

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORTS OF
INVESTIGATION



COMPLIANCE REVIEW

CIRCLEVILLE JUVENILE CORRECTIONAL
FACILITY PURCHASING PRACTICES

ENTITY: OHIO DEPARTMENT OF YOUTH SERVICES
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The Office of the Ohio Inspector General ... The State Watchdog

“Safeguarding integrity in state government”

The Office of the Ohio Inspector General is authorized by state law to investigate alleged wrongful acts or omissions committed by state officers or state employees involved in the management and operation of state agencies. The Inspector General may investigate the management and operation of state agencies on his own initiative. We at the Office of the Ohio Inspector General recognize that the majority of state employees and public officials are hardworking, honest, and trustworthy individuals. However, we also believe that the responsibilities of this Office are critical in ensuring that state government and those doing or seeking to do business with the State of Ohio act with the highest of standards. It is the commitment of the Office of the Ohio Inspector General to fulfill its mission of safeguarding integrity in state government. We strive to restore trust in government by conducting impartial investigations in matters referred for investigation and offering objective conclusions based upon those investigations.

Statutory authority for conducting such investigations is defined in *Ohio Revised Code* §121.41 through 121.50. A *Report of Investigation* is issued based on the findings of the Office, and copies are delivered to the Governor of Ohio and the director of the agency subject to the investigation. At the discretion of the Inspector General, copies of the report may also be forwarded to law enforcement agencies or other state agencies responsible for investigating, auditing, reviewing, or evaluating the management and operation of state agencies. The *Report of Investigation* by the Ohio Inspector General is a public record under *Ohio Revised Code* §149.43 and related sections of *Chapter 149*.

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The Office of the Ohio Inspector General remains dedicated to the principle that no public servant, regardless of rank or position, is above the law, and the strength of our government is built on the solid character of the individuals who hold the public trust.



OFFICE OF THE OHIO INSPECTOR GENERAL

EXECUTIVE SUMMARY

SCOPE OF REVIEW

On August 22, 2019, the Office of the Ohio Inspector General opened an investigation into the purchasing practices at Circleville Juvenile Correctional Facility (CJCF). This investigation sought to determine whether CJCF was complying with State of Ohio and the Ohio Department of Youth Services (ODYS) purchasing and asset management policies ensuring proper stewardship of State of Ohio funds and assets. This investigation reviewed selected purchases made by Circleville Juvenile Correctional Facility staff during state fiscal years 2018, 2019, and 2020.¹

FINDINGS

The Office of the Ohio Inspector General reviewed selected transactions and the events and circumstances related to these transactions and found that Circleville Juvenile Correctional Facility:

- Failed to follow State of Ohio and Ohio Department of Youth Services' procurement policies and procedures.
- Made wasteful purchases, or purchases totaling \$30,039, using State of Ohio payment cards and the purchase order process that violated Ohio Department of Youth Services' non-fiscal policies.
- Failed to follow State of Ohio and Ohio Department of Youth Services' asset management policies and procedures.

RECOMMENDATIONS

The Office of the Ohio Inspector General is making 19 recommendations to the director of the Ohio Department of Youth Services in an effort to strengthen the agency's internal control systems and to clarify procurement and asset management responsibilities for agency employees

¹ A state fiscal year begins on July 1 and ends on June 30; e.g., fiscal year 2018 began on July 1, 2017, and ended on June 30, 2018.

involved in the procurement process. The Office of the Ohio Inspector General asks the director of the Ohio Department of Youth Services to respond within 60 days with a plan detailing how these recommendations will be implemented.

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ENTITIES UNDER REVIEW

Ohio Department of Youth Services

The Ohio Department of Youth Services (ODYS) oversees the juvenile corrections system for the State of Ohio and is statutorily mandated to confine felony offenders, ages 10 to 21, who have been adjudicated and committed by one of Ohio's juvenile courts. The department operates juvenile correctional facilities, provides parole services, and funds and supports community programs throughout the state to help empower and habilitate offenders.²

Circleville Juvenile Correctional Facility

The Circleville Juvenile Correctional Facility (CJCF) serves male youth. The facility is accredited by the American Correctional Association and provides a variety of services and treatment for youth including a fully accredited high school, behavioral health services, unit management, medical and dental care, recreation, religious services, community service opportunities, and reentry services.

As with other ODYS facilities, CJCF offers substance abuse programming, victim awareness, sex offender programming, Freedom Schools, and gang interventions. Treatment targets a variety of issues including conduct disorders, anger, aggression, violence, depression, anxiety, self-injury, sleep disturbances, and more.³

BACKGROUND

On July 15, 2019, the Office of the Ohio Inspector General received a complaint alleging that numerous frivolous purchases were made using taxpayer funds at the Circleville Juvenile Correctional Facility. The complainant believed the funds that were spent on the allegedly questionable purchases could have been used on other areas that would more fittingly support the mission and goals of the Ohio Department of Youth Services at the Circleville Juvenile Correctional Facility.

² Source: Biennial budget documents.

³ Source: <https://dys.ohio.gov/wps/portal/gov/dys/facilities/circleville-jcf/circleville-jcf>

OBJECTIVE, SCOPE OF REVIEW & METHODOLOGY

The investigation's primary objective was to determine whether CJCF adhered to ODYS and the State of Ohio procurement policies in the purchasing of selected items during fiscal years 2018, 2019, and 2020. A secondary objective was to determine whether CJCF properly accounted for items purchased and maintained responsible stewardship of taxpayer funds and state-owned property.

The investigation's review included:

- 1) Determining whether documentation supporting purchases was properly completed and included all required information, and that the transactions were in accordance with ODYS and State of Ohio procurement policies.
- 2) Determining whether CJCF staff, before making certain purchases, considered required state resources and/or contracts first, and when applicable, obtained the proper waivers to make purchases outside of these required state resources and/or contracts.
- 3) Determining whether purchases made were consistent with ODYS programming and policies, and were appropriate for use by the youths who reside at CJCF.
- 4) Determining whether items that were purchased and classified as tangible personal property were properly tagged and tracked as inventoried assets.

The Office of the Ohio Inspector General examined ODYS purchasing records maintained in the Ohio Administrative Knowledge System (OAKS)⁴ including but not limited to, requests to purchase, purchase orders, payment card logs, and payment vouchers for selected transactions. Additionally, investigators provided questionnaires to ODYS staff members who were identified as the payment cardholders who made the selected transactions or were involved in the purchasing process at CJCF. Investigators also conducted interviews with the CJCF superintendent and activity therapy administrator.

⁴ The Ohio Administrative Knowledge System (OAKS) is the State's Enterprise Resource Planning (ERP) system which provides central administrative business services such as financial management.

FINDINGS

The Office of the Ohio Inspector General determined that CJCF:

1. Improperly used a State of Ohio Master Maintenance Agreement (MMA) as the purchasing authority to install new electrical outlets for a newly created game room and landscape lighting at CJCF and failed to obtain three quotes for the service.
2. Failed to follow procurement policies and improperly used a National Cooperative Purchasing Alliance⁵ contract to purchase an X-ray machine.
3. Failed to obtain approval from the Ohio Controlling Board for a purchase in excess of \$50,000 and improperly used a state term schedule (STS) as the purchase authority. However, investigators determined the items purchased were outside the scope of the STS.
4. Failed to obtain waivers for applicable purchases from the Ohio Penal Industries (OPI) before purchasing the items from outside vendors.
5. Failed to follow procurement policies and improperly purchased supplies from outside vendors that should have been purchased through the State of Ohio Community Rehabilitation Programs.
6. Failed to follow procurement policies and improperly purchased recreational equipment prior to the approval of the purchase order authorizing the procurement of the equipment.
7. Used State of Ohio payment cards to purchase items that violated other ODYS policies.
8. Used State of Ohio payment cards to purchase items that ODYS did not use.
9. Failed to properly report in the Ohio Administrative Knowledge System (OAKS)⁶ and to affix asset tag numbers for controllable property acquired by the facility.
10. Failed to submit to ODAS an accurate account of ODYS' inventory of fixed assets for annual certification.
11. Received personal retail rewards from a purchase made with a State of Ohio payment card.

⁵ National Cooperative Purchasing Alliance is a national government purchasing cooperative working to reduce the costs of goods and services.

⁶ The Ohio Administrative Knowledge System (OAKS) is the State's Enterprise Resource Planning (ERP) system which provides central administrative business services such as financial management.

The specifics of these findings are discussed in the following paragraphs.

FINDING 1 – Improper Use of a Master Maintenance Agreement

In July 2018, two requests to purchase (RTP) forms completed by ODYS CJCF Financial Analyst Massood Ghoddoosi were approved for electrical services to be performed at CJCF by Triec Electrical Services Inc. (Triec). These services included installing new electrical circuits in the CJCF administration building for landscape lighting in the front entrance area, totaling \$7,674, and installing five new electrical circuits in the program game room that were needed for new video games being installed, totaling \$5,240. Investigators noted that both the RTP forms and the ODYS MBE/EDGE Compliance Form referenced contract number⁷ MMA7479 as the contract cited for the purchase authority.

Ohio Department of Youth Services Minority Business Enterprise (MBE)/ Encouraging Diversity, Growth and Equity (EDGE) Accountability Required Compliance form (Please attach to every Request To Purchase (RTP) and Payment Card purchase over \$500)	
Description of purchase: <u>Electrical Service</u>	
Automatic Waiver	
Vendor is a Required State Resource <input type="checkbox"/> Ohio Penal Industries (OPI) <input type="checkbox"/> Community Rehabilitation Program (CRP) <input type="checkbox"/> Department of Mental Health (DMH) <input type="checkbox"/> Rehabilitation Services Commission (RSC)	Vendor is on a Department of Administrative Services Mandatory Contract (Please provide the number as well) <input type="checkbox"/> General Distribution Contract (GDC) <input type="checkbox"/> Limited Distribution Contract (LDC) <input checked="" type="checkbox"/> Multiple Award Contract (MAC) <u>MMA 7479</u>
If you have checked one of the Automatic Waiver boxes above, then you may now sign the form and submit for processing. Otherwise, please continue completing the form. (Note: STS and MMA contracts do not qualify as an automatic waiver)	

ODYS Policy 122-Bus-01-Purchasing states, in part:

IV. Procedure

C. Required State Resources – Ohio Revised Code (ORC) requires that certain state organizations receive first consideration on various supplies and services. Agencies must check first whether these organizations have the capability of meeting their need, either through existing contracts, or new contracts that can be created to meet the need:

⁷ A contract number is a number used to uniquely designate a contract. The format of the number is determined by the type of contract it is.

5. DAS Purchasing Contracts shall be required for equipment, supplies and services.
Agencies shall consult DAS mandatory contracts first, then DAS optional contracts ...

a. Mandatory Contracts:

- i. General Distribution Contract (GDC)
- ii. Limited Distribution Contract (LDC)
- iii. Agency Specific Contracts (ASC)
- iv. Multiple Award Contracts (MAC)

b. Optional Contracts

DAS shall maintain a number of optional supply and service contracts known as State Term Schedule (STS) and Master Maintenance Agreements (MMA).

The contract cited by ODYS to obtain appropriation for the CJCF projects was a Master Maintenance Agreement (MMA) that had been established between the Ohio Department of Administrative Services (ODAS) and Triec. The State of Ohio Procurement Manual⁸ (procurement manual) lists the following, in part, related to MMAs:

2.1.2.2 - Contract Types

e. Master Maintenance Agreements

A MMA is available for maintenance and service of equipment that is no longer covered under a manufacturer's warranty. MMAs are **not** *[emphasis added]* to be used to furnish consumables, relocate equipment, or repair damage due to intentional abuse by the customer.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

⁸ The State of Ohio Procurement Manual is an authoritative source for guidance on the application of consistent and sound business practices by State of Ohio executive branch agencies, boards, and commissions to acquire supplies and services.

FINDING 2 – Improper Use of Cooperative Purchasing Agreement Contracts

In November 2018, ODYS Central Office⁹ purchased an X-ray machine from Adani Systems Inc. to be used at the front entrance of CJCF to scan bags being taken into the facility.

Investigators reviewed the Summary of Informal Quotations form attached to the payment voucher and noted only one quote was listed from Adani Systems Inc. and that the form contained the comment “See NCPA Contract.”

Ohio Department of Youth Services Summary of Informal Quotations							
Site: _____ Central Office							
Department: _ F&P							
		Bidder #1		Bidder #2		Bidder #3	
Date Quoted: 6/118/18		Bidder Name		Bidder Name		Bidder Name	
Type of Quote		Adani					
Written __X__ Telephone ____		Contact/Phone #		Contact/Phone #		Contact/Phone #	
Quantity	Description	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
3	X-Ray Machines	Total Cost	\$ 43,728.00	Total Cost		Total Cost	
	See NCPA Contract						

Investigators found, attached to the quotation form in OAKS, a three-page printout from the website www.NCPA.us. The first page explained that NCPA is the National Cooperative Purchasing Alliance and is a national government purchasing cooperative¹⁰ that works to reduce the cost of goods and services by leveraging the purchasing power of public agencies in all 50 states.

Investigators contacted ODYS for clarification on the purchase of the X-ray machines and the use of the NCPA contract and were provided with a copy of Ohio Revised Code §125.02 which was highlighted as shown in the following email:

⁹ X-ray machines were also purchased for the Cuyahoga Juvenile Correctional and Indian River Juvenile Correctional facilities.

¹⁰ Ohio Revised Code (ORC) §9.48 addresses joint purchasing programs.

125.02 Authority to purchase supplies and services - rules.

(A) The department of administrative services shall establish contracts for supplies and services, including telephone, other telecommunications, and computer services, for the use of state agencies, and may establish such contracts for the use of any political subdivision as described in division (B) of section 125.04 of the Revised Code, except for the following:

- (1) The adjutant general for military supplies and services;
- (2) The general assembly;
- (3) The judicial branch;
- (4) State institutions of higher education;
- (5) State elected officials as set forth in section 125.041 of the Revised Code;
- (6) The capitol square review and advisory board.

The entities set forth in divisions (A)(1) to (6) of this section may request the department of administrative services' assistance in the procurement of supplies and services for their respective offices and, upon the department's approval, may participate in contracts awarded by the department.

(B) For purchases under division (C) of section 125.05 of the Revised Code, the department shall grant a state agency a release and permit to make the purchase if the department determines that it is not possible or advantageous for the department to make a purchase.

(C) Upon request, the department may grant a blanket release and permit to a state agency for specific purchases. The department may grant the blanket release and permit for a fiscal year or for a biennium as determined by the director of administrative services.

(D) The director of administrative services shall adopt rules regarding circumstances and criteria for obtaining a release and permit under this section. The director of administrative services shall prescribe uniform rules governing forms of specifications, advertisements for proposals, the opening of bids, the making of awards and contracts, and the purchase of supplies and performance of work.

(E) The director may enter into cooperative purchasing agreements to purchase supplies or services with the following:

- (1) The entities set forth in divisions (A)(1) to (5) of this section; |
- (2) One or more other states;
- (3) Groups of states;
- (4) The United States or any department, division, or agency of the United States;
- (5) Other purchasing consortia;
- (6) The department of transportation; or
- (7) Any political subdivision of this state described in division (B) of section 125.04 of the Revised Code.

(F) The United States or any department, division, or agency of the United States, one or more other states, groups of states, other purchasing consortia, or any agency, commission, or authority established under an interstate compact or agreement may purchase supplies and services from contracts established by the department of administrative services.

Investigators noted that ORC §125.02 (E) states the director (ODAS director) may enter into cooperative agreements with other purchasing consortia. Investigators reviewed the NCPA website and learned one of the requirements for an entity to use their negotiated contracts is to be registered with NCPA. Investigators contacted NCPA to determine if ODAS was registered and learned there was a registration on file for ODAS; however, the date that registration was filed was nearly a year after the purchase of the X-ray machines for the juvenile correctional facilities.

Investigators contacted ODAS and asked whether the department assisted in the procurement of the X-ray machines. Investigators learned from the ODAS chief procurement officer that the department was not involved in the purchase of the X-ray machines as stated in the following email:

The DAS Office of Procurement Services was not involved in the purchase of x-ray machines for ODYS from NCPA in 2018. I registered our office with NCPA on 6/21/19 in order to have the opportunity to leverage the consortia's portfolio of contracts on as needed basis in accordance with ORC 125.02.

ODYS Policy 122-Bus-01-Purchasing states, in part:

IV. Procedure

D. ODYS Procurement Methods

3. Direct spending authority purchases over \$500.00 that are not available from required state resources described in Section A.3. shall require competitive price quotations. It is recommended that a minimum of three suppliers be contacted for quotation responses unless the purchase is required for life threatening emergency and an immediate continuity of service is required to ensure safety.

Moreover, when investigators visited CJCF in September 2019, the X-ray baggage inspection system was located in the lobby and had never been used since its acquisition in November 2018. Investigators received varying reasons from ODYS as to why the X-ray machines remained idle for nearly one year after the system's purchase date.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 3 – Purchasing Goods Outside Scope of Contract to Avoid Controlling Board

Approval

In June 2019, at the end of the State of Ohio's fiscal year, CJCF worked on completing a purchase for Helios Multigym outdoor exercise machines. Three bids were solicited and the lowest bidder was selected. A request to purchase (RTP) was completed by ODYS Central Office Program Administrator Stephanie Garrett and submitted for purchase. As noted in the following email, Garrett was informed by ODYS Financial Manager Steven Hrinko that the RTP could not be processed because the price was greater than \$50,000 and the vendor selected was a Canadian vendor that was not registered with Ohio Shared Services.

Original Message
From: Hrinko, Steven <Steven.Hrinko@dys.ohio.gov>
Sent: Monday, June 17, 2019 2:55 PM
To: Garrett, Stephanie <Stephanie.Garrett@dys.ohio.gov>
Subject: RE: Fitness Equipment

Hey Stephanie! We would not be able to process this RTP, first because it's greater than \$50,000 and would require Controlling Board (CB) approval and the last CB meeting for FY19 was 6/10/19. Second, this is a Canadian company that is not registered with Ohio Shared Services.

Below is a link to a DAS State Term (STS) contract. There are three vendors approved to sell exercise equipment on this STS contract. If you find the type of equipment needed, you must get three quotes from these vendors. Ohio Revised Code states all DAS STS contracts require three bids. Did not bid is not acceptable. If you received three bids and reference the DAS STS contract number, legislative Controlling Board approval is not required. Hope this helps and please let me know if you have any questions

After receiving the email, three quotes were solicited by ODYS' Central Office Garrett and CJCF Deputy Superintendent Rick Thomas on June 19, 2019.¹¹ The three quotes were from vendors G&G Fitness, 123Wellness Inc., and Webster's Fitness Products Inc., who were all listed on the state term schedule (STS) contract referenced in Hrinko's email (contract index #STS650). The equipment was purchased from G&G Fitness at a total cost of \$65,346. The RTP was signed and approved by CJCF Superintendent Douglas Richard on June 19, 2019.

Ohio Department of Youth Services Request to Purchase				STS 650	
Ordered by: Thomas		Order Date: 6/19/2019	If Term Contract		
Approved by: <i>[Signature]</i>		Approval Date: 6/19/19	Contract No.: 80798	Contract Expiration Date: 5/31/2021	
Supplier, Address & Contact: G&G Fitness 7350 Transit Road Williamsville, NY 14221			Terms:	Price effective until:	
			Controlling Board #:		
			Release & Permit #:		

Investigators conducted a search on the State of Ohio Procurement website¹² and found two contracts that referenced index number STS650 with two different suppliers¹³ of exercise equipment.

¹¹ Date determined based on date listed on ODYS summary of informal quotations sheet.

¹² <https://procure.ohio.gov/proc/currentcontracts.asp>

¹³ A supplier is an entity that sells products, supplies, and/or services.

TITLE	CONTRACT TYPE	INDEX NUMBER	CONTRACT NUMBER	SUPPLIER	AWARD DATE	EFFECTIVE DATE	EXPIRATION DATE
Fitness Equipment	STS	STS650	800607	Johnson Health Tech North America, Inc.	5/16/2018	6/1/2018	5/31/2022
Fitness Equipment	STS	STS650	800798	Life Fitness	5/13/2019	6/1/2019	5/31/2021

Investigators learned G&G Fitness was listed as a dealer¹⁴ for Life Fitness, and 123Wellness Inc. and Webster's Fitness Products Inc. were listed as dealers for Johnson Health Tech North America, Inc.

Investigators reviewed the current contract price lists attached to the STS contracts for all three dealers from which quotes were obtained and discovered the Helios Multigym outdoor exercise machines were not listed on the price lists. In addition, investigators learned that one of the dealers listed, 123 Wellness Inc, had informed ODYS that they did not know whether they could acquire for sale the Helios Multigym machines. Accordingly, investigators concluded the price quoted for the equipment by 123 Wellness Inc. to ODYS was not previously approved by the ODAS Office of Procurement Services.

> On Jun 18, 2019, at 10:20 AM, Garrett, Stephanie <Stephanie.Garrett@dys.ohio.gov> wrote:
>
> Rick,
>
> I asked Jeremy Purcell from 123 Wellness (STS vendor) to call you his contact information is [REDACTED] He was answering the email I sent yesterday for the Helios system. He said that he works with a distributor and is going to see if they can get the items we are requesting for the bid. He had further questions regarding whether or not installation should be included as that will affect the pricing and he wanted to know if the equipment was going to be put in soil or on concrete (which would require anchors). He also wanted to know how far apart the stations will need to be so he could get the right dimensions for the equipment.
>
> I was unable to answer these questions, so I told him that I would refer him to you. He also said asked if we would consider something similar and he referred me to www.stayfitsystems.com to look at their equipment. I am also attaching their brochure.

¹⁴ A dealer is an entity that is authorized to resell a product, supply or service from a product or supply manufacturer, and/or service provider.

The following statement was noted on the second page of both STS contracts:

APPROVED PRODUCTS/SERVICES: Only those vendors, products, or services as listed in the price pages, approved by the Office of Procurement Services, may be purchased from this State Term Schedule. Any vendors, prices, terms, conditions, products or services not listed in the approve price sheets are outside the scope of this schedule.

Investigators asked CJCF Superintendent Douglas Richard about the purchase of the exercise equipment and were informed that “STS suppliers were solicited first, as recommended by the DAS procurement manual. The supplier selected for this purchase was a STS, therefore no further searches were conducted at that time.”

Investigators verified the three vendors were listed on the STS contract; however, the items requested to purchase were not listed on the current price pages and therefore would not have been previously approved by ODAS for procurement.

In addition, investigators discovered that when CJCF first attempted to purchase the equipment from the Canadian vendor, a quote was obtained by Richard from United Prison Equipment for the Helios machines, totaling \$54,990. This price quote was \$10,356 cheaper than what was paid by ODYS to G&G Fitness. However, because United Prison Equipment was not listed as a supplier or dealer on an STS contract, the purchase would have required Controlling Board approval.

Investigators question the timing of the equipment purchase and the rush to purchase the equipment on June 19, 2019, prior to the end of the State of Ohio’s fiscal year on June 30, 2019. Investigators also question CJCF’s failure to submit the request to the Controlling Board for approval since the purchase was more than \$50,000. Instead of requesting and obtaining Controlling Board approval, CJCF administration obtained three quotes from vendors listed on an STS contract for equipment that was not previously approved by ODAS Office of Procurement Services and was not listed on the STS price page. Therefore, the equipment purchased from the STS vendor was outside the scope of the approved STS contract.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 4 – Failure to Obtain a Required Waiver from the Ohio Penal Industries Before Using Payment Cards to Purchase Products from Outside Vendors

ODYS Policy 122-Bus-01-Purchasing states, in part:

IV. Procedure

C. Required State Resources

ORC requires that certain state organizations receive first consideration on various supplies and services. Agencies must check first whether these organizations have the capability of meeting their need, either through existing contracts, or new contracts that can be created to meet the need:

1. Ohio Penal Industries (ORC 5147.07) – Purchases from OPI shall utilize the OAKS purchase orders. In the event of an emergency or a special need, **OPI may grant a waiver to the agency to purchase items elsewhere** *[emphasis added]*. Agencies may purchase from OPI without dollar limitation, provided that approved funds are available to support the purchase. Purchases from OPI do not count against an agency's annual cumulative threshold for Controlling Board.

Additionally, the ODYS Payment Card Manual states the following:

Order of Merchant Selection

State agencies must give first consideration to products and services offered by the ***Ohio Penal Industries***. State law requires that state agencies purchase through OPI if OPI can meet the state agency need. In the event of an emergency or a special need, OPI may grant a waiver to the agency to purchase items elsewhere.

The State of Ohio Procurement Manual published by ODAS states the following, in part:

2.1.1.1 First Requisite Procurement Programs

a. Ohio Penal Industries

Ohio Penal Industries, a division of the Department of Rehabilitation and Correction, teaches life skills and provides work-training programs for inmates housed at the various prison facilities. ORC §5147.07 requires State Agencies to purchase through OPI if OPI can meet their needs. In the event of an emergency or a special need, OPI may grant an agency a waiver to purchase the supplies or services elsewhere.

Purchase of Ultralite Tables

On February 22, 2019, a payment card assigned to CJCF Storekeeper Virginia Robertson was used to purchase white banquet tables from Menards, totaling \$966.68.

OHIO DEPARTMENT OF YOUTH SERVICES PAYMENT CARD LOG (PCL)									
CARDHOLDER NAME Virginia Robertson			EMPLOYEE ID: [REDACTED]			TRANSACTION DATE: 5/10/2018			
Phone YN	Vendor Name Contact Person Phone Number or Web-site	Term Contract # Multiple Award # Term Schedule # Master Maintenance Award # or N/A ¹	MBE (M) EDGE (E) or N/A ²	Description of Purchase ³ or Description of Return ³	P/R	Total Purchased/ Returned	Date Received/ Returned	OAKS VOUCHER ID ⁴	OAKS ACCOUNTING DATE ⁴
	MENARDS			TABLES		966.48			
				Handling		9.20			
				INV. # Ch 35962					
Total						966.68			
Funding/Budget Codes: ⁵									
FUND	ACCOUNT	ALI	DEPT	PROGRAM	GRANT	REPORTING	AMOUNT		

¹ Justification: If no contract number, MBE or EDGE is listed above and transaction exceeds \$500.00, then a justification must be given. (Exceptions: Sole source items such as utilities).

² If the transaction exceeds \$500.00 and the merchant is not an MBE or EDGE and the product or service has an included account code, then attach MBE/EDGE Accountability Required Compliance form.

³ Computer software & hardware must be pre-approved by MIS. Please attach MIS Approval form.

⁴ Attachment of PCL & supporting documentation in OAKS can serve in lieu of this input section.

⁵ Central Office and Regions - Reporting code information must be completed by the Cardholder. Facilities will have Chartfield information completed by designated area.

⁶ Cardholders are to complete the header and all columns (except last 2) prior to forwarding for signature and submission. Failure to properly complete the PCL could result in the PCL being returned.


Investigators discovered several irregularities of Robertson's payment card log (PCL) for the purchase of the tables. ODYS requires payment cardholders to provide a justification on their payment card logs (PCL) for all purchases over \$500 if the merchant is not an MBE or EDGE, and Robertson's PCL did not indicate a justification. Additionally, the date the items were

received is not listed, and the transaction date listed on the PCL is nine months prior to the purchase date reflected on the receipt. Investigators concluded Robertson's PCL highlighted a lack of attention to detail and a failure to properly complete the PCL by CJCF.


Investigators also noted that ODYS requires payment cardholders to attach an ODYS MBE/EDGE Accountability Compliance Form to the PCL for purchases over \$500 if the merchant is not an MBE or EDGE. Investigators found a compliance form for Robertson's purchase attached to supporting documentation in OAKS; however, the only portion of the form that was completed was the description of the purchase. The sections indicating a search for MBE/EDGE vendors was attempted but was not properly completed. Subsequently, investigators were not able to confirm a search had been conducted.

Ohio Department of Youth Services Minority Business Enterprise (MBE)/ Encouraging Diversity, Growth and Equity (EDGE) Accountability Required Compliance form (Please attach to every Request To Purchase (RTP) and Payment Card purchase over \$500)	
Description of purchase: <u>Tables</u>	
Automatic Waiver	
Vendor is a Required State Resource <input type="checkbox"/> Ohio Penal Industries (OPI) <input type="checkbox"/> Community Rehabilitation Program (CRP) <input type="checkbox"/> Department of Mental Health (DMH) <input type="checkbox"/> Rehabilitation Services Commission (RSC)	Vendor is on a Department of Administrative Services Mandatory Contract (Please provide the number as well) <input type="checkbox"/> General Distribution Contract (GDC) _____ <input type="checkbox"/> Limited Distribution Contract (LDC) _____ <input type="checkbox"/> Multiple Award Contract (MAC) _____
If you have checked one of the Automatic Waiver boxes above, then you may now sign the form and submit for processing. Otherwise, please continue completing the form. (Note: STS and MMA contracts do not qualify as an automatic waiver)	
MBE Accountability Information (Preferred method of acquisition)	
Search engine to locate certified MBE vendors: http://endreporting.ohio.gov/searchmbe.aspx	
Is this an MBE purchase? <input type="checkbox"/> Set-Aside (State Purchasing set-aside contract or ODYS must send three or more MBE certified vendor solicitations. ODYS must receive a minimum of one bid to award a set-aside contract. No majority vendors can be part of this bid process.)	
<input type="checkbox"/> Participation (Not exclusively bid to MBE vendors however, ODYS must send a minimum of three or more vendors solicitations, one being a certified MBE vendor. ODYS must receive a minimum of two responses and award to MBE certified vendor to receive participation credit. Must be awarded to lowest responsive and responsible (best value).	
<input type="checkbox"/> STS Contracts - When using STS contracts and a minority vendor is selected you will receive participation credit. Please indicate State Term Schedule number:	
Are there MBE vendors available? (Please select one of the three)	
<input type="checkbox"/> YES	<input type="checkbox"/> Solicited to, but no response from certified MBE vendor
	<input type="checkbox"/> Could not identify certified MBE vendors for this acquisition


Investigators reviewed the Ohio Penal Industries (OPI) product catalog and consulted with OPI sales staff and determined similar tables are available for purchase through OPI.




Ultralite folding chairs feature a high-density seat and back with an integrated hand hold, crossbraces add stability.




Ultralite tables are available in an efficient range of shapes and sizes.




Round tables are offered in three standard sizes and are suited for a range of applications.



Ultralite tables and chairs offer durable, lightweight construction. Rounded edges make them easier to handle.



Ultralite chairs fold easily while tables stack efficiently and store flat due to the seam-welded tubular steel legs that fold within the frame.




Ultralite has high-impact polyethylene tops, blowmolded construction, impact resistant corners and heavy-duty steel frames.


Pricing:

Item	Item Number	Size	Price
Rectangular Tables:			
Ultralite Table	029238	30" x 60"	\$ 72.19
Ultralite Table	039238	30" x 72"	\$ 85.00
Ultralite Table	049238	30" x 96"	\$113.44
Round Tables:			
Ultralite Table	209238	48" Round	\$ 92.81
Ultralite Table	219238	60" Round	\$148.13
Ultralite Table	229238	71" Round	\$198.44
Folding Chairs:			
Ultralite Chair	409238	-n/a-	\$ 54.00
Ultralite Table Truck:			
6' Table Truck	509238	6' Long	\$326.00
8' Table Truck	519238	8' Long	\$357.00


Specifications




Ultralite Chair
 Seat height: 17-3/4"
 Overall width: 18-1/2"
 Overall depth: 21-1/8"
 Overall height: 33-3/8"
 Folded depth: 3"



Ultralite Folding Tables
Rectangular Top
 Height: 29"
 Width: 30"
 Length: 60, 72, 96"
 Stack height: 2-1/8" – 2-1/4"



Round Top
 Height: 29"
 Width/Length range: 48, 60, 71"
 Stack height: 3-5/8"



Investigators noted the price per table at Menards was cheaper than OPI; however, OPI is a required first requisite program. As listed on the compliance form, OPI is a required state resource for purchases. Additionally, ORC §5147.07 states, in part:

No articles or supplies manufactured under this section or sections 5147.12 to 5147.22 ... shall be purchased from any other source for the state or its institutions unless the department of administrative services, in consultation with the department of rehabilitation and correction, determines that the articles or supplies cannot be furnished and issues a waiver under section 125.035 of the Revised Code.

Investigators obtained a spreadsheet from OPI containing all waivers that have been requested by ODYS since 2012. Investigators were also informed by the OPI sales manager in a July 9, 2020, email that OPI, "... typically issues one-time waivers as they want the agencies to reach out to us every time." Investigators determined that no waiver was listed on the OPI spreadsheet for the tables that were purchased by Robertson from Menards.

Purchase of Personal Hygiene Products

In fiscal years 2018, 2019, and 2020, Robertson used a payment card to make multiple purchases from Paragon Solutions Inc. (Paragon), for foaming hand soap and hand sanitizer. Investigators reviewed the OPI catalog and determined similar products are available from OPI. Investigators reviewed the waiver spreadsheet provided by OPI and determined that a waiver was not requested by CJCF before purchasing the items on the open market.

Investigators sent a series of questions to Robertson about specific topics related to the purchases of hand sanitizer and hand soap for CJCF. Robertson wrote that she spoke to her supervisor, Paul Rybicki, about the initial purchase from Paragon when CJCF opened their newly constructed housing units. Robertson said she was directed to purchase the items from Paragon after Rybicki spoke to CJCF Deputy Superintendent Thomas. Investigators asked Rybicki about the purchases of hand sanitizer and hand soap and learned that prior to CJCF's move from the old housing units to the newly constructed housing units, the CJCF administration discussed the need for hand sanitizer pumps in the new units. Rybicki wrote that,

... after looking at the price of buying new pumps from OPI versus the price of removing the units from the old buildings and placing them in the new buildings, CJCF

Administrators decided that we would go with the units we had.

Rybicki said the maintenance superintendent was directed to move the old pumps to the new units.

Investigators learned from the OPI catalog that the dispensers are free with the purchase of hand sanitizer and soap. Additionally, investigators discovered that the price of the hand sanitizer and hand soap available from OPI is cheaper than what CJCF paid for on the open market. Moreover, the procurement manual noted the following information related to the approval of OPI waiver requests.



OPI does not approve waiver requests for similarly produced items, for items that can be delivered within a shorter time frame than by OPI, or based solely on price.

During fiscal years 2018, 2019, and 2020, a total of 97 gallons¹⁵ of hand sanitizer and 108 gallons¹⁶ of hand soap were purchased from Paragon at a price of \$6,020.70 and \$5,325, respectively. Investigators determined that had CJCF made these purchases from OPI,¹⁷ CJCF could have potentially saved \$7,881.66 over the three-year period by buying the supplies in bulk as shown in the table below.

Product	Total Gallons Purchased	Total Spent	Cost Per Gallon Paragon (total spent/total gallons)	OPI Cost Per Gallon	Potential Savings Per Gallon	Total Potential Savings
Hand Sanitizer	97	\$6,020.70	\$62.06	\$20.12	\$41.94	\$4,068.18
Hand Soap	108	\$5,325.00	\$49.31	\$14	\$35.31	\$3,813.48
Total Potential Savings						\$7,881.66

Purchase of Commercial Kitchen Cleaning Supplies

In fiscal years 2018, 2019, and 2020, CJCF Food Service Manager Gertrude McCullough used a payment card to make multiple purchases from Ecolab for various cleaning supplies (e.g., limeaway, grease cutter), totaling \$6,027.13. Investigators reviewed the OPI catalog and determined similar products are available from OPI. Investigators also sent a description of the products purchased from Ecolab to the OPI sales manager who confirmed OPI sells similar cleaning supplies and provided the OPI product numbers that would be comparable to the Ecolab products. Investigators reviewed the waiver spreadsheet provided by OPI and determined that a waiver was not requested by CJCF before purchasing the items on the open market.

Investigators found that similar products offered from OPI are cheaper than what CJCF purchased on the open market. For purchases made in fiscal years 2018, 2019, and 2020, investigators determined that had CJCF made these purchases from OPI, CJCF would have potentially saved \$1,051.20 as shown below. The prices for OPI products are based on similarly

¹⁵Invoices saved in OAKS list quantities in milliliters. A total of 366,000 mL was purchased, which equals approximately 97 gallons.

¹⁶Invoices saved in OAKS list quantities in milliliters. A total of 408,000 mL was purchased, which equals approximately 108 gallons.

¹⁷OPI values calculated from OPI price list in catalog. Hand sanitizer was priced per 4-gallon containers. One case cost \$80.50 (\$20.12 per gallon). Hand soap was priced per 4-gallon. One case cost \$56 (\$14 per gallon).

named products listed under the “Food Service Dishwashing and Sanitation” section of the OPI product catalog.¹⁸

Product	Total Pounds Purchased	Cost Per Pound Ecolab	OPI Cost Per Pound	Potential Savings Per Pound	Total Potential Savings
Dish Detergent	1296	\$2.13	\$1.18	\$0.95	\$1,231.20
Product	Total Gallons Purchased	Cost Per Gallon Ecolab	OPI Cost Per Gallon	Potential Savings Per Gallon	Total Potential Savings
Limeaway	140	\$9.50	\$8.00	\$1.50	\$210.00
Greasecutter	120	\$9.00	\$12.25	-\$3.25	-\$390.00
Total Potential Savings					\$1,051.20
*Ecolab costs are based on average for the 3 years as prices incrementally increased each year					
*Negative number indicates OPI price more expensive					

Ohio Department of Youth Services
Minority Business Enterprise (MBE)/
Encouraging Diversity, Growth and Equity (EDGE)
Accountability Required Compliance Form
(Please attach to every Request To Purchase (RTP) and Payment Card purchase over \$500)

Description of purchase: Ecolab

Automatic Waiver

Vendor is on a Department of Administrative Services Mandatory Contract (Please provide the number as well)

☐ Vendor is a Required State Resource

☐ Ohio Penal Industries (OPI)

☐ Community Rehabilitation Program (CRP)

☐ Department of Mental Health (DMH)

☐ Rehabilitation Services Commission (RSC)

☐ General Distribution Contract (GDC)

☐ Limited Distribution Contract (LDC)

☐ Multiple Award Contract (MAC)

If you have checked one of the Automatic Waiver boxes above, then you may now sign the form and submit for processing. Otherwise, please continue completing the form. (Note: STS and MMA contracts do not qualify as an automatic waiver)

MBE Accountability Information (Preferred method of acquisition)

Search engine to locate certified MBE vendors: <http://eodreporting.oit.ohio.gov/searchmbe.aspx>

Is this an MBE purchase?

☐ Set-Aside (State Purchasing set-aside contract or ODYS must send three or more MBE certified vendor solicitations. ODYS must receive a minimum of one bid to award a set-aside contract. No majority vendors can be part of this bid process.)

☐ Participation (Not exclusively bid to MBE vendors however, ODYS must send a minimum of three or more vendors solicitations, one being a certified MBE vendor. ODYS must receive a minimum of two responses and award to MBE certified vendor to receive participation credit. Must be awarded to lowest responsive and responsible (best value).)

☐ STS Contracts - When using STS contracts and a minority vendor is selected you will receive participation credit. Please Indicate State Term Schedule number:

Are there MBE vendors available? (Please select one of the three)

☐ YES

☐ Solicited to, but no response from certified MBE vendor

☐ Could not identify certified MBE vendors for this acquisition

EDGE Accountability Information

Search engine to locate certified EDGE vendors: <http://eodreporting.oit.ohio.gov/searchedge.aspx>

Are there EDGE vendors available? (Please select one of the three)

☐ YES

☐ Solicited to, but no response from certified EDGE vendor

☐ Could not identify certified EDGE vendors for this acquisition

If you need assistance completing this form or finding an MBE or EDGE vendor, then please contact the MBE/EDGE Officer at 614 752 9392

Requester: Please notate one of the following in the Justification/Comment section of the OAKS requisition:
 1) MBE 2) MBE Participating 3) EDGE 4) Neither MBE nor EDGE

Investigators also discovered that McCullough failed to properly complete MBE/EDGE Compliance Forms related to these payment card purchases. Investigators found compliance forms for McCullough’s payment card purchases attached to supporting documentation in OAKS; however, the only portions of the forms that were completed were the descriptions of the purchase and signature fields. The sections indicating a

search for MBE/EDGE vendors was attempted but was not properly completed. Subsequently, investigators were not able to confirm the searches had been conducted.

¹⁸ The OPI Catalog was recently updated in January 2021. The OPI items and prices reviewed for this report were listed in the previous OPI catalog.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 5 – Failure to Purchase Items from Required First Requisite Programs

The State of Ohio Procurement Manual states the following, in part:

2.1 Purchasing Methods

2.1.1 Requisite Procurement Programs

Before considering any other supplier, ORC §125.035 requires State Agencies to determine if Ohio's first and second requisite procurement programs provide the supplies or services that are being purchased. (As their names imply, by statute, first requisite procurement programs receive first preference for fulfilling the need and, if they are unable, second requisites are considered.) State Agencies are responsible for either working directly with the applicable requisite programs or submitting a Request to Purchase (RTP) to DAS OPS to determine if any have the capability of meeting the need.

2.1.1.1 First Requisite Procurement Programs

b. Community Rehabilitation Program

ORC §125.60 to §125.6012 and OAC §123:5-3-1 to §123:5-3-12 requires that State Agencies purchase from a Community Rehabilitation Program (CRP) supplier capable of meeting its needs. CRP suppliers are non-profit organizations that employ Ohioans with work-limiting disabilities. CRP contracts provide Ohioans with work-limiting disabilities with much-needed job opportunities.

In fiscal year 2018, a payment card issued to CJCF Assistant Principal Roger Cade was used to purchase printer toner from SSI School Specialty, totaling \$1,115.36. In fiscal year 2019, a payment card issued to Cade was used to make multiple purchases of printer toner and batteries from Amazon, totaling \$832.23.

Investigators conducted a search for current contracts on the ODAS public website¹⁹ and determined, at the time of the purchases, there were mandatory State of Ohio contracts with Community Rehabilitation Program (CRP) suppliers²⁰ who supply printer toner and batteries. The Community Rehabilitation Program is considered as a first requisite program and ORC §125.60 to §125.6012 requires state agencies to purchase from CRP suppliers who are able to provide the items or services needed. Investigators noted that the costs of the printer toner and batteries available through CRP suppliers were comparable to the costs of the purchases made by CJCF at Amazon.

Investigators contacted Cade to inquire about whether he was aware of the requirement to purchase supplies from first requisite programs and received the following written response:

I was not fully aware of those purchasing policies other than the p-card training I received in January.^[21] When I would ask the business office for this list or additional training, I would be referred to the agency webpage and could not locate a list. I do not believe that I was given adequate training on this portion of the purchasing process. I could never locate a vendor list on the website. So, I tried to use vendors that the school had used in the past for these supplies.

The payment card manual states that payment cardholders shall, “... receive training from the *Agency Payment Card Administrator or the Local Payment Card Administrator on the Payment Card Program* prior to participation in the OBM/ELM Payment Cardholder Training.” The manual also states that participants, “... must be provided information on the *Payment Card* policies and procedures and on all other sources of information relevant to the program.”

Investigators asked Cade about his knowledge of the ODYS Payment Card Manual and he stated that he was unaware of the manual and consequently, of its contents.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

¹⁹ <https://procure.ohio.gov/proc/currentContracts.asp>

²⁰ CRP suppliers are nonprofit organizations that employ Ohioans with work-limiting disabilities.

²¹ Cade received training on January 8, 2018.

FINDING 6 – Purchasing Equipment Before Approval of Requisition

During fiscal year 2018, multiple arcade and pinball games were purchased for use at CJCF in five separate transactions, totaling \$48,530. Investigators reviewed the supporting documentation to ensure three quotes were obtained for all equipment and proper approval was granted for the purchases.

Investigators found that for two of the five transactions, the invoices (**Figure 3**) were dated prior (April 10, 2018) to the date of the requisition's approval (**Figure 4**) on April 19, 2018. A requisition's approval grants entities the legal authorization to make the purchases. The RTP forms for both purchases indicated the items were ordered by CJCF Activity Therapy Administrator Rory Jackson, approved by his supervisor Nicole Pace,²² and authorized by the CJCF business office. The images below illustrate one of the two transactions in question. The dates on the other transaction were the same.

Figure 3

WALTON'S

SALES INVOICE
11582 Lebanon Road - Sharonville, Ohio 45241
Office: **513.281.4444** Fax: **513.621.0019**
E-Mail: Sales@WaltonsGames.com
Website: www.waltonsgames.com

Date: 4/10/18

DELIVERY DATE

Day: Thursday
Date: May 10, 2018
Time: Noon

Name: Ohio Department of Youth Services
Address: PO Box 359 640 Island Road
City, State, & Zip: Circleville, Ohio 43015

PO # DY501-0000018349 **Cell:** [REDACTED] **Fax:** [REDACTED]

²² Nicole Pace's last name was changed to Freeman effective March 29, 2019.

Figure 4

Purchase Order

Payment Provision: The purchase order number authorizing the delivery of products or services **MUST** be included on the invoice.

Dispatch via Print

Purchase Order	Date	Revision	Page
DYS01-0000018349	04/19/2018		1
Payment Terms	Freight Terms	Ship Via	
Net 30	FOB Destination, Prepaid	Not Applicable	
BUYER	Phone	Currency	
		USD	

Dept of Youth Services

Supplier:
0000253277
Walton Distributing Inc
11582 Lebanon Road
Cincinnati OH 45241

The Ohio Office of Budget and Management SAFE (State Accounting Fiscal Essentials) Policy Manual states:

Operating Encumbrances states the following, in part:

An encumbrance reserves allotment to allow for the future payment of an agency's legal obligations. When an encumbrance is necessary, **it is not valid** *[emphasis added]* until a requisition undergoes all approvals, certifies available appropriation by passing budget check for the funding applied to it, and dispatches to a purchase order in OAKS ... An agency must put procedures in place to document the delegation of authority to personnel authorized to make contracts, agreements, or obligations involving the expenditure of money chargeable to an appropriation. In addition, the agency must document that these delegated personnel are aware of ORC §3.12 regarding personal liability and ORC§126.07.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

RECOMMENDATIONS FOR FINDINGS 1 – 6

1. Review the conduct of the employees in question and determine if administrative action is necessary.

2. Consider whether additional training is warranted for those employees at CJCF involved in procuring goods and services for CJCF including specific procedures to be followed when determining whether the goods or services can be purchased through OPI or CRP.
3. Consider whether additional training is warranted for those employees who are payment cardholders and ensure that the training incorporates both agency requirements and the OBM/ELM Payment Card Training guidance.
4. Consider disseminating the OPI Product Catalog or the website link where the catalog can be found to those responsible for purchasing at ODYS and CJCF to ensure they are familiar with the items and services offered by OPI.
5. Consider disseminating a list of CRP vendors or a website link where a search for CRP vendors can be conducted.
6. Consider disseminating a list of required first requisite programs and the supplies offered by these programs to payment cardholders.

FINDING 7 – Purchase of Items that Violated ODYS Policies Other Than Purchasing Policies

ODYS Policy 177-REC-03 Movies, DVD's, and Television as Recreation states, in part:

VI. Procedure

A. General Procedures

1. Each facility shall assign a committee to include the OA (Operations Administrator) and ATA (Activity Therapy Administrator) to screen all DVDs, movies, video games, television and wireless streaming to determine the suitability for presentations to youth.

B. Screening Criteria

1. The committee shall deny acceptance if it is determined the movie^[23] is:
 - a. Based on a movie rating of NC-17 (Adults Only), R (Restricted), X (adults only) or XX (adults only).
 - b. Video game rating of (M) Mature 17+, (A) Adults only 18+.
 - c. Creates a potential to incite the viewer to participate in disruptive behavior or be a threat to the security of the facility.

²³ The policy says “movie”; however, under this section the policy discusses video game ratings.

- d. Promotes illegal activity, violates facility rules, and/or federal or state laws.
- 2. The showing of selected movies or video games shall not disrupt the orderly operation, security or safety of the facility, its staff, or youth. The factors for determining safety and security shall include, but not be limited to:
 - a. Graphic violence.
 - b. Explicit sexual activity.
 - c. Deviant behavior.
 - d. Promoting hostility toward any group based on its race, sexual preference, religion, or ethnic background.
 - e. Promoting disruptive Security Threat Group (STG) theme.
 - f. Promoting a strong anti-law enforcement theme.

During fiscal years 2018, 2019, and 2020, payment cards assigned to CJCF staff Massood Ghoddooosi, Nicole Pace, Alisha McCollister, and Virginia Robertson were used to purchase 28 Playstation video games, totaling \$927.23. The following games were purchased: Mortal Kombat 11, Need For Speed Heat, Need For Speed Payback, Midnight Club Los Angeles, Injustice 2, UFC 3, and WWE 2K18.

Investigators noted that, while these CJCF staff members may have purchased the games in their capacities as payment cardholders, the requests for purchase were often made by different ODYS employees and all request to purchase forms were approved before the purchases were made by the cardholders. Additionally, the PCLs were authorized by ODYS cardholder supervisors attesting that all transactions related to the PCL complied with ODYS policies and procedures. The PCL below is an example of these authorizations, as evident by signatures, approving the purchases made by CJCF employee Nicole Pace at Walmart for PS4 games which included UFC 3 and Injustice 2.

I attest that all transactions related to this PCL are in compliance with all State Purchasing, State Accounting, P-Card & DYS policies & procedures. <i>Y. B. Pace</i> Cardholder Signature Date: 6/15/18	I attest that all transactions related to this PCL are in compliance with all State Purchasing, State Accounting, P-Card & DYS policies & procedures. In addition, I attest that the product(s) listed were verified by a DYS employee independent of this Payment Cardholder and the items were within our area. <i>[Signature]</i> Cardholder Supervisor Signature Date: 6/18/18
I attest that all transactions related to this PCL are in compliance with all State Purchasing, State Accounting, P-Card & DYS policies & procedures. <i>[Signature]</i> Account Clerk or Fiscal Specialist Verifier Signature Date: 6/19/18	I attest that all transactions related to this PCL are in compliance with all State Purchasing, State Accounting, P-Card & DYS policies & procedures. <i>[Signature]</i> Local Payment Card Administrator Signature Date: 6/18/18

Investigators conducted a search on the Entertainment Software Rating Board²⁴ (ESRB) website for a description and a rating²⁵ of the games purchased by CJCF. From ESRB's website, investigators learned that Mortal Kombat 11 is rated "M Mature 17+." Also, from ESRB's website, investigators learned the following rating summaries for the remaining six games purchased at CJCF, in part:

Video Game Title	Ratings Summary
Need for Speed Heat	As players compete in races to earn reputation and money, they can encounter and flee from pursuing police vehicles that deliberately crash into them. Players can also slam and crash into police cruisers to avoid being arrested.
Need for Speed Payback	Players must flee from the police and can deliberately crash into police cruisers to avoid capture. In one cutscene, gunshots are heard as two characters flee from a crime scene.
Midnight Club Los Angeles	Billboards in the city depict women in various provocative poses or contain sexual references. Some song lyrics contain specific references to violence and drugs.
Injustice 2	Cutscenes depict additional instances of violence and blood: a character impaled with a sword; a prisoner lying in a small pool of blood; a character stabbed with a trident; a villain's throat slashed off-screen.
UFC 3	Players can use martial arts, wrestling, boxing, and grappling moves to cause opponents to lose consciousness. In between rounds, ring girls are depicted wearing revealing outfits and crowd members are heard whistling/catcalling.
WWE 2K18	Some matches allow players to use chairs, sledgehammers, and baseball bats to strike opponent. The dialogue contains references to beer, wine, champagne, and being drunk.

²⁴ <https://www.esrb.org/ratings/>

²⁵ The ESRB published the video game rating categories listed in the ODYS policy and has been assigning age and content ratings since creation of the rating categories in 1994.

From evaluating ESRB's descriptions of the seven games purchased by CJCF, investigators concluded there was evidence that the content of the games may, "... disrupt the orderly operation, security, or safety of the facility, its staff, or youth ..." at CJCF.

Pursuant to ODYS policy, each facility is to assign a committee, which includes the operations administrator (OA) and the activity therapy administrator (ATA), to screen and evaluate all DVDs, movies, video games, television, and wireless streaming to determine the suitability for presentation to youth. Investigators sent a series of questions to CJCF Activity Therapy Administrator Rory Jackson to determine whether the video games in question were screened by the committee and approved to be suitable for youth prior to purchase. Jackson responded that he was not a member of the screening committee and was unaware as to whether the games were approved. Jackson informed investigators that the screening committee consists of one unit manager, one recreation staff member, the chaplain, and a deputy superintendent.

Investigators sent a series of questions to Pace, specifically asking if she was aware of the ODYS policy restricting certain video games. Pace responded to investigators that she was informed that video games with an "M" rating were not permitted to be played by the youth under ODYS care. Pace stated she made purchases only after the request to purchase form and packet had obtained final approval from the ODYS CJCF Business Office. Pace also noted that she verified, prior to purchase, games did not have an "M" rating. Similarly, in his written response to investigators' questions, Ghoddooosi wrote that he would verify the requests to purchase were approved and signed prior to purchasing any items.

Investigators question the acquisition and use of Playstation video games that promote violence, deviant behavior, and strong anti-law enforcement themes. Additionally, investigators found that the movie/video game screening committee was not comprised of the required personnel listed in the ODYS Policy.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

In May and June 2018, multiple pinball and arcade games were purchased for use in a new game room at CJCF. Included in the purchase were four Fast and Furious and three Cruis'n USA driving arcade games, totaling \$19,365.

A description for Cruis'n USA states the game is an arcade racing game where players race against nine other rival cars. In addition to the player's opponents, the roads are packed with civilian traffic that must be avoided. Any collision with other vehicles or with trackside objects will result in lost time. The Fast and Furious is also a racing game where, based on descriptions for games listed for sale online, players race against other rival cars and perform stunts during the race.



On August 19, 2020, investigators conducted a phone interview with CJCF Superintendent Douglas Richard. Investigators asked Richard about the various games purchased by the facility in 2018. Richard explained that in 2018, two other Ohio juvenile correctional facilities (Indian River and Cuyahoga Hills) already had game rooms and CJCF did not. Richard added CJCF did not have a recreational yard for youth, and that the only recreational area was the gymnasium. Richard said staff utilized the new game room as an incentive or reward for youth exhibiting good behavior, participation in school, and other programs. Richard said youth enjoyed the driving games, and could link multiple games together so they can race each other.

Email correspondence and attached spreadsheets were provided to investigators by ODYS legal counsel. The emails were exchanges between ODYS executive staff in 2018 and discussed year-end funding priorities. Among the multiple spreadsheets provided to investigators was one listing year-end spending titled, "end of year facility spending list 3-23-18." Investigators reviewed the spreadsheet and learned \$35,000 was available for procuring CJCF game room equipment.

The spreadsheet also indicated that \$13,000 was allocated to purchase driving simulators for all three juvenile facilities to launch a new driving program that provided youth with realistic driving experiences and education. Investigators noted the driving program was highlighted in the ODYS 2019 annual report as illustrated below:

DYS also introduced the Virtual Driver Interactive driving simulator program in FY 2019, which aims to give youth realistic driving experiences and education. The driving simulator provides 17 basic driving lessons, teaching youth how to use turn signals and obey traffic laws while maintaining safe driving practices. Upon completion of the program, youth are eligible to receive a certificate. To date, 37 youth have completed the program.

During an interview with CJCF Superintendent Douglas Richard, investigators asked whether he knew if the driving arcade games purchased by CJCF were reviewed by the screening committee prior to being purchased. Richard told investigators he was unsure if the arcade games were screened, and said he did not believe anyone “picked up on” car racing games meeting the threshold to be screened.

Investigators question whether the purchase of driving games advocating street racing was appropriate for youth when concurrently the department was introducing a new program that teaches youth how to drive safely and obey traffic laws. Additionally, investigators question whether the driving arcade games promote illegal activity, and/or federal or state laws (e.g., traffic laws).

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 8 – Purchase of Items Before Program is Approved

In May 2018, a payment card was used by a CJCF staff member to purchase fishing equipment from Amazon, totaling \$814.62. Among the items purchased were fishing tackle kits which contained multiple size fishing hooks. In response to questions sent to ATA Jackson, investigators learned that CJCF administration wanted to begin a fishing incentive program for the youth, and Jackson said he was informed of the plans and was told what items to submit on a

RTP form for processing. In a follow-up communication with Jackson, investigators learned that the fishing program was never implemented and CJCF was storing the unused purchased equipment at the facility.

During a telephone interview with CJCF Superintendent Douglas Richard, investigators were told there was a pond that was located across the street and outside the fenced area of the facility. Richard told investigators the pond was currently off limits to employees due to ongoing construction at the facility. Richard stated that he was not aware if fishing equipment had been purchased by CJCF. However, Richard noted that once construction began and the pond was designated as off limits, the fishing program was not discussed further.

Investigators asked Richard whether he believed the use of sharp fishing hooks by youth were a matter of concern. He responded that the fishing program never progressed to a written program plan and that any new policies or procedures developed for the program would need to be evaluated and approved by ODYS Central Office. Investigators question why State of Ohio funds were spent by CJCF to purchase equipment for a proposed program prior to the approval of the program and its corresponding policies and procedures.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

RECOMMENDATIONS FOR FINDINGS 7 & 8

1. Review the conduct of the employees in question and determine if administrative action is necessary.
2. Consider re-educating those individuals who review payment card logs of their responsibilities to ensure the purchases are in accordance with ODYS policies and procedures before signing their names.
3. Determine whether the Playstation video games are appropriate for youth or whether these games should be removed from the facility.
4. Determine whether there are other Playstation video games in use at the facility that are not appropriate for youth and consider removing these games from use at the facility.

5. Determine whether the arcade games discussed above as well as the other arcade games located in the CJCF game room are appropriate for youth and consider whether these games should be removed from the facility.
6. Determine whether Indian River Juvenile Correctional Facility and Cuyahoga Hills Juvenile Correctional Facility are aware of the policy regarding the screening of video games. Consider determining whether all video games in the two facilities are appropriate for youth or whether they should be removed from the facility.
7. Pursuant to ODYS policy, ensure the appropriate individuals are serving on the movie/video game screening committees for all juvenile correctional facilities operated by ODYS. Confirm that committees are meeting to review movies and video games for appropriateness before purchases are made and that documentation granting consent for procuring is retained in written format.

FINDING 9 – Failure to Follow State of Ohio and Department of Youth Services Asset Management Policies

Failure to Track and Affix Asset Tag Numbers for Controllable Property Purchased by the Facility

The ODYS Payment Card Manual states that any purchase made by a facility payment cardholder that meets the definition of a fixed asset, must be delivered to the storeroom²⁶ and affixed with an inventory tag number. The inventory tag number must also be recorded on the *Payment Card Log* next to the purchased item.

The State of Ohio Asset Management Handbook published by ODAS states the following related to the stewardship of state-owned property:

²⁶ When dealing with purchases made with a payment card that qualify as assets, the storeroom is a location. When verifying purchases made by payment cardholders, references are made to storeroom personnel.

PERSONAL PROPERTY

1. Agencies shall maintain current and accurate inventory records and related activity for **tangible personal property** consisting of furniture, fixtures, equipment, machinery, non-licensed vehicles, and individual works of art and historical treasures, etc., (except licensed vehicles and firearms), including improvements and renovations thereon, with an actual or estimated acquisition cost of more than \$1,000 per item; or if donated, a market value at time of donation of more than \$1,000 per item. Tangible personal property intentionally acquired for resale or used in the state activities as supplies are excluded.

On June 15, 2018, a payment card assigned to CJCF employee Nicole Pace was used to purchase a golf cart from Mid Ohio Golf Car, totaling \$2,470. Investigators reviewed the payment card log (PCL) to verify the asset number was written on the log, on the "Description of Purchase" line, as required per the ODYS Payment Card Manual. Investigators determined the asset number was not listed on the PCL.

OHIO DEPARTMENT OF YOUTH SERVICES PAYMENT CARD LOG (PCL)										
CARDHOLDER NAME: <u>Nicole Pace</u>				EMPLOYEE ID: <u>[REDACTED]</u>		TRANSACTION DATE: <u>6/15/2018</u>				
Phone Y/N	Vendor Name Contact Person Phone Number or Web-site	Term Contract # Multiple Award # Term Schedule # Master Maintenance Award # or N/A ¹	MBE (M) EDGE (E) or N/A ²	Description of Purchase ³ or Description of Return ³		P/R	Total Purchased/ Returned	Date Received/ Returned	Completed by P-Card Processor OAKS VOUCHER ID ⁴	OAKS ACCOUNTING DATE ⁴
	MidOhio Golf Cart			Golf Cart for program area		P	\$2,470.00	6/20/2018		
							Total	\$2,470.00		
Funding/Budget Codes: ⁵										
FUND	ACCOUNT	ALI	GRANT			REPORTING	AMOUNT			
			GRF ACCT 533150							
			ALI 470401							
			Department DYS211100							
			Program 5450C							
			Reporting DYSCC 13							

¹ Justification: If no contract number, MBE or EDGE is listed above and transaction is then a justification must be given. (Exceptions: Sole source items such as utilities).

² If the transaction exceeds \$500.00 and the merchant is not an MBE or EDGE and the product or service has an included account code, then attach MBE/EDGE Accountability Required Compliance form.

³ Computer software & hardware must be pre-approved by MIS. Please attach MIS Approval form.

⁴ Attachment of PCL & supporting documentation in OAKS can serve in lieu of this input section.

⁵ Central Office and Regions - Reporting code information must be completed by the Cardholder. Facilities will have Chartfield information completed by designated area.

The ODYS Payment Card Manual states the payment cardholder shall, “know that acceptable purchase documentation establishes a delivery of goods and services. A quote of cost, order placement or backorder notice does not indicate that a transaction has occurred.”

On May 1, 2018, Pace purchased online and by payment card an outdoor sound system from S&S Worldwide, totaling \$1,379.99. Like other PCLs reviewed, investigators noted the MBE/EDGE justification section was not completed on Pace’s PCL which is a requirement for purchases over \$500.

As discussed previously, tangible personal property with an acquisition cost exceeding \$1,000 should be tracked, and accordingly, the outdoor sound system should have been assigned a fixed asset number for inventory control. Moreover, this item meets the definition of sensitive property as listed in the ODAS State of Ohio Asset Management Handbook which states that agencies shall maintain current and accurate inventory records and related activity for sensitive property with an individual acquisition cost of at least \$500.

Investigators reviewed the PCL for the purchase and discovered an asset number was not listed on the PCL, on the “Description of Purchase” line, as required by the ODYS Payment Card Manual.

OHIO DEPARTMENT OF YOUTH SERVICES PAYMENT CARD LOG (PCL)									
CARDHOLDER NAME: Nicole Pace				CYC BUSINESS OFFICE		TRANSACTION DATE: 5/1/18			
Phone Y/N	Vendor Name Contact Person Phone Number or Web-site	Term Contract # Multiple Award # Term Schedule # Master Maintenance Award # or N/A ¹	MBE (M) EDGE (E) or N/A ²	Description of Purchase or Description of Return ³	Total Purchased/ Returned P/R	Date Received/ Returned	Completed by P-Card Processor OAKS VOUCHER ID ⁴ OAKS ACCOUNTING DATE ⁵		
	S&S Worldwide			2018 MAY 10 AM 5:18 Outdoor sound system for recreation department Shipping fees	P 1199.99 P 180.00				
					Total	1379.99			
FUND ACCOUNT ALI		GRF ACCT 53 6152 ALI 470401 Department DYS211100 Program 5450C Reporting DYSCC 13		GRANT		REPORTING		AMOUNT	
<small>Justification: If no contract number, MBE or EDGE is listed above and transaction exceeds \$500, then a justification must be given. (If exception, only source items such as utilities)</small>									
<small>If the transaction exceeds \$500.00 and the merchant is not an MBE or EDGE and the product or service has an included account code, then attach MBE/EDGE Accountability Required Compliance form.</small>									
<small>Computer software & hardware must be pre-approved by MRS. Please attach MRS Approval form.</small>									

Investigators reviewed the inventory report and determined the sound system was not listed on the inventory report. Investigators were informed by Pace that she forwarded the necessary paperwork to the CJCF storeroom staff to report the item had been approved to purchase. Pace stated she received an email from CJCF Storekeeper 2 Debra Hager containing the receiving report indicating the item had been received. Pace stated it was the responsibility of the storeroom staff to prepare and affix an inventory tag number for the item. Investigators confirmed the receiving report was emailed to Pace; however, the inventory tag number was not created to properly account for and track this asset.

On April 5, 2018, Roger Cade purchased by payment card an automatic tamper for the CJCF Horticulture program, totaling \$1,570.36. An asset tag number was not listed on the PCL, on the “Description of Purchase” line, and investigators were unable to locate this item on the inventory report.



Investigators sent Cade a series of questions and learned the tamper had an asset tag affixed to the item; however, the asset number on the tag was not listed on the inventory report and could not be found in OAKS by searching for the asset number.

On January 2, 2019, Cade purchased stereo equipment by payment card, totaling \$1,199.18. The stereo equipment was to be used for a newly created music program and at CJCF graduation ceremonies. Investigators reviewed Cade’s prepared PCL and noted the asset number was not listed on the PCL and investigators were unable to locate the item on the inventory report.



Investigators confirmed the equipment was in use at the facility and asked Cade to send a picture of the equipment showing that an asset tag was properly affixed to the stereo equipment. Cade sent a photo to investigators of only the manufacturer’s serial number; no asset tag number was affixed to the equipment.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

FINDING 10 – Failure to Follow State of Ohio Asset Management Policies and Annual Inventory Certification Procedures

Improperly Classifying Assets

While reviewing the inventory report, investigators found several assets were labeled using the wrong Profile ID. The Ohio Department of Administrative Services (ODAS) publishes a list of more than 1,900 Profile IDs to be used to identify different asset categories. An example of a Profile ID is shown below:

Profile ID	Description
1000	FURNITURE/FURNISHINGS-MISC.
1105	STORAGE CABINETS
1711	COMPUTER TABLES
1800	FURNITURE/FURNISHINGS-MISC.
3130	PLOWS
3217	MOVIE PROJECTORS
3315	STEREO/HOME THEATER EQUIPMENT
3608	RADIO COMMUNICATION EQUIPMENT
3800	COMPUTING & IT EQUIPMENT-MISC.
3825	PERSONAL COMPUTER
4111	REFRIGERATORS
4113	STORAGE CABINETS
4801	GOLF CARTS

Investigators identified multiple fixed assets that ranged in description from an executive desk to a walk-behind floor scrubber that were classified using Profile ID 3825 - Personal Computer. Additionally, the manufacturer for these various assets was listed as “HEWLETT PACKARD” and the model number was listed as “ELITEDESK 800.” Investigators question whether these assets were actually Hewlett Packard computers or the designations that were indicated in their descriptions.

The following is a sample of assets classified with a Profile ID, manufacturer, and model number that do not match the assets' descriptions:

Tag Number	Description	Manufacturer	Model	Profile ID	Description2	Total Cost
ETA0733400	EXECTIVE DESK	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$2,106.00
ETA0733000	HYDRAULIC JACK	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$564.30
ETA0733500	54 ROUND TABLE	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$1,428.00
ETA0733900	LAT4 DRAW FILE	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$830.00
ETA0734000	LABEL PRINTER KIT	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$664.20
ETA0734100	CART MODEL LK1021	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$599.99
ETA0734200	CART MODEL LK1021	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$599.99
ETA0734300	CART MODEL LK1021	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$599.99
ETA0737200	STORAGE CABINET 12 GA.	HEWLETT PACKARD	ELITEDESK 800	3825	PERSONAL COMPUTER	\$541.67
ETA0737800	FLOOR SCRUBBER WALK BEHIND	Hewlett Packard	ELITEDESK 800	3825	PERSONAL COMPUTER	\$2,264.02

Investigators discovered two assets described as 2008 Club Carts, a golf cart manufacturer, using Profile ID 3825 - Personal Computer and the category for vehicles, "VEH."

Tag Number	Description	Manufacturer	Model	Category	Profile ID	Description2	Total Cost
ETA0732500	2008 CLUB CART	HEWLETT PACKARD	ELITEDESK 800	VEH	3825	PERSONAL COMPUTER	\$3,200.00
ETA0732600	2008 CLUB CART	HEWLETT PACKARD	ELITEDESK 800	VEH	3825	PERSONAL COMPUTER	\$3,200.00

The Office of the Ohio Inspector General reviewed the annual inventory certification report filed by ODYS. Investigators determined that the assets misclassified using Profile ID 3825 for personal computers on the inventory report were also correspondingly misclassified on the annual certification report.

ETA0737800	000000007309	FLOOR SCRUBBER WALK BEHIND	I	1.00	3825	2,264.02
0.00	0.00					
ETA037700	000000007310	FAIRFIELD CASH REGISTER	I	1.00	3825	899.00
0.00	0.00					
ETA0737600	000000007311	METAL CABINET	I	1.00	3825	1,244.70
0.00	0.00					
ETA0737700	000000007312	FAIRFIELD CASH REGISTER	I	1.00	3825	899.00
0.00	0.00					

ETA0732500	000000006786	2008 CLUB CART	I	1.00	3825	3,200.00
0.00	0.00					
ETA0732600	000000006787	2008 CLUB CART	I	1.00	3825	3,200.00
0.00	0.00					

Ohio Revised Code §125.16 states, in part:

(A) In accordance with procedures prescribed by the director of administrative services, the officer in charge or each state agency, other than an institution of higher education, shall maintain current and **accurate records** *[emphasis added]* of tangible personal property and real property ...

On or before the first day of October immediately following the end of each fiscal year, the officer in charge of each state agency shall cause its inventory activity at the end of that fiscal year to be certified as **correct** *[emphasis added]* and filed with the director ...

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

RECOMMENDATIONS FOR FINDINGS 9 & 10

1. Review the conduct of the employees in question and determine if administrative action is necessary.
2. Consider reviewing historical payment card purchases that meet the definition of a fixed asset to ensure these assets are properly tagged with an inventory number.
3. Consider reviewing the inventory list for CJCF and correct any information that is improperly recorded.

4. Consider whether additional training is warranted for CJCF employees involved in the storeroom, procurement, and asset management processes to ensure employees understand agency and State of Ohio policies and procedures for the tagging, tracking, and reporting of assets purchased.

FINDING 11 – Personally Receiving Retail Rewards Benefits from Purchase Made with State of Ohio Payment Card

On September 24, 2018, Nicole Pace made a State of Ohio payment card purchase totaling \$1,800.41 at Dick's Sporting Goods (DSG) in Chillicothe, OH, for sporting apparel and equipment to be used by the youth at CJCF for an intramural football program. In the information provided by the complainant, investigators were provided with a copy of the DSG store receipt for the purchase made by Pace. At the bottom of the receipt was a section entitled DSG Scorecard.²⁸ A DSG Scorecard is a loyalty program offered by Dick's Sporting Goods. The receipt indicated that a DSG Scorecard was used on the transaction and 1800.41 points were earned from the transaction, bringing the total points balance associated with the card to 2101.06. The receipt also indicated the unique number of the DSG Scorecard, #####DWL6,²⁹ and that the card's owner would be receiving a \$70 reward in the next few weeks.

Investigators issued a subpoena to DSG requesting the Scorecard account holder information for the Scorecard number ending in #DWL6. Investigators received a response from DSG indicating that the Scorecard was registered to CJCF Activity Therapy Administrator Rory Jackson. Investigators compared the address information provided by DSG to the address listed for Jackson in OAKS and confirmed both addresses were the same.

Investigators also requested redemption information from DSG to determine whether the \$70 reward that was indicated on the DSG store receipt was issued and redeemed. DSG provided investigators with an account summary for Jackson showing that the \$70 reward certificate was

²⁸ A DSG Scorecard is a loyalty program offered by Dick's Sporting Goods where cardholders earn one point for every \$1 spent. Once a cardholder accumulates 300 points, they are eligible for a \$10 reward.

²⁹ Full account number has been redacted for reporting purposes.

issued October 8, 2018, (a few weeks after the date of the purchase on September 24, 2018) and was redeemed on October 24, 2018, at DSG in Chillicothe.

DSG Customer Reward Record Search Results

Customer Reward Search														
Enter a Reward Code to see its usage														
Reward Code: <input type="text" value="R00001142B22CDWL6"/>														
<input type="button" value="Search"/>														
-Reward Details-														
Certificate #	Online Code	Type	Amount	Issued	Expires	Grace Expiry	Redeemed	Sub Account	First Name	Last Name	Street	City	State	Zip
R00001142B22CDWL6	RWD8GH6XFT	Reward Certificate	\$70.00	10/8/2018	12/9/2018	3/9/2019	Yes	B22CDWL6	RORY	JACKSON	[REDACTED]	Chillicothe	OH	45601-5594
-Redemption Details-														
Date	Tran Amount	Register	Store	Status	Redeem Method									
20181024	\$10.73	40	CHILICOTHE-OH	A	Scanned									

Investigators sent Jackson a series of questions via email, including one question concerning the issuance of the \$70 reward certificate to him. Investigators received the following response from Jackson:

I did not receive a \$70 gift card resulting from the purchase of the football gear at Dicks Sporting Goods. An investigation was done by Mr. John McGahee^[30] for this purchase and was found “Unsubstantiated” as the reward was never received by me nor issued. It was there “in case” I “opened a MyScoreCardAccount” (which I did not) per the Dicks Sporting Goods employee over the phone when Mr. McGahee called them.

Mr. McGahee also went to the Dicks Sporting Goods store and verified in person with a supervisor that I did not have an account nor receive a \$70 reward card. Mr. McGahee also went above and beyond and contacted Dicks Sporting Goods corporate office while in the store, who again verified this information given to him was incorrect as well. Mr. McGahee reported this information back to Superintendent Doug Richard as well as my supervisor Nicole Pace.

Investigators obtained copies of interview statements from Pace that were taken during the ODYS internal investigation on the matter of Jackson’s receipt of a DSG \$70 reward card from purchases made by CJCF. From Pace’s interview statement taken on October 24, 2018, investigators learned that on September 24, 2018, Jackson had accompanied Pace to DSG to make purchases for the

³⁰ At the time McGahee was employed by ODYS as a Human Services Program Administrator 2.

institution's intramural football teams. Pace stated the following about completing the transaction at the register:

I was off to the side while Mr. Jackson was putting the items up on the counter. It was a lot of items. I recall that it was taking a long time. I left to go to the restroom. Mr. Jackson continued to complete the purchase with the sales lady. I came back up in time to pay for the items.

Investigators contacted former ODYS Human Services Program Administrator 2 John McGahee via email to obtain his recollection of the investigation. On Tuesday, October 6, 2020, McGahee replied via email:

I do recall the being asked to evaluate whether there were any facts to support an allegation against Mr. Jackson. What I recall is that there was a concern that Mr. Jackson had redeemed rewards for the purchase of items made by the facility. I went to the store and had the manager pull Mr. Jackson's account and there was no activity on the day in question. There were no items purchased on his account and he did not receive any rewards for items purchased for the facility. I believe the account showed the return of a pair of Nike socks that had taken place at another date. There was no evidence of any wrongdoing as the facts were given to me.

Investigators requested from CJCF Superintendent Douglas Richard a copy of the ODYS investigative report on file of the matter. Richard told investigators that he was unable to locate a final investigative report narrative.

On December 7, 2020, investigators conducted a telephone interview with Jackson utilizing Microsoft Teams. Jackson confirmed that he accompanied Pace on September 24, 2018, to DSG to assist her because they were purchasing a large number of items. Jackson stated Pace left the register while the DSG associate was checking-out their purchases. Jackson said that during the time Pace was away from the register, the DSG associate asked for his identification, which he provided to her. Jackson noted that the DSG associate did not type any information from his identification into the computer. Jackson said Pace later returned while he was still at the register and handed to the DSG associate her payment card. Jackson told investigators that the

DSG associate never offered a DSG Scorecard. Jackson also stated that the cashier did not ask for his identifying telephone number while they were checking out.

Jackson said McGahee had called DSG while he (Jackson) was in McGahee's office and read to the DSG associate the DSG Scorecard number listed on the bottom of the sales receipt for the items purchased on September 24, 2018. Jackson said the DSG associate told McGahee that there was no DSG Scorecard linked to the number indicated on the receipt.

Investigators asked Jackson if he provided an email address to the DSG associate during the checkout on September 24, 2018. Jackson said that he provided to the associate his State of Ohio email address to receive an emailed receipt in case the printed receipt was lost.

Investigators again asked Jackson if he had a DSG Scorecard. Again, Jackson replied, "no I don't." At this point, investigators showed Jackson the customer summary provided by DSG that indicated he was registered as a DSG Scorecard account owner and had a transaction history as far back as May of 2018. Jackson confirmed to investigators that his address was the same address that was listed on the customer reward search. Investigators requested from DSG the receipt from October 24, 2018, when the reward certificate earned from the September 24, 2018, transaction was redeemed. The receipt indicated the reward certificate was redeemed at 12:45 p.m.

During his interview, investigators asked Jackson whether he was permitted to leave CJCF for lunch. Jackson explained that he works eight uninterrupted hours and does not take a lunch. Jackson said CJCF uses state time clocks to record employees' time, so employees must swipe their badges when they arrive and exit the facility. Investigators reviewed Jackson's time entries for October 24, 2018, which indicated he arrived at CJCF at 9:24 a.m. and left at 4:12 p.m.

The ODYS Payment Card Manual states the following, in part:

Payment Card Purchase Limitations

Payment cardholders cannot enroll in reward programs, frequent flier programs, or any other program that provides a personal gain. The State must be the recipient of any benefit provided by the merchant.

While Jackson told investigators, both in writing and verbally, that he did not have a DSG Scorecard account and did not receive nor redeem a reward that was issued to him from a transaction made at DSG using a State of Ohio payment card, documentation provided by DSG indicates otherwise. Moreover, though investigators concede Jackson may have been at work during the time the reward was redeemed, investigators determined the reward was issued to his Scorecard account.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

RECOMMENDATIONS FOR FINDING 11

1. Review the conduct of the employees in question and determine if administrative action is necessary.
2. Consider re-educating those individuals who are payment cardholders of the payment card limitations that are placed on the card.

REFERRALS

This report of investigation will be provided to the Ohio Auditor of State's Office for consideration during a review of ODYS' and Circleville Juvenile Correctional Facility's internal control systems in subsequent audits.

The allegations regarding the CJCF employee in Finding 11 receiving personal retail rewards from purchases made with a State of Ohio payment card were investigated jointly with the Ohio Ethics Commission and no referral is warranted.



STATE OF OHIO

OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Department of Youth Services

FILE ID #: 2019-CA00030

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

**Jill Jones
KEEPER OF RECORDS**

**CERTIFIED
July 27, 2021**

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