

Court Services and Offender Supervision Agency for the District of Columbia



FY 2022 Agency Financial Report

November 15, 2022

Introduction

The Reports Consolidation Act of 2000 (P.L. 106-531) authorizes Federal agencies to combine required financial, performance, and management assurance reports into one submission to improve the efficiency of agency reporting and to provide information to stakeholders in a more meaningful, useful format. The Court Services and Offender Supervision Agency's (CSOSA's) FY 2022 Agency Financial Report (AFR) provides fiscal and selected high-level performance results that enable the President, Congress, and the American people to assess our accountability and accomplishments for the reporting period of October 1, 2021 through September 30, 2022. There are three major sections to this AFR:

Section I: Management's Discussion and Analysis (MD&A)

Contains information on CSOSA's mission, organizational structure, strategic goals, and locations. Provides an overview of financial results, a high-level discussion of selected key program performance measures, and management assurances related to the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and Federal Financial Management Improvement Act (FFMIA) of 1996.

Section II: Financial Section

Provides CSOSA's FY 2022 audited financial statements and notes and the independent auditor's reports.

Section III: Other Information

Contains Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Pub.L 111-204).

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Agency Head Message:

I am proud to share with you the Court Services and Offender Supervision Agency's (CSOSA's) FY 2022 Agency Financial Report (AFR), as required by OMB A-136, Financial Reporting Requirements. CSOSA was established under the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act) to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in the District of Columbia. With implementation of the Revitalization Act, the Federal government took on a unique, front-line role in the day-to-day public safety of everyone who lives, visits, or works in the District of Columbia.

CSOSA was certified as an independent Executive Branch agency on August 4, 2000. CSOSA consists of two component programs, the Community Supervision Program (CSP), supervising adult offenders on probation, parole and supervised release, and the Pretrial Services Agency (PSA), supervising defendants on pretrial release. Pursuant to the Revitalization Act, PSA became an independent entity within CSOSA. Although CSP and PSA have distinct mandates and Strategic Plans, our Strategic Goals provide common objectives of:

- Establishing strict accountability and preventing the population supervised by CSOSA from engaging in criminal activity, and
- Supporting the fair administration of justice by providing accurate information and meaningful recommendations to criminal justice decision-makers

CSOSA is committed to achieving our strategic goals and enhancing public safety. CSP strives to decrease recidivism among our offender population by continuing to develop, implement, and evaluate effective evidence-based offender supervision programs and techniques. Though FY 2022 proved to be challenging due to the ongoing COVID-19 pandemic and increased violent crime in the District of Columbia, CSP realized improvements in its offender revocation and successful supervision completion rates compared to pre-pandemic levels. These CSP performance improvements were affected by our law enforcement partners' pandemic-related operations changes, but they are also the result of CSP's focus on the highest-risk and highest-need offenders and use of interventions that effectively target criminogenic needs. PSA's drug testing and innovative supervision and treatment programs are regarded as models for the criminal justice system. PSA continues to improve its identification of defendants who pose a higher risk of pretrial failure to enhance its supervision and oversight of these defendants, expand services and support of persons with substance dependence and mental health needs, and lead efforts in implementing drug testing strategies to keep pace with emerging drug use trends.

For FY 2022, CSOSA is issuing an AFR and will include our complete FY 2022 Annual Performance Report with our FY 2024 Congressional Budget Justification. The AFR is our principal report to the President, Congress, and the American people on our management of the funds with which we have been entrusted and we believe it clearly demonstrates our commitment to the effective stewardship of the public's money.


The financial and performance data reported in the FY 2022 AFR is reliable and complete. The fidelity of the reported data is evidenced by CSOSA having received unmodified (unqualified) opinions from our independent auditors since the Agency's inception. An unmodified audit opinion affirms that CSOSA's financial statement(s) were presented fairly in all material respects and in conformity with generally accepted accounting principles. CSOSA's FY 2022 internal evaluation concerning the adequacy of the Agency's management controls did not identify material control weaknesses. CSOSA's evaluation of our financial management system determined compliance with Federal financial management systems

requirements, accounting standards, and the United States Standard General Ledger at the transaction level.

We are committed to managing CSOSA's resources in a transparent and accountable fashion as we carry out a mission that improves the lives of all people within the District of Columbia. Thank you for your interest in CSOSA's FY 2022 AFR.

RICHARD
TISCHNER

Director's Signature

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AFR Section I: Management's Discussion and Analysis

A. Background

The Court Services and Offender Supervision Agency for the District of Columbia (CSOSA) was established by the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act¹). Following a three-year period of trusteeship, CSOSA was certified as an independent Executive Branch agency on August 4, 2000. CSOSA's mission is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community.

The Revitalization Act was designed to provide financial assistance to the District of Columbia by transferring full responsibility for several critical, front-line public safety functions to the Federal government. Three separate and disparately functioning entities of the District of Columbia government were reorganized into one federal agency, CSOSA. The new agency assumed its probation function from the D.C. Superior Court Adult Probation Division and its parole function from the D.C. Board of Parole. The Pretrial Services Agency for the District of Columbia (PSA), responsible for supervising adult defendants on pretrial release, became an independent entity within CSOSA and receives its funding as a separate line item in the CSOSA appropriation. On August 5, 1998, the parole determination function was transferred to the U.S. Parole Commission (USPC), and on August 4, 2000, the USPC assumed responsibility for parole and supervised release revocations and modifications for felons. With implementation of the Revitalization Act, the Federal government took on a unique, front-line role in the day-to-day public safety of everyone who lives, visits, or works in the District of Columbia.

CSOSA will include its FY 2022 Annual Performance Report with its FY 2024 Congressional Budget Justification and will post it on the CSOSA website, located at www.csosa.gov, in early 2023.

The CSOSA appropriation is comprised of two component programs:

- The Community Supervision Program (CSP), and
- The Pretrial Services Agency for the District of Columbia (PSA).

CSP is responsible for the supervision of adult offenders on probation, parole or supervised release, as well as monitoring Civil Protection Orders and deferred sentencing agreements; PSA is responsible for supervising adults awaiting trial.

Community Supervision Program (CSP): CSP provides a range of supervision case management and related support services for adult offenders on probation, parole, and supervised release. These diverse services support CSOSA's commitment to public safety and crime reduction through the provision of timely and accurate information to judicial and paroling authorities and through the close supervision of offenders released to the community.

In FY 2022, CSP supervised approximately 6,700 offenders on any given day and 9,963 different offenders over the course of the year. There were 4,151 offenders who entered CSP supervision in FY 2022; 3,614 individuals sentenced to probation by the Superior Court of the District of Columbia (SCDC) or under the SCDC's jurisdiction as a result of a Deferred Sentencing Agreement (DSA) or Civil

¹ Public Law 105-33, Title XI

Protection Order (CPO), and 537 individuals on parole or supervised release who were released from incarceration in a Bureau of Prison (BOP) facility. Parolees committed their offense prior to August 5, 2000 and serve a portion of their sentence in prison before they are eligible for parole at the discretion of the USPC. Supervised release offenders committed their offense on or after August 5, 2000 and serve a minimum of 85 percent of their sentence in prison and the balance under CSP supervision in the community.

The COVID-19 pandemic impacted CSP's supervised population levels resulting in a temporary reduction in the number of offenders supervised in FYs 2020 and 2021. However, CSP experienced a sharp increase in our supervised offender population in FY 2022. The number of FY 2022 offender intakes totaled 4,127, an increase of 85 percent above FY 2021 intakes while remaining 29 percent below the pre-pandemic volume of 5,327 in FY 2019.

The total number of offenders supervised by CSP in FY 2022 represents a decrease below pre-pandemic levels. However, limited revocation activities by the releasing authorities due to the pandemic resulted in non-compliant offenders remaining under CSP supervision for longer time periods. This is a contributing factor to a continuing increase in the assessed risk level of CSP's offender population in FYs 2020 - 2022. Based on the results of CSP's proprietary offender risk and needs screening tool, the Auto Screener, approximately 55 percent of the September 30, 2022 assessed offender population was supervised by CSP at the highest risk levels. This represents an increase from September 2019 when 48 percent of the assessed supervision population was supervised at the highest risk levels. Highest-risk offenders require additional supervision contacts and intervention resources to stabilize and ensure public safety.

Offenders are typically expected to remain under CSP supervision for the following durations²:

Probation:	12 to 37 months;
Parole:	5 to 22 years;
Supervised Release:	36 to 60 months;
DSA:	9 to 15 months; and
CPO:	17 to 24 months

CSP's challenge in effectively supervising our offender population is substantial. Many offenders under CSP supervision have substance abuse and/or mental health issues, do not have a high school diploma or GED, lack stable housing and family relationships, and are unemployed.

To monitor how well the agency is achieving its mission, CSP established one outcome indicator and one outcome-oriented performance goal related to public safety:

1. Decreasing recidivism among the supervised offender population, and
2. Successful completion of supervision.

² Upper and lower boundaries represent the 25th and 75th percentiles, respectively, of sentences for the CSP's FY 2022 Total Supervised Population. Life sentences have been included under the assumption the offender will live to age 75 or for one additional year from the date of calculation, whichever is greater. Where applicable, extensions to the original sentence are taken into consideration.

Recidivism, or the revocation to incarceration, of CSP offenders results from multiple factors and is an outcome of a supervision process that seeks to balance public safety with supporting offender reintegration. CSP strives to decrease revocations (and, overall, recidivism) by continuing to develop, implement, and evaluate effective offender supervision programs and techniques.

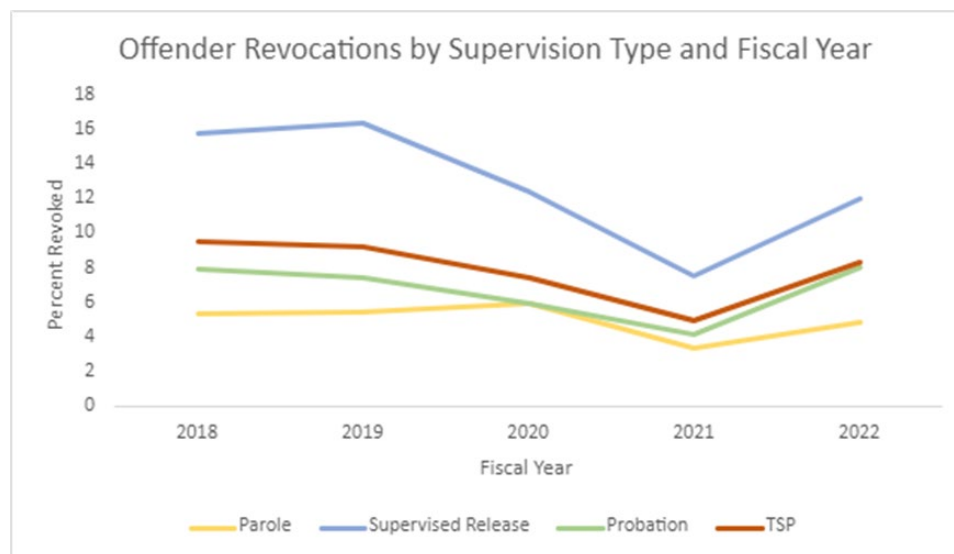
Approximately 9 percent of CSP's Total Supervised Population were revoked to incarceration in FYs 2017, 2018 and 2019. Revocations are most common among offenders on supervised release and least common among those on parole, who are typically older. The overall revocation rate dipped during the COVID-19 pandemic in FYs 2020 and 2021 before rebounding in FY 2022 to levels approaching those in FY 2019.

CSP Total Supervised Population Revoked to Incarceration¹, by Supervision Type, FYs 2017–2022

FY	Parole			Supervised Release			Probation ²			Total		
	N	% Change	% Revoked	N	% Change	% Revoked	N	% Change	% Revoked	N	% Change	% Revoked
2017	1,448		6.0	3,932		14.1	11,027		8.7	16,407		9.8
2018	1,266	-12.6	5.4	3,563	-9.4	15.9	10,905	-1.1	8.0	15,734	-4.1	9.6
2019	1,173	-7.3	5.5	3,236	-9.2	16.5	10,421	-4.4	7.5	14,830	-5.7	9.3
2020	1,093	-6.8	6.0	2,743	-15.2	12.5	8,001	-23.2	6.0	11,837	-20.2	7.5
2021	995	-9.0	3.4	2,496	-9.0	7.6	6,058	-24.3	4.2	9,549	-19.3	5.0
2022	843	-15.3	4.9	2,207	-11.6	12.1	6,913	14.1	8.1	9,963	4.3	8.4

¹ Revocation (incarceration) data excludes a small number of cases that were closed and revoked but the offender was not incarcerated.

² Probation also includes Civil Protection Order (CPO) and Deferred Sentencing Agreement (DSA) cases.



Although CSP strives to reduce recidivism and address offenders' criminogenic needs while they are in the community, it is equally important for us to protect public safety by recognizing and responding when offenders are non-compliant with supervision. We believe our evidence-based approach of focusing resources on the highest-risk offenders contributes significantly to reducing recidivism. It will be important moving forward to develop other measures of recidivism to show the impact of our strategies.

CSP also monitors the manner in which supervision cases close each year. Cases that close successfully are defined by CSP as those that expire or terminate, are returned to their sending jurisdiction in compliance, or are transferred to U.S. Probation. Cases that close unsuccessfully are those that are revoked to incarceration, revoked unsatisfactorily, returned to their sending jurisdiction out of compliance, are pending USPC institutional hearing, or the offender has been deported. Cases that close for administrative reasons or death are classified as ‘Other;’ and are considered neither successful nor unsuccessful. These definitions are consistent with how releasing authorities define successful and unsuccessful cases.

In FY 2022, a total of 4,277 CSP supervision cases were closed: 3,134 probation/CPO/DSA cases; 859 supervised release cases; and 284 parole cases. The table below shows that 64.3 percent of these case closures represented successful completions of supervision. We believe our evidence-based strategy of focusing resources on the highest-risk offenders plays a considerable role in two-thirds of supervision cases closing successfully each year.

The proportion of cases that terminated successfully was similar for probation (over 64 percent) and parole (approximately 65%) and somewhat lower among supervised release cases (approximately 60 percent). This demonstrates a need for us to continue focusing resources on younger offenders released from incarceration that demonstrate higher risk and higher needs. While the percentage of successfully closed probation cases has increased steadily from FY 2018 to FY 2020, the percentage of successfully closed parole cases decreased steadily during that time. From FY 2021 to FY 2022, the success rate decreased across all supervision types except parole, with the most notable decrease of approximately 17 percentage points in probation.

Approximately 25 percent of cases closed during FY 2022 were unsuccessful and 9 percent were closed either administratively or due to death, which is higher than previous years. This shift in case closures is likely a byproduct of reduced operations at both the SCDC and USPC due to the COVID-19 pandemic.

Supervision Completions¹ by Supervision Type, FYs 2017 – 2022

Supervision Type	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
	N Closed	% Successful	N Closed	% Successful	N Closed	% Successful	N Closed	% Successful	N Closed	% Successful
Probation	5,297	70.1%	5,503	72.1%	4,091	77.1%	3,288	81.0%	2,888	64.3%
Parole	449	57.7%	424	54.0%	393	50.6%	437	60.6%	284	65.1%
Supervised Release	1,624	39.3%	1,563	39.2%	1,116	52.8%	1,017	61.1%	859	59.8%
DSA	269	77.7%	234	79.5%	139	84.2%	138	81.2%	156	73.7%
CPO	317	91.8%	260	91.9%	124	93.5%	82	93.9%	90	87.8%
Total	7,956	48.8%	7,984	49.5%	5,863	55.3%	4,962	55.9%	4,277	64.3%

¹ Data reflects supervision cases, not offenders supervised. Within-group percentages do not equal 100 due to cases closing administratively or due to death.

Pretrial Services Agency (PSA): The mission of the Pretrial Services Agency (PSA) for the District of Columbia (DC or District) is to promote pretrial justice and enhance community safety. In fulfilling this mission, PSA assists judicial officers in both the Superior Court of the District of Columbia (SCDC) and the United States District Court for the District of Columbia (USDC) by conducting a risk assessment for every arrested person who will be presented in court, identifying detention eligibility and formulating

release recommendations, as appropriate, based upon the arrestee's demographic information, criminal history, drug use and/or mental health information. For defendants who are placed on conditional release pending trial, PSA provides supervision and treatment services intended to reasonably assure that they return to court and do not engage in criminal activity pending their trial and/or sentencing.

DC operates a bail system that promotes clear and reasoned decisions about release or detention. The foundation of this system is the DC bail statute, which emphasizes the use of least restrictive release conditions for eligible defendants, provides an option of preventive detention for those who pose an unacceptable risk to the community, and significantly limits the use of money-based detention. PSA employs evidence-based practices to help judges in local and federal courts make appropriate and effective bail decisions.

PSA's efforts focus on creating a customer-centric culture that meets the needs of the judges, protects the rights of defendants and remains cognizant of the Agency's responsibility to the DC community. The result is enhanced public safety, a fairer and more effective system of release and detention and judicious use of jail resources.

In response to COVID-19, and in accordance with public health guidance from the CDC and the White House, PSA altered its operations starting in March 2020 to comply with recommendations and implement measures necessary to slow the spread of the virus. In coordination with the courts, the Agency initially reduced defendant in-person reporting, suspended defendant lockup interviews, drug testing, treatment assessments, and referrals to treatment programs, all of which require close in-person contact. PSA also increased virtual support to court operations. During this time, the number of arrests decreased, but the number of cases assigned to PSA supervision, court case processing times, and the number of days defendants remained under PSA supervision increased.

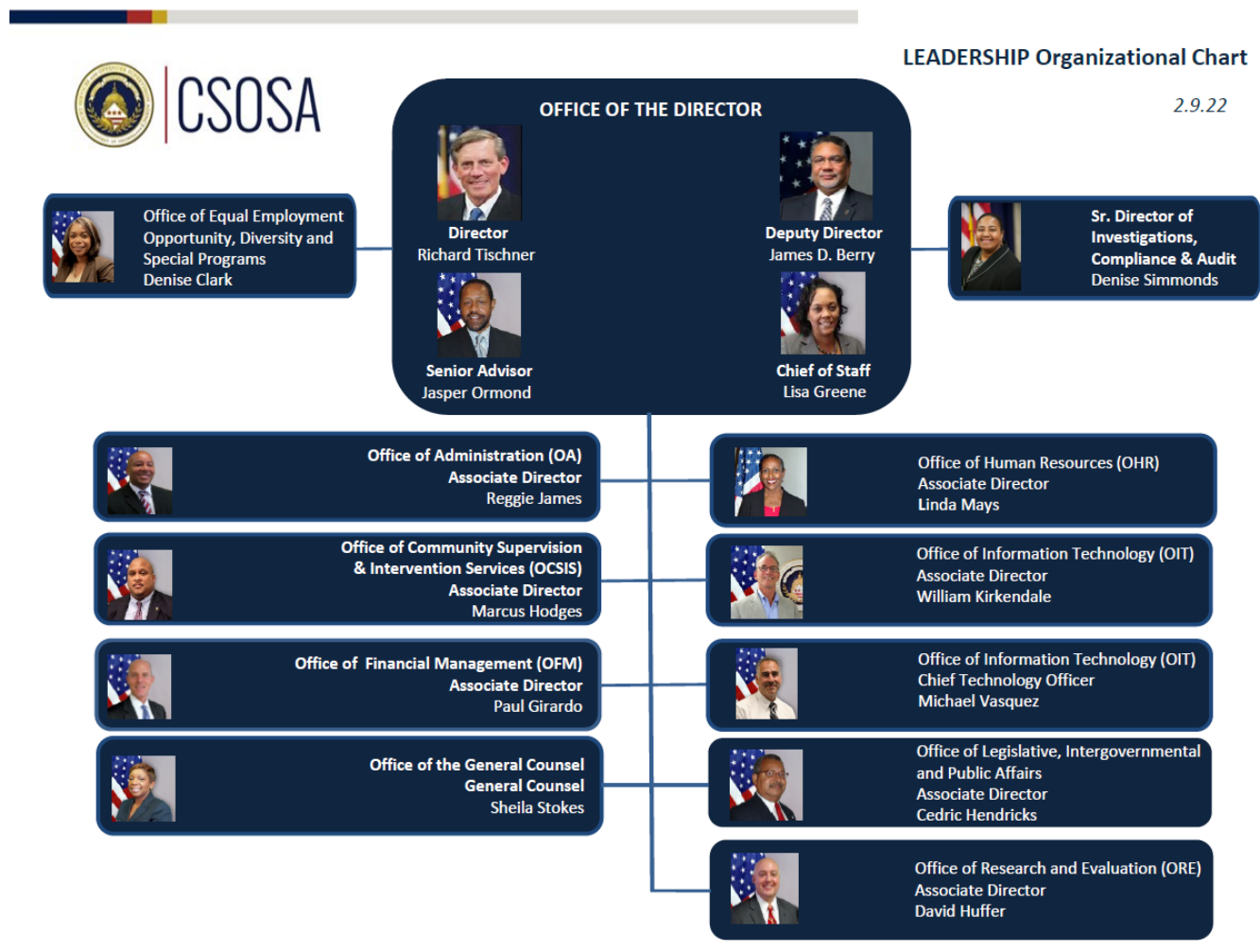
To safely resume mission-critical tasks, PSA implemented a phased reopening plan that maximized virtual supervision for defendants and telework for most of its workforce whose duties could be performed remotely. In July 2022, PSA increased in-person work onsite, increased on-site defendant reporting, resumed lockup drug testing and court ordered spot testing, increased surveillance drug, and reintroduced in-person diagnostic interviews.

During FY 2022, PSA supervised 15,353 defendants on pretrial release, which corresponds to an average of 8,396 defendants on any given day. PSA served an additional 10,334 defendants by providing services such as criminal history checks for persons who were released on citation or personal recognizance, or whose charges were dismissed. Overall, PSA served more than 25,687 defendants during this period. Additionally, PSA conducted drug testing for 5,912 non-defendants.

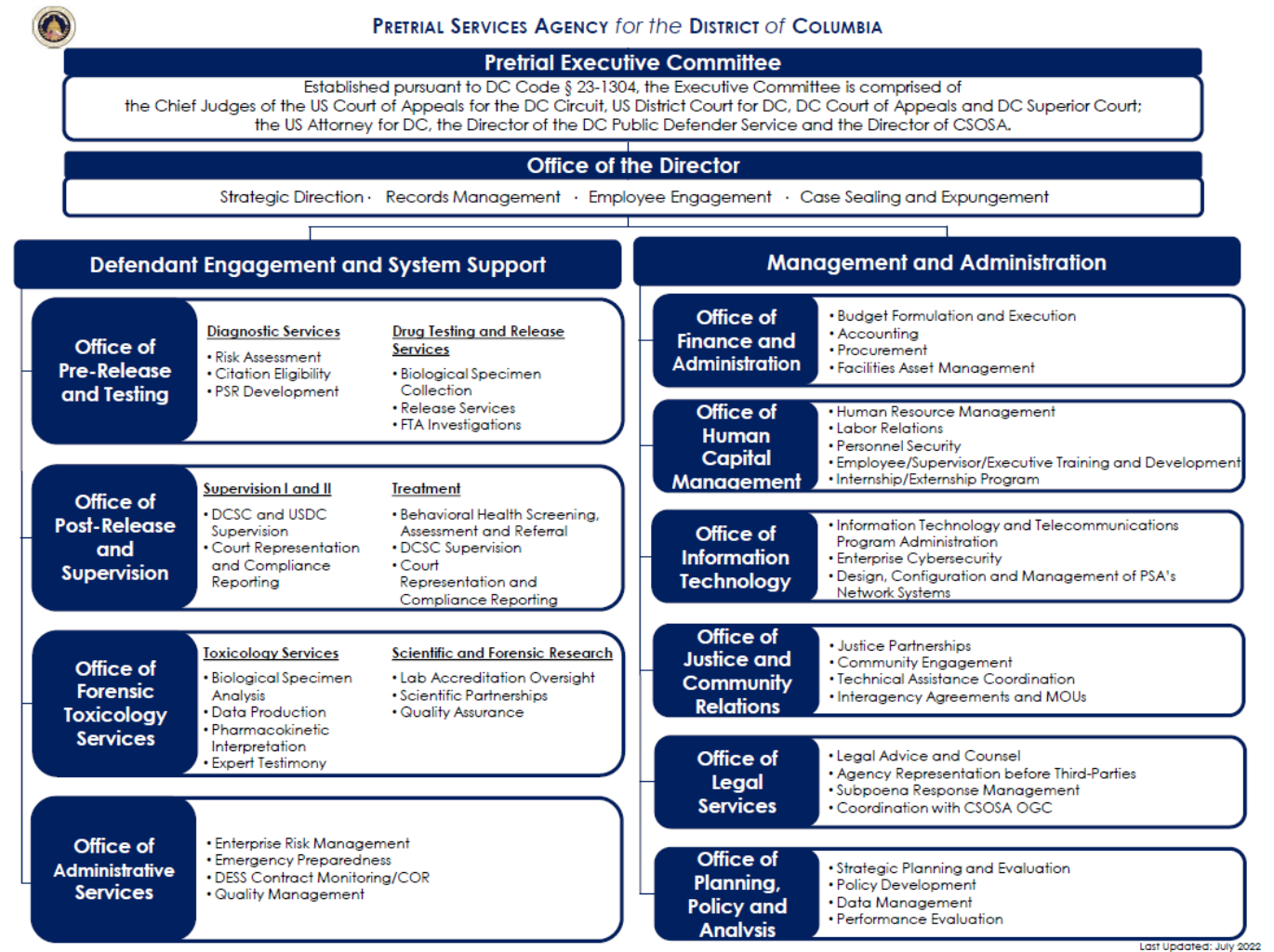
PSA's current caseloads include individuals with charges ranging from misdemeanor property offenses to felony murder. The majority of defendants (92 percent) are awaiting trial in SCDC, with a smaller number (8 percent) awaiting trial in USDC. During FY 2022, defendants remained under supervision on average for 138 days.

B. CSOSA Organizational Structure

The organizational structure of CSOSA's Community Supervision Program is shown below:



The Pretrial Service Agency's organizational structure is shown below:



C. CSOSA Locations

CSOSA (CSP/PSA) occupies thirteen (13) locations in the District of Columbia, including two (2) locations shared by CSP and PSA.

CSOSA's headquarters is located at 633 Indiana Avenue, NW, Washington, D.C. CSOSA is working with the General Services Administration (GSA) to find replacement space for this location due to lease expiration.

CSP: In FY 2022, CSP operated nine (9) total locations throughout the city. CSP's program model emphasizes decentralizing supervision from a single headquarters office to the neighborhoods where offenders live and work. By doing so, Community Supervision Officers (CSOs) maintain a more active, visible and accessible community presence, collaborating with neighborhood police in the various Police Service Areas, as well as spending more of their time conducting home visits, work site visits, and other activities that make community supervision a visible partner in public safety. Continued real estate development in the District, however, creates challenges for CSP in obtaining and maintaining space for offender supervision operations.

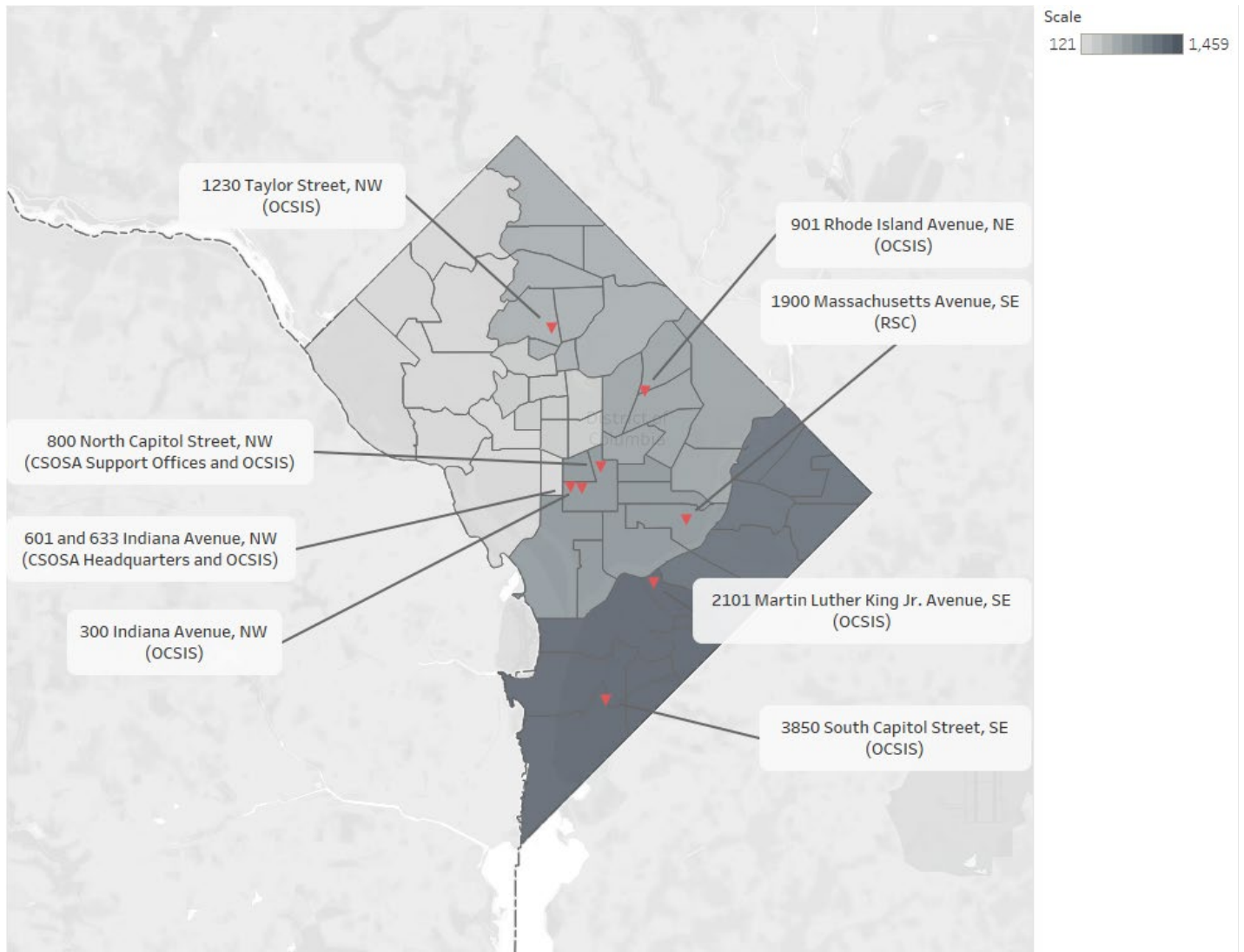
CSP performs offender supervision operations at CSOSA's headquarters location and at our 601 Indiana Avenue, NW, location due to proximity to the courts. The lease for 633 Indiana Avenue, NW, originally expired September 2020 and CSOSA is currently operating under a temporary lease at this location through September 2026. CSP also has an administrative field unit located at 800 North Capitol Street, NW. CSP's leases for this location expire in FY 2023 and CSP is working with the General Services Administration (GSA) to obtain temporary lease extensions. CSOSA is working with GSA to find long-term replacement leases for these locations.

CSP operates our residential treatment and sanctions facility, the Re-entry and Sanctions Center (RSC), at 1900 Massachusetts Avenue, SE. CSP's lease for this location expires September 2024 and we are planning to relocate this critical, residential, public safety program, which is operational 24 hours a day, seven days a week. Finally, CSP's lease for our 3850 South Capitol Street, SE, location expires July 2023. This location serves as one of our primary offender supervision locations in the District. Maintaining a physical presence in this area of the District is critical to our offender supervision functions.

CSP continues to maintain a limited presence co-located with the D.C. Metropolitan Police Department at 300 Indiana Avenue, NW, for our Offender Monitoring and Compliance Unit.

As part of our ongoing GSA space replacement and reduction project, CSP ended occupancy at our 1418 Good Hope Road, SE and 4923 E. Capitol Street, SE, locations in May 2017. In addition, CSP relocated from our 25 K Street, NE, location in September 2017 and ended occupancy at our 4415 S. Capitol Street, SE, location in FY 2020. As a result, CSP experienced a space reduction of 63,679 Rentable Square Feet (RSF) between FYs 2017 and 2021 with larger reductions possible with CSOSA's planned headquarters relocation.

CSP Office Locations and Supervised Offender Residences (August 2022):



PSA: PSA operations are located at six locations in the downtown area, including: (1) SCDC building located at 500 Indiana Avenue, NW, for defendant interviews and risk assessments, court support, and specimen collection; (2) Elijah Barrett Prettyman building (U.S. District Court) located at 333 Constitution Avenue, NW, for federal defendant interviews, risk assessments, and court support; (3) 633 Indiana Avenue, NW, which houses its Headquarters office, supervision and treatment programs; (4) 601 Indiana Avenue, NW, for supervision and treatment programs; (5) 1025 F Street, NW, for training and information technology; and (6) 90 K Street, NE, which houses its drug testing laboratory.

D. Performance Goals, Objectives and Results

CSOSA's mission is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community. CSOSA's functions of effective supervision for pretrial defendants and convicted offenders, along with effective service to the courts and paroling authority, are critical to public safety. Although CSP and PSA have two distinct mandates and Strategic Plans, our Strategic Goals provide common objectives for the Agency's management and operations.

CSP Strategic Goals:

Strategic Goal 1: Reduce Recidivism by Targeting Criminogenic Risk and Needs Using Innovative and Evidence-Based Strategies.

Strategic Goal 2: Integrate Offenders into the Community by Connecting Them with Resources and Interventions.

Strategic Goal 3: Strengthen and Promote Accountability by Ensuring Offender Compliance and Cultivating a Culture of Continuous Measurement and Improvement.

Strategic Goal 4: Support the Fair Administration of Justice by Providing Timely and Accurate Information to Decision-Makers.

PSA Strategic Goals:

Strategic Goal 1: Judicial Concurrence with PSA Recommendations

Strategic Goal 2: Continued Pretrial Release

Strategic Goal 3: Minimize Rearrests

Strategic Goal 4: Maximize Court Appearance

These Strategic Goals are the foundation for CSOSA's structure and operations, as well as the Agency's plans for allocating resources, measuring performance, and achieving outcomes. In terms of both day-to-day operations and long-term performance goals, these strategic objectives are fundamental to CSOSA's efforts.

E. Key Performance Information

Community Supervision Program

CSOSA's Community Supervision Program (CSP) identified offender ***Rearrest*** and offender ***Drug Use*** as the two intermediate outcome performance indicators most closely linked to our public safety mission. CSP's FY 2022 Annual Performance Report, reporting on all agency performance measures, will be included in the FY 2024 Congressional Budget Justification to be submitted in early 2023.

Strategies and Resources

CSP employs several evidence-based strategies, consistent with its program model, to achieve its performance outcomes. The strategies are organized under four Strategic Goals that support the Agency's mission and drive the allocation of resources.

STRATEGIC GOAL 1: Reduce Recidivism by Targeting Criminogenic Risk and Needs Using Innovative and Evidence-Based Strategies

In FY 2022, 4,127 offenders entered CSP supervision; an approximate 84 percent increase from the 2,238 offenders who entered supervision in FY 2021. The majority (80%) of the intakes were probationers. The large year-over-year increase is a result of both SCDC and the USPC continuing their return to pre-COVID operations. CSP expects a smaller increase in supervision entries during FY 2023.

Effective supervision begins with comprehensive knowledge of the offender. An initial risk and needs assessment provides a basis for risk classification and identification of the offender's specific needs. An individual offender's risk to public safety is measurable based on particular attributes that are predictive of future behavior while the offender is under supervision. The risk factors are either static or dynamic in nature. Static factors are fixed conditions (e.g., age, number of prior convictions). While static factors can, to some extent, predict recidivism, they cannot be changed. However, dynamic factors can be influenced by interventions and are, therefore, important in determining the offender's level of risk and needs. These factors include patterns of thinking about criminality and authority, attitudes and associations, community and social networks, substance abuse, educational status, and employability. If positive changes occur in these areas, the likelihood of recidivism is reduced.

CSP's classification system consists of a comprehensive risk and needs assessment that results in a recommended level of supervision and development of an individualized supervision plan that is designed to address the offender's risk and needs. CSP uses several assessment instruments to identify risk and needs, to include a comprehensive screening instrument, the Auto Screener, and an immediate risk assessment tool, the Triage Screener. In FY 2020, the Agency deployed the Dynamic Risk Assessment for Offender Re-entry (DRAOR) as another assessment tool that can be used throughout the supervision term to aid in identifying changing factors that impact risk and need.

Despite the decrease in the number of offenders supervised by CSP, the number and percentage of supervised offenders assessed at the highest risk levels increased. Of the 6,901 total supervised offenders as of September 30, 2022, 3,765 (54.6 percent) were assessed at the highest risk levels (intensive & maximum) which is a decrease from the percentage of highest-risk offenders supervised on September 30, 2021 (56.1 percent) and similar to FY 2020 (54.4 percent) yet significantly higher than pre-pandemic

levels in FY 2019 (48.2). Highest-risk offenders require additional supervision and intervention resources to ensure public safety.

CSP Supervised Offenders by Supervision Level as of September 30th, 2019–2022

Supervision Level	<u>FY 2020</u>		<u>FY 2021</u>		<u>FY 2022</u>	
	N	%	N	%	N	%
Intensive	1,683	23.0%	1,488	24.5%	1,645	23.9%
Maximum	2,299	31.4%	1,920	31.6%	2,120	30.7%
Medium	1,785	24.4%	1,541	25.4%	2,069	30.0%
Minimum	1,279	17.5%	805	13.2%	833	12.1%
TBD ¹	140	1.9%	120	2.0%	89	1.3%
NA ²	135	1.8%	202	3.3%	92	1.3%
Missing ³	0	0.0%	0	0.0%	53	0.8%
Total Supervised	7,321	100.0%	6,076	100.0%	6,901	100.0%

¹ Offenders in To Be Determined (TBD) status are eligible for an Auto Screener assessment, but have not yet had one completed and did not have administrative records available for a triage screener assessment. Offenders in this status are supervised by CSP at the Maximum supervision level until their assessment has been completed.

² Auto screener assessments are not required for misdemeanants residing outside of DC who are supervised primarily by mail. If an offender does not require an assessment, his/her risk level remains as “NA”.

A critical factor in CSP’s success in reducing the crime rate is its ability to introduce an accountability structure into the supervision process and to provide swift responses to non-compliant behavior. Individuals under supervision must enter into an Accountability Contract, a written acknowledgement of their responsibilities and consequences of community supervision under probation, parole, or supervised release, as granted by the SCDC or the USPC.

Strategic Goal 2: Integrate Offenders into the Community by Connecting Them with Resources and Interventions. Establishing effective partnerships with local government service providers, and community organizations helps to facilitate and enhance the delivery of reintegration services to offenders in the community. CSP’s Intergovernmental and Community Affairs Specialists (ICAS) are mobilizing the community, identifying needs and resources, building support for our programs, and establishing relationships with local law enforcement and human services agencies, as well as the faith-based community, businesses, and non-profit organizations. These efforts, formalized in Community Justice Partnerships, Community Justice Advisory Networks (CJANs) and the CSP/Faith-Based Community Partnership, enhance offender supervision, increase community awareness and acceptance of CSP’s work, and increase the number of jobs and services available to offenders.

Strategic Goal 3: Strengthen and Promote Accountability by Ensuring Offender Compliance and Cultivating a Culture of Continuous Measurement and Improvement. Close supervision in the community is the basis of effective offender management. Offenders must know that the system is serious about enforcing compliance with the conditions of their release, and that violating those conditions will bring swift and certain consequences.

One of the most important components of effective offender supervision is **caseload size**. Prior to the Revitalization Act, caseload ratios were over 100 offenders for each supervision officer, far in excess of

those recommended by nationally recognized standards and best practices. Caseload ratios of this magnitude made it extremely difficult for CSOs to acquire thorough knowledge of the offender's behavior and associations in the community, and to apply supervision interventions and swift sanctions. With resources received in prior fiscal years, CSP made great progress in reducing CSO caseloads to more manageable levels, as described below.

On September 30, 2022, CSP supervised 6,901 total offenders, including 4,721 on probation/DSA/CPO and 2,180 offenders on supervised release or parole. The total number of offenders supervised on September 30, 2022 is 13.6 percent greater than the number of offenders supervised on September 30, 2021 (6,076). The main factor contributing to this caseload increase is that operations at the SCDC and the USPC have begun to return to normal as the COVID-19 has waned. CSP anticipates smaller increases in offender entries and supervision caseloads in FY 2023.

CSP Supervised Offenders by Supervision Type as of September 30th, 2019–2022

Supervision Type	FY 2020		FY 2021		FY 2022	
	N	%	N	%	N	%
Probation	4,240	57.9%	3,332	54.8%	4,439	64.3%
Parole	835	11.4%	729	12.0%	663	9.6%
Supervised Release	2,007	27.4%	1,809	29.8%	1,517	22.0%
DSA	143	2.0%	114	1.9%	174	2.5%
CPO	96	1.3%	92	1.5%	108	1.6%
Total Supervised	7,321	100.0%	6,076	100.0%	6,901	100.0%

On September 30, 2022, the average number of supervision cases per on-board supervision CSO employee was 36.5 offenders. This represents an increase in caseloads from September 30, 2021 caused by an increase in supervised offenders and a decrease in on-board supervision CSOs.

CSP Total Supervision Caseload Ratios on September 30th, 2019–2022

Fiscal Year	Total Supervised Offenders as of September 30 th	On-Board Supervision CSOs ¹	On-Board CSO Caseload Ratio
2019	8,900	207	43.0:1
2020	7,321	187	39.1:1
2021	6,076	219	27.7:1
2022	6,901	189	36.5:1

¹ Note: Additional CSO positions perform diagnostic and investigative functions.

CSP standardizes caseloads by offender risk, supervision status, and time on supervision (i.e., new cases). This process resulted in the re-allocation of resources to specialized supervision teams. Since FY 2018, CSP realigned existing supervision resources to create seven (7) new High Intensity Supervision Teams (HISTs) performing close supervision of our highest-risk offenders. CSP and national standards propose that CSOs supervising specialized, high-risk cases supervise fewer than 50 offenders due to the intensive case management, standards of care and reporting requirements needed for these offenders. Offender caseload ratios for most of these specialized caseloads are 25 offenders per CSO, or lower. As a result, increased supervision resources are provided to higher-risk offenders on specialized caseloads, such as HIST, behavioral health and sex offender teams.

Graduated sanctions are implemented in response to offenders' violations of conditions of release. Graduated sanctions are a critical element of CSP's offender supervision model. A swift response to non-compliant behavior can restore compliance before the offender's behavior escalates to include new crimes. From its inception, the Agency worked closely with the releasing authorities (SCDC and USPC) to develop a range of graduated sanctioning options that CSOs can implement immediately in response to non-compliant behavior, without returning offenders to the releasing authority. Offender sanctions are defined in the Accountability Contract established with each offender at the start of supervision. Sanctions account for both the severity of the non-compliance and the offender's supervision level.

Examples of sanction options include:

- Increasing the frequency of drug testing or supervision contacts,
- Assignment to Community Service or to a CSP Engagement and Intervention Center (EIC) or Community Engagement and Achievement Center (CEAC),
- Placement into the RSC, and
- Placement on electronic surveillance, i.e., GPS monitoring.

If sanctions do not restore compliance, or the non-compliant behavior escalates, the CSO will inform the releasing authority by submitting an Alleged Violation Report (AVR). An AVR is automatically submitted in response to any new arrest.

GPS monitoring is a supervision tool for CSOs to enforce curfews and stay away orders, as well as to sanction non-compliant behavior. Offenders are generally placed on GPS monitoring as an administrative sanction at the request of their supervision CSO and/or as directed by the releasing authority. As of September 30, 2022, there were 490 offenders subject to GPS monitoring. CSP shares offender GPS data with other law enforcement entities, including the D.C. Metropolitan Police Department (MPD), the U.S. Attorney's Office and the U.S. Marshals Service (USMS), as appropriate.

Drug testing is an essential element of supervision and sanctions. The purpose of drug testing is to identify those offenders who are abusing substances and to allow for appropriate sanctions and/or treatment interventions for offenders under supervision, and treatment recommendations for those offenders under CSP pre-sentence or pre-release investigation. Given that two-thirds of the supervised population has a history of substance abuse, an aggressive drug testing program is necessary to detect drug use and interrupt the cycle of criminal activity related to use. CSP has a zero-tolerance drug use policy. Most offenders are placed on a drug testing schedule, with frequency of testing dependent upon prior substance abuse history, supervision risk level, and length of time under CSP supervision. Effective in FY 2019, all offenders reporting to HISTs are subject to daily, random testing. When drug testing resumed in August 2020 following a four-month suspension prompted by the COVID-19 pandemic, testing was initially limited to the highest-risk offenders. CSP has since resumed collection operations at two sites, but the temporary change in the risk profile of those subject to testing changed patterns in the proportion of tests that were positive.

The connection between substance abuse and crime is well established. Long-term success in reducing recidivism among drug-abusing offenders, who constitute the majority of individuals under supervision, depends upon two key factors:

1. Identifying and treating drug use and other social problems among the defendant and offender population; and
2. Establishing swift and certain consequences for violations of release conditions.

CSP is committed to providing a range of treatment options to offenders under supervision. Addressing each individual's substance abuse problem through drug testing and appropriate sanction-based treatment will provide him or her with the support necessary to establish a productive, crime-free life. CSP also provides in-house adult literacy, vocational and employment counseling, anger management, and life skills training to help offenders develop the skills necessary to sustain themselves in the community.

Behavioral interventions and social services are cornerstones of CSP's strategies for stabilizing offenders and supporting their desistance from criminal behavior. CSP operates the RSC at Karrick Hall, which provides intensive assessment and reintegration programming for high-risk offenders and defendants. CSP also contracts with service providers for a range of residential, outpatient, transitional housing, and sex offender treatment services using appropriated and grant resources. Contractual treatment also encompasses drug testing and ancillary services, such as mental health screening and assessments, to address the multiple needs of the population. Housing continues to be an ongoing need for offenders, particularly among the older offender population. Through contract providers, CSP provides short-term housing to a limited number of offenders who are homeless or living in acutely unstable housing situations.

CSP also is committed to helping offenders build skills and support systems using **education and support services** to improve their chances for success in the community. CSP aims to increase employment and improve educational achievement through both in-house service delivery and partnerships. The Agency offers education and employment programs through its EICs and CEACs. Once offenders are assessed for these needs, individualized plans are developed. We offer adult basic education and GED preparation virtually using a web application and in-person. We also offer transitional employment programs that prepare offenders for training and/or employment and provide job development and tracking.

Strategic Goal 4: Support the Fair Administration of Justice by Providing Timely and Accurate Information to Decision-Makers. One of CSP's key responsibilities is to produce accurate and timely information and to provide meaningful recommendations, consistent with the offender's risk and needs profile, to criminal justice decision-makers. The quality and timeliness of this information has a direct impact on public safety in the District of Columbia.

If sanctions do not restore offender compliance, or the non-compliant behavior escalates, CSP supervision CSOs inform the releasing authority (SCDC or the USPC) by filing an AVR. AVRs are submitted to inform the releasing authority of a violation of release conditions as imposed. An AVR is always issued by CSP for any re-arrest that includes a new charge or when an offender becomes a loss of contact.

The Courts and the USPC also rely on CSP to provide accurate, timely, and objective pre-sentence and post-sentence investigation (PSI) reports that are used by the Court in sentencing determinations and by the BOP in designating offenders to an appropriate correctional facility. CSOs assigned to CSP's Investigations, Diagnostics, and Evaluations Branch conduct investigations and write thousands of PSI reports each year.

CSP Transitional Intervention for Parole Supervision (TIPS) CSOs ensure that offenders transitioning directly from prison to the community or through a BOP Residential Reentry Center (RRC) receive assessment, counseling, and appropriate referrals for treatment and/or services. TIPS CSOs work with each offender residing in a BOP RRC to develop a Transition Plan prior to release.

Establishing effective partnerships with other criminal justice agencies facilitates close supervision of offenders in the community. The D.C. MPD, D.C. Housing Authority Police, Department of Youth Rehabilitation Services (DYRS), PSA, and Family Court Social Services are key players in CSP's public safety goal. Since D.C. MPD police officers and Housing Authority Police are in the community every day responding to violations of the law and are responsible for arresting individuals, they assist CSP with close supervision. DYRS and Family Court Social Services play important roles in relation to those offenders on CSP supervision who also have active cases in the juvenile justice system. PSA helps CSP with the detection of new charges for offenders already under CSP supervision. Additionally, CSP works closely with the USMS on warrant initiatives and the agency collaborates with the surrounding jurisdictions on cross-border crime issues.

CSP CSOs and D.C. MPD Officers partner to conduct scheduled or unscheduled (unannounced) Accountability Tours to the homes of high-risk offenders. Accountability Tours are a means to heighten visibility of law enforcement's presence to the offenders and other members of the community.

CSP also partners with the BOP and D.C. Department of Corrections (DOC) entities to perform video conferencing with offenders prior to their release from a BOP institution. The video conferencing provides the offender with orientation and release preparation prior to release to CSP supervision.

CSP Key Performance Indicator 1 - Rearrest:

Rearrest is a commonly used indicator of criminal activity among offenders on supervision, though it does not in itself constitute recidivism (defined as a return to incarceration).

The percentage of CSP's total supervision population with rearrests was decreasing from FY 2018 and through the pandemic. Post-pandemic increases in rearrests were realized across all supervision types particularly among supervised releasees. As of September 30, 2022, 33.9 percent of CSP's FY 2022 TSP had been rearrested in DC for new charges, which is approximately 20 percentage points higher than the FY 2021 rearrest rate.

Generally, offenders on supervised release are consistently rearrested at a higher rate than parolees and probationers. This trend continued into FY 2022 with just over one-fourth of supervised releasees rearrested as of September 30, 2021 (D.C., MD, and VA; all charges considered), demonstrating the necessity for us to continue allocating resources to address the criminogenic needs of this particularly risky group.

Percentage of Total Supervised Population Rearrested¹, FYs 2018–2022 ^a

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Probation³					
<i>DC Arrests</i>	21.2%	19.5%	17.7%	14.7%	16.5%
<i>DC Arrests (new charges)⁴</i>	16.9%	15.4%	14.0%	12.1%	%
<i>DC/MD/VA Arrests</i>	22.7%	21.8%	19.9%	16.7%	18.9%
Parole					
<i>DC Arrests</i>	19.7%	17.3%	15.2%	11.3%	9.5%
<i>DC Arrests (new charges)⁴</i>	15.2%	12.8%	9.6%	7.5%	%
<i>DC/MD/VA Arrests</i>	20.9%	19.0%	16.3%	11.9%	10.4%
Supervised Release					
<i>DC Arrests</i>	31.2%	30.5%	25.3%	25.2%	22.9%
<i>DC Arrests (new charges)⁴</i>	23.6%	20.7%	17.4%	18.3%	%
<i>DC/MD/VA Arrests</i>	32.5%	32.4%	26.7%	27.1%	24.8%
Total Supervised Population					
<i>DC Arrests</i>	23.3%	21.7%	19.3%	17.1%	17.3%
<i>DC Arrests (new charges)⁴</i>	18.3%	16.4%	14.4%	13.3%	%
<i>DC/MD/VA Arrests</i>	24.8%	23.9%	21.2%	18.9%	19.5%

¹ Computed as the number of unique offenders arrested in reporting period as a function of total number of unique offenders supervised in the reporting period.

² Estimates for FY 2022 are preliminary.

³ Includes offenders with Deferred Sentencing Agreements (DSA) and individuals with Civil Protection Orders (CPO).

⁴ Excludes arrests made for parole or probation violations.

CSP Performance Indicator 2 - Drug Use:

CSP uses drug testing to monitor both the offender's compliance with the releasing authority's requirement to abstain from drug use (which may also include alcohol use) and to assess the offender's level of need for substance abuse treatment. Due to the COVID-19 pandemic, CSP drug collection sites closed on March 25, 2020 and resumed limited drug testing at two collection sites in July 2020. During FY 2022, CSP expanded drug testing operations to Saturdays and resumed drug testing at the RSC.

Effective FY 2019, all offenders reporting to HISTs are subject to daily, random testing. For non-HIST offenders, CSP's Offender Drug Testing Protocol policy defines the schedule under which eligible offenders are drug tested. Offenders are initially drug tested at intake. Based on the results of this initial drug test, offenders can become ineligible for testing for a variety of administrative reasons, including a change in supervision status from active to monitored or warrant, the offender's case transferring from the District to another jurisdiction, a rearrest, or admission to a substance abuse treatment program (at which point testing is conducted by the treatment provider). The policy also includes spot testing for those offenders on minimum supervision, as well as those who do not have histories of drug use and who have established a record of negative tests.

On average, CSP collected 4,054 samples from 1,908 offenders each month of FY 2022. Collection took place at two CSP illegal substance collection unit sites and the RSC. PSA tests CSP drug samples for up to eleven substances (Marijuana, PCP, Opiates, Methadone, Cocaine, Amphetamines, Creatinine, Heroin, ETG, Synthetic Cannabinoids and Alcohol). Drug testing results are transmitted electronically from PSA

into CSP's Supervision Management Automated Record Tracking (SMART) system daily so they are available in SMART for CSO action within 48 hours after collection. In FY 2015, CSP reduced marijuana testing for most probationers due to changes in the District of Columbia's law, but continues to test parolees and supervised releasees for marijuana.

Of the tested population in FY 2022, 42.6 percent tested positive for illicit drugs (excluding alcohol) at least one time, which is eight percentage points higher than FY 2021 (when 34.5 percent tested positive). This increase may reflect a return to the positive test rates similar to those observed prior to the COVID-19 pandemic.

**Percentage of Active Tested Population Reporting at Least One Positive Drug Test,
FYs 2018–2022 ¹**

% Testing Positive	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Tests including alcohol	60.5	55.7	45.5	36.8	69.7
Tests excluding alcohol	56.9	51.4	41.3	34.5	42.6

¹ Data for FY 2022 are preliminary.

Over the past year, there has been a considerable decrease in the percentage of offenders testing positive for marijuana and synthetic cannabinoids. Tests for cocaine, opiates, heroin, and amphetamines yielded a higher percentage of positive results in FY 2022 compared to previous years.

CSP addresses high-risk offenders who consistently test positive for drugs by initiating actions to remove them from the community through placement in residential treatment or through sanctions. CSP will continue to monitor drug use trends and their implications for drug testing procedures to ensure that tests are conducted in a manner that most effectively detects and deters use for persons under community supervision.

Substances Used by Offenders Drug Testing Positive, FYs 2018–2022 ¹

% Positive by Drug	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Marijuana	62.1	57.7	46.7	57.4	36.5
Cocaine	29.4	32.1	32.6	20.1	30
PCP	15.4	17.3	17.4	18.5	18.8
Synthetic Cannabinoids	9.9	7.4	8.3	12.1	6.7
Opiates	21.3	22.1	22.2	10.5	17.8
Methadone	2.3	2.8	3.3	4.5	3.2
Heroin	5.8	7.2	7.4	3.0	5.5
Amphetamines	3.8	5.6	4.4	2.7	6.8

Note: CSP tests each offender sample for up to eleven substances, including alcohol, ETG and creatinine. Each sample is typically tested for only some of the eleven substances.

Note: Column data are not mutually exclusive. Examples: One offender testing positive for marijuana and PCP during FY 2022 will appear in the data row/percentage for both marijuana and PCP. One offender who tests positive for only marijuana on multiple occasions throughout FY 2022 will count as a value of one in the data row/percentage for marijuana.

Quality and Reliability of CSP Performance Data

Considering the importance of maintaining accurate records of all offenders under CSP supervision, the design and deployment of the SMART offender case management system has been one of the Agency's top priorities since the Agency was established. SMART was first deployed in January 2002 and SMART was updated and re-deployed in October 2021. In FY 2009, CSP transitioned from reporting performance data from a copy of the SMART database, to reporting data from our fully implemented Enterprise Data Warehouse (EDW) system, which yielded significant improvements for both accessing data and the quality of the performance measures.

Pretrial Services Agency

PSA's *mission* is to promote pretrial justice and enhance community safety.

Its *vision* is to thrive as a leader within the justice system through a diverse, inclusive and empowered workforce that embodies integrity, excellence, accountability, and innovation in the delivery of the highest quality services.

Strategic Goals





PSA's *Strategic Goals* for FY 2022–2026 span the Agency's major functions and operations and link to the outcomes of judicial concurrence, continued pretrial release, minimizing re-arrest and maximizing court appearance. PSA continued to progress towards meeting its FY 2022 Agency Priority Goal (APG) of implementing a risk-based services (RBS) model and, by the close of the year, began intensive training for staff in RBS. The program will be deployed in early FY 2023.

PSA continues to work towards securing and reinforcing PRISM, our legacy case management system (CMS), to bring it into compliance with IT security standards and to ensure it can support RBS. To fully implement RBS in FY 2023, necessary changes were implemented to ensure the system supports basic operational processes associated with the move to RBS. PSA is in the process of conducting an independent assessment of our legacy system and are working with a contractor to address security assessment findings from Federal Information Security Modernization Act (FISMA) and High Value Asset (HVA) audit findings from FY 2022. The contractor will also create a roadmap to move the CMS to the cloud. Moving the CMS to the cloud will modernize the system and improve its security posture.

The disruption of normal operations resulting from the COVID-19 pandemic presented both new challenges and opportunities. PSA was challenged to rethink traditional ways of engaging with the courts and defendants and recognize an opportunity to examine the efficacy of new supervision techniques.

Following the onset of the COVID-19 pandemic, the number of arrests overall decreased while court case processing times increased. These delays in case processing led to a sharp increase in the number of days defendants remained under PSA supervision, resulting in the highest daily average of defendants under supervision in recent history. To ensure continued focus on achieving the Agency's mission under these unprecedented circumstances, PSA adapted, modified and implemented innovative supervision procedures. For FYs 2023–2024, PSA will continue to adapt our supervision services for the post-pandemic world.

Despite the considerable impact of COVID-19 on Agency operations, PSA continued to meet or exceed the performance targets for all strategic goals during FY 2022.

Performance Indicator		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2022-FY 2026
Performance Description		Actual	Actual	Actual	Actual	Actual	Target
Strategic Goal 1	Judicial Concurrence with PSA Recommendation	81%	78%	79%	84%	76% 	70%
Strategic Goal 2	Continued Pretrial Release	85%	87%	85%	89%	89% 	85%
Strategic Goal 3	Arrest Free Rate	87%	87%	88%	90%	93% 	88%
	(Violent Crimes)	99%	99%	99%	98%	99% 	97%
Strategic Goal 4	Court Appearance Rate	89%	88%	91%	92%	89% 	87%

STRATEGIC GOAL 1: JUDICIAL CONCURRENCE WITH PSA RECOMMENDATIONS

PSA promotes the fair administration of justice by recommending the least restrictive release conditions consistent with community safety and return to court. To support judicial decisions, PSA provides a Pretrial Services Report, or PSR, which contains a summary of each defendant's criminal history and demographic information. In this report, PSA recommends – as appropriate – release conditions that are designed to mitigate the risk of failure to appear and rearrest during the pretrial period. PSA's release recommendations include pro-social interventions, such as drug testing, behavioral health assessment and treatment, halfway house placement, electronic monitoring, and regular contact with a Pretrial Supervision Officer (PSO). To gauge how often judicial officers concur with PSA's release recommendations, the Agency implemented a measure of judicial concurrence.

Strategic Objective 1.1 Risk Assessment

The PSR provides much of the information judicial officers use to determine a defendant's risk to the community and the level of supervision, if applicable, the defendant requires. Risk assessment is a core component of the PSR. PSA uses a scientifically-validated risk assessment to determine each defendant's risk of pretrial misconduct.³ Use of this instrument, which was developed specifically for the adult defendant population within the District of Columbia, enhances the Agency's ability to accurately assess

³ Kennedy, S., House, L., and Williams, M. (2013). Using Research to Improve Pretrial Justice and Public Safety: Results from PSA's Risk Assessment Validation. *Federal Probation a journal of correctional philosophy and practice*, 77(1), 28-32. Retrieved from <https://www.uscourts.gov/federal-probation-journal/2013/06/using-research-improve-pretrial-justice-and-public-safety-results>

pretrial risk of failure and make appropriate recommendations to the court regarding release conditions. To gauge the quality of the information provided to judicial officers for decision-making, PSA implemented a measure of PSR completeness. A PSR is deemed “complete” when it contains defendant interview responses (or documented refusal thereof), lock-up drug test results, criminal history, and release recommendations based on risk assessment score, prior to the case being called in court.

STRATEGIC GOAL 2: CONTINUED PRETRIAL RELEASE

Continued pretrial release aims to ensure that defendants placed on release are able to remain safely in the community during the pendency of their cases. During the pretrial period, defendant release may be revoked due to non-compliance with conditions of release. To gauge the effectiveness of defendant case management, PSA implemented a measure of continued pretrial release, which examines the rate at which defendants remain on release without revocation or a pending request for revocation due to non-compliance.

Strategic Objective 2.1 Effective Case Management

Case management is an individualized approach for securing, coordinating, and monitoring the appropriate supervision, treatment, and ancillary services necessary to manage each defendant successfully for optimal outcomes. It comprises all activities performed by PSA that support a defendant’s compliance with court-ordered conditions of release, appearance at all scheduled court hearings, and crime-free behavior while on pretrial release. To gauge the effectiveness of its defendant case management, PSA implemented measures of response to defendant non-compliance and defendant satisfaction with PSA case management.

STRATEGIC GOAL 3: MINIMIZE REARREST

PSA supervision is designed to minimize risk to the community. PSA uses appropriate supervision strategies to manage defendants most at risk of violating their release conditions. PSA also provides pro-social interventions, such as mental health and substance use disorder treatment, to enable defendants to remain arrest-free. To gauge PSA’s effectiveness in minimizing rearrests, PSA implemented a measure of arrest-free rates.

Strategic Objective 3.1 Risk-Based Services

PSA focuses supervision resources on defendants most at risk of violating their release conditions and uses graduated levels of supervision consistent with each defendant’s identified risk level. Very low-risk defendants (e.g., those released on personal recognizance) receive only notification of their court dates; Low-risk defendants with reporting conditions will require limited contact with PSA; Medium-risk defendants will be placed under PSA’s supervision and maintain regular contact through a combination of in-person and telephone reporting to PSOs; and High- and very high-risk defendants will be subject to more frequent and primarily in-person contact with assigned PSOs.

PSA’s supervision strategy includes promoting swift, consistent consequences for violation of release conditions, and promoting incentives for defendants who consistently comply with release conditions. Swift, graduated sanctions are used to modify defendant behaviors considered precursors to a return to criminal activity or failure to appear for court. Examples of such behaviors include loss of contact and absconding from substance use disorder and/or mental health treatment. Responding promptly to non-

compliance is directly related to reducing failures to appear and enhancing public safety. When violations of conditions are detected, PSA uses all available administrative sanctions, informs the court and, when warranted, seeks judicial sanctions, including revocation of release. PSA also harnesses the power of incentives to change defendant behavior. Common incentives recommended by PSA include reduction in the number of required contacts with PSOs, reduction in the frequency of drug testing, and placement in less intensive treatment or supervision programs. To gauge the effectiveness of Risk-Based Services, PSA implemented a measure of defendant compliance at case disposition.

Strategic Objective 3.2 Assessment-Driven Treatment

An effective approach to minimizing rearrests is addressing underlying issues, such as substance use disorder and mental health treatment needs, during the pretrial period. PSA provides, through either contracted services or referral, appropriate substance use disorder and mental health treatment to enhance supervision compliance. In addition to public safety benefits, the community also benefits from the cost savings of providing supervision with appropriate treatment instead of incarceration.

Treatment for either substance use or mental health disorders is provided as a supplement to, and never in lieu of, supervision. Just as defendants are assigned to supervision levels based on risk, they are assigned to supervision units that provide treatment based on both risk and need. In addition to substance use disorder treatment, defendants placed in these programs have drug testing, contact, and other release conditions and are held accountable for compliance with these conditions. To gauge effectiveness of pro-social interventions, PSA measures defendant referral, assessment, and placement in treatment programs.

STRATEGIC GOAL 4: MAXIMIZE COURT APPEARANCE

The strategic goal of maximizing court appearance is one of the most basic outcome measures for pretrial service programs. National standards on pretrial release identify minimizing failures to appear as a central function for pretrial programs. This strategic goal is measured by the defendant appearance rate, which indicates the percentage of defendants on pretrial release who make all scheduled court appearances.

Strategic Objective 4.1 Court Appearance Notifications

In order to minimize failures to appear, PSA notifies defendants of future court dates. During the last strategic period, PSA expanded its notification process by adding an electronic option to inform, remind, and/or update defendants of upcoming court dates. This new process incorporates the use of text and email notifications in addition to traditional mailed letters. During the initial contact, PSA asks defendants about their preferred method of notification. An automatic hierarchy is then generated for notifications to the defendant (i.e., email, text messages, and letters) based on the defendant's preference. To gauge the effectiveness of defendant court appearance notifications, PSA implemented a measure of court appearance following notifications.

Strategic Objective 4.2 Failure to Appear Investigations

Defendants often present issues that may contribute to failure to appear in court (e.g., unstable home environments, homelessness, illiteracy and low educational achievement, developmental disabilities, unemployment, substance use disorders, mental illness, physical problems, etc.). To help address these issues, PSA conducts failure-to-appear investigations to determine the reason for a defendant's

nonappearance in court. Information is documented and the court is informed of the findings. In some cases, these investigations may prevent issuance of a bench warrant.

F. Analysis of Agency Financial Statements

The Accountability of Tax Dollars Act of 2004 (P.L. 107-289), Office of Management and Budget (OMB) Circular A-136 (Financial Reporting Requirements), and the Agency's AFR Policy require CSOSA to prepare and submit audited financial statements and interim financial statements.

The CSOSA financial statements report the financial position of the CSP and PSA entities. The financial statements have been prepared to report the financial position and results of operations of CSOSA, pursuant to requirements of 31 U.S.C. 3515(b). The financial statements and notes are included in a separate section of this document.

CSP and PSA are each responsible for their own financial transactions, however, CSP compiles reports from each entity in preparing CSOSA's FY 2022 and 2021 financial statements for the Agency as a whole. Preparation of interim and audited CSOSA financial statements is the joint responsibility of CSP and PSA management.

The FY 2022 CSOSA financial statements report appropriated and reimbursable budget authority.

CSOSA's largest asset is Fund Balance with U.S. Treasury which totaled \$178,309,125 and \$136,683,773 as of September 30, 2022 and 2021, respectively. This represented 86.7 percent and 81.3 percent of total assets as of September 30, 2022 and 2021, respectively. The Fund Balance with U.S. Treasury represents all appropriated and reimbursable funds (including grant resources) CSOSA has on account with Treasury to make expenditures and pay liabilities.

Actuarial FECA Liability, Accrued Payroll & Benefits, and Accrued Unfunded Liabilities are CSOSA's largest liabilities, with combined amounts totaling \$26,865,851 and \$22,975,491, as of September 30, 2022 and 2021, respectively. Collectively they comprised 87.0 percent and 91.5 percent of total liabilities, as of September 30, 2022 and 2021, respectively.

CSOSA's FY 2022 Statement of Budgetary Resources (SBR) provides information about how budgetary resources were made available as well as their status at the end of the period. Budgetary resources include, but are not limited to, new FY 2022 budget authority, unobligated balances of the five prior fiscal years (FY 2017 – 2021) as of October 1, 2021, recoveries of prior year obligations, and any adjustments to these resources.

CSOSA has FY 2022 reimbursable budget authority from the following sources:

- 1) CSP reimbursable agreement with the D.C. Public Defender Service for shared occupancy costs at 633 Indiana, Avenue, NW.
- 2) PSA reimbursable agreements with SCDC and D.C. Child and Family Services for drug testing services.

The SBR reports Total Budgetary Resources of \$330,475,093 and \$291,519,346 as of September 30, 2022 and 2021, respectively. These amounts include FY 2022 Budgetary Authority of \$286,426,000 in direct annual funding and (\$56,313) in net reimbursable transactions as of September 30, 2022, and

\$245,923,000 in FY 2021 direct annual funding and \$709,690 in net reimbursable transactions as of September 30, 2021.

Total Obligations Incurred is \$260,953,225 and \$244,452,662 as of September 30, 2022, and 2021, respectively. CSOSA's FY 2022 Statement of Budgetary Resources shows \$233,410,154 in net outlays, an increase of \$8,762,004 from the previous year's total net outlays of \$224,648,150.

The Net Cost of Operations in FY 2022 was \$253,848,905 on CSOSA's Statement of Net Cost, an increase of \$23,739,215 compared to the previous year's Net Cost of Operations of \$230,109,690.

G. Analysis of Systems, Controls, and Legal Compliance

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA, P.L. 97-255) and Office of Management and Budget Circular (OMB) A-123, Management Accountability and Control, require federal agencies to conduct ongoing evaluations of the adequacy of the systems of internal accounting and administrative control, and report yearly to the President all material weaknesses found through these evaluations. The FMFIA also requires the heads of agencies to provide the President with yearly assurance that obligations and costs are in compliance with applicable law; resources are efficiently and effectively allocated for duly authorized purposes; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and managers and employees demonstrate personal integrity, ethics, competence and effective communication.

To provide this report and assurance to the President, the CSOSA Director depends on information from component heads regarding their management controls. CSP's Office of Investigations, Compliance, and Audits conducted an internal review with component heads and program staff of the adequacy of internal controls in August – October 2022. As a result of responses to this review, the CSOSA Director provides unqualified assurance that the Agency's management controls and financial systems meet the objectives of Sections 2 (Programmatic Controls) and 4 (Financial Controls) of the FMFIA for FY 2022. No material weaknesses were found in the design or operation of internal controls over financial reporting.

Federal Financial Management Improvement Act

In July 2007, CSOSA migrated to Oracle Federal Financials (Oracle), operated by the Department of the Interior's Interior Business Center (IBC). CSOSA uses Oracle to perform, control, and report general ledger, funds management, purchasing, and payment management processes.

The Federal Financial Management Improvement Act (FFMIA, P.L. 104-208) and OMB Circular A-127, Financial Management Systems, require federal agencies to assess compliance with Federal financial management systems requirements, standards promulgated by Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level.

An independent auditor's (KPMG LLP) examination of IBC's systems for operating and hosting Oracle for the period of July 1, 2021 – June 30, 2022 resulted in the auditor's opinion that in all material respects, based on the criteria described in IBC's assertion: (1) the description fairly presents the systems that were designed and implemented throughout the periods July 1, 2021 to June 30, 2022 and (2) the controls related to the control objectives stated in the description were suitably designed to provide reasonable

assurance that the control objectives would be achieved if the controls operated effectively throughout the periods July 1, 2021, to June 30, 2022. IBC provided subsequent representations and assurances that these Oracle financial application controls remained in place through September 30, 2022.

Based on the KPMG opinion referred to above, and CSOSA's experience with Oracle, the CSOSA Director provides assurance that during FY 2022 the organization's financial management system was in compliance with Federal financial management systems requirements, standards promulgated by FASAB, and the USSGL at the transaction level.

Legal Compliance

CSOSA ensures compliance with the Anti-Deficiency Act (31 U.S.C.) by implementing budgetary procedures and financial management system controls preventing over-obligation or over-expenditure of authorized, allowable and/or available funds. CSOSA did not violate Anti-Deficiency Act requirements in FY 2022.

CSOSA complies with the Debt Collection Improvement Act of 1996 (P.L. 104-134) by implementing supplier registration and maintenance controls within the financial management system ensuring that vendors are properly registered and compliant with Treasury. Payments made by CSOSA to suppliers with delinquent debts owed to the government may be collected by Treasury.

The Digital Accountability and Transparency Act of 2014 (DATA Act, P.L. 113-101) requires federal agencies to report financial and award data in accordance with Government-wide financial data standards. CSOSA reviewed and certified DATA Act information in a timely manner on a quarterly basis in FY 2021. In FY 2021, an independent auditor (Harper, Rains, Knight & Company) examined CSOSA's compliance with the Data Act for the third quarter of FY 2020 and determined that the Agency's submission was untimely, complete and the data was of moderate quality.

H. Forward Looking Information

Other than the activities already identified in this report, there are no other known or anticipated risks, uncertainties, future events or conditions, or trends that could significantly impact the future financial position, condition, or operating performance of CSOSA.

I. Limitations of the Financial Statements

The principal financial statements have been prepared to report CSOSA's financial position and results of operations, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

AFR Section II: Financial Section

A. Message from the Chief Financial Officer

I am pleased to announce that CSOSA has earned an unmodified audit opinion on its financial statements from an independent public accountant. This opinion states that the financial statements are reported fairly in accordance with U.S. generally accepted accounting principles and are free of material misstatements. The FY 2022 auditor's report on internal controls over financial reporting did not identify any material weaknesses.

CSOSA recognizes the Government-wide funding constraints under which we currently operate. We continue to review and implement methods to operate more efficiently in order to ensure taxpayer funds are used wisely in support of our law enforcement functions in the District of Columbia. CSOSA is committed to sound financial management controls and effective use of resources, and we look forward to continuing these practices in FY 2023.

PAUL GIRARDO

Digitally signed by PAUL
GIRARDO
Date: 2022.11.15 16:22:29 -05'00'

Paul Girardo
Chief Financial Officer
November 15, 2022

B. FY 2022 Auditors' Report



Independent Auditors' Report

Director
Court Services and Offender Supervision Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Court Services and Offender Supervision Agency (CSOSA). CSOSA's financial statements comprise the balance sheets as of September 30, 2022, and 2021, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, CSOSA's financial statements present fairly, in all material respects, CSOSA's financial position as of September 30, 2022, and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CSOSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

CSOSA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CSOSA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on CSOSA's financial statements. The information in the Agency Head Message, Message from the Chief Financial Officer, and Other Information section contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to me materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Report on Internal Control over Financial Reporting

In planning and performing our audit of CSOSA's financial statements as of and for the year ended September 30, 2022, in accordance with government auditing standards generally accepted in the United States of America (GAGAS), we considered CSOSA's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSOSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CSOSA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of CSOSA's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

During our 2022 audit, we identified a deficiency in CSOSA's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency. Nonetheless, this deficiency warrants CSOSA management's attention. We have communicated this matter to CSOSA management and, where appropriate, will report on them separately.

Director
Court Services and Offender Supervision Agency (continued)

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether CSOSA's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, that have a direct effect on the determination of material amounts and disclosures in CSOSA's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on CSOSA's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CSOSA. CSOSA management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2022, that would be reportable under *Government Auditing Standards* or OMB Bulletin No. 22-01. We caution that noncompliance may occur and not be detected by these tests.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of CSOSA's internal control or compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 22-01 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Raina, Knight & Company, P.A.

November 15, 2022
Washington, D.C.

C. FY 2022 Financial Statements

Court Services and Offender Supervision Agency
Balance Sheet
As of September 30, 2022 and 2021
(In Dollars)

	<u>2022</u>	<u>2021</u>
Assets		
Intragovernmental		
Fund Balance with Treasury - Note 2	\$ 178,309,125	\$ 136,683,773
Accounts Receivable - Federal - Note 3	8,213	23,391
With The Public		
Accounts Receivable - Note 3	12,931	(1,764)
Property, Plant and Equipment - Note 4	27,248,232	31,491,185
Total Assets	\$ 205,578,501	\$ 168,196,585
Liabilities		
Intragovernmental Liabilities:		
Accounts Payable	\$ 651,932	\$ 634,557
Accrued Payroll & Benefits	3,015,743	2,576,727
Accrued Unfunded FECA Liabilities	410,935	429,797
With The Public		
Accounts Payable	2,935,248	1,070,573
Accrued Payroll & Benefits	9,184,427	7,766,408
Actuarial FECA Liability	1,885,444	2,018,969
Accrued Unfunded Liabilities	12,780,237	10,613,387
Total Liabilities - Note 5	\$ 30,863,966	\$ 25,110,418
Net Position		
Unexpended Appropriation	\$ 161,597,323	\$ 123,695,542
Cumulative Results of Operations	13,117,212	19,390,625
Total Net Position	\$ 174,714,535	\$ 143,086,167
Total Liabilities and Net Position	\$ 205,578,501	\$ 168,196,585

The accompanying notes are an integral part of these statements

Court Services and Offender Supervision Agency
Statements of Net Cost
For The Periods Ended September 30, 2022 and 2021
(In Dollars)

	2022	2021
Reduce Recidivism		
Total Cost	\$ 32,332,001	\$ 30,343,689
Earned Revenue	(42,128)	(107,017)
Net Program Costs	32,289,873	30,236,672
Integration		
Total Cost	27,785,510	26,870,011
Earned Revenue	(36,204)	(94,766)
Net Program Costs	27,749,306	26,775,245
Accountability		
Total Cost	92,302,722	80,496,912
Earned Revenue	(120,268)	(283,898)
Net Program Costs	92,182,454	80,213,014
Fair Administration of Justice		
Total Cost	29,176,329	28,689,213
Earned Revenue	(38,016)	(101,181)
Net Program Costs	29,138,313	28,588,032
Judicial Concurrence with PSA Recommendations		
Total Cost	17,634,167	15,781,155
Earned Revenue	(1,695)	-
Net Program Costs	17,632,472	15,781,155
Continued Pretrial Release		
Total Cost	16,875,707	15,027,476
Earned Revenue	(1,622)	-
Net Program Costs	16,874,085	15,027,476
Minimize Rearrest		
Total Cost	18,877,675	16,605,686
Earned Revenue	(1,814)	-
Net Program Costs	18,875,861	16,605,686
Maximize Court Appearance		
Total Cost	19,108,377	16,882,410
Earned Revenue	(1,836)	-
Net Program Costs	19,106,541	16,882,410
Total Cost	254,092,488	230,696,552
Total Revenue	(243,583)	(586,862)
Total Net Cost	\$ 253,848,905	\$ 230,109,690

The accompanying notes are an integral part of these statements

Court Services and Offender Supervision Agency
Statements of Changes in Net Position
For The Periods Ended September 30, 2022 and 2021
(In Dollars)

	<u>2022</u>	<u>2021</u>
Unexpended Appropriations	\$ 123,695,542	\$ 112,378,209
Appropriations Received	286,426,000	245,923,000
Canceled Funds	(11,390,494)	(10,618,811)
Appropriations Used	(237,133,725)	(223,986,856)
Change in Unexpended Appropriations	37,901,781	11,317,333
Total Unexpended Appropriations	161,597,323	123,695,542
Cumulative Results of Operations		
Beginning Balance	19,390,625	16,472,461
Appropriations Used	237,133,725	223,986,856
Imputed Financing - Note 8	10,441,767	9,040,998
Net Cost of Operations	253,848,905	230,109,690
Change in Cumulative Results of Operations	(6,273,413)	2,918,164
Cumulative Results of Operations	13,117,212	19,390,625
Net Position	\$ 174,714,535	\$ 143,086,167

The accompanying notes are an integral part of these statements

Court Services and Offender Supervision Agency
Statements of Budgetary Resources
For The Periods Ended September 30, 2022 and 2021
(In Dollars)

	2022	2021
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	44,105,406	44,886,657
Appropriations (discretionary and mandatory)	286,426,000	245,923,000
Spending authority from offsetting collections (discretionary and mandatory)	(56,313)	709,690
Total Budgetary Resources	\$ 330,475,093	\$ 291,519,347
Status of Budgetary Resources		
New obligations and upward adjustments (total)	260,953,225	244,452,662
Unobligated balance, end of year;		
Apportioned, unexpired account	18,682,194	3,704,881
Unapportioned, unexpired accounts	12,579,000	18,039,000
Unexpired unobligated balance, end of year	31,261,194	21,743,881
Expired unobligated balance, end of year	38,260,674	25,322,804
Unobligated balance, end of year (total)	69,521,868	47,066,685
Total Budgetary Resources	\$ 330,475,093	\$ 291,519,347
Outlays, net:		
Outlays, net (total) (discretionary and mandatory)	233,410,154	224,648,150
Distributed offsetting receipts (-)	-	-
Agency outlays, net (discretionary and mandatory)	\$ 233,410,154	\$ 224,648,150

The accompanying notes are an integral part of these statements

D. Notes to the FY 2022 Financial Statements

Note 1: Summary of Significant Accounting Policies:

Description of Entity

The Court Services and Offender Supervision Agency (CSOSA) for the District of Columbia was established in 2000 as an independent Federal agency, by the National Capital Revitalization and Self-Government Improvement Act (the Act). Pursuant to the Act, CSOSA assumed the District of Columbia (D.C.) pretrial services, adult probation, and parole supervision functions. CSOSA's mission is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community.

Most of the Agency's funding comes from appropriations. Additional authority is provided through grants from the Office of National Drug Control Policy (ONDCP) and through Interagency Agreements. This additional funding consists of reimbursable work performed by CSOSA on behalf of the requesting entity.

The CSOSA appropriation supports both the CSP and PSA.

In FY 2022, the Agency was appropriated \$286,426,000 from Congress (P.L. 117-103).

	Annual Appropriation	Multi-Year Appropriation	TOTAL FY 2022	TOTAL FY 2021
CSP	\$191,259,000	\$14,747,000	\$206,006,000	\$179,180,000
PSA	73,116,000	7,304,000	80,420,000	66,743,000
Total	\$264,375,000	\$22,051,000	\$286,426,000	\$245,923,000

Basis of Presentation

These financial statements have been prepared from the accounting records of CSOSA in conformance with U.S. generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in revised Circular No. A-136, *Financial Reporting Requirements*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards of the U.S. government.

Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. Accordingly, modifications may have been made to certain presentations and disclosures.

Basis of Accounting

Transactions are recorded on an accrual and a budgetary basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the federal budgetary basis of accounting, funds availability is recorded based upon

Note 1: Summary of Significant Accounting Policies (cont.)

legal considerations and constraints. Budget authority is the authority provided by federal law to incur financial obligations that will result in outlays or expenditures.

Revenues and Other Financing Sources

CSOSA receives most of the funding needed to support its programs through Congressional appropriations. CSOSA receives an annual appropriation that may be used, within statutory limits, for operating and capital expenditures. Additional funding is provided through grants from the ONDCP. Revenues are recognized at the time related program or administrative expenses are incurred. CSOSA reviews and classifies inter-agency agreements as either exchange or transfers-in based on the nature of the agreement.

Fund Balance with Treasury

Funds with the Treasury represent primarily appropriated funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes receipts and disbursements on behalf of CSOSA. CSOSA does not maintain cash in commercial bank accounts nor does CSOSA maintain an imprest fund.

Accounts Receivable

Accounts receivable consists of receivables and reimbursements due from Federal agencies and others. Generally, intragovernmental accounts receivable are considered fully collectible based on historical precedent.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and is depreciated using the straight-line method over the useful life of the asset, when the estimated useful life of an asset is two or more years. Leasehold improvements are capitalized when the improvements are made and amortized over the remaining term of the lease agreement. CSOSA established capitalization thresholds of \$100,000 for leasehold improvements and \$25,000 for equipment. Other property items, normal repairs, and maintenance are expensed as incurred. CSOSA follows SFFAS 10 for capitalization of software in the development phase. Internal use software is capitalized when developmental phase costs or enhancement costs are \$500,000 or more and the asset has an estimated useful life of two or more years.

Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and are recognized as expenditures/expenses when the related goods and services are received.

Liabilities

Liabilities represent the monies or other resources that are likely to be paid by CSOSA as the result of a transaction or event that has already occurred. However, no liability can be paid absent the proper budget

Note 1: Summary of Significant Accounting Policies (cont.)

authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources.

Contingencies and Commitments

CSOSA is a party to various administrative proceedings, legal actions, and claims. A liability is recognized as an unfunded liability for any legal actions where unfavorable decisions are considered “probable” and an estimate for the liability can be made. Contingent liabilities that are considered “reasonably possible” are disclosed in the notes to the financial statements. Liabilities that are considered “remote” are not recognized in the financial statements or disclosed in the notes to the financial statements.

Annual, Sick and Other Leave

Annual and compensatory leave is accrued, as an unfunded liability, as it is earned. Each year the accrued unfunded annual leave liability account is adjusted to reflect the current unfunded leave earned and the current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

Interest on Late Payments

Pursuant to the Prompt Payment Act, 31 U.S.C. 3901-3907, CSOSA pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

Retirement Plans

CSOSA participates in the retirement plans offered by the Office of Personnel Management (OPM) and does not maintain any private retirement plans. CSOSA employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees covered by the CSRS, CSOSA contributes 7.0 percent of the employees’ gross pay for normal retirement and 7.5 percent for law enforcement retirement. For employees covered by the FERS, FY 2022 contribution rates have changed from the FY 2021 rates. For FY 2022, the percentage that CSOSA contributes increased from 17.3 percent to 18.4 percent of employees’ gross pay for normal retirement and from 35.8 percent to 37.6 percent for law enforcement retirement. For FERS-RAE and FERS-FRAE the percentage that CSOSA contributes increased from 15.5 percent to 16.6 percent for normal retirement and from 34.0 percent to 35.8 percent for law enforcement retirement. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For employees covered by the FERS plans, a TSP account is automatically established and CSOSA is required to contribute 1 percent of gross pay to this plan and match employee contributions up to 4 percent. No matching contributions are made to the TSPs established by CSRS employees. CSOSA does not report CSRS or FERS assets, accumulated plan benefits or unfunded liabilities, if any, which may be applicable to its employees, as such reporting is the responsibility of OPM. The Statement of Federal Financial Accounting Standards (SFFAS) No. 5, Accounting for Liabilities of the Federal Government, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees’ active years of service, see Note 8, Imputed Financing Sources for additional details.

Note 1: Summary of Significant Accounting Policies (cont.)

Federal Employees Compensation Benefits

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to cover Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

Actuarial Liability: The U.S. Department of Labor (DOL) calculates the liability of the Federal Government for future compensation benefits, which includes the expected liability for death, disability, medical and other approved costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting Federal Government liability is then distributed by agency. The portion of this liability (if any) would include the estimated future cost of death benefits, workers' compensation, medical and miscellaneous cost for approved compensation cases for CSOSA employees. Due to CSOSA's size, DOL does not report CSOSA separately. The FECA actuarial liability (if any) is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is billed.

Accrued Liability: The accrued FECA liability (if any) is the amount owed to DOL for the benefits paid from the FECA Special Benefits Fund which CSOSA has not yet reimbursed.

Earmarked Funds

Earmarked funds are financed by specifically identified revenues that remain available over time and are required by statute to be used for designated activities, benefits, or purposes. FASAB SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, requires the separate identification of earmarked funds on the Agency accompanying financial statements. CSOSA management determined that none of its funds should be earmarked.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Note 2: Fund Balance with Treasury

The Fund Balance with Treasury amount represents the unexpended cash balance of CSOSA's Treasury Symbols and consists of the following as of September 30, 2022, and September 30, 2021:

Note 2: Fund Balance with Treasury (cont.)

Fund Balance	CSP	PSA	Total FY 2022	Total FY 2021
Appropriated Funds	\$147,875,250	\$30,433,875	\$178,309,125	\$136,683,773

Status of the Fund Balance with Treasury consists of the following as of September 30, 2021, and September 30, 2020:

Status of Fund Balance	CSP	PSA	Total FY 2022	Total FY 2021
Unobligated Balance				
Available	\$17,429,999	\$1,252,195	\$18,682,194	\$3,704,881
Unavailable	40,356,830	10,482,844	50,839,674	43,361,804
Obligated Balance not yet Disbursed	90,336,932	18,708,976	109,405,908	90,184,158
Less: Reimbursable Obligations	(248,078)	-0-	(248,078)	(545,443)
Less: Accounts Receivable	(433)	(10,140)	(10,573)	(21,627)
Total	\$147,875,250	\$30,433,875	\$178,309,125	\$136,683,773

The Status of Fund Balance may differ from the Fund Balance due to reimbursable obligations that are in an Obligated Balance not yet Disbursed and/or Accounts Receivable status.

Note 3: Accounts Receivable

CSOSA's Accounts Receivable consists of services provided in conjunction with reimbursable grants from the ONDCP and the DCSC and Child and Family Services Agency. All receivables are considered collectible based on historical precedent; there is no allowance for uncollectable accounts. The receivable consists of the following:

Receivables	CSP	PSA	Total FY 2022	Total FY 2021
Federal Receivable	\$434	\$7,779	\$8,213	\$23,391
Public Receivable	(613)	13,544	12,931	(1,764)
Total Receivables	\$(179)	\$21,323	\$21,144	\$21,627

Note 4: General Property, Plant and Equipment, Net

Equipment consists of laboratory equipment used for the purpose of drug testing related to CSOSA's mission to supervise offenders and defendants. Equipment also includes general office equipment used to support CSOSA administratively. Leasehold improvements represent modifications made to leased assets to meet CSOSA's specific needs. The Supervision Management Automated Record Tracking system (SMART) was developed in-house and was re-developed to enable CSOSA to better track the individuals under CSOSA's jurisdiction. The Re-developed SMART was deployed in October of FY 2022.

Note 4: General Property, Plant and Equipment, Net (cont.)

CSOSA established capitalization thresholds of \$100,000 for leasehold improvements and \$25,000 for equipment. Other property items, normal repairs, and maintenance are expensed as incurred. Internal use software is capitalized when developmental phase costs or enhancement costs are \$500,000 or more and the asset has an estimated useful life of two or more years. CSOSA amortizes leasehold improvements based on the remaining period of the lease; equipment is depreciated for five years, and internal use software is depreciated for two years.

Property, Plant and Equipment balances as of September 30, 2022, and September 30, 2021, are as follows:

CSP	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2022	Net Book Value FY 2021
Construction in Progress		\$26,614	\$-0-	\$26,614	\$862,501
Equipment	5yrs	7,482,453	6,575,271	907,182	2,105,457
Leasehold Improvements	Based on life of lease	11,276,102	7,651,424	3,624,678	3,486,335
Internal Use Software	5yrs	19,344,130	4,721,842	14,622,288	541
IUS in Development		1,881,094	-0-	1,881,094	19,037,002
Total CSP		\$40,010,393	\$18,948,537	\$21,061,856	\$25,491,836
PSA	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2022	Net Book Value FY 2021
Equipment	5yrs	\$ 3,973,035	\$ 3,207,829	\$765,206	\$381,686
Leasehold Improvements	Based on life of lease	704,958	447,509	257,449	292,959
Internal Use Software	5yrs	8,604,532	8,604,532	-0-	332,961
IUS in Development		5,163,721	-0-	5,163,721	4,991,743
Total PSA		18,446,246	12,259,870	6,186,376	5,999,349
Total CSOSA		\$58,456,639	\$31,208,407	\$27,248,232	\$31,491,185

Note 5: Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. Liabilities not covered by budgetary resources include Accrued Unfunded Annual Leave earned but not used as of September 30. The accrued unfunded annual leave liability is adjusted as leave is earned and used throughout the year. The expenditure for these accruals will be funded from future Congressional actions as the expenses are incurred. The annual net change of the Accrued Unfunded Annual Leave is reflected in Note 11: *Reconciliation of Net Cost of Operations (proprietary) to Budget*. Liabilities not covered by Budgetary Resources consist of the following as of September 30, 2022, and September 30, 2021:

Note 5: Liabilities Not Covered by Budgetary Resources (cont.)

	CSP	PSA	Total FY 2022	Total FY 2021
Accrued Unfunded Liability- Intragovernmental	\$ 161,627	\$ 249,309	\$ 410,936	\$429,797
Actuarial FECA Liability- Intragovernmental	-0-	-0-	-0-	-0-
Sub-Total Liabilities Not Covered by Budget Resources - Intragovernmental	161,627	249,309	410,936	429,797
Accrued Unfunded Liability- Intergovernmental	8,584,381	4,195,856	12,780,237	10,613,387
Actuarial FECA Liability- Intergovernmental	774,026	1,111,417	1,885,443	2,018,989
Custodial Liability - Intergovernmental	-0-	-0-	-0-	-0-
Sub-Total Liabilities Not Covered by Budget Resources - Intergovernmental	9,358,407	5,307,273	14,665,680	12,632,376
Total Liabilities Not Covered by Budgetary Resources	9,520,034	5,556,582	15,076,616	13,062,173
Total Liabilities Covered by Budgetary Resources	11,011,384	4,775,966	15,787,350	12,048,266
Total Liabilities	\$20,531,418	\$10,332,548	\$30,863,966	\$25,110,439

Note 6: Exchange/Earned Revenue

CSOSA earns exchange revenue through inter-agency agreements with other Federal and state entities for which CSOSA provides grant administration services. Revenues are recognized at the time related program or administrative expenses are incurred. CSOSA reviews and classifies their inter-agency agreements as either exchange or transfers in. Revenues consist of the following as of September 30, 2022, and September 30, 2021:

Exchange/Earned Revenue	Intragovernmental Revenue	Earned Revenue from Public	Total FY2022	Total FY 2021
CSP	\$236,616	\$-0-	\$236,616	\$586,862
PSA	4,438	2,529	6,967	-0-
Total CSOSA	\$241,054	\$2,529	\$243,583	\$586,862

Note 7: Leases

Operating leases have been established for multiple years. Many of the operating leases that expire over an extended period of time include an option to renew the lease for additional periods. The majority of space that CSOSA leases is based on the GSA square footage requirements and the rental charges are intended to approximate commercial rates. It is anticipated that in most cases, CSOSA will continue to lease space. Rent expense for the year was \$19,590,574 and \$20,465,196 at September 30, 2022 and 2021, respectively.

Note 7: Leases (cont.)

Future Operating Lease Payments Due	CSP		PSA		Total
	Federal	Non-Federal	Federal	Non-Federal	
Fiscal Year 2023	\$8,397,503	\$3,385,760	\$3,383,751	\$ 2,138,363	\$17,305,377
Fiscal Year 2024	2,961,067	2,286,599	784,403	-0-	6,032,069
Fiscal Year 2025	3,049,899	1,470,034	154,168	-0-	4,674,101
Fiscal Year 2026	3,141,396	-0-	157,251	-0-	3,298,647
Fiscal Year 2027	3,235,638	-0-	160,396	-0-	3,396,034
Fiscal Year 2028 and Beyond	-0-	-0-	500,695	-0-	500,695
Total Future Operating Lease Payments Due	\$20,785,503	\$7,142,393	\$ 5,140,664	\$ 2,138,363	\$35,206,923

Note 8: Imputed Financing Sources

Imputed financing recognizes actual cost of future benefits to employees, the Federal Employees Health Benefits Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), and the Retirement Plans that are paid by other Federal entities. SFFAS No. 5, Accounting for Liabilities of the Federal Government, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate these costs. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees. For "regular" and "law enforcement" employees of FERS and CSRS, OPM calculated that 19.7 percent and 40.8 percent for FERS and 34.4 percent and 63.9 percent for CSRS Offset, respectively, of each employee's salary would be sufficient to fund these projected pension benefit costs. The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other Federal entities, must also be disclosed.

Imputed financing sources consists of the following as of September 30, 2022, and September 30, 2021:

	CSP	PSA	Total FY 2022	Total FY 2021
FEHB	\$5,506,007	\$2,512,092	\$8,018,099	\$7,808,166
FEGLI	15,610	7,231	22,841	22,096
Pensions	1,814,653	586,174	2,400,827	1,210,736
Total	\$7,336,270	\$3,105,497	\$10,441,767	\$9,040,998

Note 9: Contingencies and Commitments

CSOSA is a party to various administrative proceedings, legal actions, and claims. As of September 30, 2022, there are no cases classified as probable, but there are three cases classified as reasonably possible with undetermined loss amounts.

Note 9: Contingencies and Commitments (cont.)

Contingencies & Commitments	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
FY2022 Legal Contingencies:			
Probable	\$-0-	\$-0-	\$-0-
Reasonably Possible	-0-	-0-	-0-
FY2021 Legal Contingencies:			
Probable	-0-	12,000	15,000
Reasonably Possible	\$-0-	\$125,000	\$125,000

Note 10: Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

CSOSA reports information about budgetary resources in the accompanying Combined Statements of Budgetary Resources (SBR) and for presentation in the Budget of the U.S. Government (President's Budget). The President's Budget for fiscal year 2023, which contains actual budget results for fiscal year 2021, was released in February 2022.

There were no material differences between the amounts for fiscal year 2021 published in the President's FY 2023 Budget and that reported in the accompanying SBRs for the fiscal year ending on September 30, 2021, for obligations incurred or net outlays. For budgetary presentation resources, the difference in Total Budgetary Resources can be primarily attributed to the fact that total unobligated balances brought forward for expired funds are reported in the SBR, but not in the President's Budget. The difference in Net Outlays is due to rounding.

The following is the reconciliation of the 2021 SBR to the 2023 President's Budget.

Fiscal Year 2021	Total Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources:	\$292	\$244	\$-0-	\$225
Differences:				
Prior Year Unobligated brought forward	(45)			
Recoveries of Prior-Year Resources	(18)			
Other Changes in Obligated Balance	18			
Other [Rounding]	-0-	1		(1)
Budget of the United States	\$247	\$245	\$-0-	\$224

Note 11: Reconciliation of Net Cost to Net Outlays

The following is provided as a reconciliation of budgetary obligations and non-budgetary resources, as of September 30, 2022, and September 30, 2021:

	Intra- governmental	With the public	Total FY 2022	Total FY 2021
NET COST	\$74,170,375	\$179,678,530	\$253,848,905	\$230,109,690
Components of Net Cost That Are Not Part of Net Outlays:				
Property, plant, and equipment depreciation	-0-	(6,493,277)	(6,493,277)	(4,497,574)
Property, plant, and equipment disposal and revaluation	-0-	(367,117)	(367,117)	-0-
Other	-0-	8,493	8,493	(113,161)
Increase/(decrease) in assets:				
Accounts receivable	(15,178)	14,695	(483)	(67,794)
(Increase)/decrease in liabilities:				
Accounts payable	(17,375)	(1,864,674)	(1,882,049)	1,848,064
Salaries and benefits	(439,016)	(1,418,019)	(1,857,035)	(1,144,901)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	18,859	(2,033,325)	(2,014,466)	(87,541)
Other financing sources:				
Federal employee retirement benefit costs paid by OPM and imputed to the agency	-0-	(10,441,767)	(10,441,767)	(9,040,998)
Total Components of Net Cost That Are Not Part of Net Outlays	(452,710)	(22,594,991)	(23,047,701)	(13,103,905)
Components of Net Outlays That Are Not Part of Net Cost:				
Acquisition of capital assets	-0-	2,608,950	2,608,950	7,638,991
Total Components of Net Outlays That Are Not Part of Net Cost	-0-	2,608,950	2,608,950	7,638,991
Other Temporary Timing Differences	-0-	-0-	-0-	3,374
NET OUTLAYS	\$73,717,665	\$159,692,489	\$233,410,154	\$224,648,150

Note 12: Undelivered Orders at the end of the Period

CSOSA had Undelivered Orders consisting of the following as of September 30, 2022, and September 30, 2021:

	Federal	Non-Federal	Total FY 2022	Total FY 2021
Undelivered Orders	\$12,937,865	\$80,320,693	\$93,258,558	\$78,141,651
Paid	23,577,255	210,089,053	233,666,308	225,301,122
Unpaid	\$1,849,202	\$13,938,148	\$15,787,350	\$12,046,555

AFR Section III: Other Information

Summary of Financial Statement Audit and Management Assurances

The tables below summarize material weaknesses identified by the financial statement audit and/or by the Agency through Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA) management assurances. There were no material weaknesses identified by the auditors or management for FY 2022.

Summary of Financial Statement Audit:

FY 2022 Audit Opinion:		Unmodified			
Restatement:		No			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)					
FY 2022 Statement of Assurance:		Unmodified			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
Total Material Weaknesses	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)					
FY 2022 Statement of Assurance:		Unmodified			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
Total Material Weaknesses	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA § 4)					
FY 2022 Statement of Assurance:		Systems comply to financial management system requirements			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
<i>Total Material Weaknesses</i>	0	0	0	0	0

Improper Payments

The Improper Payment Information Act (IPIA) of 2002 (P.L. 107-300), as amended by the Improper Payments Elimination and Recovery Act (IPERA) of 2010 (P.L. 111-204) and the Improper Payment Elimination and Recovery Improvement Act (IPERIA) of 2012 (P.L. 112-248) extends erroneous payment reporting and Do Not Pay (DNP) requirements to all Federal programs and activities. IPERA and IPERIA require that agencies examine the risk of erroneous payments in all programs and activities they administer. CSOSA consists of two programs: CSP and PSA. IPERIA also identifies DNP pre-award and pre-payment review requirements.

Agencies are required to review all programs and activities they administer and identify those that may be susceptible to significant erroneous payments. CSP performed an internal review of FY 2020 payments and concluded that reviewed payments should have been made and were made in the correct amount. Given the inherent risks of the CSP and PSA programs, internal controls, the results of prior financial audits, and CSP internal testing of its FY 2020 payment transactions (to include payments made by credit card and payments made to employees), CSOSA determined that neither program poses the risk of improper payments exceeding both 1.5% and \$10 million. In FY 2022, CSOSA complied with DNP pre-award and pre-payment review requirements initiated by our financial SSP, DOI IBC. CSOSA has provided information to fulfill reporting requirements under the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) (PIIA) to OMB. Comprehensive agency improper payment data and information can be found on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).