



Audit of the United States Marshals Service's
Contract Awarded to The GEO Group, Incorporated
to Operate the Robert A. Deyton Detention Facility,
Lovejoy, Georgia



AUDIT DIVISION

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REDACTED FOR PUBLIC RELEASE

A redaction was made to the full version of this report for reasons of commercial non-promotion. The redaction is contained in Appendix 3, The GEO Group's Response to the Draft Audit Report, and is of the name of a commercial company.



Executive Summary

Audit of the United States Marshals Service's Contract Awarded to The GEO Group, Incorporated to Operate the Robert A. Deyton Detention Facility, Lovejoy, Georgia

Objective

The Department of Justice Office of the Inspector General conducted an audit of the United States Marshals Service's (USMS) Contract Number ODT-8-C-0005 with The GEO Group, Inc. (GEO), valued at about \$650 million, to provide detention services at the Robert A. Deyton Detention Facility (Deyton Facility) in Lovejoy, Georgia. The audit assessed the USMS's administration of the contract, and GEO's performance and compliance with the terms, conditions, laws, and regulations applicable to the contract. The assessment of contractor performance included financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives.

Results in Brief

We found that the USMS needs to improve contract oversight procedures, particularly regarding unmet staffing levels, processing invoice deductions, and contract price reduction proposals and the use of commissary funds. As a result of these weaknesses, the USMS paid GEO an estimated \$3.1 million for staff services not provided between January 2018 and December 2019. We also identified weaknesses in the USMS's contract with GEO related to defining contract requirements and establishing staffing requirements.

We found that GEO generally complied with the terms and conditions of the contract applicable to contract management, oversight, and monitoring. However, GEO's performance did not comply with the contract terms and law pertaining to mandatory training for officers transporting detainees. Additionally, we identified an area of needed improvement related to detainee safety in the use of bunk beds.

Recommendations

Our report contains 10 recommendations to assist the USMS in establishing controls to prevent and detect GEO's non-compliance with terms and conditions of the contract.

Audit Results

Our audit focused on Contract Number ODT-8-C-0005, which is a firm-fixed price contract between the USMS and GEO for about \$650 million. The contract period of performance is February 2008 to February 2028, if all option years are exercised.

Staffing Requirements – The USMS did not hold GEO accountable for its failure to staff facilities as required by the contract from January 2018 to March 2019. The contract includes a staffing plan and requires that GEO maintain a minimum of 90 percent of the plan for detention security services and 85 percent of the plan for all other staff categories. The contract permits the USMS to apply staffing-related invoice deductions. We found that GEO did not consistently maintain the 90 percent staffing level for detention security services during the time period of our audit, did not consistently fill essential positions listed in the contract, and had numerous positions that were vacant for more than the 120 days specified in the contract. Despite the facility's failure to meet these staffing requirements, the USMS did not issue any invoice deductions during the period we audited. We estimated that, for the period January 2018 through December 2019, the USMS could have taken invoice deductions of more than \$3.1 million for positions that were vacant for more than the 120 days specified in the contract.

Processing of Contract Price Reduction Proposals – The USMS did not prepare contract price reduction proposals for the GEO contract in accordance with the process outlined in the USMS Detention Services Contract Reduction Manual. In addition, the Contracting Officer's Representative did not accurately calculate the proposed reductions. As a result, the USMS's processing of reduction proposals was delayed, and as of March 24, 2020, USMS did not make decisions on reductions proposed between May 2019 and October 2019.

Transportation Officer Training – The USMS did not ensure that all of GEO's transportation officers had completed training courses as required by federal law for employees of private prisoner transport companies. Consequently, transportation officers were not fully



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trained, increasing the risk of delays or that a major accident or other event could occur during detainee transportation for which the officer is not prepared.

Commissary Fund – The USMS does not have a procedure for ensuring that substantial excess commissary funds, as existed at the Deyton Facility, are used solely to benefit detainees, consistent with the terms of the contract. Based on the persistent and significant balance in the facility's commissary fund during the period of our audit, we believe that GEO should have either reduced the price that it charged detainees for commissary items or more promptly used the excess funds to purchase items for the benefit of detainees. The contract also does not specify how accumulated excess commissary funds will be disposed at the end of the contract.

Detainee Bunk Beds – The USMS does not have a policy or standard for the appropriate use of ladders in facilities that contain bunk beds, and only one of the four housing units at the Deyton Facility had ladders installed on bunk beds at the time of our audit. We further determined that only 2 of the USMS's 13 private contract facilities have ladders or steps installed for bunk beds. As a result, there is an increased risk of detainee injuries.

Infectious Disease Prevention and Control – At the conclusion of our audit work, GEO had begun taking steps in response to the coronavirus pandemic by implementing policy guidance and changing procedures at the Deyton Facility. Because these actions occurred at the conclusion of our audit work, we did not perform testing sufficient to verify implementation of either the new policy guidance or the assertions of the Deyton Facility Administrator regarding the pandemic preparations and conditions at the facility. On April 29, 2020, the Office of the Inspector General initiated an oversight review of the USMS response to the pandemic.

**AUDIT OF THE UNITED STATES MARSHALS SERVICE'S
CONTRACT AWARDED TO THE GEO GROUP, INCORPORATED TO
OPERATE THE ROBERT A. DEYTON DETENTION FACILITY,
LOVEJOY, GEORGIA**

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AUDIT OF THE UNITED STATES MARSHALS SERVICE'S CONTRACT AWARDED TO THE GEO GROUP, INCORPORATED TO OPERATE THE ROBERT A. DEYTON DETENTION FACILITY, LOVEJOY, GEORGIA

INTRODUCTION

The Department of Justice Office of the Inspector General (OIG) has completed an audit of the United States Marshals Service's (USMS) Contract Number ODT-8-C-0005 with The GEO Group, Inc. (GEO) to provide comprehensive detention services at the Robert A. Deyton Detention Facility (Deyton Facility) in Lovejoy, Georgia. This fixed-price contract has a 5-year base period and three 5-year options.¹ If each of the three available 5-year options is exercised, the contract will end February 19, 2028 and have an estimated value of \$650 million. On December 20, 2017, the USMS exercised the second option for the period of performance from February 20, 2018 to February 19, 2023. As of April 13, 2020, USMS payments to GEO totaled approximately \$369 million or about 57 percent of the potential contract value.

Background

United States Marshals Service

The USMS manages the housing, transportation, and care of federal detainees. The USMS does not own or operate detention facilities but houses prisoners in: state and local government facilities using intergovernmental agreements (IGA); Federal Bureau of Prisons (BOP) facilities; and 13 privately managed detention facilities, including the Deyton Facility. The Deyton Facility contract was awarded to GEO in early 2008. The facility accommodates 768 detainees, 32 female and 736 male. The USMS contract provides for a fixed monthly operating price for an average daily population of 614 beds or 80 percent occupancy. The contract also provides an incremental per diem rate charge if the number of occupied beds exceeds 614.

In fiscal year (FY) 2019, the USMS Prisoner Operations Division (POD) managed an average daily detention population of 61,489 detainees of which over 10,000 were housed in the 13 privately managed detention facilities. According to USMS prisoner operations data for FY 2019, the total average daily detention population was 41,511 at state and local facilities, 9,575 at BOP facilities, and 10,403 at private detention facilities.

The POD's mission is to preserve the integrity of the federal judicial process by establishing national detention policy, national strategies, and programs that

¹ A requirements contract provides for filling all actual purchase requirements of designated government activities for supplies or services during a specified contract period (from one contractor), with deliveries or performance to be scheduled by placing orders with the contractor. See FAR Subpart 16.503, *Requirements contracts*.

provide for processing, housing, transportation, and care of federal detainees in a safe, secure, and cost effective manner. Two POD offices play key roles in managing detention contracts such as that with the Deyton Facility. The Office of Detention Services staff include contracting officers who are responsible for awarding and administering the private detention contracts. The Office of Detention Standards and Compliance is responsible for monitoring compliance with federal detention standards.

The Deyton Facility contract is administered by a Contracting Officer (CO) located at USMS Headquarters within the POD. The CO directs or negotiates any changes in contract terms and has authority to increase or decrease the contract amount, modify or extend the period of performance, authorize payment under the contract, and take formal action for unsatisfactory contractor performance. A Contracting Officer's Representative (COR) was designated to assist the CO with technical monitoring and administration. The COR is a Detention Contract Administrator located on-site at the facility and is responsible for the continuous, day-to-day monitoring of the contractor.

The GEO Group, Incorporated

GEO is a Florida-based corporation that specializes in the ownership, leasing and management of correctional, detention and re-entry facilities; and the provision of community-based services and youth services in the United States, Australia, South Africa, and the United Kingdom. GEO's U.S. Secure Services oversees the operation and management of approximately 74,500 beds in 65 secure facilities for the USMS, the BOP, and the U.S. Immigration and Customs Enforcement (ICE), as well as nine state correctional clients and various county and city jurisdictions. The USMS contracts with GEO for the management of six detention facilities. According to GEO's 2019 annual report, USMS alone accounted for approximately \$273 million, or 11 percent, of GEO's revenue in 2019. In 2019, GEO earned \$2.48 billion in total revenue.

Robert A. Deyton Detention Facility

The Deyton Facility is a private detention facility owned by Clayton County, a political subdivision of the State of Georgia, and leased to The GEO Group, Inc. for a 20-year period beginning April 23, 2007. The detainee population consists of individuals charged with federal offenses and who are detained while awaiting hearing, trial, or sentencing. The Deyton Facility contract is a sole-source contract for comprehensive detention services including: receiving and discharging detainees, facility security, transportation and outside guard services, healthcare services, and food services. The contract allows other Department of Justice components, such as the BOP, and non-Department entities such as ICE, to house detainees at the facility. As of August 2019, 704 beds were assigned to the USMS and 64 beds were assigned to ICE. According to GEO, the average length of stay for a detainee at the Deyton Facility was 28.20 days for the period January 1, 2019, through December 31, 2019. For USMS detainees, the average length of stay was 34.33 days and for ICE detainees, the average length of stay was 9.76 days.

Prior OIG Audit of USMS Oversight of a Contract Facility

In April 2017, the OIG issued an audit report on the USMS's contract for the operation of the Leavenworth Detention Center (Leavenworth Center) in Leavenworth, Kansas.² The report noted that from March 2006 through January 2017, despite identifying failures to meet certain contract performance requirements, the USMS had not proposed or issued any contract price reductions for any of the 15 contract detention facilities in operation at that time. The report concluded that the USMS had failed to provide sufficient oversight at these detention facilities and that this resulted in several significant operational issues going unaddressed for an extended period at the Leavenworth Detention Center. Of particular concern, the USMS COR was located offsite, had no previous contract oversight experience, and received no formal guidance and negligible detention-related training. The COR maintained an infrequent on-site presence at the Leavenworth Center, did not document the inspection activities performed, and did not develop an inspection program or monitoring procedures. In response to the OIG's audit report, the USMS established an on-site detention contract monitoring program at all private detention facilities. This resulted in the creation of the Detention Contract Administrator position.

OIG Audit Approach

The objectives of the audit were to assess the USMS's administration of the contract, and GEO's compliance with the terms, conditions, laws and regulations applicable to this contract in the areas of contractor performance, and contract management, oversight, and monitoring. The scope of this audit, unless otherwise indicated, is the period of contract performance from January 1, 2016, through December 31, 2019.

To determine whether the USMS adhered to federal regulations during the administration processes, we reviewed the Federal Acquisition Regulation (FAR) to identify compliance requirements that were relevant to the audit objectives. We reviewed the USMS's procurement files and monitoring reports to determine whether the USMS's process for contract oversight met the requirements of the FAR. We also conducted interviews with key contract personnel from the USMS to understand the USMS's contract award and administration processes. To determine if the USMS and GEO followed staffing requirements, we: evaluated GEO's budgeted and actual staffing figures, shift rosters, and the USMS's contract staffing provisions; and interviewed facility staff to gain an understanding of the facility's staffing levels and conditions.

² U.S. Department of Justice Office of the Inspector General, [Audit of the United States Marshals Service Contract No. DJJODT7C0002 with CoreCivic, Inc., to Operate the Leavenworth Detention Center Leavenworth, Kansas](#), Audit Report 17-22 (April 2017), (accessed April 1, 2020).

AUDIT RESULTS

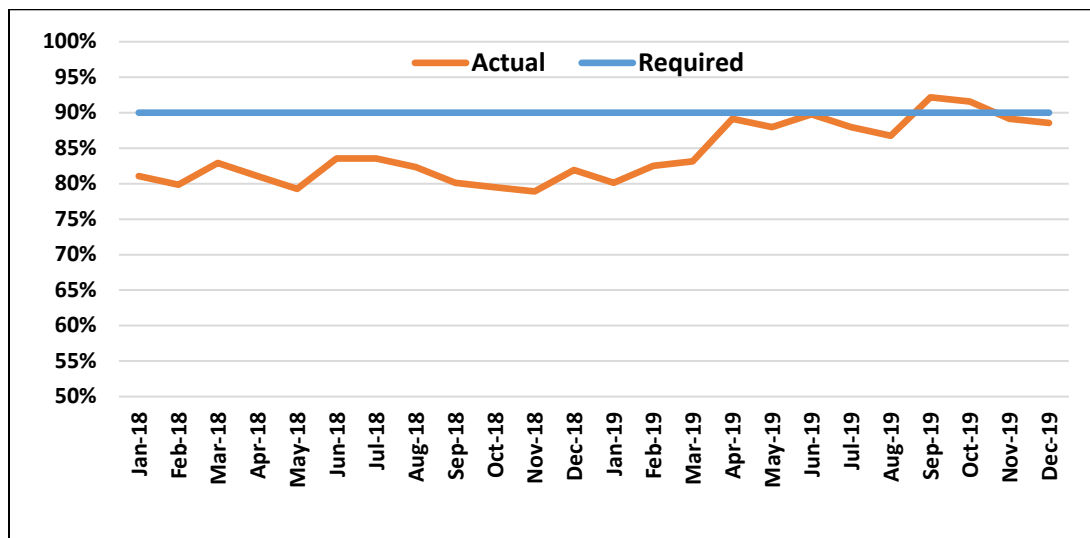
We found that the USMS needs to improve its contract oversight procedures, particularly regarding unmet staffing levels, processing contract price reduction proposals, and the use of commissary funds. As a result of these weaknesses, the USMS paid GEO what we estimate to be more than \$3.1 million for staff services not provided between January 2018 and December 2019. We also identified weaknesses in the USMS's contract with GEO related to the definition of contract requirements and the establishment of staffing requirements. With regard to contract management, oversight, and monitoring, GEO generally complied with the terms and conditions of the contract. However, GEO did not comply with contract terms and law pertaining to the training of officers transporting detainees. Additionally, we identified a potential area of improvement related to detainee safety in the use of bunk beds.

The USMS Did Not Hold the Contractor Accountable for Staffing Shortages

The contract requires that throughout its term GEO maintain the number, type, and distribution of staff as described in the contract staffing plan. Inadequate staffing increases risks to inmate safety and facility security. We found that the USMS did not hold GEO accountable for unmet staffing levels required by the contract and for vacancies from January 2018 to March 2019. The contract specifies that staffing levels at the facility shall not fall below a monthly average of 90 percent of full staffing for Detention Security Services, 85 percent for Medical Services, and 85 percent for all other departments. However, the contract does not state whether or how a deduction should be calculated when staffing falls below the required minimum, and we found that the USMS did not seek deductions even though Detention Security Services fell below the 90 percent staffing level on multiple occasions during the period covered by our audit. The contract, on the other hand, does provide that the "failure to fill any individual position within 120 days of the vacancy may result in a deduction from the monthly invoice." Despite this provision, we found that the USMS did not issue any invoice deductions during the period we audited, even though GEO failed to timely fill vacancies. We determined that, for the period January 2018 through December 2019, the USMS could have taken invoice deductions of an estimated \$3,113,091 for positions that were vacant for more than 120 days.

As shown below in Figure 1, GEO did not consistently maintain staffing levels at or above the required 90 percent monthly average for Detention Security Services from January 2018 to December 2019. We found that GEO did consistently maintain the required staffing levels for Medical Services and all other departments.

Figure 1
Detention Security Services Monthly Average Staffing



Note: We began the vertical axis at 50 percent rather than 0 to better illustrate the variance between the actual and required staffing level percentages.

Source: OIG Analysis of the Monthly Staffing Reports for the period from January 2018 through December 2019.

In addition to not consistently maintaining the required minimum staffing, from January 2018 through December 2019, GEO had 90 positions that were vacant for more than 120 days, which accounted for what we estimate to be \$3,113,091 in possible invoice deductions.³ However, the USMS took no deductions from GEO’s monthly invoices for its failure to comply with the staffing requirements.

Although GEO had not consistently met the monthly staffing requirements at the Deyton Facility during January 2018 through March 2019, the language of the contract does not explicitly state how the USMS should take deductions from invoice payments based on the staffing deficiencies. To assess the extent of this problem with other USMS detention contracts, we discussed such contract requirements with USMS officials and reviewed documents pertaining to more recent detention contracts. We determined that the USMS had made efforts in more recent contracts to strengthen the language pertaining to penalties for staffing deficiencies. For two recent contracts, the strengthened language was included in contracts awarded to GEO. However, after GEO expressed concerns regarding the language, the contracts were modified to remove the language.

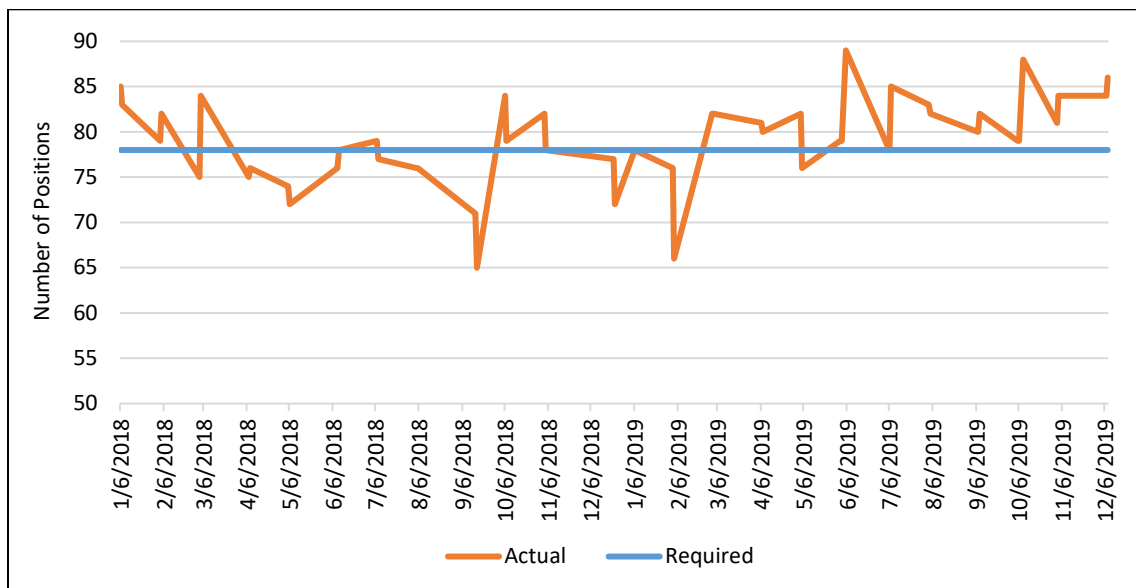
We discussed the contract staffing requirements concerns with a senior POD official. The senior POD official told us the determination of appropriate contract language was tied to a concern regarding automatic invoice deductions. The USMS

³ To calculate the invoice deduction amount we reviewed all monthly staffing reports, from January 2018 to December 2019, and identified the individual positions that were vacant for more than 120 days. We then multiplied the total length of vacancy by the lowest applicable pay rate for each position that was vacant for more than 120 days and totaled those results.

official's position was that such deductions were necessary only when the non-compliance contributed to a performance deficiency at a facility, such as when essential positions are not being filled.

The contract staffing plan for the Deyton Facility identifies 106 essential positions that must be consistently filled each day. Examples of essential positions include facility manager, case managers, and correctional officers. We selected a judgmental sample of 147 of the 2,190 security shift rosters at the Deyton Facility from January 2018 through December 2019 to determine if the essential positions identified in the staffing plan were filled. The sample was selected to represent the various shifts and encompass the entire audit period. We found that GEO did not consistently staff the essential security positions identified in the staffing plan. We discussed the contract staffing concerns with GEO officials. GEO officials told us that while it sought to achieve the minimum staffing levels for security, it used overtime to ensure that essential security posts or locations were covered. Although the contract provided for the USMS to take price reductions when essential security positions were not consistently filled, the USMS had completed no price reductions for the Deyton Facility. While neither the previous nor current CORs identified for us any specific security incidents at the facility that resulted from this failure to consistently staff the essential security positions, we note that inadequate staffing of these essential security positions increases risks to inmate safety and facility security. We believe it is precisely because of these risks that the USMS deems these positions to be essential and why the USMS requires that they be filled. Figure 2 shows a comparison of the required essential security positions and the actual essential security positions that were staffed for the shift rosters reviewed from 2018 to 2019.

Figure 2
Essential Security Positions Staffed at the Deyton Facility



Note: We began the vertical axis at 50 positions rather than 0 to better illustrate the variance between the actual and required positions. This analysis is based on a sample of 147 shift rosters from January 2018 through December 2019. Shift rosters are documents prepared by GEO to document the number of employees working on each shift.

Source: OIG Analysis of Security Shift Rosters for the period from January 2018 through December 2019.

We found that the essential security positions shown in Figure 2 more consistently tended to be staffed fully when the total facility staffing shown in Figure 1 approached the required level. Adequate staffing levels are fundamental to providing a safe and secure environment. The contract also requires that vacancies be kept to a minimum and be filled timely. We believe that absent specific contract requirements regarding when invoice deductions should be taken for non-compliance, GEO may lack incentive to make timely efforts to fill positions. We recommend that USMS modify the GEO and other detention contracts to specify when invoice deductions should be taken for not achieving the staffing-related contract requirements.

Processing of Contract Price Reduction Proposals

While the Deyton Facility contract does not specifically provide for unilateral price deductions based on unmet staffing requirements, it provides for contract price reductions based on failure to meet certain performance requirements through the use of contract modifications. The OIG’s audit of a similar USMS contract for a detention center in Leavenworth, Kansas found that USMS did not make use of contract price reductions to hold its contractors accountable. The prior audit attributed this condition to a lack of continuous USMS monitoring of contract performance and the COR’s lack of knowledge regarding the USMS Detention Services Contract Reduction Manual (the Manual). Following the Leavenworth

audit, the USMS created the Detention Contract Administrator position at all of its contract detention facilities to serve as an on-site Contracting Officer's Representative (COR).⁴ Having an on-site COR is intended to provide a consistent presence and continuous monitoring of contractor performance. The COR is responsible for preparing contract price reduction proposals in accordance with the Manual. The Manual provides procedures for determining when a price reduction is warranted and for preparing reduction proposals.

During the period of our audit, the Deyton Facility COR submitted two reduction proposals for performance and safety issues related to the facility correctional staff. We reviewed the preparation and processing of reduction proposals. As discussed below, the two reduction proposals were not prepared in accordance with the process outlined in the Manual. In addition, the COR did not accurately calculate the proposed reductions. Consequently, the processing was delayed for the two reduction proposals, and decision on the proposals had not been made as of March 24, 2020.

Preparation of Contract Price Reduction Proposals

The Manual provides guidance for identifying contractor performance issues. The COR is responsible for identifying contractor performance issues and immediately notifying the Contracting Officer (CO) of any performance deficiency. The CO uses the COR's description of the performance issue to determine if a contract price reduction is warranted. If the CO determines a reduction in contract price is warranted, the COR is responsible for preparing a proposal for the reduction based on the methodology described in the Manual. The COR then submits the reduction proposal to the CO for final review and processing.

The Deyton Facility COR prepared and provided price reduction proposals to the supervisor in the POD Office of Detention and Standards Compliance (ODSC) before informing the CO of the performance issue or obtaining a determination that the contract price reductions were warranted. CORs were instructed by senior ODSC officials that, if the COR thought a contract price reduction was warranted, the COR should prepare a price reduction proposal and provide it to their ODSC supervisor for review and processing. As a result, the intended coordination with the CO as specified in the Manual did not occur. Consequently, as explained below, the processing of the reduction proposals was delayed because the supervisory review and processing had to be duplicated by the CO.

The ODSC senior official explained to us that the intent behind processing the reduction proposal in this manner is to ensure that the support for the proposed reduction is sufficient. However, this procedure resulted in as much as 12 additional months ODSC spent in processing price reduction proposals. The delay was caused by the lack of preliminary communication between the COR and the CO regarding the performance issues, which necessitated additional time for the CO to determine if a reduction was warranted. Both the COR and CO told us that the lack

⁴ Throughout the remainder of this discussion, we refer to the Detention Contract Administrator as the COR.

of communication resulted from the USMS organizational structure. The organizational structure placed the COR within the ODSC. The COR was required to report issues to the ODSC supervisor instead of the CO, who works in the POD Office of Detention Services. However, the COR designation letter obligates the COR to notify the CO immediately of performance issues so that corrective action can be taken immediately.⁵ Without effective communication between the COR and CO regarding performance issues, the CO cannot take timely corrective action on unsatisfactory performance.

We discussed the communication issues between the CO and COR with a senior POD official who told us that POD management was aware of the problem and that POD is considering making changes in how the CO and COR relationship should function. The senior POD official also told us that POD is in the process of hiring additional COs to help with the workload and improve the communication. We recommend that USMS develop and implement a process by which the COR immediately notifies the CO of any performance failure and, when the CO determines a reduction in contract price is warranted, the COR prepares a reduction proposal based on the CO's determination in accordance with the Manual.

Accuracy of Contract Price Reduction Proposals

We determined that the COR did not calculate the reduction amounts in accordance with the Manual. We also found that the COR was not trained on the requirements for preparing contract price reduction proposals in accordance with the Manual. As a result, the reduction amounts proposed in contract price reduction proposals were inaccurate and overstated, resulting in a further delay in the processing of the reduction proposals by the CO.

The Manual provides guidance for making appropriate adjustments to the contractor's billings. The contract establishes the following performance areas and specifies the percentage of the total monthly invoice amount each area represents.

- Health Care – 20 Percent
- Security and Control – 20 Percent
- Food Service – 15 Percent
- Administration and Management – 10 Percent
- Safety and Sanitation – 10 Percent
- Staff and Detainee Communication – 5 Percent
- Workforce Integrity – 2.5 Percent
- Detainee Discrimination – 2.5 Percent

⁵ The designation letter, issued by the USMS contracting officer in accordance with the FAR, assigns COR responsibilities and authorizes and requires the performance of duties associated with contract administration and monitoring contractor performance. The USMS Detention Services Contract Reduction Manual provides guidance to CORs and other USMS officials in carrying out responsibilities related to contract reductions.

For each area, the contract establishes specific performance-based detention standards that must be met to ensure detainees are housed in a safe, secure, and humane environment. Within each performance area, the standards represent a portion of the total value of the performance area. Failure to comply with a performance area standard is considered a deficiency in the operation of a correctional facility.

The Manual includes a method for calculating the reduction amount for a failed performance area standard. Based on discussions with an ODSC senior official, we understand that the intent of the methodology was to first equally distribute the assigned performance area value among the standards within that area. The standard value is then multiplied by the number of standards that were not met during the month. The resulting percentage is then used to calculate the reduction from the monthly invoice amount as shown in the following formula.

$$\left(\frac{\text{Performance Area Percentage}}{\# \text{ Standards within the Performance Area}} \right) \times \# \text{ Failed Standards} \times \text{Invoice Amount}$$

At times, a single performance area standard may be failed for multiple reasons. Based on our interpretation of the Manual, when that occurs during a single invoice period, a reduction can be taken only once for any standard even if multiple failures for that standard occur. While we confirmed our interpretation of the Manual with the Chief of the Office of Detention Standards and Compliance, the Manual does not clearly present these instructions. As a result, the COR did not calculate the reduction amounts correctly. For example, for one reduction proposal we reviewed, the COR calculated the reduction amount based on five identified deficiencies instead of the two failed standards related to those deficiencies. Consequently, the proposed reduction amount was overstated. We believe this error occurred because the Manual does not provide clear instruction regarding reduction calculations.⁶

To assess the extent of this problem, we reviewed 11 reduction proposals from several USMS contract facilities that had been submitted but were still in processing as of January 8, 2020. The 11 proposals included 2 reduction proposals for the Deyton Facility prepared by 1 COR and 9 reduction proposals pertaining to other USMS detention contracts prepared by 6 other CORs. The 11 proposals were prepared from May 2019 to October 2019. We found that for 10 of the 11 reduction proposals, the reduction amounts as calculated by the COR were overstated. Table 1 shows a comparison of the COR-calculated reduction amounts and reduction amounts that we re-calculated based on our understanding of the

⁶ For example, the Manual states that reduction calculations are to be made only on single base functional area findings that are relative to the performance failures. However, the Manual does not define functional area findings or performance failures. Consequently, performance failures were sometimes considered as functional area findings that were duplicated in the calculations of reductions.

Manual, which, as noted above, we confirmed with the Chief of the Office of Detention Standards and Compliance.

Table 1
Comparison of the Reduction Amounts

Contract Number	Location	Original Amount	Corrected Amount	Overstated Amount
ODT-8-C-0005	Robert A. Deyton Detention Facility	\$ 666,083	\$ 121,688	\$ 544,395
ODT-8-C-0005	Robert A. Deyton Detention Facility	840,260	177,517	662,743
ODT-7-C-0002	Leavenworth Detention Center	3,898,752	148,198	3,750,554
ODT-7-C-0002	Leavenworth Detention Center	5,745,554	578,580	5,166,974
15M40019DA3500003	Queens Private Detention Facility	385,011	144,379	240,632
15M40019DA3500003	Queens Private Detention Facility	720,597	40,033	680,564
ODT-9-C-0003	Northeast Ohio Correctional Center	9,973	9,973	0
ODT-9-C-0003	Northeast Ohio Correctional Center	148,507	66,728	81,779
ODT-10-C-0001	West Tennessee Detention Facility	149,026	129,535	19,491
ODT-8-C-0001	Nevada Southern Detention Center	254,784	84,928	169,856
ODT-5-C-0003	Otay Mesa Detention Center	299,966	47,138	252,828
Total:		\$13,118,513	\$1,548,697	\$11,569,816

Source: USMS Prisoner Operations Division

We discussed the miscalculations for the Deyton Facility with the COR who submitted the reduction proposals, the COR supervisor, and an ODSC senior official. They all agreed that the proposed reduction amounts were not calculated in accordance with the Manual. The COR supervisor told us that the calculation errors were missed because the supervisor's review focused on whether the proposal sufficiently supported the existence of a performance issue requiring a price reduction and did not focus on the calculation or the methodology used to determine the reduction amount. The ODSC senior official told us that other ODSC staff were responsible for reviewing the reduction amounts in all of the outstanding reduction proposals to verify that the amounts were calculated in accordance with the Manual. The ODSC senior official further told us that all of the outstanding reduction proposals that included amounts that were not calculated in accordance with the Manual will be corrected and resubmitted. The COR at the Deyton Facility told us that none of the CORs received training on how to calculate the reduction amounts associated with the performance failures identified. We recommend that the USMS confirm that all of the outstanding proposed reduction amounts have been corrected in accordance with the guidance in the Manual. We also recommend that the USMS clarify the instructions in the Manual and provide training to both the CORs and their supervisors on the procedures for calculating the reduction amounts in accordance with the guidance in the Manual.

Oversight of Commissary Fund

There is no physical commissary at the Deyton Facility, but detainees can order items that are delivered twice a week to their housing unit. Under this commissary arrangement, the Deyton Facility sells detainees items such as food,

candy, snacks, clothing, and personal care items. The contract requires GEO to operate the commissary as a privilege to detainees who will have the opportunity to purchase commissary items at least weekly. Payments by detainees for items that they purchase fund the commissary account.

According to the contract, revenues earned in excess of those needed for commissary operations are to be used solely to benefit the detainees at the facility. The excess revenue accumulates in the commissary fund until GEO identifies appropriate uses of the funds for the benefit of detainees. The contract does not specify what those appropriate uses are, but GEO's policy states that expenditures of commissary funds require approval by the USMS COR or CO. A POD official told us that the COR reviews purchases by GEO using the excess revenues to confirm that they are being used solely to benefit detainees at the facility. A GEO official told us that the top five items purchased for the benefit of the detainees are: recreation supplies including board games, puzzles, and basketballs; AM/FM radios; satellite programming; awards for achievement in cleaning or recreation; and new movie subscriptions. We reviewed a sample of the commissary account transactions and verified that the COR reviewed the use of the commissary funds and that the commissary funds were used for the benefit of detainees at the facility.

As of February 29, 2020, the balance in Deyton's commissary funds was approximately \$454,075. We reviewed the account balances and level of expenditures from January 2017 through December 2019 and found that the ending balances were substantial each year. Table 2 presents the annual deposits and expenditures during January 2017 through December 2019.

Table 2
Commissary Fund

Year	Beginning Balance	Deposits & Credits	Expenditures	Ending Balance
2017	\$ 977,007	\$ 132,069	\$ 720,799	\$ 388,277
2018	388,277	134,306	120,259	402,324
2019	402,324	136,132	101,511	436,945
	Total	\$402,507	\$942,569	

Note: The expenditures in 2017 were significantly higher because, the USMS was reimbursed \$651,906 to correct an error related to commissary staff payroll that should have been paid from the commissary fund. In 2018, 47 new televisions were purchased for \$57,289, including installation in housing units for the use of all detainees.

Source: GEO Monthly Inmate Welfare Bank Reconciliation

Based on the persistent and significant balance in the commissary fund, we believe that GEO should have either reduced the price it charges detainees for commissary items or more promptly used excess funds to purchase items for the benefit of the detainees. We therefore recommend that the USMS evaluate how it can best ensure that excess commissary funds are used to benefit detainees and that the funds do not accumulate unreasonably.

In addition, the Deyton Facility contract does not specify how accumulated excess commissary funds will be handled at the end of the contract. Thus, it is unclear whether GEO could seek to retain any excess funds at the end of the contract. Moreover, if that were the case, such a situation could incentivize GEO to accumulate the excess commissary funds rather than spend them for the benefit of detainees. We noted that, on March 29, 2019, the USMS awarded a contract to GEO for a detention center in Queens, New York. That contract included the following provision for final disposition of commissary funds at the end of the contract period: “the accumulated excess commissary revenues will be applied to the final contract invoice payment.” Under this arrangement, GEO will keep any excess commissary funds at the end of the contract and reduce the amount of its invoice to the USMS by a corresponding amount. We found this provision concerning for three reasons. First, it allows excess commissary funds to be used to benefit the USMS rather than inmates. Second, it potentially incentivizes the USMS to allow excessive commissary funds to accumulate rather than ensuring that GEO is spending them in a timely manner for the benefit of detainees. Third, the use of excess commissary funds at the end of the contract to fund the cost of USMS detention operations could potentially raise Anti-Deficiency Act issues. Given these concerns, we recommend that the USMS include in all of its detention contracts a legally-appropriate mechanism by which, upon termination of each contract, excess commissary funds will be used in a manner that is solely for the benefit of detainees.

Prisoner Transport Compliance with Applicable Regulations

The contract provides that GEO will provide armed guards and transportation services as required by the USMS to transport detainees to and from the courthouse, hospitals, medical appointments, other detention and BOP facilities, and Justice Prisoner and Alien Transportation System sites. Federal law includes minimum standards for the length and type of training that employees of private prisoner transport companies must undergo before they can transport prisoners.⁷ Pre-service training is required by federal law in the areas of use of restraints, searches of prisoners, use of force, cardiopulmonary resuscitation, map reading, and defensive driving.

We reviewed transportation officer training records and found that not all of GEO’s transportation officers had completed training programs in map reading or defensive driving. Of the 26 officers whose records we reviewed, 19 did not have evidence of completing map reading training and 11 did not have evidence of completing defensive driving training. When transportation officers are not properly trained, there is increased risk that detainee transportation could be delayed or that an accident or other event could occur and the transportation officer would not be prepared to handle the situation. We discussed the missing training evidence with a GEO official who told us map reading training was not included in the training curriculum at the Deyton Facility. A GEO official also told us that, since 2012, GEO has used a detention and transportation management system that provides real-

⁷ 42 U.S.C. § 13726b Federal Regulation of Prisoner Transport Companies, December 21, 2000. 28 CFR Part 97 Standards for Private Entities Providing Prisoner or Detainee Services.

time information necessary for safe and secure operation and tracking of GEO's transport missions. A GEO official told us that, because of advances in technology since 2000, it relies on the Global Positioning System (GPS) ability in each of its fleet vehicles and the tracking capability of its transportation management system rather than map reading skills. The GEO official did not provide us any records of training in the use of GPS or procedures for use in the event of system outages.

We recommend that the USMS ensure that GEO has properly trained all of its employees involved in the transportation of detainees, completes all training required by 42 U.S.C. § 13726b and 28 CFR Part 97, and maintains complete training records including the curriculum and student attendance records. We further recommend that the USMS put in place adequate controls to ensure that employees involved in detainee transportation at USMS contract detention facilities have completed the training required by federal law.

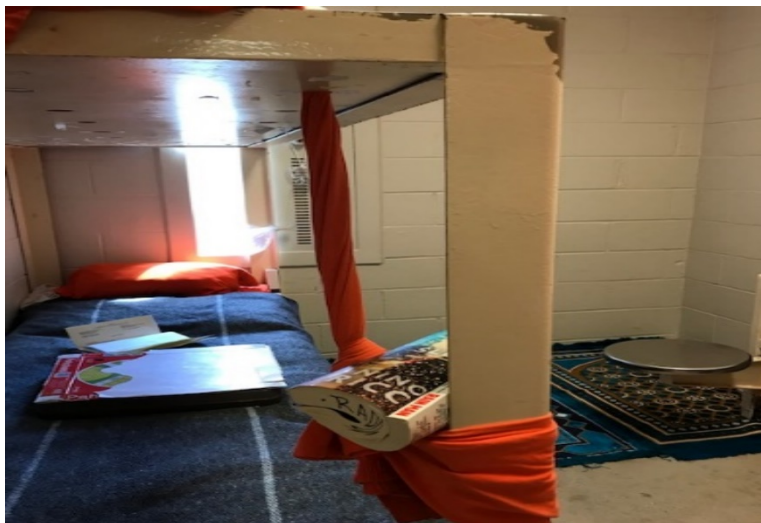
Detainee Bunk Bed Safety Concern

We reviewed detainee grievances for the period of January 2017 through May 2019 and interviewed detainees to identify any concerns related to safety and security. During our detainee interviews, we were told about the absence of ladders for bunk beds and how a detainee had fallen and been injured.

We asked the USMS about the availability of ladders for bunk beds, and the USMS Audit Liaison told us that the USMS does not have a specific policy or standard regarding the use of ladders for bunk beds. We also requested data from the USMS regarding bunk-bed safety and the existence of ladders for other private detention facilities under contract with the USMS. The USMS provided data showing that only 2 of the 13 facilities have ladders or steps installed for the bunk beds.

We observed the bunk beds at the Deyton Facility and found that only one of the four housing units had ladders installed on the bunk beds. The COR told us that detainees used makeshift ladders to climb into the top bunks. The COR provided a photograph that showed an improvised ladder. Figure 3 shows a makeshift ladder made from a bed sheet tied to the bunk bed along with a telephone book to create a step.

Figure 3
Ladder Made by a Detainee



Source: USMS photograph taken on September 11, 2019

We asked GEO about injury data regarding the use of bunk beds, but the GEO Health Services Administrator told us that GEO does not track injuries related to detainees getting in and out of the top bunk beds. Consequently, we were unable to identify the number of detainees who had been injured. Our review of grievances at the Deyton Facility found that 15 of 610 detainee complaints filed in 2018 requested that a ladder be installed for the bunk beds to address safety concerns. In September 2019, we discussed the safety concerns associated with the lack of ladders with the then-Facility Administrator who agreed with our concern and took action to resolve the problem by ordering ladders. As of May 21, 2020, a GEO official told us that the ladder project was complete. Figure 4 shows a new ladder installed.

Figure 4
New Ladder Installed



Source: USMS photograph taken on December 23, 2019

We believe that the absence of ladders for bunk beds creates safety concerns that the USMS should assess and address. We therefore recommend that the USMS evaluate bunk bed safety concerns at the 11 detention facilities that do not have ladders. We also recommend that the USMS create a standard or other requirement regarding the appropriate use of ladders in contract facilities that contain bunk beds.

Infectious Disease Prevention and Control

Near the end of our audit the 2019-2020 coronavirus or COVID-19 pandemic became an area of significant concern, particularly regarding prevention and control of the pandemic in correction settings. Consequently, we questioned GEO about its prevention and control efforts in response to the pandemic, and we noted the following.

Section C.6.8 of the contract, regarding an Infectious Disease Prevention and Control Program, states: "The Contractor shall have comprehensive infectious disease prevention and control program in place in accordance with the most recent CDC [Centers for Disease Control and Prevention] guidelines." The contract also states: "The infectious disease program shall be responsive to all current emerging infectious diseases." We requested from the USMS documents pertaining to GEO's infectious disease prevention and control program. The USMS provided documentary support, which an official said was provided by the Dayton Facility Administrator, for the items discussed below.

On February 14, 2020, GEO Health Service issued an Interim Reference Sheet on 2019-Novel Coronavirus (COVID-19) providing GEO's procedures and links to CDC reference materials regarding intake medical screening, monitoring of patients with exposure risk, assessment of patient's with potential COVID-19 symptoms, isolation of at-risk patients, and infectious disease public health actions.

On February 26, 2020, GEO's Chief Medical Officer issued to various GEO managerial officials, including Facility Administrators, a memorandum providing COVID-19 educational guidance consisting largely of CDC materials.

On February 28, 2020, GEO issued an updated management procedure on infection control pertaining to COVID-19 and provided information on treatment, infection control, housing, general prevention recommendations, housekeeping, notification of staff, transfer and movement of detainees, investigation of contacts, reporting of cases within GEO, staff issues such as exposure and return to work, management of visitors, and procurement of personal protective equipment.

Also on February 28, 2020, GEO's Chief Medical Officer issued a technical direction memorandum to various GEO managerial officials, including Facility Administrators. The memorandum relayed COVID-19 guidance from the CDC and World Health Organization and relayed a GEO patient screening tool required for use on arriving detainees. Screening consisted primarily of interviewing detainees regarding contact with infected persons and travel to outbreak areas. Detainees with such contact or travel were then assessed for fever and other possible symptoms of COVID-19.

Also on February 28, 2020, GEO implemented a requirement for a COVID-19 emergency plan at each facility and provided each facility with an emergency plan template. The facilities were given a deadline of March 6, 2020 to complete the plans.

On February 28, 2020, GEO adopted an updated management policy regarding COVID-19. The policy stated: "The identification, monitoring, and treatment of COVID-19 Coronavirus signs and symptoms shall be handled in accordance with the recommendations of the Centers for Disease Control and Prevention." It also referred to American Correctional Association and National Commission on Correctional Health Care materials.

We discussed with the Deyton Facility Administrator the effect of the pandemic at the Deyton Facility. The Administrator told us that four GEO staff members and one detainee had been tested for COVID-19 as of April 23, 2020, with two staff members and the detainee testing positive for the virus. In response to the positive tests, the facility implemented a 2-week pause of detainee movement within the facility. The only detainee movement allowed during the pause was acceptance of new arrestees. The GEO Facility Administrator stated that they planned to remain in contact with GEO's human resource office and comply with CDC guidelines prior to loosening restrictions at the facility. The Administrator told us the facility has taken steps to protect detainees at higher risk of infection. These steps included modification of intake procedures to include virus protocols

and use of medical housing for any detainees with COVID-19 related symptoms. Further, staff screening procedures have been modified so that before entering the facility staff must answer a questionnaire, have their temperature checked, and sanitize their hands. The Administrator said that the facility had a stock of medical supplies with which it could cope initially with an outbreak of the virus. The facility also had a stock of sanitizing supplies, although the supply of disinfectant wipes was limited. The Administrator said that the facility had increased its cleaning in all areas and departments utilizing "clean teams." Finally, the Administrator said that the following modifications had been made to Deyton Facility rules:

- The intake process provides for a separate unit where arriving detainees receive a 14-day observation before being moved to regular housing units.
- Detainees in separate units are not allowed to mix.
- Detainee social visiting is canceled.
- Attorney visits continue, but attorneys are screened via a questionnaire and temperature check. The legal visiting room configuration is changed to improve social distancing.
- Detainees have attended town hall meetings regarding sanitation, coronavirus, and programming alterations.
- The facility issued social distancing recommendations.

We did not perform testing sufficient to verify either implementation of the policy guidance issued by GEO or the assertions of the Facility Administrator regarding the pandemic preparations and conditions at the Deyton Facility. On March 23, 2020, the CDC issued Interim Guidance on Management of Coronavirus Disease 2019 (COVID-19) in Correctional and Detention Facilities. Because this guidance was issued after the conclusion of our audit work, we did not inquire of USMS or GEO regarding the steps taken to implement the guidance.

On April 29, 2020, the Office of the Inspector General notified the USMS that we were beginning an oversight review of the USMS response to the COVID-19 pandemic.

CONCLUSION AND RECOMMENDATIONS

The USMS needs to improve its administration of the contract, particularly regarding unmet staffing levels, processing contract price reduction proposals, and the use of commissary funds. Also, the USMS needs to clearly develop and define contract terms particularly for pricing methodology and enhancements. We further found that, while GEO generally complied with the terms and conditions of the contract applicable to contract management, oversight, and monitoring, it did not comply with the terms and conditions of the contract applicable to transportation officer training requirements.

We recommend that USMS:

1. Modify the GEO and other detention contracts to specify when invoice deductions should be taken for not achieving the staffing-related contract requirements.
2. Develop and implement a process by which the COR immediately notifies the CO of any performance failure and, when the CO determines a reduction in contract price is warranted, the COR prepares a reduction proposal based on the CO's determination in accordance with the Detention Services Contract Reduction Manual.
3. Confirm that all of the outstanding proposed reduction amounts have been corrected in accordance with the guidance in the Detention Services Contract Reduction Manual.
4. Clarify the instructions in the Detention Services Contract Reduction Manual and provide training to both the CORs and their supervisors on the procedures for calculating the reduction amounts in accordance with the guidance in the Detention Services Contract Reduction Manual.
5. Evaluate how it can best ensure that excess commissary funds are used to benefit detainees and that the funds do not accumulate unreasonably.
6. Include in all of its detention contracts a legally-appropriate mechanism by which, upon termination of each contract, excess commissary funds will be used in a manner that is solely for the benefit of detainees.
7. Ensure that GEO has properly trained all of its employees involved in the transportation of detainees, completes all training required by 42 U.S.C. § 13726b and 28 CFR Part 97, and maintains complete training records including the curriculum and student attendance records.
8. Put in place adequate controls to ensure that employees involved in detainee transportation at USMS contract detention facilities have completed the training required by federal law.
9. Evaluate bunk bed safety concerns at the 11 detention facilities that do not have ladders.

10. Create a standard or other requirement regarding the appropriate use of ladders in contract facilities that contain bunk beds.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of the audit were to assess the U.S. Marshals Service's (USMS) administration of the contract, and The GEO Group, Inc.'s (GEO) compliance with the terms, conditions, laws, and regulations applicable to this contract in the areas of contractor performance, and financial management, monitoring, and oversight.

Scope and Methodology

This was an audit of the USMS contract ODT-8-C-0005 with GEO. The scope of this audit, unless otherwise indicated, is the period of contract performance from January 2016 through December 2019, and included activities of both the USMS and GEO. We interviewed USMS and GEO personnel, assessed internal control procedures, and examined contract award and administration records.

Statement on Compliance with Generally Accepted Government Auditing Standards

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.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of USMS and GEO to provide assurance on its internal control structure as a whole. USMS and GEO's management are responsible for the establishment and maintenance of internal controls in accordance with OMB Circular A-123. Because we do not express an opinion on the USMS and GEO internal control structures as a whole, we offer this statement solely for the information and use of the USMS and GEO.

Through this testing, we did not identify any deficiencies in USMS's or GEO's internal controls that are significant within the context of the audit objectives and based upon the audit work performed that we believe would affect USMS's or GEO's ability to effectively and efficiently operate, to correctly state financial and performance information, and to ensure compliance with laws and regulations.

Compliance with Laws and Regulations

In this audit we tested, as appropriate given our audit objectives and scope, selected transactions, records, procedures, and practices, to obtain reasonable assurance that USMS and GEO management complied with federal laws and

regulations for which non-compliance, in our judgment, could have a material effect on the results of our audit. Our audit included examining, on a test basis, USMS and GEO compliance with the following laws and regulations that could have a material effect on USMS or GEO operations:

- FAR Subpart 37.603, *Performance Standards*,
- FAR Subpart 1.602-2, *Responsibilities*,
- FAR Subpart 42.15, *Contractor Performance Information*,
- FAR Subpart 46.4, *Government Contract Quality Assurance*,
- FAR Subpart 52.246-4, *Inspection of Services – Fixed Price*, and
- 42 U.S.C. § 13726b *Federal Regulation of Prisoner Transport Companies*.

This testing included interviewing USMS and GEO personnel and inspection of training records, labor rates, and oversight procedures. As noted in the Audit Results section of this report, we found that GEO did not comply with 42 U.S.C. § 13726b Federal Regulation of Prisoner Transport Companies.

Sample-Based Testing

To accomplish our audit objectives, we performed sample-based testing to determine if essential security positions were consistently filled for each shift identified in the staffing plan. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the areas we reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Computer-Processed Data

During our audit, we obtained information from the Kronos timekeeping system and the Learning Management System. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

**THE UNITED STATES MARSHALS SERVICE
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

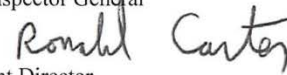
United States Marshals Service

Office of Professional Responsibility

Washington, DC 20530-0001

June 25, 2020

MEMORANDUM TO: Jason R. Malmstrom
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Ronald Carter 
Acting Assistant Director

SUBJECT: Audit Report: Audit of the United States Marshals Service's
Contract Awarded to the GEO Group, Incorporated to Operate the
Robert A. Deyton Detention Facility, Lovejoy, Georgia

In response to recent correspondence from the Office of the Inspector General regarding the subject report, attached is the United States Marshals Service's response to the Formal Draft Audit report.

Should you have any questions, please contact Krista Eck, External Audit Liaison, at 202-819-4371.

Attachments

cc: Ferris Polk
Regional Audit Manager
Office of the Inspector General

Bradley Weinsheimer
Associate Deputy Attorney General
Department of Justice

David Metcalf
Counsel to the Deputy Attorney General
Department of Justice

Louise Duhamel
Acting Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

John Kilgallon
Chief of Staff
United States Marshals Service

United States Marshals Service
Audit of the United States Marshals Service's Contract Awarded to the GEO Group,
Incorporated to Operate the Robert A. Deyton Detention Facility, Lovejoy, Georgia

Recommendation 1: Modify the GEO and other detention contracts to specify when invoice deductions should be taken for not achieving the staffing-related contract requirements.

USMS Response (Concur): The United States Marshals Service (USMS) will work with its existing detention facility contractors to establish mutual agreement on changes to the existing contract language to specify when staffing-related invoice deductions should be taken. Further, the USMS will ensure future contract language specifies when such invoice deductions should occur.

Recommendation 2: Develop and implement a process by which the COR immediately notifies the CO of any performance failure, and when the CO determines a reduction in contract price is warranted, the COR prepares a reduction proposal based on the CO's determination in accordance with the Detention Service Contract Reduction Manual.

USMS Response (Concur): The USMS will review and update the Standard Operating Procedures provided to CORs to ensure the processes for communicating and responding to performance deficiencies are clearly articulated. The USMS will conduct joint training with the COs and CORs to further ensure all employees understand their responsibilities as they pertain to the contract reduction process.

Recommendation 3: Confirm that all the outstanding proposed reduction amounts have been corrected in accordance with the guidance in the Detention Services Contract Reduction Manual.

USMS Response (Concur): The USMS will review all outstanding proposed reduction amounts for adherence to the calculation guidance in the Detention Services Contract Reduction Manual and make corrections as necessary.

Recommendation 4: Clarify the instructions in the Detention Services Contract Manual and provide training to both the CORs and their supervisors on the procedures for calculating the reduction amounts in accordance with the guidance in the Detention Services Contract Reduction Manual.

USMS Response (Concur): The USMS will conduct training on the procedures for calculating the reduction amount with all COs and CORs assigned to detention contracts, as well as their immediate supervisors. Further, the USMS will review the Detention Services Contract Manual to determine if additional clarifications or examples are necessary.

Recommendation 5: Evaluate how it can best ensure that excess commissary funds are used to benefit detainees and that the funds do not accumulate unreasonably.

USMS Response (Concur): The USMS will ensure that the detention facility contractors are appropriately managing the Detainee Welfare and Commissary Fund. Accordingly, existing Standard Operating Procedures for the COR will be updated to include procedures for providing oversight of commissary fund accumulation and usage.

Recommendation 6: Include in all of its detention contracts a legally-appropriate mechanism by which, upon termination of each contract, excess commissary funds will be used in a manner that is solely for the benefit of detainees.

USMS Response (Concur): The USMS will work with the detention facility contractors to make changes to the existing contract language to specifically address the disposition of the excess commissary funds. Any changes will result in a material change to the existing contracts which will need to be agreed to by the contractor(s). Future detention and detention services contracts will specifically address the disposition of excess commissary funds.

Recommendation 7: Ensure that GEO has properly trained all of its employees involved in the transportation of detainees, completes all training required by 42 U.S.C. § 13726b and 28 CFR Part 97, and maintains complete training records including the curriculum and student attendance records.

USMS Response (Concur): The USMS will continue to monitor and evaluate contractor compliance with the performance work statement, Federal Performance-Based Detention Standards, and all applicable local, state and federal laws.

The USMS will add to its monthly vendor performance documentation submission requirement a training roster request and lesson plan associated with the training to ensure the lessons plans and training include the requirements contained in 42 U.S.C. § 13726b and 28 CFR Part 97. The USMS has the right to inspect and test all services called for by the contract, to the extent practicable at all times and places during the term of the contract. To ensure compliance is met, the COR already observes on-site court and hospital transportation, detainee inpatient outposts at a care facility, as well as observing onsite firearm qualification and first aid training for transportation and correctional staff.

Recommendation 8: Put in place adequate controls to ensure that employees involved in transportation at USMS contract detention facilities have completed the training required by federal law.

USMS Response (Concur): The USMS will continue to monitor compliance with the performance work statement, Federal Performance-Based Detention Standards, USMS policy, and all applicable local, state, and federal laws. The USMS will continue to evaluate compliance by assessing facility policy to ensure staff involved in transportation operations are receiving the appropriate training to meet all required mandates. These reviews will be conducted by the COR. The USMS will add to its monthly vendor performance documentation submission requirement a training roster request and lesson plan associated with the training to ensure the lessons plans and training include the requirements contained in 42 U.S.C. § 13726b and 28 CFR Part 97.

Recommendation 9: Evaluate bunk bed safety concerns at the 11 detention facilities that do not have ladders.

USMS Response (Concur): The USMS will evaluate and assess bunk bed safety concerns and incorporate changes, as necessary, to its private detention facility contract performance work statements as well as to the appropriate functions under the Federal Performance Based Detention Standards.

Recommendation 10: Create a standard or other requirement regarding the appropriate use of ladders in contract facilities that contain bunk beds.

USMS Response (Concur): The USMS will assess the layout of the detention facilities with which it has an existing contract to ensure compliance with ACA accreditation requirements, detainee capacity and applicable local, state and federal safety laws. The USMS will evaluate and assess bunk bed safety concerns and incorporate changes, as necessary, to its private detention facility contract performance work statements as well as to the appropriate functions under the Federal Performance Based Detention Standards. The USMS will update the Federal Performance Based Detention Standards to reference current OSHA guidelines for ladder use which include guidelines for ascent, descent, composition, and load bearing.

THE GEO GROUP'S RESPONSE TO THE DRAFT AUDIT REPORT



June 18, 2020

U.S. Department of Justice
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Atlanta Regional Audit Office
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Dear Regional Officer Manager Polk:

I write to provide the GEO Group, Inc.'s (GEO) comments to your draft report titled "Audit of the United States Marshals Service's Contract Awarded to the GEO Group, Incorporated to Operate the Robert A. Deyton Detention Facility, Lovejoy, Georgia" dated May 11, 2020. Thank you again for the opportunity to provide comments to the draft report and providing us with an exit conference on May 13, 2020. As discussed during the telephonic exit conference, we have summarized the following areas where we respectfully submit comments. We also respectfully enclosed a red-lined version of the most recent draft report. We did this for your ease of reference, to quickly identify or highlight the areas where we added comments, and to help further explain our responses to these enumerated areas below, particularly "Staffing Requirements" and "Transportation Officer Training."

I. Staffing Requirements

GEO acknowledges that during the time period reviewed by the Office of Inspector General (OIG), January 1, 2016 through December 31, 2019, there were periods that the "on board" staff at the Robert A. Deyton Detention Facility (RADDF) fell below the contractual requirement of 90%. However, at all times, all essential posts were staffed by existing RADDF staff through the use of overtime and temporary staffing assignments. For the period of January 2018 to March 2019, the salary and benefits attributed to the expenditure of these staffing resources pending permanent hire of the "on board" staff was approximately \$500,000. Thus, GEO's inability to maintain the contracted staffing levels did not result in a \$3.1 Million windfall. Rather, GEO incurred substantial overtime costs and over 70,000 in overtime hours as a result of these vacancies. Given the extra expense and potential to lead to prospective turnover from existing staff, GEO had every incentive to timely fill these staffing vacancies.

II. Processing of Contract Price Reduction Proposals

As noted in the “Processing of Contract Price Reduction Proposals” section of the draft report, “...the contract does not specifically provide for unilateral price deductions based on unmet staffing requirements, it does provide for contract price reductions based upon failure to meet certain performance requirements through the use of contract modifications.” As discussed during the exit conference, the GEO Group and the United States Marshals Service (USMS) routinely engage in discussions regarding GEO’s support to the USMS at the RADDf. As noted above, despite having vacant positions, all essential posts are staffed through the use of overtime. We believe a process for a “unilateral price deduction” would not be an optimal process for an agency’s contracting officer and a government service provider to resolve a contract price reduction. While we fully acknowledge the USMS authority for a contracting officer to propose and adjudicate a price reduction, we respectfully suggest the OIG’s report should reflect that any proposed price reduction, authored by a contracting officer’s representative (COR), will be reviewed by a USMS contracting officer, and that the contracting officer will provide the government-services provider an opportunity to review and provide a response to the proposed reduction before a final decision is made.

III. Transportation Officer Training

Although the facility training manager misspoke when initially asked about the training curriculum and student attendance records, GEO’s regional and facility managers confirmed that the training curriculum and certificates of completion incorporate defensive driving through classroom instruction and actual driving skills evaluation. Subsequent to OIG’s visit, GEO provided documents reflecting the inclusion of defensive driving in the overall training curriculum. In addition, since 2012, GEO uses a detention and transportation management system that provides real-time information necessary for safe and secure operation and tracking of GEO’s transport missions. Due to advances in technology, GEO relies on the Global Positioning System (GPS) ability in each of its fleet vehicles and the tracking capability of its transportation management system rather than map reading skills. GEO provided OIG with printed [REDACTED] map copies containing “turn by turn” directions that are provided to the transport team with step-by-step navigation to their assigned location as well as for all potential routes for use in the event of system outages. In light of the documentation and responses provided regarding defensive driving, GEO respectfully submits that this sub-finding be withdrawn, and the sub-finding related to map reading be identified as an area that is largely obsolete.

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Further, as it relates to “map reading,” GEO further submits that the up-to-date procedures currently in place far exceed the Government Guidelines of 2000.

IV. Commissary Fund

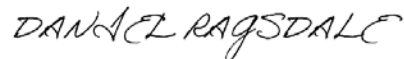
GEO agrees with the OIG’s finding that a more robust contractual process should be created for executing existing balances of the detainee welfare fund before the expiration of a contract. GEO notes however, that there is no circumstance where any amount of detainee welfare funds are retained by GEO. At the end of a contract, even if the agreement between GEO and the USMS is silent, all detainee welfare funds are returned to the USMS.

V. Detainee Bunk Beds

As discussed during the exit conference, GEO, at its expense, has acted upon a local recommendation from the USMS’s COR, to install ladders to improve egress to the top of each bunk bed at the RADDF. This project commenced in late 2019, and was completed in May 2020 at GEO’s expense of approximately \$20,000 (excluding labor and installation). It is also important to note that while GEO acknowledges that the bunk bed ladders are an improvement, there is no contractual requirement, USMS detention standard, or accreditation standard, that requires these ladders. Instead, the ladders are being installed as “above and beyond” the contract’s requirements or “best practice.”

Thank you again for the opportunity to respond to your draft audit report. We respect and appreciate your office’s commitment to factual accuracy and careful analysis. Please let us know if you have any questions regarding our comments.

Sincerely,



Daniel Ragsdale
Executive Vice President – Contract Compliance
The GEO Group, Inc.

Cc: Blake Davis, SVP GEO
Amber Martin, EVP GEO

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the U.S. Marshals Service (USMS) and The GEO Group Inc. (GEO). The USMS's response is incorporated in Appendix 2 and GEO's response is included as Appendix 3 of this final report. In response to our audit report, the USMS agreed with our recommendations, and discussed the actions it will implement in response to our findings. As a result, the status of the audit report is resolved. GEO did not specifically address our recommendations but commented on several aspects of the presentation of our report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of The GEO Group Response

While GEO did not address our recommendations specifically, it responded to our findings in the areas of staffing requirements, processing price reduction proposals, transportation officer training, the commissary fund, and detainee bunk beds. We discuss most of GEO's response when discussing the related recommendations in the following section. One area of GEO's response that did not relate to a recommendation concerned GEO's discussion of staffing requirements. Specifically, GEO acknowledged in its response that staffing levels fell below the contractual requirement but emphasized that essential posts were staffed using overtime and temporary staffing. As previously discussed in the report, our review of shift rosters found that the posts were not always fully staffed with the full complement of essential staff positions. GEO further asserted that salary and benefit costs amounting to approximately \$500,000 related to the use of overtime and temporary staffing incentivized the timely filling of vacancies. However, as discussed in the report, we identified 90 individual positions that were vacant for more than 120 days and calculated an estimated \$3.1 million in deductions that the contract allowed but the USMS did not take. Any extra expenses incurred by GEO to partially fill essential posts using overtime in lieu of employing the required personnel are included in the risk accepted under a fixed-price contract. Our report makes no recommendation regarding the billing deductions not taken.

Recommendations for the USMS:

- 1. Modify the GEO and other detention contracts to specify when invoice deductions should be taken for not achieving the staffing-related contract requirements.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will work with its detention facility contractors to establish mutual agreement on changes to the existing contract language to specify when staffing-related invoice deductions should be taken. Further, the USMS

will ensure future contract language specifies when such invoice deductions should occur.

This recommendation can be closed when we receive documentation showing that USMS contracts have been modified to specify when invoice deductions should be taken for not achieving the staffing-related contract requirements.

- 2. Develop and implement a process by which the COR immediately notifies the CO of any performance failure and, when the CO determines a reduction in contract price is warranted, the COR prepares a reduction proposal based on the CO's determination in accordance with the Detention Services Contract Reduction Manual.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will review and update the Standard Operating Procedures provided to CORs to ensure the processes for communicating and responding to performance deficiencies are clearly articulated. The USMS stated that it will conduct joint training with the COs and CORs to further ensure all employees understand their responsibilities as those pertain to the contract reduction process.

GEO neither agreed nor disagreed with our recommendation. In its response, GEO stated that a process for a unilateral price deduction would not be an optimal method to resolve a price reduction. GEO asserted that any proposed price reduction should be presented for discussion with the contractor prior to any final decision. The report differentiates between the unilateral billing deductions for non-compliance with staffing-related contract provisions, and price reductions processed in accordance with the USMS Detention Services Contract Reduction Manual, which provides for discussion with the contractor. Our Recommendation 1 addresses the need for specific contract language to identify when billing deductions should be taken. Recommendation 2 addresses internal USMS procedures to accomplish the preparation of price reductions and does not suggest that those reductions should be made unilaterally.

This recommendation can be closed when we receive documentation showing the USMS has implemented a process by which the COR immediately notifies the CO of any performance failure and, when the CO determines a reduction in contract price is warranted, the COR prepares a reduction proposal based on the CO's determination in accordance with the Detention Services Contract Reduction Manual.

- 3. Confirm that all of the outstanding proposed reduction amounts have been corrected in accordance with the guidance in the Detention Services Contract Reduction Manual.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will review all outstanding proposed reduction amounts

for adherence to the calculation guidance in the Detention Services Contract Reduction Manual and make corrections as necessary.

This recommendation can be closed when we receive documentation showing the outstanding proposed reduction amounts have been corrected in accordance with the guidance in the Detention Services Contract Reduction Manual.

- 4. Clarify the instructions in the Detention Services Contract Reduction Manual and provide training to both the CORs and their supervisors on the procedures for calculating the reduction amounts in accordance with the guidance in the Detention Services Contract Reduction Manual.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will conduct training on the procedures for calculating the reduction amount with all COs and CORs assigned to detention contracts, as well as their immediate supervisors. Further, the USMS will review the Detention Services Contract Manual to determine if additional clarifications or examples are necessary.

This recommendation can be closed when we receive documentation showing that the instructions in the Detention Services Contract Reduction Manual have been clarified and that training has been provided to both the CORs and their supervisors on the procedures for calculating the reduction amounts in accordance with the guidance in the Detention Services Contract Reduction Manual.

- 5. Evaluate how it can best ensure that excess commissary funds are used to benefit detainees and that the funds do not accumulate unreasonably.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will ensure that the detention facility contractors are appropriately managing the Detainee Welfare and Commissary Fund. Accordingly, existing Standard Operating Procedures for the COR will be updated to include procedures for providing oversight of commissary fund accumulation and usage.

This recommendation can be closed when we receive documentation showing the Standard Operating Procedures for the COR have been updated to include procedures for providing oversight of commissary fund accumulation and usage.

6. **Include in all of its detention contracts a legally-appropriate mechanism by which, upon termination of each contract, excess commissary funds will be used in a manner that is solely for the benefit of detainees.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will work with the detention facility contractors to make changes to the existing contract language to specifically address the disposition of the excess commissary funds. Any changes will result in a material change to the existing contracts which will need to be agreed to by the contractor(s). Future detention and detention services contracts will specifically address the disposition of excess commissary funds.

GEO neither agreed nor disagreed with our recommendation. In its response, GEO stated that it agreed that a more robust contractual process should specify how accumulated excess commissary funds will be handled at the end of the contract. GEO noted that it would not retain any of the commissary funds. Our finding and recommendation do not suggest that either GEO or the USMS have any intent to misuse the remaining commissary funds. Instead, our discussion addresses the risk presented by the lack of any provision in the contract to specify the disposition of the remaining commissary funds.

This recommendation can be closed when we receive documentation showing detention contracts have been modified to specifically address the disposition of the excess commissary funds and ensure that upon termination of each contract, excess commissary funds will be used in a manner that is solely for the benefit of detainees.

7. **Ensure that GEO has properly trained all of its employees involved in the transportation of detainees, completes all training required by 42 U.S.C. § 13726b and 28 CFR Part 97, and maintains complete training records including the curriculum and student attendance records.**

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will continue to monitor and evaluate contractor compliance with the performance work statement, Federal Performance-Based Detention Standards, and all applicable local, state, and federal laws. The USMS also stated that it will add to its required monthly submission of vendor performance documentation a training roster request and lesson plan associated with the training to ensure the training includes the requirements contained in 42 U.S.C. § 13726b and 28 CFR Part 97.

GEO neither agreed nor disagreed with our recommendation. Our draft report contained a statement on page 13 that: "We discussed the missing training evidence with a GEO official who told us map reading and defensive driving training were not included in the training curriculum at the Deyton Facility." In its response, GEO stated that its training manager was mistaken

in telling us that defensive driving was not included in the training curriculum. GEO provided documentation that defensive driving was included in the overall curriculum. However, GEO did not provide any documentation of completion of the defensive driving training for the 11 transportation officers identified in our review of training records. We edited the final report to state that only the map reading training was omitted from the training curriculum. Our recommendation emphasizes the need for the USMS to ensure that employees involved in detainee transportation at USMS contract detention facilities have completed the training required by federal law.

This recommendation can be closed when we receive documentation showing the USMS has implemented a procedure to ensure that GEO has properly trained all of its employees involved in the transportation of detainees, completes all training required by 42 U.S.C. § 13726b and 28 CFR Part 97, and maintains complete training records including the curriculum and student attendance records.

8. Put in place adequate controls to ensure that employees involved in detainee transportation at USMS contract detention facilities have completed the training required by federal law.

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will continue to monitor compliance with the performance work statement, Federal Performance-Based Detention Standards, USMS policy, and all applicable local, state, and federal laws. The USMS stated that it will continue to evaluate compliance by assessing facility policy to ensure staff involved in transportation operations are receiving the appropriate training to meet all required mandates. The USMS also stated that it will add to its required monthly submission of vendor performance documentation a training roster request and lesson plan associated with the training to ensure the training includes the requirements contained in 42 U.S.C. § 13726b and 28 CFR Part 97.

This recommendation can be closed when we receive documentation showing the USMS has implemented adequate controls to ensure that employees involved in detainee transportation at USMS contract detention facilities have completed the training required by federal law.

9. Evaluate bunk bed safety concerns at the 11 detention facilities that do not have ladders.

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will evaluate and assess bunk bed safety concerns and incorporate changes, as necessary, to its private detention facility contract performance work statements as well as to the appropriate functions under the Federal Performance-Based Detention Standards.

This recommendation can be closed when we receive documentation showing the USMS has evaluated bunk bed safety concerns and incorporated changes,

as necessary, to its private detention facility contract performance work statements.

10. Create a standard or other requirement regarding the appropriate use of ladders in contract facilities that contain bunk beds.

Resolved. The USMS agreed with our recommendation. The USMS stated in its response that it will assess the layout of the detention facilities with which it has an existing contract to ensure compliance with the American Correctional Association accreditation requirements, detainee capacity and applicable local, state and federal safety laws. The USMS stated it will evaluate and assess bunk-bed safety concerns and incorporate changes, as necessary, to its private detention facility contract performance work statements as well as to the appropriate functions under the Federal Performance-Based Detention Standards. The USMS also stated that it will update the Federal Performance-Based Detention Standards to reference current Occupational Safety and Health Administration guidelines for ladder use, which include guidelines for ascent, descent, composition, and load bearing.

GEO neither agreed nor disagreed with our recommendation. In its response, GEO noted that it installed ladders to improve access to the top of each bunk bed at an expense of approximately \$20,000. GEO stated that there was no contractual requirement, detention standard or accreditation standard that requires ladders and that ladders were “above and beyond” the contract’s requirements. While we recognize there is no explicit contract requirement for ladders, there is also no requirement for bunk beds. We believe that the contract requirements to eliminate safety hazards and ensure that detainees are housed in a safe, secure and humane manner are sufficient to support our recommendation for the development of a specific standard regarding the appropriate use of ladders for bunk beds. Notably, our recommendation does not relate to the Deyton Facility but addresses the need for the USMS to evaluate the need for ladders in other facilities.

This recommendation can be closed when we receive documentation showing the USMS has evaluated bunk-bed safety concerns and incorporated changes regarding the appropriate use of ladders to its private detention facility contract performance work statements as well as to the appropriate functions under the Federal Performance-Based Detention Standards.