



# STATE OF NORTH CAROLINA

## PERFORMANCE AUDIT

### DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

### OVERSIGHT OF JUVENILE CRIME PREVENTION COUNCIL-FUNDED PROGRAMS

**JULY 2008**

**OFFICE OF THE STATE AUDITOR**

**LESLIE W. MERRITT, JR., CPA, CFP**

**STATE AUDITOR**

**PERFORMANCE AUDIT**

**DEPARTMENT OF JUVENILE JUSTICE AND  
DELINQUENCY PREVENTION**

**OVERSIGHT OF JUVENILE CRIME PREVENTION  
COUNCIL-FUNDED PROGRAMS**

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STATE OF NORTH CAROLINA  
Office of the State Auditor

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July 29, 2008

The Honorable Michael F. Easley, Governor  
Members of the North Carolina General Assembly  
Mr. George Sweat, Secretary, Department of Juvenile Justice and Delinquency Prevention

Ladies and Gentlemen:

We are pleased to submit this performance audit titled *Oversight of Juvenile Crime Prevention Council-Funded Programs*. The audit objectives were to determine if Juvenile Crime Prevention Council (JCPC) members have conflicts of interest, JCPC programs are adequately monitored, and reliable data are available to evaluate JCPC program effectiveness. Mr. Sweat reviewed a draft copy of this report. His written comments are included in the Summary and his detailed response is in the Appendix.

The State Auditor initiated this audit to identify program improvement opportunities in juvenile justice services.

We wish to express our appreciation to the staff of the Department of Juvenile Justice and Delinquency Prevention for the courtesy, cooperation, and assistance provided us during the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Leslie W. Merritt, Jr." in a cursive script.

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

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### **SUMMARY**

#### **PURPOSE**

This audit report evaluates the oversight of juvenile delinquency prevention programs funded through county Juvenile Crime Prevention Councils (JCPC) and makes recommendations so Department of Juvenile Justice and Delinquency Prevention (Department) management can take appropriate corrective action.

#### **RESULTS**

Some JCPC members appear to have financial and program evaluation conflicts of interest. JCPC members are responsible for recommending allocation of funds to and evaluating the effectiveness of programs that serve juveniles who are at risk of becoming delinquent. However, some JCPC members are also managers or directors of the programs they are responsible for funding and evaluating. Although our audit did not find any abuse, these conflicting duties create the potential for abuse. The Department has a conflict of interest policy that requires JCPC members to disclose potential conflicts, but Department management has not prevented managers or directors of JCPC-funded programs from participating as JCPC members.

Also, Department management has not ensured adequate program monitoring of JCPC-funded programs at the state and local level. Neither Department area consultants nor JCPC monitoring committees have performed the monitoring visits Department policy requires. The Department requires area consultants to perform on-site visits to detect threats or danger to juveniles or staff and to detect violations of program standards, state and federal laws, and contract terms. JCPC monitoring committee visits are necessary to ensure that the population served, program services, program staffing, screening and admissions procedures, and physical facilities of funded programs are consistent with the program agreement. Inadequate monitoring increases the risk that the Department will not identify ineffective or noncompliant programs and that those programs will continue to receive funding. Inadequate monitoring also increases the risk that the Department will not timely identify threats and dangers to the juveniles the programs serve.

Lastly, the usefulness of performance and evaluation data for JCPC-funded programs needs improvement. Some JCPC program participation data are inaccurate, and there are no standardized measurable performance objectives for each program type. As a result, Department management and the General Assembly do not have the quality of information needed to properly evaluate JCPC-funded program effectiveness. Consequently, the Department may not address operational problems in a timely manner, and ineffective programs may continue to receive funding.

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### **RECOMMENDATIONS**

Department management should develop and enforce a policy that no manager or director of a JCPC-funded program can serve as a JCPC member in the county his or her program serves. The Department should also ensure that conflict of interest disclosure forms are properly completed and retained.

Department management should ensure that area consultants and JCPC monitoring committees monitor JCPC-funded programs according to established policies. Management should require area consultants to develop and document monitoring plans. Management should also require area consultants to thoroughly review JCPC monitoring committee reports to identify programs that need additional assistance.

Department management should provide training on the Client Tracking System to JCPC program providers and improve the reconciliation process between JCPC and Department client tracking records to ensure the Department reports accurate participation data. Management should also standardize basic performance objectives for each service program type.

### **DEPARTMENT RESPONSE**

#### ***Recommendation One: Concur with Qualification***

The Department of Juvenile Justice and Delinquency Prevention concurs that Juvenile Crime Prevention Council (JCPC) policies related to conflict of interest should be enhanced and enforced to minimize conflicts or the appearance of conflicts. The exclusion of program managers from JCPC membership does not fully address the issue and may indeed affect the positive work of JCPCs in some counties. Not all program managers who serve as JCPC members receive compensation from JCPC funds. Some are volunteers who are willing to head collaborative efforts to provide needed programming in a county. Potential conflicts by program managers and directors do not negate the strength and wisdom for having local decision making regarding programming.

The Department will invite the Association of County Commissioners to assist with developing policy and processes to minimize conflicts of interest yet encourage participation of those local stakeholders who are most qualified to assist the Board of County Commissioners to make funding decisions.

#### ***Recommendation Two: Concur***

The Department concurs that monitoring of JCPC grant-funded programs needs improvement. A monitoring plan has been in place and was recently revised. The need for additional area consultants and internal auditors has been previously documented for the General Assembly. The Department has hired part-time, temporary monitors to support its efforts to come into compliance with monitoring policy. The Department will continue to provide training for JCPC monitoring teams, strengthening the existing system. The Department will also

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continue with its follow up related to JCPC monitoring, and continue to pursue funding for additional area consultants and internal auditors. Funding will be sought for a web-based system for reporting JCPC program monitoring.

### ***Recommendation Three: Concur with Exception***

The Department concurs that additional training for program providers on the Client Tracking System and an improved Client Tracking reconciliation process are needed. The Department will enhance current training on the importance and operation of the client tracking system as well as work to improve accountability efforts regarding data entry and reconciliation.

The Department agrees that basic program performance objectives should be standardized for each program type when possible. The Department takes exception with requiring standardizing percentage targets for basic performance objectives for each service type program. Characteristics that produce success should be built into programs that are developed to meet the needs of the juvenile population of the particular county. Success should be defined using baselined and benchmarked targets which will vary because of county diversity. The 2008 Legislature has mandated that the North Carolina Sentencing and Policy Advisory Commission conduct a feasibility study for measuring the effectiveness of programs that receive JCPC grant funds. The Department will work with the Commission to conduct the study.

The Department will continue to support the current client tracking system and seek resources to develop a new data system. The Department will also continue to request funding to implement a paperless grants management system.

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## **INTRODUCTION**

### **BACKGROUND**

*North Carolina General Statute* 143B-543 created a Juvenile Crime Prevention Council (JCPC) in each county to reduce and prevent juvenile crime. The General Assembly enacted the legislation “to develop community-based alternatives to youth development centers and to provide community-based delinquency and substance abuse prevention strategies and programs.” Each JCPC plans and organizes programs and services at the community level in partnership with the Department of Juvenile Justice and Delinquency Prevention (Department).

The Department provides statewide oversight of and support for JCPC-funded programs using four area offices (Eastern, Central, Piedmont, and Western), four area administrators, ten area consultants, and four processing assistants for North Carolina’s 100 counties. The Department Area Offices provide financial and technical assistance from the Department to county government. Each County Board of Commissioners appoints a JCPC that recommends to the county a funding plan for an array of services to be funded with state funds from the Department, local funds and other funds. JCPCs are volunteer boards that assess risks and needs of youth in the county and assess resources to minimize the risk factors and meet the needs of youth in the county. By General Statute, each county JCPC consists of not more than 26 members, including 19 designated positions, plus up to seven at-large members the county Board of Commissioners appoints.

For fiscal year 2006-2007, the Department allocated approximately \$23 million to counties to fund local programs and services through the county appointed JCPCs. JCPC-funded programs include residential services, clinical treatment, evaluation and assessment services, mediation and conflict resolution, restitution and community service, structured activities, and community day programs. During fiscal year 2006-2007, 499 JCPC-funded programs provided services to approximately 34,208 youth.

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

The audit objectives were to determine if (1) Juvenile Crime Prevention Council (JCPC) members have conflicts of interest, (2) JCPC-funded programs are adequately monitored, and (3) reliable data are available to evaluate JCPC program effectiveness.

The State Auditor initiated this audit to identify program improvement opportunities in juvenile justice services.

The audit scope included all JCPC programs funded from July 1, 2006, through June 30, 2007. We conducted the fieldwork from October 2007 to April 2008.

To determine if JCPC members have conflicts of interest, we reviewed JCPC powers and duties included in *North Carolina General Statute* 143B-549, matched JCPC member lists

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with program manager lists for all 499 JCPC-funded programs, and reviewed available financial interest disclosure forms for JCPC members.

To determine if JCPC-funded programs are adequately monitored, we interviewed JCPC program managers and reviewed program agreements with the managers. We reviewed JCPC monitoring reports for consistency and completeness. We queried Department of Juvenile Justice and Delinquency Prevention (Department) area offices for any Consultant Monitoring Review Reports and interviewed area consultants regarding their roles and responsibilities. We randomly selected 30 JCPC-funded programs to review, and made site visits to observe operations at 18 of those locations. We did not select a statistically representative sample. Therefore, we did not project our results to the population of all JCPC-funded programs.

To determine if reliable and relevant data are available to evaluate JCPC-funded program effectiveness, we reviewed all available JCPC Grant Reports for data consistency and completeness. We obtained participation data from program managers and reviewed a sample of case files for 26 randomly selected programs. We compared program provider participation data with participation data in the central state database that the Department maintains. The 26 selected programs are not a statistically representative sample, and we did not project our results to the population of all JCPC-funded programs.

Because of the test nature and other inherent limitations of an audit, together with limitations of any system of internal and management controls, this audit would not necessarily disclose all performance weaknesses or lack of compliance.

We conducted this performance audit according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted this audit under the authority vested in the State Auditor of North Carolina by *North Carolina General Statute 147.64*.

## FINDINGS AND RECOMMENDATIONS

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### 1. JCPC MEMBERS APPEAR TO HAVE CONFLICTS OF INTEREST

Some Juvenile Crime Prevention Council (JCPC) members have financial and program evaluation conflicts of interest because they are managers or directors of the programs they are responsible for funding and evaluating. These conflicting duties create the potential for abuse.

#### **Financial Conflict of Interest**

Some JCPC members appear to have financial conflicts of interest. A conflict of interest is a situation in which someone in a position of trust has, or appears to have, competing professional or personal interests. Such competing interests can make it difficult to fulfill duties impartially and can create an appearance of impropriety that undermines confidence in the person, profession, or system. JCPC members are responsible for recommending to the Board of County Commissioners the allocation of funds to programs that serve juveniles who are at risk of becoming delinquent. Some JCPC members are also managers or directors of JCPC-funded programs. Consequently, JCPC members who are also managers or directors of JCPC-funded programs appear to have a conflict between their duty to fairly and equitably recommend allocation of funds to area programs and their interest in maximizing the amount of funds allocated to programs they manage.

Management best practices and *North Carolina General Statutes* prohibit conflicts of interest. Generally, management should prevent situations that may provide opportunities to misuse authority or position for personal financial interests. Specifically, *North Carolina General Statute 143B-544a* requires each county board of commissioners to modify the County Council's membership as necessary to "...minimize potential conflicts of interest by members." Additionally, *North Carolina General Statute 14-234* prohibits an individual appointed to serve a public agency from deriving a direct benefit from the contract that the individual makes or administers on the public agency's behalf. The JCPCs are public agencies whose members administer annual agreements with JCPC-funded programs. Managers and directors at JCPC-funded programs receive salaries and benefits paid from JCPC allocated funds.

We found that 14 out of 100 county JCPCs have a program manager or director of a JCPC-funded program serving as a council member in the county where the program provides services. These program managers and directors represent 17 of the 499 funded programs. Of the 17 programs identified, six received over 50 percent of the total funds allocated in that county. One of the six programs received 88 percent of the total funds allocated in that county. Table 1 below identifies the programs that have a manager or director on the JCPC and the percentage of the total county allocation that the program received.

## FINDINGS AND RECOMMENDATIONS

**Table 1 – JCPC Conflict of Interest**

<b>JCPC CONFLICT OF INTEREST DETAILS PERCENTAGE OF TOTAL JCPC FUNDS</b>					
County	Program	Title	Total Program Allocation	Total County Allocation	%
Pamlico	StillWaters Counseling	Executive Director	\$59,261	\$67,497	88%
Surry	Individual Group Counseling	Executive Director	\$157,137	\$199,042	79%
Scotland	Scots for Youth	Director	\$112,385	\$156,912	72%
Perquimans	County Youth Academy	Executive Director	\$38,500	\$66,664	58%
Stokes	Family Counseling	Executive Director	\$79,632	\$139,498	57%
Davidson	(1) Structured Day (2) Strengthening Families	Executive Director	\$207,590	\$399,091	52%
Mitchell	Student Support Services	Program Manager	\$26,936	\$73,081	37%
Brunswick	Teen Court	Teen Court Director	\$47,415	\$179,429	26%
Jones	Nahal Counseling Center	Program Manager	\$22,000	\$90,000	24%
Cumberland	Juvenile Assessment Center	JAC Director	\$207,477	\$940,867	22%
Brunswick	Providence Home	Executive Director	\$30,000	\$179,429	17%
Columbus	Lasting Impressions	Executive Director	\$32,584	\$204,983	16%
Henderson	Education and Social Development Program	Executive Director	\$29,250	\$202,985	14%
Watauga	Juvenile Mediation Program	Executive Director	\$12,578	\$117,981	11%
Surry	Insight Human Services	Clinical Director	\$13,000	\$199,042	7%
Cumberland	Teen Court	Board Chair	\$56,449	\$940,867	6%
McDowell	Adolescent High Risk Behavior	Program Manager	\$6,000	\$132,608	5%

**Source:** Audit staff calculations

Although our audit did not identify any abuse, allowing managers or directors of JCPC-funded programs to serve as JCPC members creates the potential for abuse and inequity. The situation creates a potential for abuse because program managers and directors who are JCPC members can influence the allocation of funds to their programs. The situation also creates a fairness or equity issue because other program managers and directors who are not JCPC members, but are competing for the same funds, cannot similarly influence how the funds are allocated. Simply abstaining from participating in the funding process does not eliminate the conflict of interest. Managers and directors of JCPC-funded programs who serve as JCPC members may still appear to influence other JCPC members because of their working relationships.

### **Program Evaluation Conflict of Interest**

Some JCPC members also appear to have a conflict of interest concerning the evaluation of JCPC-funded programs. JCPC members are responsible for evaluating the performance of JCPC-funded juvenile services and programs. Because some JCPC members are also managers or directors for JCPC-funded programs, those members have a conflict between their duty to fairly and impartially evaluate the effectiveness of area

## FINDINGS AND RECOMMENDATIONS

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programs and their interest in demonstrating the effectiveness of the programs where they are employed.

As noted above, management should generally prevent situations that may result in a conflict between an individual's responsibilities and other personal or professional interests. Furthermore, *North Carolina General Statute 143B-544a* requires each county board of commissioners to minimize potential JCPC member conflicts of interest.

However, a program manager or director for 17 out of 499 JCPC-funded programs served as a JCPC member and had the ability to influence his or her program's evaluation. This conflict of interest can create questions as to the evaluation's objectivity and validity. It also increases the risk that ineffective or less effective programs could continue to receive funding when funds should have been reallocated to other, more productive, programs. Again, the situation creates a fairness or equity issue because other program managers and directors who are not JCPC members cannot similarly influence how competing programs are evaluated.

### **Preventative Action Needs Improvement**

Department of Juvenile Justice and Delinquency Prevention (Department) management has not prevented managers or directors of JCPC-funded programs from participating as JCPC members. The Department has a conflict of interest policy and requires JCPC members to complete a *Conflict of Interest Disclosure Form for JCPCs* and disclose potential conflicts. Five of the 17 program managers and directors who were also JCPC members noted a conflict of interest on their disclosure forms. However, Department management did not require that members with a conflict be removed from the council.

Another problem is Department management does not require JCPC members to submit the disclosure forms to the Department, and some JCPCs are not maintaining the forms. We were only able to obtain a disclosure form for seven of the 17 program managers and directors who were also JCPC members. Consequently, the Department and boards of county commissioners may not be notified of conflict of interest issues when they occur.

***Recommendation:*** Department management should develop and enforce a policy that no program manager or director of a JCPC-funded program can serve as a JCPC member in the county his or her program serves. The Department should also ensure that conflict of interest disclosure forms are properly completed and retained.

## **2. JCPC PROGRAM MONITORING NEEDS IMPROVEMENT**

Neither Department of Juvenile Justice and Delinquency Prevention (Department) area consultants nor Juvenile Crime Prevention Council (JCPC) monitoring committees have adequately monitored JCPC-funded programs.

## FINDINGS AND RECOMMENDATIONS

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### **Department Monitoring is Inadequate**

Department policy requires Department area consultants to perform on-site visits and complete a *Consultant Monitoring Review Report and Client File Review* for JCPC-funded programs "...within one year of program initial funding by the Department and every three years thereafter at minimum." Area consultants perform on-site visits to provide technical assistance and detect violations of program standards, state and federal laws, and contract terms. Area consultants also perform on-site visits to detect conditions or practices that create a threat or danger to juveniles or staff.

Department area consultants have not performed the required on-site visits. We selected a random sample of 30 of the 499 JCPC-funded programs and reviewed monitoring documentation. All 30 programs had been in operation for more than one year; therefore, we expected all 30 programs to have had at least one on-site monitoring visit. Out of 30 programs, we found only one *Consultant Monitoring Review Report and Client File Review* resulting from an on-site visit to a service provider. Managers of JCPC-funded programs also reported infrequent contact with area consultants and said they did not completely understand the records management requirements or how to use the computerized Client Tracking System (CTS).

The Department may not identify programs that are not delivering services in accordance with program standards, state and federal laws, and contract terms because Department area consultants have not performed the required on-site visits. Inadequate monitoring also increases the risk that the Department will not identify potential threats and dangers to the juveniles the programs serve. Also, program managers may not receive the instruction and technical assistance they need to correct operational problems.

### **Local JCPC Monitoring is Inadequate**

Department policy requires each JCPC to monitor program provider compliance with program agreements. Each JCPC is required to establish a monitoring committee that performs annual on-site monitoring visits of JCPC-funded programs and completes a *JCPC Monitoring Report*. The monitoring committees review current program agreements, juvenile records, client tracking data, financial records, and documentation of expenditures. JCPC monitoring is required to ensure that the population served, program services, program staffing, screening and admissions procedures, and physical facilities are consistent with the program agreement.

JCPC monitoring procedures need improvement. Although 26 out of 30 programs in our random sample received the required annual monitoring visit, 11 of the 26 monitoring visits were documented with an outdated and less comprehensive version of the monitoring report form. Of the remaining 15 programs that received the more comprehensive review, eight of the monitoring report forms were only partially completed. Consequently, only seven out of 30 (23.3%) programs received a properly documented JCPC monitoring committee visit.

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Additionally, problems that should have been identified during the monitoring visits were not. For example, providing services to youth that the Juvenile Court or Juvenile Court Services refers is a priority for the Department. One program agreement stated that 60 percent of its participants would be referred from the Juvenile Justice system; however, supporting documentation showed schools actually referred 91 percent of the participants. We also identified instances where programs overstated the number of clients served by 188 and 72 percent. None of these problems were identified on the JCPC monitoring reports.

Weak JCPC monitoring procedures may allow programs to receive funding without providing services of the quality and quantity outlined in the program agreement. Monitoring helps determine which programs are successful and whether limited funds are spent wisely.

### **Monitoring Policy Not Enforced**

Department management has not ensured that area consultants and JCPC monitoring committees comply with the program monitoring policy. Department area consultants do not place a high priority on monitoring and do not consistently create monitoring plans. Also, Department management does not ensure that area consultants thoroughly review JCPC monitoring committee reports.

We interviewed or surveyed all nine (one position is vacant) area consultants about the monitoring process. Three area consultants said they do not place a top priority on monitoring because of other duties. In addition to monitoring 499 JCPC-funded programs, the area consultants are responsible for attending and documenting JCPC meetings, participating in annual planning, implementing and reviewing all aspects of the budget process including required Departmental financial forms, reviewing and processing program agreements and agreement revisions, providing technical assistance, and conducting training. Area consultants say the other duties, especially attending meetings, consume a great deal of time and leave little time for monitoring.

However, area consultants can improve monitoring with some planning. Area consultants say that a monitoring visit takes approximately 16 hours to complete including preparation time, on-site visit, and report development. Additional time may be required for follow-up questions or travel. Current Department policy requires that area consultants perform on-site visits of JCPC-funded programs once every three years. On average, the policy requires area consultants to perform 1.4 monitoring visits per month (499 programs/36 months/10 area consultants = 1.4 visits per month). As a result, area consultants should be able to complete the required monitoring visits in approximately three days each month (16 hours per visit x 1.4 visits per month = 22.4 hours).

Requiring area consultants to thoroughly review JCPC monitoring committee reports can also improve monitoring. We found that area consultants received and stored the reports, but they did not use the reports to identify risk or determine where to focus their efforts.

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Thoroughly reviewing the reports would allow area consultants to determine if JCPC monitoring committees have properly completed and documented their monitoring visits. Reviewing the reports would also help area consultants identify programs with problems and prioritize on-site visits.

***Recommendation:*** Department management should ensure that area consultants and JCPC monitoring committees monitor JCPC-funded programs according to established policies. Management should require area consultants to develop and document monitoring plans. Management should also require area consultants to thoroughly review JCPC monitoring committee reports to identify programs that need additional assistance.

### 3. SOME PERFORMANCE DATA ARE INACCURATE OR INCONSISTENTLY REPORTED

The usefulness of performance and evaluation data for Juvenile Crime Prevention Council (JCPC) funded programs needs improvement. Some JCPC program participation data are inaccurate, and there are no standardized measurable performance objectives for each program type.

#### **Inaccurate Participation Data**

The General Assembly and the Department of Juvenile Justice and Delinquency Prevention (Department) and JCPCs need accurate participation data to determine whether each funded program is needed and whether additional funding is justified. However, participation data for some JCPC-funded programs are inaccurate.

JCPC program providers maintain case listings that document the number of juveniles served. The program providers enter demographic information from the client lists into the Client Tracking System (CTS) and submit the electronic data monthly to Department area offices. Area offices then compile and transfer the data to a central state database. The Department then includes the information in an annual report to the General Assembly for evaluation and decision-making purposes. Our audit identified a significant difference between the number of youth served as recorded in the central state database and the actual number of youth served.

For fiscal year 2006-2007, we randomly selected 26 programs and compared the total youth served by the programs to the totals in the state database. We found a discrepancy between the actual number of youth served and the number of youth served as recorded in the state database for 22 of the 26 (85%) JCPC-funded programs we reviewed. For example, we found one program that served seven juveniles was not included in the state database; the youth served for a second program was overstated by 188 percent (33 actual, 95 recorded); and the youth served for a third program was overstated by 72 percent (46 actual, 79 recorded). In total, the number of youth served, as recorded in the state database, for the programs we sampled was overstated by 24 percent (1,690 actual, 2,089 recorded).



## FINDINGS AND RECOMMENDATIONS

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Inaccurate participation data could hinder effective decision-making and allow unneeded programs to receive continued funding. Conversely, inaccurate participation data may prevent decision-makers from identifying programs that are necessary and have increased funding needs.

There are various reasons why the participation data were inaccurate. One reason is that program providers do not always remove former participants from the CTS in a timely manner. Another reason is program providers sometimes make duplicate entries of participant data. Some program providers do not understand the CTS and said they received insufficient training in its use. Another reason is inconsistent reconciliation of program provider data with the state database.

### **Standardized Performance Objectives Are Needed**

Standardized performance objectives help ensure that programs achieve a minimum level of performance in order to receive state funds. Standardized performance objectives for each program type can also help decision-makers compare similar programs and identify those that are less effective or that demonstrate best practices.

We determined that JCPC-funded programs offering similar services have differing performance objectives. For example, *North Carolina General Statute* 143B-519 identifies “restitution to victims” as a measure of JCPC program effectiveness. However, the Department has not set standards to objectively determine program success. Each program provider sets their own performance objectives. We reviewed five restitution programs with successful restitution completion objectives ranging from 50 percent to 88 percent.

*North Carolina General Statutes* also include “reduce convictions for subsequent offenses,” or recidivism, and “increase parental accountability” as program effectiveness measures. Again, the Department has not set standards to objectively determine program success. We reviewed four structured day programs and found “recidivism rate” objectives ranging from 40 percent to 90 percent and “parental participation” objectives ranging from 50 percent to 90 percent.

Program performance objectives vary because Department management has not established standard performance objectives. The lack of standardized performance objectives allows each provider to set its own objectives and claim that its program is effective, whether it is or not. It also makes fair comparisons between similar programs difficult. The lack of standardized performance objectives could also create a fairness issue if the Department wanted to end funding to a program based on lack of effectiveness because the Department would not have an objective standard on which to base its decision.

**Recommendation:** Department management should provide training on the Client Tracking System to JCPC program providers and improve the reconciliation process between JCPC and Department client tracking records to ensure the Department reports accurate participation data. Management should also standardize basic performance objectives for each service program type.

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## APPENDIX



**STATE OF NORTH CAROLINA  
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**George L. Sweat**

July 10, 2008

The Honorable Leslie W. Merritt, Jr., State Auditor  
Office of the State Auditor  
2 South Salisbury Street  
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Dear Mr. Merritt:

Thank you for the opportunity to review and respond to the report entitled *Performance Audit: Department of Juvenile Justice and Delinquency Prevention: Oversight of Juvenile Crime Prevention Council-Funded Programs, June 2008*. The Department responses generally reflect concurrence with the audit's recommendations with explanations provided to enhance understanding of the operations of the Juvenile Crime Prevention Council (JCPC) system.

North Carolina's approach to community juvenile crime prevention is envied by other states as it represents a mix of state funding and support with local expertise and capacity. The one hundred JCPCs, one in each county, have contributed to the lowest juvenile crime rate in nine years as well as to the 68 percent decrease in youth being committed to youth development centers. We also know the JCPC funding directly impacts public safety issues which define every community and county across the State.

In February, 2008, the Department of Juvenile Justice and Delinquency Prevention submitted a continuation review of JCPCs to the General Assembly and laid out a case for continued and increased funding. Included in the continuation review is articulation of needs related to monitoring, evaluation, and data. Therefore, not surprisingly, your audit confirms what we determined in our review. Additionally, what we will glean from your work are efforts to increase attention and documentation related to the appearance of as well as the potential for conflict of interest. We also will improve monitoring efforts that are carried out by both local and Department personnel.

The determination that no abuse was found in the audit is important to note. We strive, in partnership with local leaders, to provide programming that is directed at prevention and intervention gaps and needs. We are working to ensure that we go about doing this with a mindset of using tax dollars wisely. Prevention approaches are ultimately investments in the future and represent cost savings over time.

I want to personally commend the audit team that worked with my staff. Your staff is committed to doing professional work and to getting the job done. We appreciate the efforts put into the report that was generated.

Sincerely,

George L. Sweat  
Secretary

GLS/JM/jm

## APPENDIX

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### Department of Juvenile Justice and Delinquency Prevention Audit Response

The Department of Juvenile Justice and Delinquency Prevention offers the following in response to the *Performance Audit: Department of Juvenile Justice and Delinquency Prevention: Oversight of Juvenile Crime Prevention Council-Funded Programs, June 2008*. The responses are structured with a restatement of the report recommendation, the Department Response, comments, discussion of efforts the Department has already undertaken to address issues, and a delineation of actions that will be taken to address the audit's recommendations.

**Recommendation: Department management should develop and enforce a policy that no program manager or director of a JCPC-funded program can serve as a JCPC member in the county his or her program serves. The Department should also ensure that conflict of interest disclosure forms are properly completed and retained.**

#### Department Response: Concur with Qualification

The Department concurs that policy should be enhanced and enforced to minimize conflicts of interest and, particularly, financial conflicts of interest. The exclusion of program managers or directors does not fully address the issue and may indeed affect the positive work of JCPCs in some counties. The Department concurs that the completion, review, and retention of conflict of interest documentation should be enforced and maintained.

#### Comments:

*North Carolina General Statutes* provide that county commissioners should appoint individuals if possible in specified local positions to the JCPC as well as appoint other at-large members. A benchmark of the JCPC system is that it is a State and county partnership and that the system requires local planning and implementation of programming. Local stakeholders assess risks and needs of youth in the community and seek the development and implementation of programs that specifically meet those needs. Because the system requires that there be local money included in the program budget as either a cash or in-kind match, there is local investment of funds as well as time and energy in the delivery of programs. Success of programs is of local interest because funding to meet the needs of the targeted population is limited. Local stakeholders are watchful regarding the use of the dollars.

Even if program managers or directors are eliminated from serving on JCPCs, the designated membership of a JCPC may in some way be connected to, responsible for, or have their work affected by programming funded through the JCPC. For instance, all youth less than 16 years old are required to attend school for which a school superintendent is responsible. Any programming that effects school attendance, behavior or success will affect the direct responsibilities of the superintendent and may cause a superintendent to compete or advocate for such programming. The same may be said for the chief district court judge, the director of the county department of social services, the

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sheriff, and the chief court counselor, among others designated to be appointed if possible. Community stakeholders have a vested interest in the JCPC process and may have potential conflicts of interest. Those potential conflicts do not negate the strength and wisdom for having local decision making regarding programming.

Not all program managers or directors who serve as JCPC members receive financial gain from JCPC funds. There are volunteers who are willing to head collaborative efforts to provide needed programming in a county. In the instance cited in the audit for Pamlico County, the program manager for the Stillwaters Program is a pediatrician who is the executive director of the sponsoring non-profit agency, Heartworks Children's Medical Home. She did not receive any compensation for the time that she contributed to the operation and oversight of this grant funded program. In FY 06-07, Stillwaters provided multiple services within the county and was a collaborative effort of Heartworks Children's Medical Home, the school system, the local department of social services, and the Department of Juvenile Justice and Delinquency Prevention. Pamlico County is a small rural county with few public or non-profit agencies to propose or sponsor needed programs. Another example is that the salary of the Executive Director of the Perquimans County Youth Academy was paid by in-kind contribution, not from JCPC funds.

### **What the Department has done:**

The Department requires that each JCPC utilize bylaws and JCPC Operations Policy to address conflict of interest. Each JCPC is required to have policy that addresses conflict of interest that may arise when members are involved in the disbursement of State funds. The policies also require council members to disclose in writing the existence, nature and extent of any potential or actual conflict of interest to the JCPC Chairperson, the County Finance Officer, and the County Manager as soon as the conflict becomes known. The Department's Conflict of Interest Policy Template for JCPCs also provides the mandatory, minimum policy for conflict of interest. Each JCPC must include this text in their by-laws and should supplement the policy with additional procedures.

Each County Board of Commissioners is required to certify that the local JCPC bylaws include policy and procedure regarding Conflict of Interest. (<http://www.juvjus.state.nc.us/jcpc/policy.html>, JCPC 1) The Department provided training to JCPC chairs in 2005 regarding disclosure of conflict of interest. Forms mentioned in policy have been developed and distributed to give guidance regarding the disclosure of conflicts of interest and regarding actions to remedy conflicts. (<http://www.juvjus.state.nc.us/jcpc/policy.html>, DJJDP 13 001, 13 001b; 13001c).

### **What the Department will do:**

Conflict of interest will be addressed through policy and enforced at both the local and state levels. While policy may require that program managers or directors be excluded from membership on JCPCs, local stakeholders will continue to have professional interests that should be fully disclosed, documented, and kept in check at the local level,

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with the Board of County Commissioners being the local body that ensures that local decisions are made with conflicts of interest being minimized.

- The Department will invite the Association of County Commissioners and representation of JCPC chairs to work assist with developing policy and processes that will minimize conflicts of interest on JCPCs yet encourage participation of those local stakeholders who are most qualified to assist the Board of County Commissioners in making funding decisions.
- The Department will develop a process for Department staff to document review of conflict of interest disclosure forms and the certification of the Boards of County Commissioners and retain copies of the forms.

**Recommendation: Department management should ensure that area consultants and JCPC monitoring committees monitor JCPC-funded programs according to established policies. Management should require area consultants to develop and document monitoring plans. Management should also require area consultants to thoroughly review JCPC monitoring committee reports to identify programs that need additional assistance.**

### **Department Response: Concur**

The Department concurs that monitoring of JCPC grant-funded programs needs improvement.

### **Comment:**

The Department, its area administrators, and its area consultants view monitoring of JCPC programs as very important and one of many priorities in the role of the area consultant. Department policy sets monitoring requirements. These policies must be consistently managed across the State.

The State-Local partnership between the Department and all 100 counties in the State in developing and implementing community-based programs for at-risk and adjudicated youth is unique. The county JCPCs and Boards of Commissioners who decide funding of the JCPC programs share the authority as well as the accountability for the effectiveness of JCPC programs in their respective county. JCPC monitoring team reports are reviewed at JCPC meetings, attended by area consultants, shortly after their completion. Area consultants therefore, are made aware in these monitoring team report meetings of issues that may need further action and follow up as a result of the JCPC monitoring team report.

### **What the Department has done:**

Each area office has developed a consultant monitoring plan for JCPC programs required to be monitored in FY 2008-2009. The successful completion of these plans is reviewed monthly by area administrators.

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The need for additional area consultants and internal auditors has been previously documented in the JCPC Continuation Review Report submitted to the General Assembly on February 1, 2008, and the Annual JCPC Effectiveness Report submitted to the General Assembly in April 2008. The most recent cost figures indicated the need for four additional area consultants at a cost of \$247,097 in salaries and benefits as well as the addition of four additional internal auditors also at a cost of \$247,097.

Prior to the conclusion of this audit, the Department has hired nine part-time, temporary monitors to assist area offices in conducting JCPC monitoring visits. Those individuals have extensive background and experience in working with JCPCs and were trained in the revised JCPC program monitoring tool in May 2008. These temporary staff members began conducting monitoring visits in May and have continued through the end of FY 2007-2008. They will continue their monitoring duties through July 2008 with the limited available resources that the Department has for this priority task. The employment of these monitors will support the Department's efforts to come into compliance with monitoring policy.

The Department has revised its JCPC monitoring form to include more extensive probes and review of both programmatic effectiveness indicators as well as financial indicators. The monitoring form may be viewed at <http://www.ncdjjdp.org/jcpc/policy.html> (JCPC OM 004). Effective August 2007, the Department required that all JCPC program providers submit financial ledgers to the Department for review each month.

### **What the Department will do:**

The Department will take the following actions to further address the audit report recommendation related to area consultant monitoring and JCPC monitoring team monitoring of JCPC programs:

1. Complete the schedule of JCPC program monitoring for FY 2008-2009 to comply with Department policy. Each Area Administrator will monitor implementation and require documentation of the monitoring schedule and follow up by the area consultant.
2. Continue to provide training for JCPC monitoring team members on effective JCPC program monitoring.
3. Strengthen the existing system for follow up actions related to JCPC monitoring reports by requiring documentation that the reports have been reviewed at the area office and appropriate follow up has been implemented as needed.
4. Continue to pursue additional funding to expand its capacity to effectively monitor JCPC programs through the use of four additional area consultants and four internal auditors.
5. Continue to pursue additional funding to design and implement a real-time web-based system for ongoing reporting of JCPC program monitoring.

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**Recommendation:** Department management should provide training on the Client Tracking System to JCPC program providers and improve the reconciliation process between JCPC and Department client tracking records to ensure the Department reports accurate participation data. Management should also standardize basic performance objectives for each service program type.

**Department Response: Concur with Exception**

The Department concurs that additional training for program providers on the Client Tracking System is needed and that an improved reconciliation process between JCPC and Department client tracking records is needed. The Department agrees that basic program performance objectives should be standardized for each program type. The Department takes exception with requiring standardizing percentage targets for basic performance objectives for each service type program.

**Comments:**

The Department has noted to the Legislature the need for resources to improve our data reporting system. On February 1, 2008, the Department submitted a Juvenile Crime Prevention Council Continuation Review to the General Assembly. In that review, the Department was required to report on a description of the JCPC program, including information on services provided, the recipients of the services, and the resource requirements. The Juvenile Crime Prevention Council Continuation Review may be accessed at: [www.ncdjjdp.org/news/2008/february/jcpc\\_cr.html](http://www.ncdjjdp.org/news/2008/february/jcpc_cr.html). The Continuation Review reports on the limitations of the current Client Tracking System.

The Department agrees that efforts should be made to further “standardize” performance objectives for JCPC program types whenever possible. The Department takes exception that target percentages for success should be standardized. Programs of a particular type should build in program characteristics that produce success, based on available research. Programs in individual counties should be developed to meet the needs of the juvenile population of the particular community and should therefore have program-related variables that effect program outcomes. These variables include:

- The number of clients that will be served by the program
- The maturation of the program or how long it has been in operation
- The characteristics of the clients including age and risk level
- The intensity and duration of intervention provided by the program
- Primary and supplementary services provided to the clients

Because of the continuing development of programs to meet the needs of youth in the community, the Department endorses a growth model approach to performance objectives. The audit report states that the “lack of standardized performance objectives allows each provider to set its own objectives and claim that its program is effective, whether it is or not.” In all instances, the local JCPC and the Board of Commissioners



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review and endorse program outcomes. A new program providing an intensive level of service to high risk juveniles should not be expected to have the same percentage of accomplishment that an established program serving lower risk in a less intensive manner. Both programs may be meeting the needs of the particular community. With a growth model approach, success will be defined using baselined and benchmarked targets which will vary because of county diversity.

The 2008 Legislature has mandated that the North Carolina Sentencing and Policy Advisory Commission conduct a feasibility study for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council (JCPC) grant funds. It is anticipated that the final plan that will be presented to the Legislature by May 1, 2009, will include measures of success for the various program types and that the data needs to support success factors will be included.

### **What the Department has done:**

In the Juvenile Crime Prevention Council Continuation Review the Department documented the need for a web-based application to improve program accountability, enhance the Department's ability to interface with its current NCJOIN database and enable better statistical reporting. The Continuation Review recommended funding of the system and three staff positions to support the data needs of JCPCs.

Department staff work to reconcile client tracking data monthly. Department area office staff provide reports for reconciliation to program providers and follow up with programs. There are also reports from the state office to program providers to review for reconciliation, at least annually.

When the Department prepares data for reporting to JCPCs, the public and to the General Assembly, we employ methods to ensure that the data used is accurate. An example is that to reduce the number of old clients in reporting for the Continuation Review Report, we examined cases that were either admitted or terminated as a program participant during that Fiscal Year. This action ensures that old clients were not included in analysis. Such methods were used in reporting to the Legislature in February 2008 and April 2008.

The Department offers training in the operation of the client tracking system to all program providers. Training is not only offered in group settings, but is often provided in an individual setting. Department staff regularly provide technical assistance for use of the database via telephone. Information about the data base, trouble shooting tips and a user manual are located on the Department Website:

<http://www.juvjus.state.nc.us/jcpc/resources.html>.

In fall 2007, a Department team developed standardized measurable performance objectives for JCPC program types relating success for each youth to their individual service plan. These program objectives were developed for use by JCPCs and JCPC program providers in the new multi-year JCPC Planning Process implemented in early 2008. The objectives were used by JCPCs in planning for FY 2008-2009 and beyond. The team working on the development of these program objectives had over

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80 years of experience working with JCPC grant funded programs and their predecessors (Community Based Alternative programs). The development team decided that each program should not have the same percentage success criteria because of the program-related factors discussed earlier in this response. While the extensive experience of the team added face validity to the program performance objectives developed, they readily acknowledged that improvement in the objectives could be made by further examining the research base for these program objectives.

### **What the Department will do:**

1. The Department will enhance current training on the importance of the client tracking system and its operations as well as improve accountability efforts regarding data entry and reconciliation up to and including withholding funds from programs that do not submit or reconcile data.
2. The Department will continue to support the current client tracking system while we seek resources to develop a new, web-based data system and resources to provide sufficient staff to support data quality.
3. The Department will work with the North Carolina Sentencing and Policy Advisory Commission, per Legislative Special Provision, to conduct a feasibility study for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council funds. An interim report will be made to the General Assembly on December 1, 2008, with the final plan to measure effectiveness due by May 1, 2009.
4. The Department will continue to request funding needed to implement a paperless grants management system that will include a web-based JCPC performance program effectiveness reporting system that can be used by JCPCs, program providers, and Department staff in making data-based decisions regarding JCPC programs.

## ORDERING INFORMATION

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