

**STATE OF NEW HAMPSHIRE
OFFICE OF LEGISLATIVE BUDGET ASSISTANT
AUDIT DIVISION**

**DRAFT SCOPE STATEMENT
PERFORMANCE AUDIT OF THE DIVISION OF COMMUNITY CORRECTIONS
TRANSITIONAL HOUSING**

In March 2013, the Fiscal Committee of the General Court approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Department of Corrections (DOC), Division of Community Corrections (DCC). We held an entrance conference with the DOC on July 8, 2013.

Background

Since State fiscal year (SFY) 2010, the DCC has been responsible for managing transitional housing facilities which permit inmates to live outside the prison walls as they get closer to their release or parole dates. Approximately 1 year after DCC's inception, the former Bureau of Programs was folded into the newly formed Division which includes programming targeting criminal thinking, substance use, education, chaplaincy, and offender case management from entry until discharge.

Transitional Housing

The DCC operates transitional housing for adult inmates whose security classification allows them to reside outside of prison walls in DOC-managed facilities.

- Male inmates who are classified in the second lowest security classification (C-2) are eligible for placement in the Transitional Work Center (TWC), a facility with 160 beds in Concord. Most of these inmates work for the men's prison in Concord in maintenance, kitchens, and at the warehouse. Residents are not allowed unsupervised access to the community.
- The lowest classified (C-1) male inmates are eligible for placement in two transitional housing units (THU), the North End THU in Concord (48 beds) and the Calumet THU in Manchester (72 beds). C-1 inmates are allowed unsupervised access to the community, primarily for job searching, work, and appointments, but must provide an itinerary and make telephone contact with the THU during the day.
- The Shea Farm THU in Concord (42 beds) is for female inmates who are classified at the two lowest security classifications (C-1 & C-2) and, like the male inmates, only the C-1 inmates are allowed unsupervised access to the community.

The DCC is to provide evidence-based programming, transitional housing and pre-release services in a supervised environment while preparing inmates for successful re-entry into the community. C-1 inmates are eligible for the Work Release Program as described in Administrative Rule Cor 307:

The work release program shall provide a structured community-based opportunity for eligible inmates to reintegrate into the community by obtaining employment and other approved rehabilitative activity while residing in a residential setting under control of corrections department personnel.... Inmates participating in the program shall be assisted in a graduated program of lessening restrictions as they demonstrate

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increasing social responsibility.... Inmates in the program shall be assigned to a departmental transitional housing unit, taking into consideration availability of employment, educational opportunities, public safety, public acceptance and the desires of the inmate.

The oversight of the housing facilities within the Department has changed during the past decade. Prior to 2004, the TWC used to be called the Minimum Security Unit and was part of the New Hampshire State Prison for Men and the THUs were managed by the Division of Field Services, Bureau of Community Corrections. In SFY 2008 the North End and Calumet THUs reported directly to the Warden of the Lakes Region Facility in Laconia and Shea Farm THU became the responsibility of the women's prison in Goffstown. The TWC and three THUs were brought together under the newly formed DCC in SFY 2010. New Hampshire probation and parole services are managed by the Division of Field Services.

Audit Scope

Our audit will cover SFYs 2012 and 2013 and will attempt to answer the following question: *Does the Division of Community Corrections effectively utilize its transitional housing facilities and work release program to promote residents' successful re-entry into society?* Depending on the availability of reliable data, we plan to examine:

1. how many and what types of inmates are placed in transitional housing,
2. how long are residents staying in these facilities,
3. whether there is an adequate number of beds to meet DOC needs,
4. what services are (or should be) provided to residents re-entering the community,
5. how many residents become employed, and
6. whether the level of recidivism for inmates that are placed in transitional housing can be estimated.

This audit will focus only on Division services provided outside of the prisons for inmates at its transitional housing facilities and for its work release program, since our 2012 performance audit of nonsecurity staffing included a review of programs provided in the prisons.

To answer these questions, we plan to:

- review transitional housing-related statutes, Administrative Rules, policies, and procedures;
- interview DOC personnel, transitional housing inmates, and other stakeholders;
- review programs and services provided at transitional housing units;
- analyze DOC data related to transitional housing;
- review use of transitional housing in other states, and the federal government, and

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- identify best practices and/or evidence-based practices to compare with DOC practices.

We anticipate completing this project in October 2013 and presenting the final report to the Fiscal Committee at its November 2013 meeting.

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**DRAFT SCOPE STATEMENT
PERFORMANCE AUDIT, COMMUNITY DEVELOPMENT FINANCE AUTHORITY**

In March 2013, the Fiscal Committee of the General Court approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Community Development Finance Authority (CDFA). We held an entrance conference with the CDFA on June 10, 2013. This audit topic was based on concerns expressed in an anonymous letter about statutory compliance and the adequacy of management controls and oversight at the CDFA.

Background

The Legislature created the CDFA in 1983 to address the development or redevelopment of areas of underemployment in the State. In 1991, addressing inadequate housing was added to CDFA's responsibilities. The goal was to increase the number of development projects in areas where primary employment was threatened and housing was inadequate, providing capital to business, and stimulating private investment in these areas. The CDFA assumed State responsibilities for the federal Community Development Block Grant (CDBG) program in 2003.

Organization

The CDFA is overseen by a Board of Directors (Board). The Board consists of 11 directors, including one ex officio member and ten public members appointed by the Governor and Council (G&C). The CDBG Advisory Committee (Committee) became part of the CDFA in 2003 and reviews and recommends approval of applications for CDBGs to G&C. The Committee consists of four ex officio members and six public members appointed by the Governor. At least three public members must be municipal officials. During the audit period, both bodies were supported by a full and part-time staff of 17 who were not State employees. The CDFA is funded through administrative fees imposed on programs it manages, earning revenue of over \$2 million in State fiscal year (SFY) 2012, including \$171,000 in State general funds which served as federally-required matching funds for the CDBG program. In 2002, the CDFA formed a not-for-profit limited liability company (LLC) to invest in small business and to develop, own, and operate real property. The CDFA continues to finance the LLC's operations, with the LLC owing the CDFA nearly \$295,000 at the end of SFY 2012.

Authority

The CDFA has the authority to issue grants to finance operating or other costs of community development corporations and employee cooperatives; provide technical assistance to community development organizations; and invest in or lend to any community development and nonprofit organization where projects can be expected to contribute to the development or redevelopment and economic well-being of target areas or target populations, to contribute to the economic development of the State, to increase or maintain threatened primary employment, or to provide affordable housing opportunities to low and moderate income people. Financial resources may be provided to nonprofit corporations, community development organizations, counties, municipalities, and for-profit businesses to achieve program goals.

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Programs

The Community Development Investment Program (CDIP), also known as the Tax Credit Program, allows the CDFA to accept up to \$5 million in State tax credit donations from businesses annually. Businesses may deduct 75 percent of donations made to CDFA-approved community or economic development projects from business profits, business enterprise, and insurance premium taxes. CDBGs are intended to help provide decent housing, suitable living environments, and expanding economic opportunities, principally for low and moderate income people. Energy programs provide recipients with funds for projects to improve energy efficiency. The BetterBuildings program was directed at consumers, as well as businesses, and, funded by the American Recovery and Reinvestment Act of 2009, it ended in May 2013. The Job Retention Fund makes loans through qualified economic development entities, such as the State's ten Regional Development Corporations, to meet the immediate needs of area businesses and assist businesses in staying open. The Housing Futures Fund awards CDIP-based operational grants to nonprofit organizations to build their capacity to investigate opportunities, secure financing, and test innovative housing solutions. The CDFA invites eligible organizations to apply for this program. Table 1 represents the program distributions reported during SFY 2013.

Table 1

Program	Funds Dispersed In SFY 2013
CDIP	\$ 4,338,900
CDBG	11,055,500
Neighborhood Stabilization Program	2,599,000
Enterprise Energy Fund	731,000
Municipal Energy Reduction Fund	33,300
BetterBuildings	5,410,900
Housing Futures Fund	70,000
Job Retention Fund	0
Total	\$ 24,238,600

Source: Unaudited CDFA data.

Award Process

An application by an eligible party initiates a review process which varies by program. CDFA staff review applications for technical compliance with CDFA criterion and make recommendations on the relative merits of each application. CDBG applications are then reviewed by the Advisory Committee while other applications are reviewed by the Board. Reviews are conducted and approvals are made in public meetings. Awards are based on specific need, effectiveness in encouraging community development, and other criteria, depending on the

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program. For approved CDBG applications, the CDFA staff prepare contracts which are presented to the G&C for approval. Other program awards are made by the CDFA without being required to obtain G&C approval. After final approval, funds for the project are made available to successful applicants.

Audit Scope

This performance audit will address the following question: **During SFY 2013, were the CDFA's management controls adequate to provide reasonable assurance awards were made or denied consistent with statute and rule?**

We plan to:

- review State and federal laws and rules;
- review CDFA policies, procedures, guidelines, and practices;
- interview key stakeholders and key CDFA personnel, including members of the Board, Committee, and staff;
- review prior State audits and audits, evaluations, and reviews of similar organizations from other jurisdictions;
- review the organization, oversight, and external controls over similar entities in New Hampshire;
- review G&C meeting minutes and select CDFA application and award files; and
- analyze CDFA application and awards data.

While we do not plan to examine the specific cases cited in the anonymous letter which led to this audit, we believe the methods identified above will address the concerns identified.

We anticipate completing this project in November 2013 and presenting the final report to the Fiscal Committee at its December 2013 meeting.