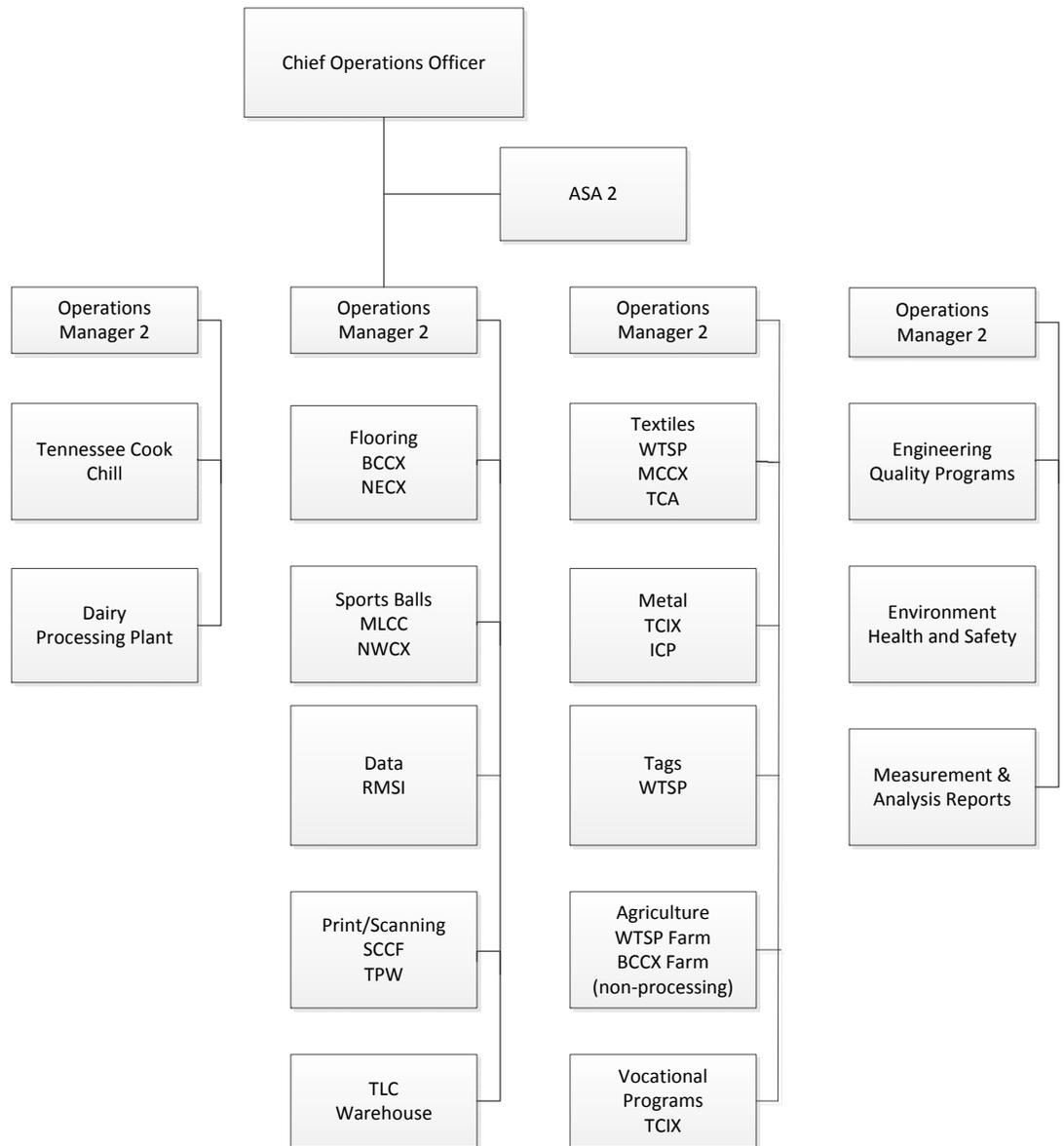
In making appointments to the board, the Governor is to ensure that at least one person appointed is a member of a racial minority and at least one person appointed to the board is a female.

As of April 2013, the board had one vacancy, the member representing the field of fiscal management. The fiscal management member (who was also the minority member appointed by the Governor) resigned during fiscal year 2012. As of April, the board had one minority member, the Commissioner of the Department of Correction, but he is not a voting member. TRICOR management indicated that as of March 12, 2013, three fiscal management candidates who are also minorities had been identified. As of July 2013, TRICOR management stated that the Governor had appointed a fiscal management member (who is a minority) and that the member had attended the June board meeting.

Exhibit 1  
TRICOR Organizational Chart  
TRICOR Leadership Team



# Exhibit 1 (Cont.) TRICOR Business and Offender Programs



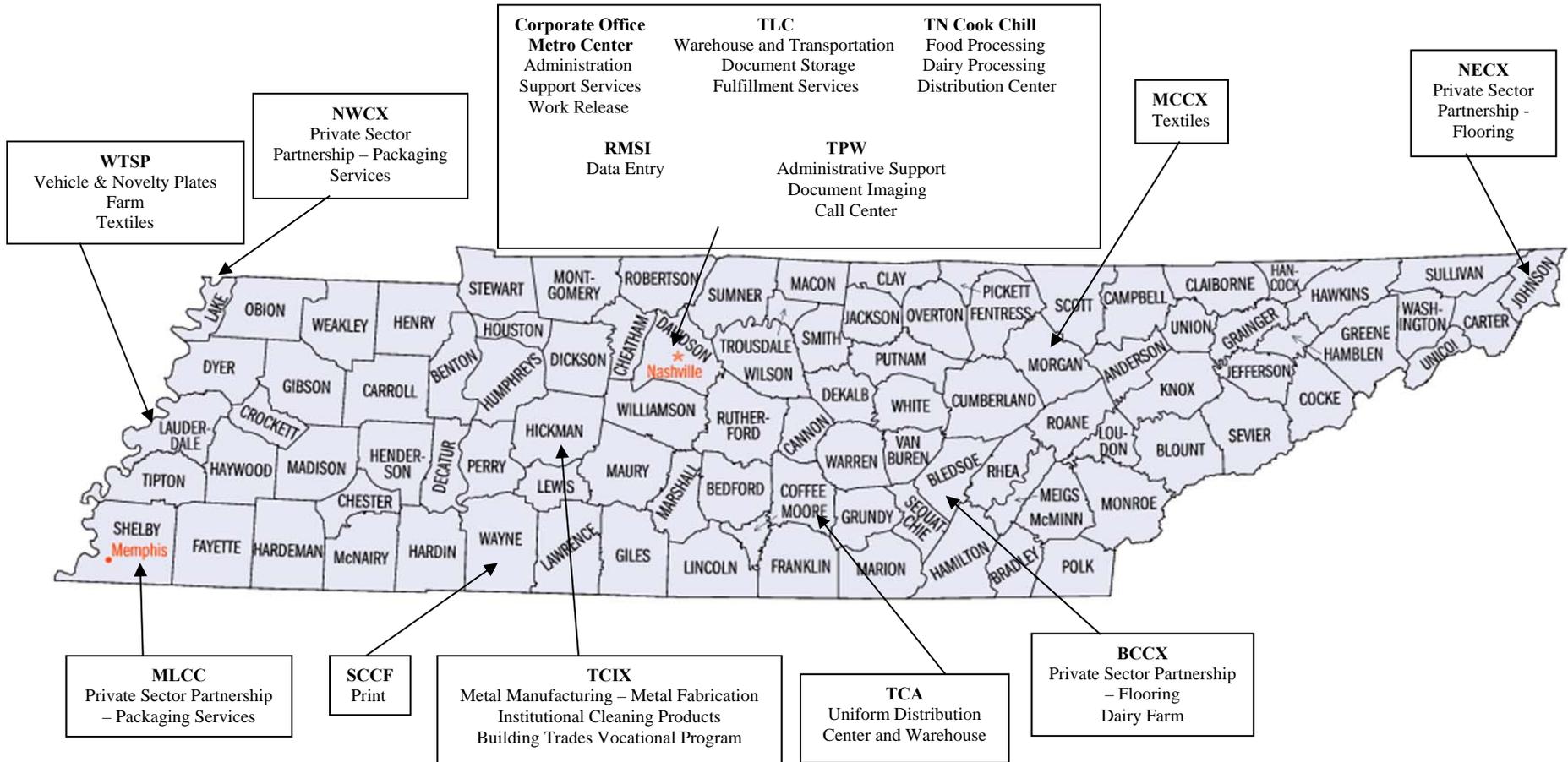
**KEY: TDOC Facilities**

- BCCX – Bledsoe County Correctional Complex
- NECX – Northeast Correctional Complex
- MLCC – Mark Luttrell Correctional Complex
- NWCX – Northwest Correctional Complex
- RMSI – Riverbend Maximum Security Institution
- SCCF – South Central Correctional Facility
- TPW – Tennessee Prison for Women
- MCCX – Morgan County Correctional Complex
- TCIX – Turney Center Industrial Complex
- WTSP – West Tennessee State Penitentiary

**Other acronyms**

- TLC – TRICOR Logistic Center  
(warehouse)
- ICP – Industrial Cleaning Products
- BEU – Business Excellence Unit
- TCA – Tennessee Correctional Academy

## EXHIBIT 2 TRICOR PROGRAMS AND LOCATIONS AS OF APRIL 2013\*



\*See Organization Chart key on page 5 for details.

## REVENUES AND EXPENDITURES

### Statement of Revenues and Expenses Revenues by Source For the Fiscal Year Ending June 30, 2012

Source	Amount	Percent of Total
Current Services	\$ 8,274,451*	23%
Interdepartmental	28,269,795*	77%
<b>Total Revenue</b>	<b>\$36,544,246</b>	<b>100%</b>

\*Based on 6/30/2012 Trial Balance.

### Statement of Revenues and Expenses Expenses by Account For the Fiscal Year Ending June 30, 2012

Account	Amount	Percent of Total
Payroll and Benefits	\$ 7,677,293*	22%
Operating	27,007,131*	78%
<b>Total Expenses</b>	<b>\$34,684,424</b>	<b>100%</b>

\*Based on 6/30/2012 Trial Balance.

### Estimated Expenses For the Fiscal Year Ending June 30, 2013

Source	Amount	Percent of Total
Payroll and Benefits	\$10,038,000	26%
Operating	28,481,900	74%
<b>Total Expenses</b>	<b>\$38,519,900</b>	<b>100%</b>

---

## FINDING AND RECOMMENDATION

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### **TRICOR did not establish procedures for creating, administering, and monitoring professional service contracts; several weaknesses were identified in the contract files reviewed**

#### **Finding**

The Tennessee Rehabilitative Initiative in Correction (TRICOR) has not established written guidelines for dealing with professional service contracts, and we identified weaknesses in the files such as management paying vendors for services prior to the contract becoming a legal document and paying contractors in excess of the legal contract maximum liability. (Table 1 [on page 14] and pages 9 to 11 detail weaknesses identified during the review of contract files.)

TRICOR statutes authorize its board of directors to purchase and contract for materials and services. Section 41-22-406 (a)(2), *Tennessee Code Annotated*, authorizes the board to “cause to be purchased and to develop the method for purchasing raw materials, supplies, services, not to include ongoing personnel, and equipment necessary for the production and timely delivery of TRICOR products.” Section 41-22-408(a) authorizes the board to “contract for professional services, for which reimbursement may be established on an incentive basis, and for the lease or purchase of property and equipment, to be provided for TRICOR, that is necessary for the efficient discharge of its duties to manage and operate.” Section 41-22-406(b) states, “Notwithstanding any other provisions of law to the contrary, it is the responsibility of the board to develop policies and procedures to ensure, to the extent practicable, that purchases made on behalf of TRICOR are at the lowest possible price, while at the same time ensuring quality and timely delivery. The TRICOR board of directors shall file the policies and procedures with the board of standards for the board’s review and approval.”

TRICOR Policy 311.01, “Purchasing Procedures Manual,” provides guidelines for the purchase of raw materials but does not include guidelines for professional service contracts. (See page 19 for information regarding the auditor’s review of TRICOR raw material contracts.) During discussions with TRICOR management, we determined that TRICOR does not have any written guidelines for creating, administering, or monitoring vendor professional service contracts.

#### TRICOR Professional Service Contract Weaknesses

We reviewed a random sample of 15 files that TRICOR classifies as vendor professional service contracts to determine whether TRICOR complied with agency and state policies and procedures.

*Attachments to the Professional Service Contracts Were Not Completed and/or Signed and Dated*

Five of the 15 contracts reviewed (33%) had attachments to the contracts that were incomplete, not signed, or not dated. One of the contracts had an Attachment A – Component Milestones, which described the services the vendor was expected to provide. This contract file had an original contract and a contract amendment. The amendment required the vendor to provide three additional presentations and increased the original contract maximum liability. But the Attachment A to the amendment was the original contract Attachment A; thus, the additional requirements expected of the vendor were not included in Attachment A to the amendment. The second contract had two attachments. Attachment A – Attestation Regarding Personnel Used in the Contract Performance (which documents that the contractor will not use the services of illegal immigrants) was not filled out. Attachment B – Contractor/Consultant Non-Competitive Covenant was appropriately signed but not completely filled out. The same Attachment B of the third contract was also missing the contractor’s name on the form. The fourth contract had an Attachment A – Attestation RE Personnel Used in Contract Performance, but the form did not contain the contractor’s legal name, Federal Employer Identification Number, or signature date. Attachment B – Contractor/Consultant Non-Competitive Covenant was not signed and dated by the TRICOR CEO. The fifth contract had an Attachment A that was signed but not dated. If TRICOR decides to add legal requirements to a contract, management should ensure that the attachments are properly completed and signed and dated by the contractor and the TRICOR CEO, as appropriate.

*TRICOR Paid Vendors for Services That Were Provided Before the Contract Was Legal and Paid Two Contractors More Than the Contract Maximum Liability*

Four vendors in our file review provided services and submitted invoices for payment before the contract was legal or binding. TRICOR also paid two of these vendors in excess of the contract maximum liability.

Contract TR316.08.11.77-00 was to be effective March 14, 2011, and end March 13, 2012. However, the contract was not signed by the vendor until June 21, 2011, and was not signed by the TRICOR CEO until July 26, 2011. Even though the contract was not effective until July 26, 2011, the vendor submitted invoices for services provided March 22, 2011, through July 25, 2011, and TRICOR paid the invoices. According to section D.1 of the contract, “The State is not bound by this Contract until it is signed by the contract parties.” TRICOR paid the vendor \$9,853.58 for 311 hours of service, travel, and meal allowances prior to the contract becoming legal and binding. TRICOR later amended this contract to extend the period to March 13, 2013, but the amendment was not signed by the vendor until March 26, 2012, and by the CEO on March 28, 2012. The vendor continued to submit invoices for payment even though the original contract ended on March 13, 2012, and was not signed by the TRICOR CEO until March 28, 2012. TRICOR paid the vendor for 65 hours of services between the end of the original contract and the signing of the contract amendment (March 14, 2012, to March 27, 2012) to extend the contract for another year. The vendor was improperly paid a total of \$11,478.58. The vendor should not have provided services before signing the contract, and TRICOR should not have made payments for services provided before the contract was signed

by both parties. Contract TR316.08.12.87-00 was to be effective February 20, 2012, through February 19, 2013; the vendor signed the contract on February 16, 2012, and the TRICOR CEO signed the contract on February 22, 2012. The contract file contained vendor invoices for services provided February 13 to February 21, 2012, and TRICOR paid the vendor for the service hours billed. This resulted in an improper payment of \$975 for 39 hours of services provided before the contract was effective and had been signed by both parties to make the contract legal and binding.

Contract TR316.08.11.75-00 was to be effective February 20, 2011, through February 19, 2012. Although the vendor signed the contract on February 18, 2011, the TRICOR CEO did not sign the contract until May 26, 2011. The vendor submitted an invoice for services provided during March/April/May 2011 for \$7,500, and TRICOR paid the vendor. The vendor also submitted invoices for June 2011, August 2011, and July 2011 through February 2012. TRICOR paid the vendor for the invoices submitted and paid for the month of August 2011 twice. This resulted in the vendor receiving a total of \$32,500, exceeding the contract maximum liability of \$30,000. TRICOR made improper payments of \$10,000 for services provided prior to both parties signing the contract and for a duplicate payment for one month of service. Mismanagement of contracts and paying for services prior to the contract effective date increase the risk of fraud, waste, and abuse.

Contract TR316.08.10.67-00 was to be effective June 1, 2010, through June 30, 2011, and was signed by the vendor on May 23, 2010, and by the TRICOR CEO on June 3, 2010. Attachment A to the contract indicated the services that would be provided by the vendor and included an employee kickoff in February 2010, which occurred prior to the contract being signed by both parties and becoming a legal and binding agreement. The vendor also charged TRICOR \$2,500 on two separate invoices for presentations under this contract. However, these two presentations were supposed to be charged to Contract TR316.08.11.72-00. TRICOR approved the charges and paid the \$5,000 under Contract TR316.08.10.67-00, resulting in contract payments of \$108,157.57, which exceeded the contract maximum liability of \$105,550.02. TRICOR should develop a method to track payments to the vendor contract and purchase order (PO) to ensure total payments on the contract and PO do not exceed the maximum liability of the contract. TRICOR fiscal staff should also verify that invoice charges are allowed under the contract agreement or related PO associated with the contract.

TRICOR staff enter contract-related data into TIMS (TRICOR Integrated Management System), the TRICOR accounting system. TRICOR staff must verify payment information in TIMS since the Edison vendor disbursement history report does not provide contract or PO information.

According to TRICOR's Controller, TIMS requires a three-way match before a payment can be requested in Edison for a "raw material" contract. There have to be a purchase order (PO), an item receipt list (packing or shipment list), and an invoice. A buyer/planner creates the PO, an individual at the location receiving the items verifies the items were received, and fiscal staff enter the invoice information. A payment cannot be requested in Edison until the PO is closed, and if a PO is closed, the invoice cannot be paid multiple times. A professional service contract has three documents: contract agreement, PO, and vendor invoice. To appropriately

monitor vendor payments, TIMS should connect a contract number to a PO and to the vendor's invoice. Tracking the three documents during the payment process might have prevented paying more than the contract maximum liability on the two contracts mentioned above. But during the file reviews, we observed that 7 of the 15 contracts (47%) were not assigned to a specific PO. The three-way document review (contract/PO/invoice) should be a part of the invoice approval and payment process to reduce the possibility of fraud, waste, and abuse.

#### *TRICOR Staff Approved Vendor Invoices With Errors for Payment*

One vendor (Contract TR316.08.12.87-00) submitted weekly timesheets as the invoice for payment. One invoice (#63) was received on June 15, 2012 and paid for the time period June 11 to June 15, 2012. The same invoice (#63) was also received on June 22, 2012, and paid for the same time period, June 11 to June 15, 2012. Another invoice (#68) was received on July 20, 2012, and paid for the time period July 16 to July 20, 2012. The same invoice (#68) was received on July 27, 2012, with "Invoice #68" marked out and "#69" written in yet was for the time period July 16 to July 20, 2012. The TRICOR staff that approved the invoice (timesheet) and the payment failed to notice the errors on the invoice (timesheet) statements. As mentioned earlier, another contract (TR316.08.10.67-00) charged \$5,000 for speaker fees that should have been paid under Contract TR316.08.11.72-00, and a third vendor (Contract TR316.08.11.75-00) billed TRICOR twice for one month of service (\$2,500). Invoice items should be verified and tied to the appropriate contract and PO before payments are sent to the vendor to avoid the risk of payment errors, fraud, waste, and abuse.

#### Additional Recommendations to Improve Professional Service Contract Procedures

In addition to the contract weaknesses detailed above, we identified two areas where we believe changes should be made in the process to improve documentation and accountability.

#### *Vendor Selection Process Should Be Documented*

TRICOR contracted with vendors and did not document whether an attempt was made to find the lowest possible price for the service to meet TRICOR needs. Twelve of the 15 files we reviewed did not contain any documentation that TRICOR staff attempted to communicate with more than one vendor for the professional services provided. One folder contained a sole source memo, but the justification was that the vendor "had provided services to several of my acquaintances and knew him to be effective and timely." The vendor was a graphic designer and TRICOR did not document any attempt to contact other graphic designers in the area to determine whether the vendor provided the needed service at the lowest possible price. Failure to contact more than one vendor does not ensure that the lowest possible price has been obtained.

TRICOR Policy 311.01 – Purchasing Procedures Manual, section H, provides guidelines for sole source purchasing. According to the manual, sole source purchases must meet one or more of the following criteria:

- a. The vendor's product possesses exclusive and/or predominant capabilities or contains a patented feature.

- b. The product or service is unique and easily established as one of a kind.
- c. The product is only available from one source and not merchandized through wholesalers, jobbers, or retailers.
- d. Items are interchangeable or compatible with existing items.

The manual states that the individual initiating the purchase must provide a written justification for the sole source that includes, but is not limited to, all applicable criteria identified above. The individual initiating the purchase must request a letter from the vendor stating that it is the sole supplier of the product or the product is not sold through other distributors. Purchasing staff are to document, within the purchasing file, all contacted vendors to verify and substantiate the sole source requirement.

TRICOR management's position is that Section 41-22-408(a), *Tennessee Code Annotated*, allows TRICOR to make purchases of professional services and does not require that TRICOR document that a selected vendor is the sole source. TRICOR does not contend that these contracts were entered into as sole source contracts and, therefore, believes that documentation is not required to justify that there were no other vendors available to provide the services. However, one of the files contained a "sole source memo" (as mentioned above) and for two other contracted services (one marketing and one security) that were reviewed, TRICOR sent out multiple solicitations for bids and evaluated the vendors before awarding the contract to the lowest bidder. We believe that TRICOR's focus on Section 41-22-408(a) disregards Section 41-22-406(b), which requires its board "to develop policies and procedures to ensure, to the extent practicable, that purchases made on behalf of TRICOR are at the lowest possible price." The board cannot guarantee the lowest possible price when only one vendor is considered for contracted services. This practice increases the possibility of fraud, waste, and abuse.

#### *Management Should Document the Review and Approval of Professional Service Contracts*

When we reviewed the "raw material" contracts, each contract had a contract routing sheet that included dates and signatures by TRICOR management (CFO, Staff Attorney, Manager, and CEO) and the contractor. (See page 19 for additional information regarding raw material contracts.) The contract routing sheet (CRS) documented that TRICOR management involved in the contracting process had reviewed the contract. The CRS was included in 12 of the 15 professional service files reviewed (80%) but 8 of the 12 files (67%) did not have any management signatures to indicate that the contract had been reviewed. Three of the 15 files (20%) did not have a CRS attached or included in the contract file. Since TRICOR does not have any written procedures for the creation of professional service contracts, the TRICOR staff did not document that the contracts were reviewed and approved by management involved in the contracting process. When contracts are not reviewed by management, the risk of fraud, waste, and abuse is increased.

### **Recommendation**

TRICOR management should develop written procedures for professional service contracts and submit the procedures to the TRICOR Board of Directors for approval. The Board of Directors should submit these procedures to the Board of Standards for review and approval in accordance with Section 41-22-406(b), *Tennessee Code Annotated*. The procedures should require documentation of the vendor selection process, documentation for classifying a vendor as a sole source, timely management review and approval of contracts, appropriate signatures by both parties prior to the vendor providing services, appropriate contract information entered into TIMS, and a process for connecting contract liability with purchase orders and vendor invoices to avoid contract payment errors.

### **Management's Comment**

We concur. As noted in the finding, Section 41-22-408(a), *Tennessee Code Annotated*, authorizes TRICOR to contract for professional services. Within the parameters of the statute and Section 41-22-406(b), TRICOR has taken all steps necessary to strengthen procedures and controls over contracting. Prior to the audit, TRICOR financial leadership had been replaced and an internal review was conducted of our processes by the new team. The weaknesses identified have been addressed through changes to TRICOR Policy 311.01, "Purchasing Procedures"; improvements to controls over processing invoices for contracted services; and strengthening internal processes.

Documentation, accuracy of payment, and accountability are of utmost importance to TRICOR. TRICOR management will continue to evaluate our processes and internal controls and will implement new procedures as necessary.

**Table 1**  
**Service Contract Weaknesses (or Areas Needing Improvement) Found During File Review\***  
**Fiscal Years 2010 through 2012**  
**(Shaded Area Indicates Contract Weaknesses or Recommended Improvements)**

	Contract Number and Description of Services	Contract Maximum Liability and Contract Period	Contract Weakness Identified During Audit File Review					Improvements to Contract Procedures **	
			File Documented Contract Attachments Completed, Signed, and Dated	TRICOR Paid Vendor for Services Prior to Legal Contract	TRICOR Paid Vendor More Than Contract Maximum Liability	TRICOR Assigned Purchase Order to Contract	TRICOR Approved Vendor Invoice With Errors for Payment	File Documents Vendor Selection Process	File Documents Management Review and Approval of Contract
1	TR316.08.10.67-00 Professional Development Training	\$105,550 6-1-10 to 6-30-11	N	Y	Y	Y	Y	N	N
2	TR316.08.12.88-00 Professional Development Training	\$121,000 2-15-12 to 1-31-13	N	N	N	N	N	N	N
3	TR316.08.11.72-00 Professional Development Training	\$13,000 11-10-10 to 6-30-11	N	N	N	Y	Y*	N	N
4	TR316.08.10.64-00 Graphic Design	\$12,000 2-15-10 to 1-31-11	Y	N	N	N	N	N	N
5	TR316.08.10.62-00 Marketing Videos	\$6,500 10-1-09 to 3-31-10	Y	N	N	N	N	N	N
6	TR316.08.11.78-00 Offender Program Management System Design Services	\$36,000 5-9-11 to 6-30-11	Y	N	N	Y	N	N	N
7	TR316.08.12.84-00 Business Development and Consultation Services	\$5,770 1-23-12 to 1-27-12	N	N	N	N	N	N	N
8	TR316.08.12.83-00 Development of 5-year Nutrient and Manure Management Plan	\$11,025 10-10-11 to 10-30-11	Y	N	N	N	N	N	N
9	TR316.08.12.87-00 Provision of Building Trades Instruction	\$45,250 2-20-12 to 2-19-13	Y	Y	N	Y	Y	N	Y

		<b>Contract Weakness Identified During Audit File Review</b>						<b>Improvements to Contract Procedures **</b>	
	<b>Contract Number and Description of Services</b>	<b>Contract Maximum Liability and Contract Period</b>	<b>File Documented Contract Attachments Completed, Signed, and Dated</b>	<b>TRICOR Paid Vendor for Services Prior to Legal Contract</b>	<b>TRICOR Paid Vendor More Than Contract Maximum Liability</b>	<b>TRICOR Assigned Purchase Order to Contract</b>	<b>TRICOR Approved Vendor Invoice With Errors for Payment</b>	<b>File Documents Vendor Selection Process</b>	<b>File Documents Management Review and Approval of Contract</b>
10	TR316.08.12.91-00 Training and Coaching for TRICOR Leadership Team	\$58,500 4-1-12 to 11-30-13	Y	N	N	Y	N	N	N
11	TR316.08.11.75-00 Provision of NCCER-Accredited Building Trades Training Program†	\$30,000 2-20-11 to 2-19-12	N	Y	Y	Y	Y	N	N
12	TR316.08.11.77-00 Provision of Building Trades Instruction	\$90,500 3-14-11 to 3-13-13	N	Y	N	N	N	N	Y
13	TR316.08.12.89-00 Consulting Related to Software Development	\$9,240 2-21-12 to 4-30-12	Y	N	N	Y	N	Y	N
14	TR316.08.12.81-00 Provision of Security Services for Tennessee Cook Chill	\$501,971 10-10-11 to 10-9-14	Y	N	NA	N	N	NA Solicitation to multiple vendors	Y
15	TR316.08.12.85-00 Development of a Brand Strategy	\$66,000 4-2-12 to 4-1-13	Y	N	N	Y	N	NA Solicitation to multiple vendors	Y

\*Payments for this contract were made on contract TR316.08.10.67-00.

\*\*TRICOR contended that management was not required to document vendor selection process or management review of contracts, but auditors recommend these steps to strengthen internal controls to prevent fraud, waste, and abuse.

†NCCER–National Center for Construction Education and Research.

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## OBSERVATIONS AND COMMENTS

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The topics discussed below did not warrant a finding but are included in this report because of their effect on the operations of TRICOR and on the citizens of Tennessee.

### **TRICOR Staff Complete Conflict-of-Interest Forms, and Management Has Developed Forms to Document Board Member Conflicts of Interest**

TRICOR Policy 211, “Conflicts of Interest and Acceptance of Gifts and Gratuities,” Section VI. C., states that all TRICOR employees will sign the acknowledgement form on page 2 of this policy and return the signed and witnessed form to the TRICOR Business Support Services Division. The acknowledgement form certifies that the employee has received and read TRICOR’s Policy 211 (TDOC Policy 302.04), Conflicts of Interest and Acceptance of Gifts and Gratuities. Violations of this policy may result in disciplinary action up to and including termination.

According to TRICOR’s Chief Administrative Officer, new employees sign the conflict-of-interest form during new employee orientation, and all TRICOR employees are required annually to complete the computer-based training (CBT) for conflict of interest created by the Tennessee Ethics Commission. We selected a non-statistical random sample of 30 TRICOR employees and reviewed the employees’ personnel files. We found documentation that 29 employees signed the required TRICOR Policy 211 acknowledgement form. In addition, one TRICOR employee went through new employee orientation at the Northeast Correction Complex and had signed a Tennessee Department of Correction Employee code of conduct, which states, “Employees will avoid situations that involve conflicts of interest with their employment with this department.” That employee’s file also contained a “new employee checklist” indicating that he read the *General Personnel Practice and Administrative Guidelines Policies*, which include conflict of interest information. The employee signed and dated the code of conduct and checklist.

Early in the audit process, we requested conflict-of-interest forms for the Board of Directors and were informed that directors do not fill out conflict-of-interest forms. Section 41-22-405(a)(2), *Tennessee Code Annotated*, states, “A person with a conflict of interest with TRICOR or with the state of Tennessee may not serve on the board.” Later in the audit process TRICOR management stated that the board’s Audit Committee was meeting to discuss board conflict-of-interest forms. Subsequently, auditors received the newly developed form, as well as signed forms from all board members. Therefore, we believe this issue has been addressed.

## **TRICOR's Supplemental Pay Plan and Distribution Process Is Not Based on Individual Performance**

Section 41-22-406, *Tennessee Code Annotated*, gives the TRICOR Board of Directors the authority to develop supplemental pay plans for the agency's employees to reward their performance as it relates to the unique responsibilities of TRICOR. The Board of Directors and staff have developed procedures and criteria for implementing the agency's Supplemental Pay Plan (SPP). During fiscal year 2001, the inaugural year of the SPP program, the focus of the plan was evaluating, refining, and measuring the performance of critical processes and procedures. The baseline performance data collected was used to determine which critical areas of performance would be targeted in the fiscal year 2002 SPP.

The TRICOR Supplemental Pay Plan document for fiscal years 2010 through 2012 includes the criteria and guidelines for the Supplemental Pay Plan (SPP). The intent of the plan is to reward TRICOR staff for achieving established performance goals on an annual basis. The development and implementation of the plan is at the sole discretion of the TRICOR Board of Directors.

If revenues are in excess of expenses (excluding capital expenses) and performance objectives are met by June 30 of the current fiscal year, the Board of Directors authorize the funds to be distributed as a one-time lump sum payment, which should not be considered a permanent addition to each employee's annual base pay. The amount distributed is based on each employee's annual base pay, as outlined in the performance measures section of the plan. The annual base pay excludes any supplemental monies such as longevity, overtime, mileage, etc. If monies are not available to completely fund the plan, the plan may be partially funded as income allows and at the discretion of the TRICOR Board of Directors.

Employees must work with TRICOR for the full 12 months of the fiscal year and continue to be in regular full-time status with TRICOR through September 16 of the following fiscal year to be eligible for the supplemental pay. Employees who work at least six months of the fiscal year, have successfully completed their initial probationary period by June 30 of that fiscal year, and continue to be in regular full-time status with TRICOR through September 16 of the following fiscal year are eligible to receive a prorated portion of the supplemental pay based on the number of months employed.

Part-time, temporary full-time, emergency full-time, and 120-day retirees are not eligible to receive the supplemental pay. Employees whose last day worked is on or before September 15 of the following fiscal year are not eligible for the plan. Employees on terminal leave at any time during the period July 1 to September 15 of the following fiscal year are not eligible to receive supplemental pay. To be eligible for the SPP, a full-time 12-month employee must have met all other SPP criteria and worked at TRICOR a minimum of 1,501 regularly scheduled hours during the current fiscal year. For the purpose of these criteria, "worked" is defined as being in an official work status.

According to TRICOR management, employee evaluations do not play a big part in determining if individual TRICOR staff receive the payout or not (i.e., if the organization meets

its goals, then all staff will be rewarded based on their annual base pay). We believe this is a weakness in the process, in that an employee who has had a disciplinary action and/or has received a below-average performance evaluation is allowed to reap the same benefits as an employee with no disciplinary actions and good evaluations. In future SPP distributions, TRICOR may want to consider moving from an approach that focuses only on organizational performance to an approach that also considers individual achievement.

### **TRICOR Became Responsible for the Cook Chill Program on July 1, 2010, and Is Properly Awarding Raw Material Contracts**

The Tennessee Comprehensive Food Service Program, also known as Tennessee Cook Chill, was established in July 1995 under a third-party management fee contract whereby, under the Department of General Services' monitoring, a vendor managed the program from a state facility and was responsible for procuring, preparing, packaging, storing, and delivering prepared and pass-through food items to state user agencies in exchange for a management fee and reimbursement of variable overhead and equipment maintenance expenses. The Tennessee Department of Correction was the largest Cook Chill customer.

According to TRICOR management, in preparation for the expiration of the private vendor's contract on June 30, 2010, the Commissioners of the Departments of Correction and General Services determined that TRICOR would be a good choice to take over the Cook Chill program when the contract expired. In response, TRICOR management looked at how the private vendor, Sodexo, had operated Cook Chill and also looked at the inmate labor force that would be available. TRICOR presented an Inmate Labor Feasibility Study to the Commissioner of the Department of Correction on January 15, 2010, and TRICOR took over Cook Chill on July 1, 2010. According to management, the food service industry is very felon friendly (i.e., willing to hire offenders when they are released from prison), and TRICOR considers the Cook Chill program an excellent opportunity to provide inmates training in the food service industry.

Currently the Department of Correction has a Memorandum of Understanding with TRICOR to purchase meals from Cook Chill. Other customers include the Department of Children's Services and the Department of Mental Health and Substance Abuse Services. According to management, TRICOR would like to add the Department of Environment and Conservation (Parks and Recreation) as a future client of Cook Chill. Currently, Cook Chill is running at 40% to 50% of production capacity and is running only one shift. TRICOR would like to run two shifts—8:00 a.m. to 4:00 p.m. and 4:00 p.m. to midnight—and have a cleaning crew working from midnight to 8:00 a.m.

TRICOR management has prior experience in the food service industry and believes that Cook Chill can be self-sufficient. Financial information for fiscal years 2011, 2012, and the first six months of 2013 is presented on page 19.

**TRICOR Cook Chill Operations  
Financial Information**

<b>Fiscal Year</b>	<b>Revenue</b>	<b>Cost of Goods Sold</b>	<b>Gross Margin</b>	<b>Expenses</b>	<b>Net Income</b>
2011	\$7,087,511	\$2,322,327	\$4,765,184	\$4,435,184	\$330,000
2012	\$8,383,215	\$3,003,838	\$5,379,377	\$5,049,377	\$330,000
2013 (as of December 31, 2012)	\$5,561,110	\$2,348,786	\$3,212,325	\$3,047,325	\$165,000 (for 6 months)

Cook Chill Contracting Procedures

Our review of TRICOR contracts included eight raw material contracts and one professional service contract that involved Cook Chill. (Also see the finding on page 8 for additional information regarding the review of contracts.) TRICOR sent out solicitations for bids to more than one vendor for each Cook Chill contract reviewed. TRICOR also awarded the contract to the vendor that submitted the lowest bid. TRICOR awarded contracts for food items to several vendors submitting solicitations based on the lowest bid for a particular line item in the solicitation. One of the professional service solicitations reviewed was for security at the Cook Chill facility. Solicitations were submitted to five vendors, and the contract was awarded to the lowest bidder. One vendor was disqualified because the bid arrived after the bid close date. Based on our review, TRICOR’s contracting for Cook Chill raw materials and services appears to be competitive, and contracts are awarded to the lowest bidder, allowing TRICOR to obtain the best price available.

**TRICOR Management Monitors and Evaluates the Effectiveness of Programs, Terminating and Consolidating Programs as Needed to More Efficiently Use Resources**

TRICOR groups programs for inmates into **Manufacturing** (Textiles, Print, Metal, Wood Products, Chemicals, and Cook Chill), **Services** (Data, Call Center, Test Distribution, Imaging, and Sports Packaging), **Agriculture** (West Tennessee State Penitentiary and Bledsoe County Correctional Complex), and the **West Tennessee Tag Plant**. See Exhibit 2 on page 6 for a map detailing TRICOR’s programs and locations.

We interviewed the Director of TRICOR’s Business Excellence Unit and reviewed TRICOR financial information and other information such as TRICOR’s Strategic Business Plans, to determine whether management monitored and/or evaluated the TRICOR programs and whether the programs contributed to the overall self-sufficient operation of the organization. TRICOR has recognized overall operational profits during fiscal years 2010 (\$1,290,628), 2011 (\$1,767,969), and 2012 (\$1,408,868). TRICOR management appears to be monitoring and evaluating programs to determine which programs should be terminated and/or consolidated, and TRICOR is creating new programs to use idle resources. Table 2 below details programs added, terminated, or consolidated during fiscal years 2011 and 2012.

**Table 2**  
**Programs Terminated or Consolidated and New Programs Added**  
**Fiscal Years 2011 through 2012**

Program	Fiscal Year 2011	Fiscal Year 2012	Comments
<b>Terminated Programs</b>			
Metal Plant PIE Program–TCIX	X		Losing money
Chair Operations–SCCF	X		Losing money
Blue Circle Cabinets	X		Losing money
Wood Plant–TCIX	X		Losing money
Signs Plant–TCIX	X		Losing money
Motorcycle Lifts–TCIX	X		Losing money
TennCare Call Center–TPW	X		Change in federal law denies offenders access to social security information
Cow/Calf Operation–WTSP	X		Concentrate on row crops
WTSP Dairy	X		Concentrate on row crops
Test Distribution–TPW		X	Department of Education terminated contract
<b>New Programs</b>			
Cook Chill–Nashville	X		July 1, 2010, took over operation
Building Trades–TCIX	X		Utilize Wood Plant assets and resources
<b>Programs Consolidated</b>			
Print Operations		X	Moved RMSI program to SCCF
Data Entry		X	Moved NECX program to RMSI
BCCX Dairy Processing		X	BCCX Dairy Processing moved to Nashville as part of Cook Chill

NECX                    Northeast Correctional Complex  
RMSI                    Riverbend Maximum Security Institution  
SCCF                    South Central Correctional Facility  
BCCX                    Bledsoe County Correctional Complex  
TCIX                    Turney Center Industrial Complex  
TPW                    Tennessee Prison for Women  
WTSP                    West Tennessee State Penitentiary  
PIE                    Prison Industry Enhancement Partnerships –PIE programs and service industries provide opportunities to link offenders’ needs and skill sets directly with the demands of private industry.

## **TRICOR Has Completed and Submitted the Annual Financial Integrity Act Report as Required**

Section 9-18-104, *Tennessee Code Annotated*, requires the head of each state agency and higher education institution to submit an annual Financial Integrity Act report by December 31 of each calendar year. In this report, management of the agency or institution (1) acknowledges responsibility for establishing, implementing, and maintaining an adequate system of internal control and (2) states whether an assessment of risk performed by the agency or institution provides reasonable assurance of compliance with the objectives of the assessment as specified in statute. In the event that the agency's or institution's assessment does not provide reasonable assurance of compliance with the objectives of the assessment as stated in the statute, the report is to include a corrective action plan.

The auditor's review of activities for fiscal years 2010, 2011, and 2012, found that TRICOR met the statutory requirement of annually submitting the Financial Integrity Act report and Risk Management Assessment to the Commissioner of the Department of Finance and Administration and the Comptroller of the Treasury.

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## RECOMMENDATION

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### ADMINISTRATIVE

The Tennessee Rehabilitative Initiative in Correction (TRICOR) should address the following area to improve the efficiency and effectiveness of its operations.

TRICOR management should develop written procedures for professional service contracts and submit the procedures to the TRICOR Board of Directors for approval. The Board of Directors should submit these procedures to the Board of Standards for review and approval in accordance with Section 41-22-406(b), *Tennessee Code Annotated*. The procedures should require documentation of the vendor selection process, documentation for classifying a vendor as a sole source, timely management review and approval of contracts, appropriate signatures by both parties prior to the vendor providing services, appropriate contract information entered into TIMS (TRICOR Integrated Management System), and a process for connecting contract liability with purchase orders and vendor invoices to avoid contract payment errors.

**Appendix 1  
Title VI and Other Information**

The Tennessee Human Rights Commission (THRC) issues a report, *Tennessee Title VI Compliance Program* (available on its website) that details each agency's federal dollars received, Title VI complaints received, whether the agency Title VI implementation plans were filed timely, and any THRC findings taken on an agency. However, because the Tennessee Rehabilitative Initiative in Correction (TRICOR) does not receive state or federal appropriations or grants, TRICOR is not required to file an annual Title VI implementation plan, and TRICOR was not included in the THRC report.

See below for a breakdown of TRICOR staff by job title, gender, and ethnicity, as well as a breakdown of TRICOR's board by gender and ethnicity.

**TRICOR Staff by Job Title, Gender and Ethnicity  
December 2012**

Job Title	Gender				Ethnicity			
	Male	Female	Total		Black	Indian	White	Total
Accountant-Cost	0	1	1		0	0	1	1
Accounting Technician 1	0	2	2		1	0	1	2
Administrative Services Assistant 2	1	0	1		0	0	1	1
Administrative Services Assistant 3	0	1	1		1	0	0	1
Administrative Services Assistant 4	1	0	1		0	0	1	1
Administrative Services Assistant 5	0	1	1		0	0	1	1
Board Member	5	2	7		1	0	6	7
Correctional Farm Manager	1	0	1		0	0	1	1
Correctional Industries Supervisor 3	1	0	1		0	0	1	1
Correctional Industries Supervisor 5	1	1	2		0	0	2	2
Correctional Program Director 2	2	2	4		1	0	3	4
Correctional Program Supt. Administrator	0	2	2		0	0	2	2
Executive Administrative Assistant 1	0	1	1		0	0	1	1
Executive Director	0	1	1		0	0	1	1
Fiscal Director 1	1	1	2		1	0	1	2
Human Resources Manager 1	0	1	1		1	0	0	1
Industrial Production Specialist	2	0	2		0	0	2	2
Inmate Programs Manager	0	1	1		0	0	1	1
Storekeeper 1	0	1	1		0	0	1	1
Storekeeper 2	1	0	1		0	0	1	1
TRICOR Account Specialist	1	0	1		0	0	1	1
TRICOR Assistant Chief of Operations	1	0	1		0	0	1	1

Job Title	Gender			Ethnicity			
	Male	Female	Total	Black	Indian	White	Total
TRICOR Buyer Planner	0	3	3	1	0	2	3
TRICOR Buyer Planner Manager	0	1	1	0	0	1	1
TRICOR Chief Financial Officer	0	1	1	0	0	1	1
TRICOR Chief Operations Officer	0	1	1	0	0	1	1
TRICOR Client Contract Specialist	0	1	1	0	0	1	1
TRICOR Commercial Driver	5	0	5	0	0	5	5
TRICOR Cook Chill Accounting Technician	0	1	1	0	0	1	1
TRICOR Cook Chill Customer Relations Specialist	0	1	1	1	0	0	1
TRICOR Cook Chill Environmental Services Supervisor	0	1	1	1	0	0	1
TRICOR Cook Chill Lead	2	0	2	1	0	1	2
TRICOR Cook Chill Manager	1	1	2	0	0	2	2
TRICOR Cook Chill Purchasing Manager	1	0	1	0	0	1	1
TRICOR Cook Chill Supervisor	1	3	4	3	0	1	4
TRICOR Customer Relations Management Specialist	0	2	2	0	0	2	2
TRICOR Distribution Supervisor	1	0	1	1	0	0	1
TRICOR Facilities Manager	1	0	1	0	0	1	1
TRICOR Facilities Supervisor	1	0	1	1	0	0	1
TRICOR Farm Assistant Manager	1	0	1	0	0	1	1
TRICOR Farm Supervisor 1	3	0	3	0	0	3	3
TRICOR Farm Supervisor 2	5	0	5	0	0	5	5
TRICOR Field Services Coordinator	2	1	3	0	0	3	3
TRICOR Floor Supervisor Manufacturing	2	5	7	1	0	6	7
TRICOR Floor Supervisor Production	4	0	4	1	0	3	4
TRICOR General Manager of Information Systems	0	1	1	0	0	1	1
TRICOR Government and Commercial Relations Director	0	1	1	0	0	1	1
TRICOR Information Support Specialist	2	0	2	1	0	1	2
TRICOR Manufacturing Production Specialist	0	2	2	0	0	2	2
TRICOR Manufacturing Systems Specialist	1	0	1	0	0	1	1
TRICOR Marketing Communications Manager	0	1	1	0	0	1	1
TRICOR Operations Manager 1	0	1	1	0	0	1	1
TRICOR Product Specialist	0	2	2	0	0	2	2
TRICOR Production Manager 1	6	3	9	2	1	6	9
TRICOR Quality Control Supervisor	1	0	1	0	0	1	1
TRICOR Quality Control Technician	0	1	1	1	0	0	1

Job Title	Gender			Ethnicity			
	Male	Female	Total	Black	Indian	White	Total
TRICOR Sales and Marketing Director	1	0	1	0	0	1	1
TRICOR Sales Manager	1	0	1	0	0	1	1
TRICOR Senior Account Specialist	1	1	2	0	0	2	2
TRICOR Shipping/Receiving Supervisor	1	0	1	0	0	1	1
TRICOR Storekeeper	0	2	2	0	0	2	2
	62	55	117	21	1	95	117
<b>Averages</b>	<b>53%</b>	<b>47%</b>		<b>18%</b>	<b>1%</b>	<b>81%</b>	

**TRICOR Board by Gender and Ethnicity  
July 2013**

Job Title	Gender			Ethnicity			
	Male	Female	Total	Black	Hispanic	White	Total
Board of Directors Member	7	3	10*	1	1	8	10*

\*The board is made up of nine voting members (including the Chief Executive Officer of TRICOR) and the Commissioner of the Tennessee Department of Correction.

## Appendix 2 Performance Measures Information

As stated in the Tennessee Governmental Accountability Act of 2002, “accountability in program performance is vital to effective and efficient delivery of governmental services, and to maintain public confidence and trust in government.” In accordance with this act, all executive branch agencies are required to submit annually to the Department of Finance and Administration a strategic plan and program performance measures. The department publishes the resulting information in two volumes of *Agency Strategic Plans: Volume 1 - Five-Year Strategic Plans* and *Volume 2 - Program Performance Measures*. Agencies were required to begin submitting performance-based budget requests according to a schedule developed by the department, beginning with three agencies in fiscal year 2005, with all executive-branch agencies included no later than fiscal year 2012. The Tennessee Rehabilitative Initiative in Correction (TRICOR) began submitting performance-based budget requests effective for fiscal year 2010.

Detailed below are TRICOR’s performance standards and performance measures, as reported in the September 2012 *Volume 2 - Program Performance Measures* (with updates to the actual fiscal year 2012 data reported in the state’s *2013-2014 Budget*). Also reported below is a description of the agency’s processes for (1) identifying/developing the standards and measures; (2) collecting the data used in the measures; and (3) ensuring that the standards and measures reported are appropriate and that the data is accurate.

### Performance Standard 1

Increase the number of offenders served on an annual basis through occupational skills training, transitional programming, and transitional services.

### Performance Measure 1

Actual (FY 2011-2012)*	Estimate (FY 2012-2013)	Target (FY 2013-2014)
1,474	1,666	1,600

\*The Budget 2013-2014.

The total number of offenders served includes an unduplicated count of offenders who participated in Occupational Skills Training (OST), Life Skills, Thinking for a Change, nationally recognized certifications, or other transitional services. OST is an unduplicated count of offenders who obtain occupational skills training through participation in work assignments in TRICOR operations for 30 days or more during the quarter.

### Performance Standard 2

Increase the three-year successful transition rate (i.e., the percentage of those offenders who do not return to prison on a permanent basis within three years) among eligible offenders.

## Performance Measure 2

Actual (FY 2011-2012)*	Estimate (FY 2012-2013)	Target (FY 2013-2014)
74.0%	70.5%	74.0%

*\*The Budget 2013-2014.*

Successful transition is defined as a return to the community, usually on parole status or at expiration of sentence, without a permanent return to incarceration in a Tennessee Department of Correction (TDOC) facility or local jail for at least three years after being released from a TDOC facility.

An eligible offender is defined as an offender who has obtained his or her GED or high school diploma, completed one year of TRICOR service/training, finished the Life Skills curriculum, and received a favorable recommendation from the worksite supervisor.

TRICOR's mission is to prepare offenders for success after release. Tracking offenders served provides TRICOR with the number of offenders receiving occupational skills and cognitive behaviors programs that contribute to success after release, which in turn reduces the recidivism rate or increases the rate of successful transition back into society. Tracking these measures allows TRICOR to gauge the program's success (impact on the offender and the community to which he or she returns) and identify the need for changes to TRICOR programs.

The performance measure data is collected by TRICOR field coordinators in the Inmate Placement Program database (an Access database program developed approximately ten years ago for TRICOR's specific needs). TRICOR also uses data gathered from TOMIS (the Department of Correction's Tennessee Offender Management Information System database) for the release from and return to prison numbers. The database is updated daily, and reports are generated quarterly for offenders served and three-year successful transition rates.

Actual numbers are reported, and no estimate numbers are ever provided. However, because of lagging data, there are times when an offender is returned to incarceration but TRICOR is unaware of that at the time the quarterly report is prepared, and he or she is included in the successful transition rate for the quarter. Those numbers are always corrected in the next quarter upon the data becoming available.

TRICOR has a Business Excellence Unit that verifies the accuracy of the data by taking a 10% random sample of the offenders who were released and verifying in TOMIS that the information is correct and the offender is still on released status and has not come back to TDOC custody.

The data presented in the table on page 29 shows that one three-year cycle (fiscal years 2009-2012) has been completed and 74% of the eligible TRICOR participants remained in the community after their release from a TDOC facility. The data also indicates that for eligible TRICOR participants released in fiscal year 2010 (completion of two full years), the successful transition rate is 83.5%. The successful transition rate for eligible TRICOR participants released in fiscal year 2011 (completion of one year) is 85.9%.

TRICOR staff expressed concern regarding the inability to change future projected performance measures in the strategic plan submitted to the Department of Finance and Administration as the actual year of the projection grows closer. Because of the nature of TRICOR's operation and the number of external factors that can affect the ability to meet projections (for example, the recession that hit unexpectedly several years ago and severely curtailed TRICOR's market and ability to maintain its projected performance levels for a period of several years, requiring organizational restructuring and refocusing), there is a need for agility in strategic planning that is difficult to meet while complying with Finance and Administration's budget/strategic planning process guidelines.

### Successful Transition into the Community\*

	<b>Total Eligible Offenders** Remaining in the Community by the End of Fiscal Year</b>									
	Number Released	FY 2009 Number	FY 2009 Percentage	FY 2010 Number	FY 2010 Percentage	FY 2011 Number	FY 2011 Percentage	FY 2012 Number	FY 2012 Percentage	Successful Transition* Target
Total Eligible Offenders Released FY 2009	73	71	97.3%	62	84.9%	56	76.7%	54	74.0%†	56.7%
Total Eligible Offenders Released FY 2010	85			84	98.8%	79	92.9%	71	83.5%	73.0%
Total Eligible Offenders Released FY 2011	78					75	96.1%	67	85.9%	73.0%
Total Eligible Offenders Released FY 2012	71							68	95.8%	74.0%

\*Successful transition is defined as a return to the community, usually on parole status or at expiration of sentence, without a permanent return to incarceration in a TDOC facility or local jail for at least three years after being released from a TDOC facility.

\*\*An eligible offender is defined as an offender who has obtained his/her GED or high school diploma, completed one year of TRICOR service/training, finished the Life Skills curriculum, and received a favorable recommendation from the worksite supervisor.

†Offenders released from a TDOC facility completing a three-year cycle (FY 2009 to FY 2012).