

## EXECUTIVE DIGEST

# VENDOR PAYMENTS FOR THE HEALTH CARE OF PRISONERS

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### INTRODUCTION

This report contains the results of our financial related audit of Vendor Payments for the Health Care of Prisoners, Department of Corrections (DOC), for the contract years ended April 1, 1999 and April 1, 2000.

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### AUDIT PURPOSE

This financial related audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial related audits are conducted at various intervals to provide for enhanced financial reporting of significant State programs and/or activities and to complement the annual audit of the State's financial statements.

This audit was requested in Section 1004, Act 321, P.A. 1998, and Section 1004, Act 92, P.A. 1999. These sections requested that the Auditor General conduct an annual audit of vendor payments for health care services provided to prisoners and report the amount of total vendor payments, estimated administrative costs, and the amount of outstanding payments.

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### BACKGROUND

Effective April 1, 1997, DOC entered into a contract to provide Statewide managed health care services for prisoners. Expenditures for contracted management health care services for the contract years ended April 1, 1999 and April 1, 2000 were \$35,514,758 and \$40,594,380, respectively.

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**AUDIT OBJECTIVE  
AND CONCLUSION**

**Audit Objective:** To report the amount of total vendor payments, estimated administrative costs, and the amount of outstanding payments, as requested in the appropriations acts.

**Conclusion:** We reported the amount of total vendor payments, estimated administrative costs, and the amount of outstanding payments (see supplemental information). Also, we noted a reportable condition related to contract monitoring.

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**AUDIT SCOPE**

Our audit scope was to examine the financial and other records supporting the Department of Corrections' contractor's payments to vendors providing health care for prisoners, the amount of total vendor payments, estimated administrative costs, and the amount of outstanding payments for the contract years ended April 1, 1999 and April 1, 2000. Our audit covered the second year of the initial two-year contract and the first year of the first four-year extension. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we prepared a summary of vendor payments, administrative costs, and outstanding payments. The summary is included in this report as supplemental information. Our audit was not directed toward expressing an opinion on the supplemental information and, accordingly, we express no opinion on it.

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**AGENCY RESPONSES**

Our audit report contains 1 finding and 1 corresponding recommendation. DOC's preliminary response indicated that it agreed with the finding and has complied with the recommendation.