When I consider the populations we serve and the serious challenges every state faces, I am continually encouraged by the ways the Interstate Commission for Adult Offender Supervision (ICAO) works to address prevailing issues. Whether it is aligning justice reinvestment initiatives with supervision practices, addressing inconsistencies with violations and retaking, highlighting the importance of quality driven reporting, or emphasizing evidence-based practices to achieve better outcomes with offender re habilitation and public safety, the solutions we provide are influential in meeting the most pressing corrections challenges of our time.

This year’s accomplishments are due in large part to the highly effective and collaborative efforts of our members. Commissioners and Deputy Compact Administrators, along with the National Office staff, offered their time and talent to deliver training programs, launch ICOTS enhancements, explore self-registration for the ICOTS VINEWatch system, establish ICOTS’ photo standards and review the quality of data being entered in our national system. I am grateful for these hard working professionals who believe in the importance of our mission and work to transform our goals into realities.

By implementing rules that employ a single standard of supervision, the Commission established an expectation for states to use evidence-based practices when supervising out of state offenders. States now have specific reporting requirements and the authority to impose incentives and graduated sanctions when an offender on Compact supervision violates the terms of their supervision. This new standard of supervision, which extends to all agencies within the states, reinforces correctional practices for violation hearings and revocations.

At the start of this fiscal year, we began the complex process of withdrawing from our long-standing affiliation with the Council of State Governments (CSG). Changes in the financial environment with CSG no longer made it fiscally responsible for the Commission to maintain its affiliation. Over the course of 6 months, the National Office successfully implemented the Commission’s transition to an independent entity and generated over $100,000 in annual savings as a result.

Perhaps the biggest change this year was our Executive Director’s retirement. When Harry Hageman joined the National Office in 2007, he brought with him the commitment and drive we needed to put the Commission on a course for enduring success. Under Harry’s leadership, ICOTS launched, explored the Commission’s audit program and dashboard monitoring, in addition to positioning the Commission’s financial security. Though he’ll be missed, his retirement was well earned.

In January 2017, Ashley Lippert started as the new ICAOS Executive Director and I am confident the Commission will benefit from her talent and experience. Ashley is no stranger to ICAOS. She helped establish its National Office and served as its Assistant Director for 6 years, before becoming the Executive Director to the Juvenile Compact in 2009. Ashley is already pursuing the Commission’s goals and building on our operations and services. As you read this report, you will undoubtedly see that fiscal year 2017 was a year of change and enterprise. Knowing this year’s accomplishments, I am honored to serve as Chair of such a distinguished group.

Best Regards,
Sara Andrews, Chair
Interstate Commission for Adult Offender Supervision

Following an extensive national search, the Executive Committee selected a new Executive Director to lead the organization.

On January 15, 2017, Ashley Lippert took over the operations of the Interstate Commission for Adult Offender Supervision. The Search Committee worked diligently to ensure the values, principles and practices at the heart of our work continue, believing Ashley was the right person to fit this position. Ashley brings talent and experience, as well as the continuity needed as the Commission looks to the future. With over 13 years of Compact experience and previously serving as the Assistant Director for ICAOS, Ashley spent the last 7 years as the Executive Director to the Interstate Commission for Juveniles. Thank you for helping to welcome Ashley back to ICAOS. You can contact her at the Commission’s National Office.

Anchored by messages from Ohio’s prominent officials, the 2017 Annual Business Meeting took place on the waterfront of Lake Erie in Cleveland, Ohio. The event featured remarks from Ohio Senator, John Eklund, and Ohio Chief Justice, Maureen O’Connor, welcoming the Commission, and Senator Bill Seth, who gave the keynote speech. Commission members also heard from the Director of the Ohio Supreme Court and co-author of “The Evolving Use and the Changing Role of Interstate Compacts: A Practitioner’s Guide”, Michael Bruenger and the Director of Ohio’s Department of Rehabilitation and Correction, Gary Mohr. In their remarks, each speaker reinforced the importance of effective supervision practices, promising initiatives, corrections system reform, and the challenges states are facing as a result of the opioid crisis.

In addition to hearing updates from the standing committees, Commission members also heard from Dr. Ed Latessa, Director and Professor at the University of Cincinnati, and Dr. Christopher Lowenkamp, Social Science Analyst for the Administrative Office of the US Courts, Probation and Pretrial Services Office, who continued the discussion on justice reinvestment. Their session focused on implementation science and sustaining effective offender management, reentry trends, program evaluation and evidence-based decision making. The combination of speakers and training sessions provided two days of expert presentations.

Most notably, the Commission made a progressive shift to address violations and retaking on compact offenders. Employing a single standard of supervision, states voted to implement specific reporting requirements and the authority to impose incentives and graduated sanctions when an offender on Compact supervision violates the terms of their supervision. Before the meeting adjourned, the Commission elected new officers. Commissioner...
In 2014, the ICOTS VINEWatch application for interstate compact offenders became a reality. This victim notification system enables crime victims to obtain timely and reliable information about the status of offenders who are under supervision and are relocating from one state to another. Due to the system’s low usage, Appriss added SMS text messages to the list of victim notification options as an enhancement. In addition, the Commission approved adding functionality that will allow victims to self-register in an effort to increase its use.

**Rule Amendment Update**

On June 1, 2017, the 2016 ICADs rule amendment proposal became effective. The changes promote a single standard of supervision for probationers and parolees on compact supervision. This was a big step for community and victim safety, as well as supervising probation and parole agencies. These rule changes also affirm the authority of the receiving/supervising state to impose conditions, supervise and sanction offenders with consistency and supports evidence-based practices while encouraging behavioral change.

Going from ‘3 significant violations’ to ‘behavior requiring retaking’ compels supervising probation and parole officers to carefully document their work in providing incentives and graduated responses in the Interstate Compact Offender Tracking System (ICOTS). This documentation, along with aiding the supervision process in the supervising/receiving state, also keeps the sending state informed and assists in establishing probable cause should a hearing be necessary in the retaking process. As a result of these changes, the National Office is developing new reports to track the practices and procedures set forth by these rules.

A number of training sessions, discussions, and preparations were made in anticipation of these changes going into effect. Five sessions held from November 2016 to May 2017 had over 350 compact staff attendees from 48 states. In May 2017, the National Office offered 6 topic-based sessions to over 200 attendees. Between the WebEx sessions, the 34 technical and training assistance sessions, and the 17 updated and reformat ted On-Demand Training modules, over 4,000 people received training on the new rules before their effective date.

**ICOTS Helpdesk Support**

The ICOTS Helpdesk received approximately 1,045 ICOTS support tickets in fiscal year 2017. A slight (2%) decrease from the previous year.

**External Reports**

Over 16,000 individuals accessed the external reports in fiscal year 2017. A 26% decrease from fiscal year 2016.

**Compliance Dashboards**

In fiscal year 2017, there were over 2,100 page views on the compliance dashboards. A 42% decrease from fiscal year 2016.

**FBI N Dex Data Sharing**

The National Office successfully implemented a comprehensive data export to the FBI N Dex data center last fiscal year. Each month, over 200,000 compact records, which include offender case and offense information, are exported to the FBI data center.
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL, OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Governing Board

The Council of State Governments
Lexington, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Council of State Governments (a nonprofit organization, the Council) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances to express an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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, but important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph above. The purpose of this section is not to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, our audit did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC
Lexington, Kentucky
December 13, 2018