

Compliance Visit to Chattanooga Endeavors/Nashville Works (RFS#329.01-276-09/ and Contract#GR-09-26756-00)

On July 1, 2010, the Compliance Section, accompanied by Cyndi Taylor from Rehabilitative Services conducted a fact finding visit to the Chattanooga Endeavors office locations in Nashville and Chattanooga. The visit was conducted to attempt to clarify issues that have arisen related to contract compliance, and to conduct an inventory of property and equipment purchased for use in accomplishing the goals of the contract/grant with Chattanooga Endeavors/Nashville Works.

The DOC group who traveled to Chattanooga was met by Mr. Tim Dempsey, CEO of Chattanooga Endeavors (CE). Mr. Dempsey met with our group and answered our questions and later escorted us to another location to inventory equipment.

Results of Inventory

All property was accounted for with the exception of a video tape recorder valued at \$248.00. The Compliance Section created a listing of the property identified during the inventory on July 1, 2010.

The location of the property proved to be a little confusing. The five (5) laptops were reported to be all at the Nashville Works location and the Charles Bass site by Mr. Dempsey. The team at the Nashville site were only able to locate four laptops and it was reported to the Nashville team that one laptop was at the Chattanooga site. The issue was resolved early this week and the 5th computer is located at the Nashville Works office.

The Chattanooga compliance team requested access to the two servers that had been purchased for the Nashville Works program and were reportedly at the Chattanooga office site in order to record any identifying numbers. We were told the servers were now located at a company called VPNtranet. When asked why the servers had been moved, Mr. Dempsey made comments that alluded to problems with performance that were solved by paying an \$825 monthly fee to VPNtranet and placing the servers at that location. The DOC did not approve the move of the servers and there was no pre-approval of the fee. When we asked Mr. Dempsey how long the servers had been gone he stated about a month. When we arrived at VPNtranet and asked a technician there he said they had been there since late March, approximately 3 months. The DOC has not been billed for that service as of this date.

Both servers were located and the connector box for the telephones was also located at the VPNtranet site.

Issues Discussed/Unresolved

The most significant issue, and one with no resolution pending, is the contractor's responsibility (Chattanooga Endeavors/Nashville Works) for the establishment of an alternative staffing component (temporary employment agency). Business

relationships/agreements with Nashville employers were to be developed to take inmates/parolees as employees and eliminate the normal job hunting process. The existing process for work release inmates involves simply canvassing areas, filling out applications, and ending up with a minimum wage job. Currently, and for the length of the contract, the jobs inmates have succeeded in acquiring while participating in the Nashville Works program, have been acquired by canvassing commercial areas, with only 1-2 exceptions. The basic premise of the need for the grant is not being accomplished and has very little hope of success. The same methods for job seeking by inmates that has always occurred is being followed.

This overriding fact gives birth to a multitude of questions concerning purchases being made before any apparent business need for those purchases. This was discussed with Mr. Dempsey in an effort to allow him to offer an explanation for those purchases. All those type discussions leaned toward the vision of what the program was supposed to grow into and not where it was currently.

The grant proposal (329.01-276-09 page 7) states:

“The present project builds on the successful experiences of CE, extending the organization’s alternative staffing model to prison. **All of the systems in place (including critical time entry, payroll administration, recruiting, and CRM applications)** are internet based and easily scaled up. Back office operations and many overhead costs can be shared between the two locations, easing the financial strain of start up...”

CE had an operational employment (alternative staffing) agency in Chattanooga and had an internet based software package that allowed for the organization to place parolees or inmates in jobs in the Chattanooga area and handle the billing to participating companies and paying the parolees. This system was discarded and a \$24,000 purchase was made for a new software program. When Mr. Dempsey was questioned as to the business need for this program he eluded to the fact the old system just couldn’t handle the load (could not be scaled up?). That explanation seems to be plausible only if there was an actual load to test that capacity. There were no Nashville companies entered into the program to overload it to begin with, and obviously no inmates placed in the companies that were not there. The “overload” could not have ever existed. Mr. Dempsey noted that the Chattanooga convicted felons from the county/city facilities were the ones benefiting from the new software.

While the software purchase really stands out there are a multitude of questions concerning the initial purchases made that were questionable due to the cost and the timing. Two servers totaling around \$6000.00 were purchased without clarification on the business need. Mr. Dempsey discussed the project “growing to statewide” over the years and being self-sustaining in the future. While this certainly is an impressive vision, the reality is, it didn’t grow at all. The current payroll records on the new system show 27 county/city parolees, all in the Chattanooga area, entered into the newly purchased software (Ultra-Staff Small Business) and all business entries being from Chattanooga.

Mr. Dempsey was also asked what the estimate for “accounting services” was related to and he said it was to “set up the books” for the Nashville Works” program. This \$4,750.00 estimate is still questionable and unexplained and we did not see documentation on who received the payment.

Section A.8. of the Contract requires a bi-monthly report of outcomes to the PRI Advisory Group from an **independent evaluator**. Only two evaluations have been completed and Mr. Dempsey chose one of his Board of Directors as the evaluator. Mr. Dempsey explained he had “gotten the requirement changed to once a quarter” but even accepting that as fact, the contractor is about 3 reports behind and those evaluations have not been done. Mr. Dempsey was not asked what he thought the word independent meant.

It is also interesting to note that during the time we spent at the location where the servers had been moved, one of the employees at that site is also on the Board of Directors for Chattanooga Endeavors.

Conclusion

1. The “alternative staffing component” does not exist for the Nashville Works program. Inmates are seeking employment on their own with the transportation being provided by Nashville Works staff.
2. No permanent relationships have been developed with potential employers for work release inmates in the middle Tennessee area.
3. The required evaluations have not been timely and were not conducted by appropriate individuals.
4. Purchases made for equipment and services are at best questionable in their timing and possibly violate the contract when the purchase is matched against need for the product or service.