STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
LANSING

RICK SNYDER
GOVERNOR

HEIDI E. WASHINGTON
DIRECTOR

July 26, 2016

Jeff Bankowski, Chief Performance Officer
Office of Performance and Transformation
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and a corrective action plan to address the recommendations contained within the Office of Auditor General's performance audit of Substance Abuse Services.

Questions regarding the summary table or corrective action should be directed to Julie Hamp, Administrator, Procurement, Monitoring and Compliance Division at 335-6886.

Sincerelv.

Signature Redacted

Heidi E. Washington, Director

Attachment
HW/22/cm

c: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Appropriations Sub-Committee on Corrections
Senate Appropriations Sub-Committee on Judiciary and Corrections
House Judiciary Committee
Senate Judiciary Committee
J. Sherry
L. Gulick
D. Dawdy
M. Sherry
J. Hamp
J. Hitchingham

Responses to Office of the Auditor General's Performance Audit of Substance Abuse Services

Summary Table	
Audit recommendations the agency complied with: None	
Audit recommendations the agency will comply with:	**Expected Compliance Date**
1. Monitoring efforts need improvement	September 30, 2017
2. Enhancements needed to the offender management system	September 30, 2017

Corrective Action Plan

1. Monitoring efforts need improvement

The auditors recommended that SAS improve its monitoring efforts of its substance abuse and sexual offender contractors.

The auditors also recommended that DOC analyze SAS staffing levels to ensure effective monitoring of the substance abuse and sexual offender contractors.

Agency Preliminary Response

DOC agrees with the recommendations and has taken steps to comply.

DOC's newly established Contract Monitoring Unit is strengthening the monitoring of these contracts using a more centralized risk-based approach. A Contract Manager, who functions as the contract compliance inspector for all substance abuse and sex offender contracts, has been working together with the existing SAS staff on several monitoring efforts. Some contract issues have been identified that require further investigation and remediation. DOC also hired two additional staff to monitor substance abuse and sex offender contracts and will continue to evaluate staffing needs. The new unit has met with contractors and established contract monitoring plans and tools for each of the substance abuse contract types (residential, outpatient, prison based). Additional tools that assess program requirements and program fidelity will be developed once the new contract for substance abuse and sex offender contracts is in place. The monitoring unit has conducted six site visits and developed a schedule to visit the remaining contractors. SAS also conducted six site visits.

DOC has also developed a corrective action template for program staff to use. The template requires program staff to note the date when information is expected from the contractor to assist in ensuring that program staff monitor the process accordingly.

DOC would like to note that the information contained in the monthly and quarterly reports is also provided in the billing details that the contractors submit. In the new Request for Proposal, DOC

restructured reports into quarterly meetings with the contractors and DOC staff will be required to document meeting minutes noting the relevant items that were discussed. The new Contract Monitoring Unit will assist in tracking the quarterly meetings to verify they occurred, and will ensure that the minutes contain the appropriate information needed for contract compliance. Additionally, The RFP strengthened the language around contract expectations and processes, and included service level agreements.

2. Enhancements needed to Offender Management System

The auditors recommended that DOC take steps to correct OMS weaknesses to allow SAS to accumulate and analyze performance measurement information and provide legislatively required reports.

Agency Preliminary Response
DOC agrees with the recommendation and has taken steps to comply.

Since completion of the audit, DOC corrected OMS or established other processes to collect and analyze performance measurement information and is current with legislative reporting requirements. SAS continues to work with the Automated Data Systems Support section to resolve issues with OMS and improve its functionality.