PS 1210.20 MANAGEMENT CONTROL AND PROGRAM REVIEW MANUAL

U.S. Department of Justice
Federal Bureau of Prisons

Program Statement

OPI: PRD
NUMBER: 1210.20
DATE: 11/24/99
SUBJECT: Management Control and Program Review Manual

1. **PURPOSE AND SCOPE.** To prescribe policies, standards, and procedures to establish, maintain, evaluate, and improve Bureau internal systems of control.

These provisions apply to all Bureau of Prisons (Bureau) organizational components and installations, including divisions, regions, institutions, and Community Corrections Offices.

In accordance with 31 U.S.C. § 3512(b)(1), Executive Agency Accounting Systems, and OMB Circular A-123, Internal Control Systems, each Federal Government agency is required to establish a continuous process for evaluating and improving its internal control systems.

Each Department of Justice agency head must annually submit an assurance statement to the Attorney General certifying that the agency is:

- **M** operating effectively, efficiently, and in compliance with applicable regulations; and
- **M** that existing systems of internal control adequately protect the agency's resources against fraud, waste, abuse, and mismanagement.

The assurance statement must also identify any system-wide control weaknesses, and actions taken or planned to correct the weaknesses in an appropriate and timely manner.

For the agency head to make this certification, there must be a systematic approach to assessing operations and programs at all organizational levels. This is achieved through a management control program that includes a system for assessing risks and testing the adequacy of internal controls for all program and administrative areas. This Program Statement outlines the requirements and responsibilities for implementing an effective management control program.

It also establishes, for all levels of the Bureau, a system of assurance that, taken as a whole, permits the Director to submit the required annual certification to the Attorney General.

A Management Control and Program Review Technical Reference Manual is also being issued to supplement this Program Statement. It contains all relevant samples for report preparation.

2. **SUMMARY OF CHANGES.** The following are highlights of this revised Program Statement:

a. All time frames and due dates have been changed from business days to calendar days.

b. Chapter 3 has been revised to describe the operational review process. Further clarification is provided to conduct follow-up reviews and close the operational review.

c. In Chapter 2, the process used to select field participants for program review teams and assign them to specific reviews has been clarified.

d. In Chapters 2 and 3, the review cycle for regional office program reviews has been extended from three to five years for good and superior ratings and includes a requirement for two additional operational reviews.

3. **PROGRAM OBJECTIVES.** The expected results of this program are:

a. Programs will comply with applicable laws, regulations, policies, and procedures.

b. Recommended solutions to problems will be provided to program managers.

c. Weaknesses in financial or administrative controls will be identified and corrected.

d. Assessments will be made as to how well programs are achieving desired results.

e. Efficient management practices will be promoted.

f. Program performance will be reported accurately in management and statistical reports.

g. The quality of programs will be improved.

h. Fraud, waste, abuse, mismanagement, and illegal acts will be prevented, detected, and reported.

i. Noteworthy accomplishments of programs will be identified and their recognition and replication promoted (internal bench marking).

j. Useful performance indicators will be established to monitor vital programs and operations.

4. **DIRECTIVES AFFECTED**

a. **Directive Rescinded**

PS 1210.18	Management Control and Program Review (12/22/97)

b. **Directives Referenced**

PS 1210.19	Liaison with External Audit Authorities (8/28/98)
PS 1290.03	Correctional Standards and Accreditation (7/21/98)
PS 1351.04	Release of Information (12/5/96)
TRM 1202.02	Management Control and Program Review (11/24/99)
DOJ Order 2860.3A	Implementation of the Federal Managers' Financial Integrity Act (P.L. 97-255), 1986
DOJ Order 2900.5A	Responsibilities for the Detection of Waste, Fraud, and Error in Department of Justice Programs, 1986
DOJ Order 2900.6a	Audit Follow-Up and Resolution Policy, 1989
OMB Circular A-76	Performance of Commercial Activities 1983
OMB Circular A-123	Management Accountability and Control 6/21/95

GAO, Government Auditing Standards, 1994
GAO, Standards for Internal Controls in the Federal Government, 1983

5. **STANDARDS REFERENCED**

a. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: 3-4003, 3-4018, 3-4019, 3-4036, and 3-4104

b. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: 3-ALDF-1A-03, 3-ALDF-1A-17, 3-ALDF-1A-18, and 3-ALDF-1B-09

c. American Correctional Association 2nd Edition Standards for Administration of Correctional Agencies: 2-CO-1A-06, 2-CO-1A-07, 2-CO-1A-08, 2-CO-1A-09, 2-CO-1A-21, 2-CO-1A-22, and 2-CO-1A-23

d. American Correctional Association Standards for Adult Correctional Boot Camp Programs: 1-ABC-1A-05, 1-ABC-1A-16, 1-ABC-1A-17, and 1-ABC-1B-11

6. **REQUIREMENTS.** Program review is an essential management control tool because it provides timely and essential information on program performance.

a. **Management Controls.** The Bureau shall maintain a system of management controls that enables managers to:

- assess program performance regularly,
- determine the degree of risk,
- test the adequacy of internal controls, and
- adjust operations to conform with requirements and achieve desired results.

b. **Program Review.** The Bureau subjects each of its programs to a thorough examination by organizationally independent, trained Bureau reviewers who are specialists in the program area being reviewed.

c. **Standards for Program Review.** The General Accounting Office (GAO) has issued standards for all Government audits, which are referred to as "generally accepted Government auditing standards." These standards cover the following areas:

(1) Auditor **qualifications**.

(2) Auditor **independence**.

(3) **Due professional care** or audit quality, including sound professional judgment and standards relating to examination, evaluation, and reporting.

(4) **Quality control**, including internal and external reviews.

The Bureau shall strive for close adherence to the Standards for Audit of Government Organizations, Programs, Activities, and Functions. To ensure compliance, the Bureau has developed a quality assurance program that provides for continuous evaluation of the program review process. Results are used to prepare the Annual Assurance Report to the Attorney General.

This provides assurance of consistent and effective implementation of the Federal Managers' Financial Integrity Act and OMB Circular A-123, Internal Control Systems.

Bureau reviewers are required to assign an overall program performance rating based upon the review's results. This assists the Executive Staff in making individual and system-wide resource needs determinations.

7. **MANAGEMENT CONTROL SYSTEM.** The basic components of management control are: assessing, planning, testing, monitoring, analyzing, and correcting. A brief overview of these components follows, including the "system of assurance" requirements incorporated into each level of the organization and at each stage of the process.

- **Assessing.** For a system of management control to be effective, an in-depth and realistic assessment of all programs is required to determine the degree of "risk" or the need for improvement and to plan a program review system for each specific program or functional area. This is accomplished through a management assessment (described in **Chapter 1**), whereby program managers examine each important process or activity cycle of the program from start to finish.

- **Planning.** Periodic management assessments provide a forum in which program managers view their program's strengths and weaknesses. Areas of weakness are discussed and action plans are developed to implement good internal controls and ensure improvement. Assistant and Regional Directors certify through their annual assurance letter to the Director that examination of those processes considered most at risk is included in the Program Review Guidelines and strategic plans have been developed to bring about needed improvement.

- **Testing/Program Review.** Bureau reviewers normally conduct reviews, studies, etc., based on the annual program review schedule and within the scope of Program Review Guidelines. However, if the review is in response to a specific event or special emphasis issue, it may require developing new program review objectives and instructions. In any event, all program reviews must conform to "generally accepted Government auditing standards" and the provisions of this Program Statement.

  The Reviewer-in-Charge for the program review certifies that, within the scope of the review and except for deficiencies cited, there is reasonable assurance that programs comply with applicable regulations and policies, and internal control systems are effective (detailed procedures for conducting a program review are covered in **Chapter 2**).

- **Monitoring.** Program monitoring is an extension of the Testing/Program Review component. Monitoring on a continuous or periodic basis (weekly, quarterly, etc.) allows staff to correct problems before they get out of hand, track strategic goal accomplishments, communicate to other Bureau staff, follow-up on actions called for in past program reviews, and prepare for upcoming reviews.

  Bureau staff at each level of the organization (institution, regional office, Central Office, etc.) establish ways of monitoring the well-being of their respective programs and, in particular, the programs' vital functions. Management indicators that are linked to program review objectives help define for the manager the information sources and criteria used for this monitoring.

- **Analyzing Program Review Findings.** At least annually, program managers analyze the results of all reviews, special studies, trend data, and management indicators. Based on this analysis, the Program Review Guidelines may be updated and reissued. Additionally, each Regional and Assistant Director prepares a certification letter to the Director stating that control systems for those programs, functional areas, or installations under his or her jurisdiction are operating effectively, except as noted. Wardens make a

similar certification to their respective Regional Directors. The Director, in turn, provides such assurance to the Attorney General no later than October 31 each year.

- **Correcting.** The essence of management control is the action that adjusts operations to conform with requirements. Prior to a program review's closure, the CEO must give assurance that internal control systems are in place to prevent recurrence of the problems. Such assurance can be obtained through various reviews and monitoring systems (see **Chapter 2** for details). In addition, actions to correct system-wide problems must be tracked by the appropriate program managers to ensure scheduled corrective action is being taken, and action is appropriate and will, in fact, improve the situation. Corrective actions may include:

  - development of new or modified program review guidelines;
  - plans for special studies or reviews,
  - improvement in training programs,
  - changes in policy,
  - monitoring the accomplishment of strategic action plans,etc.

- **Strategic Management Cycle**. A "holistic" approach has been incorporated into the Bureau's system of management, wherein information from the following sources is used:

  - management assessments,
  - operational reviews,
  - program reviews,
  - social climate surveys,
  - institution character profiles,
  - other information sources (GAO, OIG, new legislative regulations, etc.),
  - information analysis and synthesis (Program Summary Reports, etc.)
  - policy development, and
  - formulation of strategic plans and goals.

All of these areas are interdependent and collectively form what is known as a "strategic management cycle." It is intended that strategic planning be a continuous process, and that the use of review findings, management indicators, and strategic planning objectives/action steps be closely interrelated. By identifying issues through the program review process, strategic issues are

developed to ensure that long-term corrective action is fully implemented. Further, analyzing a program review assists program administrators to develop Program Review Guidelines which ensure high-quality evaluations.

8. **RESPONSIBILITIES.** The following is an outline of the responsibilities involved in the management control and program review system. Specific internal control reporting requirements are described in **Chapter 1** of this Program Statement.

a. **Director.** The Director submits an assurance statement to the Attorney General at the end of each fiscal year certifying that programs are operating effectively and in accordance with applicable law, and that systems of internal control are adequate to protect resources. Material weaknesses and significant concerns in the Bureau's systems of controls shall be identified in the Management Control Plan, including a plan for correction.

b. **Assistant Directors.** The Assistant Directors' responsibilities shall include:

(1) Ensuring management assessments of all division programs are conducted and that the results of these assessments are incorporated into Program Review Guidelines for each program.

(2) Determining the need for special reviews or studies in program areas and ensuring necessary reviews are conducted accordingly.

(3) Ensuring that the results of program reviews, management indicators, management assessments, and other reviews and studies throughout the year are analyzed to determine whether there is a pattern of noncompliance or lack of controls in division programs.

(4) Ensuring appropriate strategic plans are developed to address and correct weaknesses.

(5) Updating and reissuing Program Review Guidelines with the Senior Deputy Assistant Director, Program Review Division, for division programs based on the analysis mentioned above, to include the program area's management indicators for program review objectives.

(6) Prepare a certification letter to the Director annually, attesting to the adequacy of internal controls in division programs and summarizing major system-wide concerns or weaknesses needing corrective action.

c. **Senior Deputy Assistant Director**, Program Review Division. The Senior Deputy Assistant Director, Program Review Division, is the designated Internal Control Officer for the Bureau. OMB directs that a senior official be given responsibility for coordinating the agency-wide effort to comply with the Federal Managers' Financial Integrity Act (P.L. 97-255). This official also ensures the agency's methods of assessing the adequacy of internal controls are inconsistent with this Act’s provisions.

The Senior Deputy Assistant Director, Program Review Division, not only has oversight authority for the Bureau's program review program, but also:

(1) Serves as Program Review Authority for all program reviews.

(2) Issues an annual program review schedule for all programs and ensures timeliness of program review schedules.

(3) Develops and updates program review policy.

(4) Provides program and operational review skills training and technical assistance to reviewers.

(5) Monitors all reviews and review materials related to the conduct of program reviews, conducts on-site evaluations of reviewers, and provides assistance to ensure program reviews are conducted in compliance with policy and auditing standards.

(6) Reviews program review objectives and guidelines for completeness and general adherence to accepted formats prescribed in policy.

(7) Provides systematic analysis and feedback to all levels of the agency related to program reviews.

(8) Assesses the overall effectiveness of the program review program through a variety of indicators that

include: ACA Intensive Reaccreditation Process, and an annual operational review of the Program Review Division.

(9) Makes recommendations to the Director for improvements in Management Control and Program Review.

(10) Provides periodic training in management control and the program review process to Bureau managers.

d. **Regional Directors.** Regional Directors shall:

(1) Ensure chief executive officers and regional administrators are fully responsive to program review findings and institutions close program reviews in a timely manner.

(2) Determine the need for special reviews or studies in specific program areas and ensure necessary reviews are conducted.

(3) Prepare an annual certification letter to the Director attesting to the adequacy of internal controls in regional programs.

(4) Ensure strategic issues are developed for regional strategic plans and develop corrective actions to address noncompliance and lack of controls.

e. **Wardens.** The Wardens' responsibilities shall include:

(1) Providing full support and cooperation to the reviewers, including freedom of access to all property, records, employees, and inmates.

(2) Ensuring operational reviews of each functional area in the institution are conducted within the time frames established in **Chapter 2**.

(3) Providing timely initiation and completion of appropriate corrective action to enable the program review's closure within prescribed time frames.

(4) Certifying that adequate controls have been implemented or improved to avoid recurrence of deficiencies (see the Management Control and Program Review TRM for sample).

(5) Providing feedback to regional administrators on their respective discipline guidelines to ensure guidelines adequately measure both the program’s performance and its vital functions.

(6) Identifying issues to be incorporated into the institution's strategic planning process; at least annually; and, when appropriate, establish action plans to address operational and program review findings. Report quarterly on major developments and/or major problems and provide the plans for solving the identified problems.

(7) Annually preparing a certification letter to the Regional Director attesting to the adequacy of institution internal controls (see Management Control and Program Review TRM for sample).

f. **Central/Regional Office Administrators.** Central/regional office administrators shall have the following responsibilities:

(1) Ensure management assessments are completed within time frames specified in **Chapter 1** of this Program Statement.

(2) Monitor trends and develop strategic plans to address emerging problem areas as part of program evaluation.

(3) Issue Program Review Guidelines identifying the discipline's vital functions and review steps.

(4) Ensure information from program reviews, management indicators, management assessments, and other studies are analyzed to determine whether there is a pattern of noncompliance or lack of controls in the programs.

(5) Mentor and train institution department heads to conduct high quality operational review programs and provide feedback on the results of those reviews.

(6) Identify strategic issues for regional strategic plans and develop corrective actions to address noncompliance and lack of controls as discussed in subsection (3).

g. **Program Review Branch (PRB).** The PRB shall conduct program reviews for all disciplines.

h. **Program Analysis Branch (PAB).** PAB shall coordinate an in-depth analysis of reviews to determine trends and patterns that are both discipline-specific and cross-disciplinary in nature.

This branch shall also assist program administrators and managers with the development and use of management indicators and other informational tools.

i. **Strategic Management Branch (SMB).** SMB evaluators shall:

- coordinate management assessments of each discipline,
- assist in identifying vital functions,
- coordinate the strategic planning process, and
- coordinate all ACA related activities.

j. **Competition Advocate Branch (CAB).** The Competition Advocate Branch provides support for the Bureau's Competition Advocate by providing analysis of information required for decisions related to competitive procurement. The Competition Advocate seeks to enhance deficit reduction, avoid wasteful spending, and accrue savings to the Bureau through various competitive strategies which are designed to reduce contract costs.

The Branch organizes the Year-End Management Control report for the Director, which is forwarded to the Attorney General. The Branch serves as a liaison for the Bureau of Prisons contacts with external audit agencies such as the General Accounting Office and the Office of the Inspector General.

/s/
Kathleen Hawk Sawyer
Director

CHAPTER 1 - DEVELOPING AN INTERNAL CONTROL PROGRAM

1. INTRODUCTION

The Federal Managers' Financial Integrity Act (P.L. 97-255), passed in 1982, mandated that all Federal agencies develop an internal control program to prevent waste, loss, unauthorized use, or misappropriation. This Act reinforces the requirement that individual managers are responsible for the successful operation of controls in the programs they manage.

OMB Circular A-123 prescribes the policies and standards to be followed in establishing, maintaining, reviewing, and reporting on internal controls. Additionally, GAO has provided standards to be followed in carrying out the internal control process.

In practical terms, this Act requires the Bureau to apply and review its methods of internal control and report the results annually to the Attorney General.

2. STRATEGIC MANAGEMENT CYCLE

A strategic management cycle has been developed that incorporates the concept of continuous planning through:

- management assessments,
- operational reviews,
- program reviews,
- social climate surveys,
- institution character profiles,
- other information sources (GAO, OIG, new legislative regulations, etc.),
- information analysis and synthesis (Program Summary Reports, etc.),
- policy development, and
- formulation of strategic plans and goals.

Managers at all levels of the organization shall use these events to gather, monitor, analyze, and synthesize information that will aid them in assessing their respective programs.

3. MANAGEMENT ASSESSMENT

A management assessment is a systematic method of reviewing the discipline’s mission statement, assessing the strengths and weaknesses of a particular program/activity, and developing monitoring tools to improve those areas. It provides the opportunity to develop management indicators, help program managers monitor the vital functions of their program, ensure

applicable ACA standards are referenced, and to identify strategic issues that may ultimately become part of the program's or Bureau's strategic plan. Guidelines should be reviewed at least annually and an in-depth management assessment should be held every three years to examine program review guidelines.

a. Participants. Suggested participants at management assessments should include the Central Office Administrators, an appropriate number of regional administrators, Wardens, Associate Wardens, Senior Examiner PRD, institution department heads, and a representative from the Strategic Management Branch to facilitate the management assessment process. Ideally, the number of participants would not exceed 10. Field input is requested from all Wardens prior to the management assessment and survey responses completed by Wardens following program reviews are also reviewed.

b. Preparation. Prior to the management assessment, the Central Office Program Administrator and an Evaluation Specialist from the Strategic Management Branch, PRD, will gather, analyze, and collate documents into a packet to be distributed to all participants. Some of the documents to be included are:

- Mission statement of the program,
- Current Program Review Guidelines,
- Most recent risk assessment,
- Criteria for material weakness or significant concern,
- Strategic plans and updates,
- Management indicator review,
- Automated Information System data reflecting deficiency trend information,
- PRD survey data,
- GAO/OIG information, and
- Applicable ACA standards.

c. Products. The products of a management assessment are:

(1) Program Review Guidelines. Guidelines are most effective if developed immediately following a management assessment. Therefore, within 45 calendar days after completion of a management assessment, the initial draft guidelines will be routed to the Program Review Division. Program Review Guidelines will be published within three months after completion of the management assessment.

(2) Development of Guidelines. Guideline steps are required for all high-risk processes (as identified in the risk analysis) and are recommended for all medium-risk processes. Guidelines should be written clearly, granting the reviewer the

opportunity to observe a program activity, review pertinent documentation, and interview appropriate staff. Guidelines should not be written as survey questions, but shall be direct and substantial, relating to exactly what the reviewer should do and what the reviewer should find as an acceptable practice. It is equally important to indicate the sample number of items to be reviewed. The sample size specified should be sufficient to determine compliance but should not be excessive and lengthen the review process. To facilitate the use of guidelines for operational and program reviews, a policy citation or regulation with the appropriate page number shall be ascribed following each review step.

The following is a sample format to be used in developing review guidelines: **Look at** ...(a specific activity, program, or program component) **to determine** ...(specific objectives are being met or policy requirements complied with...). Two examples of guidelines follow that involve a reviewer observing a program first-hand, reviewing documentation, and interviewing staff:

> Observe an actual team meeting to determine whether staff are developing a financial responsibility plan at initial classification and program reviews. (Refer to the Program Statement on the Financial Responsibility Program, Inmate).
>
> Examine five percent (or up to 25) of the central files of cases identified as participating in the Inmate Financial Responsibility Program (IFRP) and review Attachments A and B to determine whether they are completed and in the central file. (Refer to the Program Statement concerning the Financial Responsibility Program, Inmate)

The Intensive Reaccreditation Process (IRP) requires that all applicable American Correctional Association (ACA) standards for each discipline be addressed in the program review process. Therefore, applicable ACA standards should be included in the formulation of guidelines during the management assessment process.

(3) <u>Preparation of Program Review Guidelines (PRG)</u>. The format for each PRG is prescribed in this program statement. Each document shall include the following standard statements regarding vital functions, management indicators, and ACA Standards:

(a) During the management assessment, vital functions for (name the discipline) were identified as follows: (list the vital functions and number them). The guideline steps supporting each vital function are identified in the left margin with the notation: **(V-1)**, **(V-2)**, **(V-3)**, etc.

(b) Management indicators are program performance measures that are designed, used, and tracked by program managers. These indicators provide information that can be used by management to make quantitative or qualitative assessments. They also can be used to provide context for the functioning of a program. Each indicator lists the source(s) for the data. When possible, the indicators also list a target level of performance for a particular area. They relate directly to the program review objectives.

(c) The following ACA Standards are referenced in the attached Program Review Guidelines: (list the ACA standard numbers). Review guidelines supporting ACA Standards are identified with the appropriate ACA number following any policy citations.

4. STRATEGIC ISSUES

Strategic issues arise from a variety of sources, internally (Executive Staff, management assessments, etc.) and externally (Congress, Department of Justice, etc.). These issues are then reviewed by the Executive Staff for possible inclusion in the Bureau's strategic plan. The Executive Staff also determines which Bureau issues, if any, are reported to the Department of Justice as a material weakness or significant concern (refer to Section 5 for an explanation of these). Strategic planning requires a high level of staff involvement. Staff who are performing the work best understand what is required to accomplish it. Additionally, when staff are involved in determining what needs to be performed, they are more committed to accomplishing the planned actions.

The Bureau encourages staff at all levels to have input into the national strategic planning process. To facilitate that input, the Strategic Management Branch has developed a "Strategic Planner's Desk Guidebook" (available on BOPDOCS) that provides an issue worksheet to help staff formulate and articulate their issues, ideas, or concerns. The Guidebook also provides staff information on how to forward the issue worksheet to the Central Office.

5. MATERIAL WEAKNESSES/SIGNIFICANT CONCERN

Strategic issues that have impact outside the Bureau may be referred to the Executive Staff for review. If the Executive Staff agrees, the issue will be reported to the Department of Justice through the management control plan. The management control plan identifies material weaknesses and significant concerns, and details corrective actions and target dates for completing those actions. The criteria for material weaknesses and significant concerns are:

a. Material Weakness Criteria

(1) Significantly impairs the fulfillment of an agency or component's mission.

(2) Deprives the public of needed services.

(3) Violates statutory and regulatory requirements.

(4) Significantly weakens safeguards against waste, loss, unauthorized use, or misappropriation of funds, property, or other assets.

(5) Results in a conflict of interest.

(6) Merits the attention of the agency head/senior management, the Executive Office of the President, or the relevant Congressional oversight committee.

(7) Their omission from the report could reflect adversely on the management integrity of the agency.

b. Significant Concern

(1) Is a control deficiency of significant importance having Bureau-wide impact to be reported to the Attorney General.

(2) If the deficiency is not corrected, it could develop into a material weakness.

6. ANNUAL ASSURANCE STATEMENTS

Each year, the Director is required to submit an assurance statement to the Attorney General relating that the Bureau’s system of controls are operating as intended by the Federal Managers Financial Integrity Act (FMFIA). FMFIA requires that

each Federal agency establish, maintain, evaluate, improve, and report on internal controls in its program and administrative areas. All levels of management are involved in ensuring the adequacy of internal controls. By September 15 each year, Wardens shall submit an assurance statement to their respective Regional Director. By October 1 of each year, Assistant and Regional Directors shall submit an assurance statement to the Director with a copy to the Senior Deputy Assistant Director, PRD.

CHAPTER 2 - CONDUCTING A PROGRAM REVIEW

1. OVERVIEW

All program reviews must conform to the standards for auditing established in the Government Auditing Standards and the provisions of this Program Statement. Planning, conducting, and analyzing the results of program reviews should be done within the context of a system of management control.

a. Requirements (Extent, Frequency). Each program or operation at each Bureau installation shall be comprehensively reviewed in accordance with published Program Review Guidelines. Institution, Community Corrections field locations, and Central Office programs that receive a superior or good rating are to be reviewed on a three-year basis. Regional program areas that receive superior or good ratings are to be reviewed every five years. Programs that receive acceptable ratings are to be reviewed on a two-year basis, and programs receiving deficient ratings are to be reviewed at 18 months intervals. At-risk programs are to be reviewed upon request for closure. New institutions will be reviewed beginning 18-24 months after activation.

Exceptions to this review cycle must be approved by the Senior Deputy Assistant Director, PRD.

b. Program Reviews. The provisions of this Program Statement apply to reviews conducted in a variety of situations. These reviews are intended to determine compliance with applicable regulations and policies, adequacy of internal controls, and the effectiveness, efficiency, and quality of programs and operations.

Program reviews at private contract correctional facilities are not covered under the provisions of this Program Statement. Oversight of such facilities is conducted under the provisions of the Statements of Work.

c. Selection of Field Staff for Program Review Teams. The use of field participants as program examiners is a cost effective practice that supports the program review process and enhances the professional development of the staff member. Nominations for discipline experts are requested by the Review Authority from institutions and other field locations annually. These requests are made to the CEO.

The Senior Deputy Assistant Director, PRD selects nominated staff for program review teams. These team selections are based primarily on cost effectiveness for travel to the review site and any special skills that might be required for the review. The team assignments are included in the annual program review schedule that is distributed prior to the beginning of each fiscal year.

d. Reviewer-in-Charge. Each program review must have one Reviewer-in-Charge (RIC), who is appointed or approved by the Senior Deputy Assistant Director, PRD. The RIC will report findings directly to the Review Authority and must ensure:

(1) Reviews are conducted in accordance with the provisions of this Program Statement.

(2) Program review objectives are met within the scope of the review plan.

(3) Findings and recommendations are presented in a written report.

(4) Working papers adequately support review findings.

(5) Team members (reviewers) receive appropriate guidance and supervision.

(6) An overall rating is provided as part of each Program Review Report.

(7) Appropriate management officials are kept fully advised of the results of the review.

The RIC also serves as on-site liaison and monitor of the ACA auditor during Intensive Reaccreditation Process (IRP) audits.

e. Due Professional Care. Due professional care must be used in conducting the review and preparing reports. This includes:

(1) Using good judgment in conducting the review, assessing the findings, and preparing the report.

(2) Following up on findings from previous reviews to determine whether appropriate corrective actions have been taken.

(3) Adhering to timeliness prescribed by policy.

(4) Ensuring sensitive information is safeguarded.

f. Scope of the Review. The extent and focus of the review, as well as reporting any impairments to its effectiveness and integrity, are governed by the following provisions:

(1) No Constraints. Reviewers must attempt to remain within the scope of the specific review objectives for efficient use of resources and to help focus their attention. However, they are not constrained from examining other areas based on the evidence being examined or observations at the review site.

(2) Reviewer Access. Personnel at the review site must grant reviewers access to all documents that need to be examined, permit reviewers to interview employees and inmates who are reasonably available, and allow reviewers to inspect all areas and items of Government property.

(3) Scope Impairments. If factors restrict the scope of the review, limit the reviewer's access, or interfere with the reviewer's ability to form objective opinions and conclusions, the RIC shall attempt to resolve the problem informally. Failing that, the RIC shall report the problem to the Senior Deputy Assistant Director, PRD. The RIC shall document impediments in the working papers.

g. Phases of the Program Review. There are five interrelated phases to any review: preparation, examination, evaluation, reporting, and follow-up. There are standards, principles, and procedures for each phase, and all reviewers must have a complete understanding of these. The five phases are not mutually exclusive, nor does one phase follow directly after another.

- Preparation. Collecting and assessing data prior to arrival at the review site to help focus on the program review objectives.

- Examination. Collecting evidence, usually at the review site, which includes determining whether the evidence is sufficient, reliable, and relevant.

- Evaluation. Assessing the evidence for deficiencies or need for improvement, and organizing the evidence into the elements of a finding.

- Reporting. Developing findings for presentation at closeout and in writing via the final report.

- Follow-up. Evaluating the facility's response, monitoring corrective action, seeking resolution of any disagreements, and obtaining closure of the review.

2. PREPARATION FOR THE REVIEW

This section describes the requirements of the preparation phase of the review. It encompasses all the work and data gathering prior to arrival at the review site. Adequate preparation is important to ensure the program review results satisfy the review objectives (**Chapter 1**). The following represents the steps that are involved in preparing for the on-site examination.

a. Data Collection and Pre-assessment. The reviewer shall assess the situation at the specific review site prior to arrival by obtaining and reviewing all pertinent data, including management indicators. This information and the reviewer's written assessment of it represent the first working papers collected or prepared for the program review. These papers (or a synopsis) shall be placed in the review file for reference. Results of this pre-assessment may necessitate adjustments to the program review objectives. The pre-assessment shall include:

(1) Events. Recent events, such as a major incident, new department head, change in mission, etc., shall be taken into consideration.

(2) Trends. Workload and performance data shall be reviewed to determine any recent trends. The data might include number and nature of inmate incidents, staff vacancies and turnover, minority hiring, recognition awards, accidents, staff and inmate grievances, investigations, inmate disciplinary actions, class waiting lists, course completions, inmates employed, medical duty status, custody levels, security level versus crowding, and staffing.

(3) Other Significant Data. Other information sources, such as KI/SSS, external agency reports, (GAO, OIG, ACA, etc.) shall be reviewed.

(4) Past Program/Operational Reviews. Review any recent program/operational reviews of the site and the status of pending corrective actions.

b. Developing a Site Plan for the Review Site. The Reviewer-in-Charge shall develop a brief written Program Review Site Plan for the specific review site. The Plan shall include:

- A summary of the pre-assessment and where deficiencies might be expected based on what has been found in the background information and other indicators.

- The general scope of the program review. This includes the specific guidelines to be used and prior review ratings.

- Review dates, suggested team members, reviewer days, cost containment information, and other logistical information.

- Comments from the CEO, regional administrator, Central Office Administrator, and local Union President if they have any items for the review team.

The site plan shall be in the form of a memorandum from the RIC to the Review Authority for approval. If unusual conditions exist, the RIC shall meet with the Review Authority to discuss the planned review.

c. Notifying the CEO. The Chief Executive Officer (CEO) of the review site shall be notified officially of the review in writing by the Review Authority at least 30 calendar days prior to the review. A copy of this will be provided to the local Union President by the CEO.

(1) Contents. The notification shall contain:

- **P** dates of the review;
- **P** names, titles, and duty stations of the RIC and reviewers;
- **P** scope of the review and program area(s);
- **P** type of review;
- **P** special focus areas, if any;
- **P** program review objectives if different from those published for the program;
- **P** requests for advance materials, which should be kept to a minimum and should not incur substantial copying costs and staff time; and
- **P** a request that the CEO respond if he/she has anything they would like the review team to take into consideration. Upon receipt of this notice, the local Union President may submit any items they have concerns with.

(2) Unannounced Program Reviews. The Review Authority reserves the right to conduct reviews without prior notification if deemed necessary to achieve reasonable assurance that a site/program is operating in accordance with applicable law and policy, and property and resources are efficiently utilized and adequately safeguarded.

(3) Intensive Reaccreditation Audits. When program reviews also serve to accomplish the IRP process, the Review Authority shall notify the CEO that the review team will be accompanied by an ACA auditor.

3. EXAMINATION

The examination phase involves the data collection, interviews, and observations conducted as part of the review process. The following section outlines the steps, procedures, principles, and tools required in this phase of the review.

a. Organization and Supervision

(1) Organizing the Program Review Work. Prior to beginning the work, the RIC shall meet with program review team members and brief them on the plan, including the division of labor, time frames, objectives, and review and sampling techniques. The review is to be organized to ensure no unnecessary demands are placed on institution staff. In the case of an IRP, the RIC is to include the ACA auditor in this briefing and explain the auditor's role in the program review process.

(2) Giving Due Consideration. The department head must be afforded the opportunity to be fully involved in the review activities. The RIC is to inform the department head and staff that all comments might alter findings and recommendations or provide information concerning the cause of a deficiency will be fully investigated and given due consideration. The reviewers must work with the department head and staff to find causes and solutions.

(3) Lines of Communication. The RIC is to arrange with the department head precisely how reviewer requests for information and feedback on concerns will be handled. The RIC is to meet daily with the appropriate management staff such as the department head and Associate Warden to discuss progress and preliminary findings. The CEO is encouraged to participate in the daily closeouts to be fully appraised of the findings.

(4) Supervising the Program Review Team. Proper supervision of team members must be exercised from the beginning of the review through final closeout.

b. Evidence. During the examination phase, information is discovered and gathered. This is considered evidence that will support the conclusions contained in the final report.

(1) Types of Evidence. Evidence may be categorized as one of the following:

(a) Physical (direct observation of people, property or processes). This is considered the most dependable type of evidence, and is essential in determining the adequacy of internal controls. Reviewers shall allow sufficient time during the review to observe all important procedures actually in operation and determine their efficiency and effectiveness.

(b) Testimonial (interviews). While extremely valuable, this is considered the least dependable type of evidence, and information thus obtained requires corroboration before it can be used in support of a finding.

(c) Documentary (files, records, invoices, etc.). This is an excellent method of verifying the reliability of evidence gained through other methods; however, reviewers should not spend an inordinate amount of time reviewing files and records to the exclusion of observation, interviews, and analysis.

(d) Analytical (developed by making judgments about other forms of evidence through computations, reasoning, comparison, etc.). This is used to conduct staff complement analyses, figure vacancy rates, etc. Reviewers shall allow sufficient time to conduct such analyses. A well-developed finding and a well-written Program Review Report should contain the results of numerous analyses to give the reader a better perspective.

(2) Standards of Evidence. Evidence must meet three standards to be considered in the program review findings. It must be sufficient, competent, and relevant.

(a) Sufficient. There must be enough factual and convincing evidence to lead a knowledgeable, reasonable person who is not an expert in the program area to the same conclusion as the reviewer. Determining the adequacy of evidence requires judgment, especially when there is conflicting evidence. Sufficient evidence is needed to back up the conclusion. Sampling sizes for examinations, observations, and interviews shall be sufficient to give the reviewer reasonable assurance that adequate controls are in place.

(b) Competent/Reliable. The evidence must be reliable and the best that can be obtained through the use of reasonable program review methods. If there is any reason to question its validity or completeness, additional measures must be taken to authenticate.

(c) Relevant. The evidence must be linked to the program review objectives and have a logical, sensible relationship to the issue being proved or disproved.

c. Serious or Unusual Problems. There may be situations when problems are so pervasive or serious that reviewers will find it necessary to halt the review or drastically redirect its work.

(1) Approval. The RIC shall discuss the matter with the CEO and the Review Authority. The Review Authority has final authority on whether the program review should be halted or redirected.

(2) Sufficient Evidence for Report. Before a review can be halted, the RIC must ensure sufficient evidence has been gathered to prepare a report of major findings. Ending a review or redirecting it prior to completing the entire scope of the review does not relieve the RIC from preparing a Program Review Report and documenting the reasons in accordance with the provisions of this Program Statement.

d. Fraud, Abuse, and Illegal Acts. Reviewers must be alert to situations or transactions that could be indicative of fraud, abuse, and illegal acts. Any such evidence or information shall be reported to the CEO and Review Authority immediately for possible referral to the Office of Internal Affairs and follow-up investigation. Similar accusations concerning the CEO must be reported directly to the Review Authority. The Review Authority is to determine whether the review team should continue with the program review or suspend the review until the investigation is completed.

e. Working Papers

(1) Standard. A written record of the reviewers' work is to be retained in the form of working papers. It should be possible for a knowledgeable person, not involved with the program review, to review the working papers and arrive at the same general conclusions as the reviewers.

(2) Purpose. Working papers provide a systematic record of the work done by a reviewer or team and contain the information and evidence necessary to support the findings and recommendations presented in the Program Review Report.

(3) Types. Working papers are of various types. Technically, all the information reviewed in preparation for the program review is considered working papers, as are notes taken during interviews, observations, photographs, and reviews of

documents. (This includes computer printouts, logs, files, etc.) In addition, any analyses or computations done to support findings are part of the working papers. The reviewers may also develop checklists or worksheets to facilitate the review work and ensure it is conducted efficiently. Checklists are developed from discipline guidelines and may focus on areas of special emphasis. The checklists are also shared with regional and Central Office Administrators to ensure they are aware of the checklists' use and focus.

(4) Program Review File. A file is to be established for each program review, with the original working papers placed in the file. The department head or Associate Warden must initial each deficiency and advised item marked in the working papers, acknowledging their review of the evidence. The working papers are to be placed in a file that would facilitate their use and prevent loss or mutilation. The file's contents are to be identified clearly (review site, program area, dates).

(5) Retention. The Review Authority is to retain Program Review working papers for at least eight years from the ending date of the review. Documents for one complete review cycle are to be retained in the Program Review Division files, and the remaining records are to be archived in accordance with Government regulations. Working papers must be destroyed at the end of this period unless specific reasons are presented for their retention.

(6) Team Members' Papers. Only one program review file and set of supporting documents are to be maintained. The RIC is to collect all working papers from team members for inclusion. If a team member wishes to retain a particular working paper, it will be necessary to make a copy with the RIC’s approval.

(7) Format. Each reviewer has a personal style of recording and collecting information. This Program Statement is not intended to impose a rigid, standard format for working papers, nor should the development of working papers impose extra work for the reviewer disproportionate to the value of the evidence. However, at a minimum, working papers are to be:

(a) Complete and accurate to provide proper support for the program review conclusions.

(b) Clear, concise, and understandable.

(c) Legible and neat, even though usually handwritten.

(d) Restricted to matters that are materially important and relevant to the program review objectives.

(8) Forms. In addition to the preprinted checklists and interview sheets that reviewers normally use, it is suggested that each reviewer have a supply of working paper forms to record information collected during the review. An official working paper form is used by staff of the PRD.

f. Program Review Interviews. This is a crucial part of the examination phase of a program review. There are three types of interviews: entrance interview with CEO, discovery/confirmation interviews with staff and inmates, and exit interview/closeout with CEO.

(1) Entrance Interview. Upon arrival at the review site, the reviewers shall meet with the CEO and any other personnel the CEO may wish to have present.

(a) Purpose. At this meeting, the RIC shall define the scope of the review, and briefly describe how it will be organized to cause as little disruption to the facility as possible. The RIC will also clarify how the CEO prefers the team respond to an institution emergency.

(b) Cluster. If the review is being conducted in conjunction with other discipline reviews, each RIC shall attend the entrance interview.

(c) Closeout Schedule. A time for the daily closeouts must be established during this meeting. The final closeout time and date will be established later in the review week.

(2) Discovery/Confirmation Interview. Normally, reviewers must interview a sufficient sample of staff and, depending upon the discipline, inmates during the course of the review, based on the program review objectives as well as on evidence discovered during the course of the review.

Further, it is the RIC’s responsibility to conduct interviews of staff and inmates that measure the climate of the department being reviewed. This includes an interview with the local Union President or their designee. The interviews seek information regarding safety/security, communications, staff and inmate morale, and staff responsiveness. This information is summarized and reported to the CEO prior to the final closeout.

(3) Notes and Summaries. It is inappropriate to use recording equipment in a program review interview. The reviewer shall record significant information gathered based on notes taken and impressions. The interview outline and notes are considered part of the official working papers. Any staff member interviewed, upon their request, will be given a copy of the interview outline and notes when the interview is completed. The actual notes are considered confidential and shall not be disclosed. If a request is received for interview information, the RIC can prepare a summary for discussion with program staff or managers.

(4) Daily and Final Close-outs. Each reviewer will daily discuss any apparent discrepancies with the person being reviewed at the time these apparent discrepancies are found. During the review week, the RIC meets daily with the department head and Associate Warden to review the progress and discuss any deficiencies or findings. These closeouts provide the institution staff and the RIC an opportunity to discuss the review and clarify any issue that is raised during the course of the review. At the conclusion of the review, the reviewers shall meet with the CEO and any staff the CEO wishes to have present to apprise them of the results, including any significant findings, deficiencies, or significant lack of administrative controls.

A draft of the findings and a preliminary overall rating of the program will be given to the CEO prior to the conclusion of the closeout. If other major deficiencies are later discovered through review of working papers or additional discussions with other team members, the RIC shall discuss them with the Review Authority and CEO prior to releasing the Program Review Report. If the final overall rating differs from the preliminary rating provided the CEO during the close-out, the RIC shall also discuss this with the CEO prior to releasing the Program Review Report.

4. EVALUATION

The evaluation phase of a program review is ongoing from the time pre-assessment information is collected prior to arrival at the review site, through the examination and closeout, to the preparation of the Program Review Report. The reviewers make judgments about every document examined, every interview conducted, and every observation made to determine if a piece of evidence may link or relate to other evidence gathered.

To emphasize its importance, the evaluation phase is presented as a separate phase and is focused on the work of the reviewers as they begin organizing evidence into findings, when appropriate. The evidence should have been assessed for its sufficiency, reliability, and relevance.

a. Purpose. During the evaluation phase, reviewers analyze evidence for indications of patterns, trends, interrelationships, common causes and effects of the problems on the program, and innovative methods to improve operations.

b. Organizing Evidence into Findings. To ensure evidence is presented in a manner that will be most useful to management, the evidence, if indicative of a serious problem, must be organized into a "finding" or series of findings.

c. Materiality. Materiality of deficiencies and whether they need to be placed in the official report (rather than handled verbally or placed on the advised list) is the individual reviewers' judgment (with the RIC’s concurrence), based on available evidence, extent of the problem, risk to the program’s efficient and effective management, program review objectives, etc. The following points provide some guidance when determining whether deficiencies represent a significant finding:

(1) Importance to the accomplishment of the mission and vital functions of the program, the institution, or the Bureau.

(2) Pervasiveness of the condition -isolated or widespread- (a single example of a deficiency is normally not sufficient to support a broad conclusion or recommendation).

(3) Indication of fraud, waste, abuse, or illegal acts (or anything that might constitute a conduct issue).

(4) Extent of the deficiency (based on allowable deviation from what is expected).

(5) Importance to the maintenance of adequate controls, such as a pattern of small, related discrepancies, which by themselves would not warrant mention, but taken together could be detrimental to the program.

d. Commendations. As a result of the analysis of the evidence, reviewers may report that exceptional progress has been made in a program area or a solution has been implemented to resolve a significant problem.

e. Deficiencies. Reviewers may investigate and report on any significant problems, failings, weaknesses, and need for improvement. The term "deficiency" is used to describe any such concern and includes, but is not limited to:

- Deviations from policy or regulation.
- Weaknesses in internal controls.
- Lack of quality controls.
- Failure to observe accepted standards of practice for a particular profession.
- Lack of operating efficiency.
- Failure to meet program objectives.

f. Elements of a Significant Finding. A well-developed significant finding contains the following elements:

(1) Condition. What was found, the extent of the problem related to the number of cases examined, interviews conducted, etc. There can be only one condition in a significant finding; however, a significant finding may be based on one or more deficiencies or needs for improvement. These deficiencies can be combined into a single significant finding, if they are all related to the same activity and program review objective or if the cause and effect for each is approximately the same. The intent is that deficiencies are not listed as isolated, unprioritized events.

Example: Evidence (documentary, testimonial, physical, analytical, can include many noted problems, etc.): "Observed two unauthorized staff members enter the mailroom, door left open on one occasion, mail delivery not within 24 hours based on inmate interviews, unusually large number of lost mail claims, high staff turnover in the mailroom."

Condition (only one): "Lack of adequate controls in the operation of the mailroom."

(2) Condition/Criteria. What should be, based on policy, regulation, law, generally accepted practice, desirable administrative or internal controls, quality controls, program objectives, efficient operations, etc. The reviewer shall be aware of policy compliance exemptions granted to the review site.

(3) Effect. What effect the condition is already having or what will probably happen if the condition is not corrected; that is, how significant the finding is in terms of attainment of the objectives of the program and the mission of the review site. This is also known as the "materiality" of the condition.

Example (based on previous example): Result of Condition: "unauthorized access, late delivery of mail, lost mail."

Potential Result if not Corrected: "fraud involving inmate monies, loss of confidentiality of sensitive materials."

(4) Cause. Why the condition happened, if known. The condition is only the symptom; the reviewer must determine the underlying cause(s) of the condition, or at least some probable causes, to be of most benefit to management.

Example (based on previous example): Why did the Condition happen? "probably because of high staff turnover, lack of adequate training, lack of adequate, detailed local procedures."

(5) Recommendations. This section details possible solutions to the significant finding. The recommendations should be attainable by the staff and take into consideration available staff and resources.

Example: “staff should review local procedures to ensure compliance with current policy; additional training should be provided for staff.”

(6) Overall Rating. Because of the great amount of information derived from program review findings, the Executive Staff determined that there was a need for a concise system of summarizing information from the Program Review Reports. The assignment of an overall rating meets this need. The preliminary rating reflects the RIC’s overall judgment as to how well the mission and objectives of the program area are accomplished.

The rating is determined by a careful evaluation of how well the vital functions identified in the discipline guidelines are being carried out. Further, the rating is a measure of the program’s performance and is not directly related to the performance of the program manager. The assignment of the rating is also intended to measure the performance of the program over time. The Review Authority assigns/approves the final rating. The following terms and definitions are used:

- **Superior.** The program is performing all of its vital functions in an exceptional manner and has excellent internal controls. Deficiencies are limited in number and not serious in nature. Program performance exceeds expectations.

- **Good.** The program is performing all of its **vital functions**, and there are few deficient procedures within any function. Internal controls are such that there are limited procedural deficiencies. Overall performance is above an acceptable level.

- **Acceptable.** This is the "baseline" for the rating system. The **vital functions** of the discipline are being adequately performed. Although numerous deficiencies may exist, they do not detract from the acceptable accomplishment of the **vital functions**. Internal controls are such that there are no performance breakdowns that would keep the program from continuing to accomplish its mission.

- **Deficient.** One or more **vital functions** of the program is not being performed at an acceptable level. Internal controls are weak, thus allowing for serious deficiencies in one or more program areas.

- **At Risk.** The program is impaired to the point that it is not presently accomplishing its overall mission. Internal controls are not sufficient to reasonably assure acceptable performance can be expected in the future.

In arriving at these ratings, the discipline's complexity or degree of difficulty is taken into consideration. What constitutes vital functions is determined by the regional and Central Office administrators during the management assessment.

6. THE PROGRAM REVIEW REPORT

Written Program Review Reports are required. The only official report to which the CEO must respond and take action is the one written and presented to the Review Authority for review and transmitted to the CEO. Because the system allows for challenges to deficiencies and significant findings, the Program Review Report may only be considered final upon review closure. The timetables for this process are established within the Program Statement.

a. Fairness and Accuracy. The reviewer shall place deficiencies or noteworthy accomplishments into perspective and avoid exaggeration. Only information adequately supported by sufficient evidence in the working papers can be included in the report. This information must be reliable, sufficient, and logically presented to illustrate the impact or potential impact of the deficiency. Critical comments shall be presented in a

balanced perspective, taking into consideration any unusual difficulties or circumstances faced by the review site.

b. Clarity. Reports must be clear, concise, and substantive. Conclusions shall be specific, not left to inference. Aside from department heads and program administrators, readers will have varying perspectives (institutional, regional, system-wide) and may not have a background in the program area being reviewed. Therefore, technical terminology is to be avoided whenever possible.

c. Credit. The reviewer must give credit when institution management has already noted a problem and is taking steps to correct it or is actively searching for solutions. It should be noted that problems identified by technical assistance visits and recently conducted operational reviews that remain uncorrected at the time of the program review may be listed as findings or deficiencies within the Program Review Report. Corrective action/controls should be in place for a specified period, ordinarily six months, to ensure they are effective.

d. Quality Assurance. The RIC is to establish and maintain a quality assurance program to provide reasonable assurance that program review work conforms with GAO auditing standards and with this Program Statement.

(1) Quality Control Review. The reviewer is to conduct a quality control review prior to submitting the final report to the Review Authority and must document for the file and within the report that the review was conducted.

(2) Components. The RIC will ensure:

(a) Review findings are fully supported by sufficient, reliable, and relevant evidence rather than by evidence of minor deficiencies or examination of irrelevant or insignificant matters.

(b) Program review objectives have been met.

(c) Review team members were properly supervised and their work reviewed.

(d) Review findings can be traced to the working papers to ensure they are fully supported and documented, and that figures used in the report are accurate.

(e) Interim meetings have been held regularly with the department head and Associate Warden to keep them apprised.

f. Timeliness. Program Review Reports must be issued promptly in accordance with this Program Statement.

(1) To the Review Authority. The RIC is to prepare the written report and submit it to the Review Authority within 30 calendar days after the end of the review.

(2) Review by Review Authority. The Review Authority is to review the report to ensure compliance with the provisions of this Program Statement and standards of auditing. Within 10 calendar days after receipt by the Review Authority, the report is to be transmitted to the review site's CEO electronically via GroupWise. A signed copy of the report is to be maintained in the working papers.

g. Distribution. Copies of the Program Review Report and cover memorandum are to be routed electronically to the respective Assistant Director, Regional Director, and CEO. In addition, copies are to be routed to regional and Central Office program administrators of the responsible discipline.

h. Retention. The Review Authority is to retain the Program Review Report for eight years, in accordance with the provisions of the National Archives and Records Administration, General Records Schedules (Number 22).

i. Release Provisions. The appropriate method for an outside party to request a Program Review Report or related working papers, management assessment/risk analysis documentation, Program Review Guidelines, or any other agency record of the Bureau is to make a request in writing to:

Director, Bureau of Prisons
Attention: Office of General Counsel,
Freedom of Information Act/Privacy (FOIA/PA)
320 First Street NW
Washington DC 20534

The FOIA/PA Section shall coordinate responses to requests for Program Review Reports and related papers with the Program Review Division. A program review report or any related supporting evidence is not considered releasable until the program review is officially closed by the Review Authority.

j. Separate Reports. If a separate report containing confidential information is being issued, this should be stated in the report and cover memorandum.

k. Reviewing by Exception. Reporting the results of a program review is governed by the principle of "reviewing by exception." This principle is used throughout the auditing community; it means that if an area, component, or issue is within the scope of the program review and is not mentioned in the report, the reader can assume that no serious or significant deficiencies or need for improvement were found in that area. It is not necessary for the reviewer to recap every area examined during the review.

l. Program Review Report Format. The following format shall be used for the Program Review Report:

(1) Cover Memorandum. Each report must be accompanied by a memorandum from the Review Authority to the CEO of the review site. The memorandum, usually no more than one or two pages, should describe briefly:

- the scope of the review,
- the overall assessment,
- any significant findings, and
- repeat deficiencies, if any.

The memorandum shall indicate specific response instructions concerning time requirements for responding to general comments, repeat deficiencies, and significant findings.

(2) Data Sheet. This is a list covering the basic facts of the review (review site, dates, reviewers, rating, gender of population, operational review dates, etc.).

(3) Program Reviewer Assurance Statement and Signature. This is a statement signed and dated by the RIC that he or she has reasonable assurance that:

(a) The review was conducted in accordance with generally accepted Government auditing standards.

(b) The findings of noncompliance with policy or inadequate controls contained in the Program Review Report are supported by evidence that is sufficient and reliable.

(c) Findings of noteworthy accomplishments are supported by sufficient and reliable evidence.

(d) Within the scope of the review, the program is operating in accordance with applicable law and policy, and property and resources are efficiently used and adequately safeguarded, except for the deficiencies noted in the report and in the list of advised items that are supported and documented in the working papers.

(e) The name, title, and duty station of the other members of the review team shall be placed directly under the assurance statement.

(4) Lack of Assurance. If conditions found during the review indicate widespread lack of policy compliance or inadequate administrative controls, thus preventing the RIC from making the assurance statement, this must be clearly stated and explained by the RIC in this section of the report. It must also be emphasized in the Review Authority's cover memorandum and special follow-up measures shall be outlined.

The RIC may also be prevented from making the assurance statement because the scope of the review was impaired, unlimited access was not granted, or some event caused the review team to leave the review incomplete through no fault of the reviewers or individuals under review. This must be explained in this section and in the cover memorandum.

(5) Background. This is a brief statement of facts describing the staffing pattern, program description, personnel in charge, recent events, etc. This information shall reflect the current information available during the review week.

(6) General Comments. This section is open-ended and can be used for different purposes. It is not intended to be used for long lists of recommendations or suggestions to correct less important deficiencies that are not related to a significant finding. Such recommendations should be handled by giving the department head a separate list of items needing attention. Some purposes of this section include:

(a) Discussion of areas of concern, weakness, growth, or strength as appropriate. A specific response can be required regarding any of these issues.

(b) Discussion of any issues and questions needing further study and consideration on a broader-based scale, such as possible changes to Bureau policy or training courses, etc.

(c) Observation of areas not directly related to the program or discipline being reviewed.

(d) Summary of specific issues the Review Authority wants covered in every program review or in certain reviews.

(e) Response to the CEO's request that a specific issue be examined.

(f) Discussion of any innovative practices that were observed during the review week.

(7) Significant Findings. This section describes any significant findings based on the evidence gathered. The reader must be able to determine how the various deficiencies relate to one another and what impact the deficiencies are having or will have on the program.

(a) Findings Format. Significant findings must be numbered and normally relate to a specific program review objective. They must follow this format:

(1) Heading. Describes the program area or topic involved. It must be meaningful to the reader.

Examples: "Tool Control," "Staff Training," etc.

(2) Condition and Effect. A brief one or two sentence opening labeled "Condition and Effect" that informs the reader what the basic condition is and what basic effect it is having on the operation (or probable effect it will have if not corrected).

Example: "There is a lack of adequate controls in the operation of the mailroom, resulting in misplaced mail, slow delivery of mail, inappropriate access to the mailroom, and a potential for fraud and lack of confidentiality."

(3) Evidence Section. This is the heart of the finding and is labeled "Evidence." It is a brief but persuasive presentation of the pertinent, important evidence. It shall note the extent and significance of problems and shall be measured against what should be - the criteria. It must be concise but informative, giving the reader the facts supporting the finding in an organized manner. Any deviations from policy/regulation that have a direct relationship to the problem may be listed in this section or in "Other Deficiencies."

(4) Cause. This is the underlying reason that the condition exists. Common causes include lack of training, lack of resources, inattention or negligence, inadequate or unclear guidance/policy, poor physical plant, etc. In some cases, the reviewer may be unable to determine the cause, and further study may be required. If the cause is related to staff shortages or other lack of resources, the reviewer shall so state. Budget constraints do not mitigate against the identification of significant problems caused by the constraints. Previous efforts to obtain funding to correct the problems shall also be mentioned, so responsibility for future action can be assigned.

The reviewer should keep in mind that the policy may be the problem. In other words, the criteria used may need correcting rather than the condition at the review site. Perhaps the policy isn't written clearly, is outdated, or its requirements aren't needed. If the reviewer believes this to be the problem or part of the problem, it must be stated. This information shall also be considered during the management assessment process.

(5) Recommendations. These are actions the Reviewer-in-Charge presents to the CEO to correct, or lessen the impact of the conditions noted in the significant finding. All significant findings shall include realistic recommendations. Reviewers shall take the time needed to present recommendations that are clear, cost-effective, and address the conditions and causes.

(b) Further Study. Every significant finding shall have a corresponding recommendation; however, there may be situations when neither the cause nor the solution or recommendation is apparent. In that case, the "recommendation" may be to study the problem further, perhaps at the regional or national level.

(c) Workable Solutions. Various solutions shall be discussed with the department head, regional administrator, Associate Warden, and, when appropriate, the person reviewed to ensure the solution (or series of options) eventually presented to the CEO at the closeout and in the written Program Review Report will be realistic.

(d) Interim Solutions. The reviewer shall be alert to innovative procedures or ways to improve operations that can correct or at least partially correct the situation - even if the basic cause is lack of resources, staff, or space.

(e) Deviations from Policy/Regulation. Although recommendations that require compliance with policy or regulations are generally non-negotiable, a simple statement of compliance with policy is not adequate. The reviewer shall specify the measures required to fully correct or improve the condition stated in the finding.

(8) Repeat Significant Finding. A repeat significant finding is a finding listed on the current review that was also listed during a previous formal review. While a repeat significant finding occurs infrequently, it should be noted that it does not have to be a mirror image of the previous finding. Different evidence may be used to indicate a component weakness that was found during the previous review. Repeat significant findings shall be developed from the prior program reviews, not operational reviews.

(9) Repeat Deficiencies. A list of current deficiencies also listed as problems during the last program review (give date of last program review). Any significant risk of allowing them to remain uncorrected must be included (unless this is covered in the Significant Findings section). The CEO shall be instructed, in the Review Authority's cover memorandum, to explain why corrective action was not taken or was not effective prior to the review and what specific controls will be implemented to ensure deficiencies do not recur.

(10) Commendations. Programs, procedures, or management practices identified as innovative, which involve cost-effective use of existing resources and have potential applicability in other Bureau settings.

(11) Other Deficiencies. This section is an attachment to the review report listing problems or weaknesses noted by the reviewer. The reviewer shall include a one or two sentence summary of the problem and, if applicable, a reference number of policy or regulation. During discussions with the department head, the reviewer must ensure the department head has an understanding of what action is required to remedy the situation.

Deficiencies or need for improvement not considered significant enough to be included in the Program Review Report shall be conveyed to the department head and documented in the working papers. The RIC shall ensure the department head initials the working papers to verify advisement. The RIC may also prepare a separate document known as the "Advised List", listing issues not considered significant enough to warrant inclusion in any part of the Program Review Report. This document shall be distributed to the CEO, regional administrator,

and department head; a copy shall be placed in the official program review file with the working papers. Because the "Advised List" is not included in the Program Review Report, no response is necessary.

7. PROGRAM REVIEW FOLLOW-UP

The follow-up phase begins immediately after the Program Review Report is distributed and continues until the review is officially closed by the Review Authority.

a. Responsibilities. The responsibilities for program review follow-up are divided between the reviewer and the institution, as follows:

(1) Responsibilities of Reviewer. It is the RIC's responsibility to keep the Review Authority informed as to the adequacy of the response and corrective actions taken by the institution. It is also the RIC's responsibility to ensure timeliness of the request for closure is within established time frames, the review closure is warranted and that a monitoring system is in place to follow up on "post-closure" long-term actions through the strategic planning process when applicable.

(2) Responsibilities of Review Site. It is the responsibility of the CEO of the review site to respond to the review report in a timely manner, take appropriate actions to correct deficiencies and improve operations, and ensure adequate administrative controls and monitoring systems are in place to prevent the deficiencies from recurring. When applicable, long-term corrective action shall be monitored through the strategic planning process.

(3) Responsibilities of Regional Program Administrator. The regional program administrator of each discipline shall monitor the implementation of corrective actions and placement of internal controls outlined by the CEO in response to review findings. Further, the regional administrator shall work closely with the institution to develop strategic initiatives to address issues noted during the program review and the operational review. Through the effective use of management indicators for vital functions and the strategic planning documents, the regional administrator should be able to assess the level of program performance from a distance and advise the department head on potential corrective action.

b. Response to Program Review Report. The CEO must respond to the Review Authority (with copies to the appropriate Assistant/Regional Director) no later than 30 calendar days after

receipt of the report. The Review Authority must approve any exceptions (see the Management Control and Program Review TRM for a response sample). The CEO's response must address:

(1) Repeat Significant Findings. The CEO shall provide a separate response to the Director through the Regional Director. The CEO must describe the measures and internal controls to be implemented to ensure the problem will not recur, as well as explain why the problem was not corrected from the prior review.

(2) Repeat Deficiencies. The CEO must describe the measures and internal controls that will be implemented to ensure the problem will not recur, as well as explain why the problem was not corrected from the prior review.

(3) Other Deficiencies. The CEO must certify that all deficiencies listed in the Program Review Report (including those involving significant findings) have been corrected. This can be a blanket statement with exceptions noted. Normally, deficiencies from policy or regulation are not negotiable. They must be corrected timely, unless budget constraints or other justifiable constraints preclude compliance.

Any constraints must be explained and a realistic time frame for correction must be specified using the strategic planning process. If corrective action requires longer than 30 calendar days, a strategic action plan shall be developed for each area as part of the closure process. These action plans shall be evaluated as part of the request for closure from the CEO.

If the program review included multiple disciplines, such as Human Resources (Employee Development, Personnel and Affirmative Action), the response should include all disciplines and not be separated into different responses that are submitted at different times.

If there are constraints in resolving deficiencies involving a significant finding, the response to that finding shall be referenced and the constraints discussed therein.

(4) Significant Findings and Recommendations. The CEO is required to respond to recommendations relating to significant findings cited by the reviewer, declaring agreement or disagreement.

(a) Agreement. If the CEO is in agreement, the steps taken or planned to comply shall be listed, with a time frame for resolution specified.

(b) Disagreement. Through discussions during the program review between the reviewer, the department head, Associate Warden, and, when appropriate, the person reviewed potential for disagreement with findings or recommendations should be reduced. However, the CEO may wish to present in the review response justification why the recommended action cannot or should not be taken and alternative methods of correcting the problem or improving the program. The Review Authority shall make the final decision to accept or reject the CEO's response.

(c) Non-Policy Based Criteria. A Bureau reviewer is an official representative of, and reports directly to, the Review Authority (Senior Deputy Assistant Director, PRD). If the reviewer has determined that, in his or her professional judgment, an action should be taken to correct a problem or improve a situation (even if the criteria against which the condition was measured are not contained in policy or regulation), and if the Review Authority agrees with this judgment, it is incumbent upon the CEO to take such action or present adequate justification as stated above under "Disagreement."

(5) General Comments. The CEO shall also review other sections of the Program Review Report (Cover Memorandum, Background, General Comments, etc.) to determine if issues have been raised that require a response. If a response is required under areas of concern or weakness, it will be so indicated in the body of the description of the issue. The CEO must respond to issues identified in the General Comments section of the report. The CEO has the option to disagree with the General Comment item but a response is still required.

(a) Review of Response. The RIC shall review the CEO's response to ensure it is complete and all deficiencies have been corrected or the action plan contains an acceptable time frame for corrections. If there is a disagreement between the reviewer and the CEO regarding any finding or recommendation, the matter will be presented to the Review Authority for decision.

(b) Notification. The Review Authority shall notify the CEO in writing of the acceptance or rejection of the response within 20 calendar days of receipt.

(c) Follow-up Reporting. Included in the Review Authority's response may be the requirement for any follow-up reporting measures (progress reports, plans of action) to be taken on the part of the CEO. The requirement for these reports

is on a case-by-case basis and may be used when the time frame for corrective action is over a long period or the implementation of adequate internal controls is a concern.

(d) Closure of the Program Review. Before a program review can be closed by the Review Authority, several actions are required by the reviewer and institution to provide the Review Authority with the necessary assurance.

(6) Follow-up Review by Institution. Prior to seeking closure of the program review, the CEO shall ensure a follow-up review is conducted to determine whether adequate internal controls are in place to prevent the problem(s) from recurring.

(a) Responsibility. The appropriate Associate Warden (AW) or management official is responsible for the follow-up review being conducted.

(b) Review Team. The AW may conduct the review personally or may head a review team. A local option might include appointing other institution department heads as members of the review team to provide cross-discipline training. Another local option is to include the department head or staff of the department in question on the review team.

(c) Time Frame. The follow-up review should be conducted 90-150 calendar days (3-5 months) after the last day of the program review. This allows for sufficient time for internal controls, that have been put in place as a result of the review, to begin working.

(d) Method. Each deficiency mentioned in the review report is to be examined to determine not only whether the deficiency has been corrected, but also whether adequate, cost-effective controls have been instituted to lessen the likelihood of recurrence. Such controls might include: an additional level of review, more frequent inspections, cross-checking systems, new written procedures, improved training, etc.

In regards to a significant finding, the review team is to ensure the "condition" as well as the "cause" have been addressed and staff have implemented the reviewer's "recommendations."

(e) Report. A report of the review team's findings shall be prepared by the Associate Warden within 14 calendar days of the date of the follow-up review and sent to the Review Authority (with copies to the Assistant Director for the discipline reviewed and the Regional Director) under cover memorandum from the CEO.

The report shall address all repeat deficiencies and significant findings, to include whether the controls put in place to correct weaknesses or deficiencies have been effective(see the Management Control and Program Review TRM for Follow-up Review Report sample). This memorandum can also be used to request closure of the program review (see "Request for Closure").

(f) Certification. The associate warden's certification of correction of the deficiencies and adequacy of controls shall be included in or attached to the report.

(7) Request for Closure. When the CEO is confident that all necessary actions have been taken, he/she must request closure of the program review (see the Management Control and Program Review TRM for Request for Closure sample).

(a) Time Frame. Normally, closure of program reviews shall be within 180 calendar days after the last day of the program review. If the CEO is unable to request closure of the review within this time frame due to extraordinary circumstances, he/she may request an extension from the Review Authority.

(b) Requirements. In the cover memorandum to the Review Authority, the CEO shall certify that he or she has reasonable assurance that all deficiencies noted in the Program Review Report have been corrected and needed improvements have been made (except where noted elsewhere in the response), and that adequate controls are in place to prevent recurrence.

(8) Assurance/Closure. When the Review Authority has obtained reasonable assurance the deficiencies have been corrected, the Review Authority shall notify the CEO the review is considered closed. A copy of this notification shall be sent to the appropriate Assistant and Regional Director and Central Office administrator.

(a) Exceptions. There are instances when limited resources or other restrictions preclude achieving full compliance within 180 calendar days. The Review Authority shall consider such situations on a case-by-case basis. If the program is rated “at risk,” the CEO shall determine when he or she is prepared to request closure. At that point, the CEO is to request closure through the Regional Director.

If the Regional Director concurs, the request is forwarded to the Director with a copy to the Senior Deputy Assistant Director, PRD. A full program review is then scheduled. If the situation is fully resolved or if the stated strategic plan to

correct the problem over the long term is realistic and fully responsive to the review finding, the review can be closed. The Review Authority and regional administrator, however, must continue to monitor the progress against the established action plan through the strategic planning reporting system.

(b) Assurance Methods. These include, but are not limited to, the written assurance by the CEO that the follow-up review confirmed correction of all deficiencies, an on-site visit by the reviewer, a member of the review team, or a knowledgeable third party from the regional office or another facility, or a follow-up review directed by the Review Authority.

Chapter 3- Conducting an Operational Review

OPERATIONAL REVIEW

The operational review is a self-evaluation process that enables staff to closely evaluate the strengths and weaknesses of their program and take corrective action.

The operational review is conducted under the authority of the CEO of each installation or organizational component. At the institution level, the review authority is the Warden. At the region or division level, the Regional Director or the Assistant Director is designated as the review authority. In the event an operational review is conducted in a Community Corrections office, the Community Corrections Regional Administrator (CCRA) is the review authority. For operational reviews of Transitional Services and CCRAs, the Regional Director is the review authority.

As part of the Bureau's management control program, each program at all organizational levels should conduct an operational review between 10-14 months from the week of the previous program review. An additional operational review should be conducted 22-26 months from the week of the previous program review for those programs that receive Good or Superior ratings. Regional program areas that receive superior or good ratings should also conduct two additional operational reviews at 34 to 38 and 46 to 50 months. Newly activated facilities shall conduct operational reviews within the first 12 months after formal activation.

Apart from this requirement, an operational review may be conducted at any time to determine program effectiveness.

Through the effective use of this process, weaknesses can be identified and corrected quickly through the use of strategic planning. Action plans can be developed that will ensure correction over time and the strengthening of the program. Further, the operational review process enables program managers to establish strong internal controls to ensure corrective action continues to be effective.

a. Conducting an Operational Review. An operational review includes the five phases of the program review process (preparation, examination, evaluation, reporting, and follow-up) discussed earlier in Chapter 2.

(1) Responsibility. Responsibility for ensuring the operational review is conducted in accordance with policy rests with the appropriate Associate Warden, Deputy Regional Director, or Deputy Assistant Director. The CEO is the Review Authority for all operational reviews.

(2) Members of Review Team. The head of the review team and its membership are left to the CEO's discretion. The RIC should demonstrate good organizational and communication skills, and a sound working knowledge of the operational review process. Although there is no requirement that the RIC be the department head, the review team can be made up of staff of the department being reviewed. It is essential that some team members be subject matter experts to ensure a comprehensive review is conducted and informed decisions are made regarding the findings of the review. It is the RIC's responsibility to ensure the operational review is conducted thoroughly and impartially and the Review Authority is advised of all findings.

(3) Preparation. The review team shall review the national Program Review Guidelines and adjust them as necessary based on concerns and high-risk areas of the program as perceived by institution staff.

Staff from related departments shall be included in a meeting(s) to enable the review team to take a "big picture" approach to the review - that is, looking at areas outside their own department that may affect, and be affected by, the program being reviewed. Through this process, a comprehensive review of institution operations can be made and improve the effectiveness of the institution programs. Coordination for this inter-departmental meeting shall be the responsibility of the Associate Warden, Deputy Regional Director, or Deputy Assistant Director. A brief memo announcing the upcoming operational review shall be prepared and forwarded to the CEO (see the Management Control and Program Review TRM for a sample).

(4) Examination and Evaluation of Evidence. In accordance with the standards of evidence described in Chapter 2, the operational review team is to conduct the review thoroughly and impartially. The RIC must examine the materiality of the evidence and the existence of deficiencies, significant findings and repeat deficiencies or findings will be determined using the following criteria:

a. **Deficiencies:** generally reflect a deviation from policy or a weakness in internal controls.

b. **Significant Findings:** generally are composed of a series of related deficiencies that, taken together, constitute a failure of the program component. A significant finding can also be caused by a single event that results in program failure.

c. **Repeat findings/deficiencies:** A repeat is the result of the failure of internal controls that were developed to correct a noted deficiency. In determining if a repeat exists, the evidence does not have to be a mirror image of the prior evidence. It is only necessary that the same condition exists. Repeat deficiencies/findings can be written based on prior program or operational reviews.

(5) Report. Complete results of this review are to be submitted by the Associate Warden, Deputy Regional Director, or Deputy Assistant Director to the CEO, who acts as Review Authority, with a copy to the Regional Director (institution review) and Senior Deputy Assistant Director, Program Review Division, within 30 calendar days after the review is completed (see the Management Control and Program Review TRM for an Operational Review Report sample).

(6) Certification. The Associate Warden, Deputy Regional Director, or Deputy Assistant Director shall certify that the operational review was comprehensive and conducted in accordance with policy. Also, the certification is to include that findings and conclusions are supported by evidence contained in the working papers that are to be retained for review by the program review team during the next program review.

(7) Working Papers. The department head or administrator must retain the working papers for subsequent operational reviews as well as the report in an appropriately labeled file until the next scheduled program review has been conducted and a final report issued. During the next program review, the reviewers are to examine working papers from the operational review to determine that the review was comprehensive and that the adequacy of controls were assessed. The effectiveness of corrective action will also be evaluated to serve as an indicator of the operational review program’s overall effectiveness.

(8) Closure of the Operational Review. The Review Authority will direct that a follow-up review be conducted to measure the effectiveness of corrective action. The follow-up review will be conducted under the supervision of the associate

warden (institution reviews) and focus on areas of concern and deficiencies. After the follow-up review is completed and it is determined that all controls are effective, the Review Authority can close the operational review.

(9) Exemptions. The Senior Deputy Assistant Director, Program Review Division, may grant an exemption to the operational review process when justified by the CEO and respective Regional Director.

(10) Corresponding Requirements. Annual/operational reviews required by discipline Program Statements may be combined with the operational reviews required by this Program Statement. However, these conjunctive operational reviews must be in compliance with provisions outlined in this Program Statement.