



# OFFICE OF THE INSPECTOR GENERAL

## U.S. Department of Justice

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### **Update: DOJ OIG Audit of Private Contract Prison in Pecos, TX, Results in Repayments and Cost Savings Totaling \$4.7 Million**

Department of Justice (DOJ) Inspector General Michael E. Horowitz announced today that the DOJ Office of the Inspector General's (OIG) April 2015 report examining a contract to operate the Reeves County Detention Center compounds R1 and R2 in Pecos, Texas, has resulted in a total of \$4.7 million in repayments and cost savings.

Specifically, Reeves County, Texas (Reeves County) and its medical services subcontractor, Correct Care Solutions, LLC (CCS), have paid or agreed to pay back to the Federal Bureau of Prisons (BOP), and to CCS employees, a total of approximately \$3.1 million, and the OIG report identified an additional \$1.6 million in BOP cost savings.

Reeves County is making its repayments through contract modifications. It has repaid about \$2.9 million by reducing several outstanding bills to the BOP for services already rendered, and has agreed to repay an additional \$84,000 by lowering its monthly invoice amounts in the future. CCS has paid more than \$177,000, before taxes, to its employees to compensate them for underpaying required benefits. The BOP will realize the additional \$1.6 million in cost savings by ensuring that future invoices no longer contain improper charges that have appeared on past invoices.

The repayments and cost savings were the result of findings in the OIG's report, which questioned various contract costs based on violations of the *Service Contract Act*. Specifically, the OIG found that Reeves County had incorrectly claimed contract price adjustments for payroll taxes, workers' compensation insurance, health and welfare benefits, and FICA, which resulted in the BOP paying more than required under the contract. The OIG also found that CCS had failed to pay fringe benefits to which its employees were entitled. The OIG's report specifically questioned or identified about \$2.9 million of the total \$4.7 million being repaid or saved; the rest of the repayment and cost savings are based on the OIG's recommendation that the BOP assess whether similar *Service Contract Act* violations occurred under other contracts with Reeves County.

The OIG's April 2015 report is available on the OIG's website at the following link:  
<https://oig.justice.gov/reports/2015/a1515.pdf>.

A podcast from May 2015 (with a downloadable transcript) featuring members of the audit team discussing the report is available here: <https://oig.justice.gov/multimedia/podcast-05-19-15.htm>.