Michigan

Office of the Auditor General

REPORT SUMMARY

Performance Audit

Bureau of Correctional Industries

Department of Corrections

Report Number:
47-130-02

Released:
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The Bureau of Correctional Industries (BCI), Department of Corrections (DOC), employs prisoners to manufacture products and provide services for sale to governmental entities and nonprofit organizations in Michigan and other states. BCI goals include providing meaningful work opportunities for State prisoners, teaching prisoners marketable skills, and giving prisoners work experience.

Audit Objectives:

1. To assess BCI's effectiveness in providing marketable skills to prisoners.

2. To assess the effectiveness and efficiency of BCI's manufacturing operations.

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Audit Conclusions:

1. BCI was generally effective in providing marketable skills to prisoners.

2. BCI's manufacturing operations were generally effective and efficient.

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Noteworthy Accomplishments:

BCI significantly improved the profitability of its manufacturing operations during the four fiscal years ended September 30, 2001. During the period prior to these four fiscal years, BCI had a net loss from operations each year (totaling approximately $9 million over six years). During fiscal years 1997-98 through 2000-01, BCI had a net profit each year, totaling approximately $11 million over the four years.

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Reportable Conditions:

DOC needs to seek amendatory legislation to clarify conflicts in acts governing prisoner reimbursement for cost of care (Finding 1). DOC had not established an evaluation process to measure BCI's success in achieving established goals and objectives (Finding 2). BCI had not periodically updated its business plan (Finding 3). BCI needs to employ economic forecasting for its products and services (Finding 4). BCI needs to develop a comprehensive sales catalog of its

products and services (Finding 5). BCI needs to continue improving its monitoring of customer complaints and providing timely follow-up to resolve complaints (Finding 6). BCI needs to develop and implement a comprehensive preventive maintenance plan (Finding 7).

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Agency Response:

Our audit report contains 7 findings and corresponding recommendations. DOC's preliminary response indicated agreement with all of the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/

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