

Office of the Auditor General
Preliminary Survey Summary

Regionalization of Maintenance Operations

Department of Corrections

June 2015



The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

June 26, 2015

Mr. Daniel H. Heyns, Director
Department of Corrections
Grandview Plaza Building
Lansing, Michigan

Dear Mr. Heyns:

I am pleased to provide this preliminary survey summary of the Regionalization of Maintenance Operations, Department of Corrections. Because we did not identify significant concerns that would warrant the additional use of our audit resources, we have decided to terminate this performance audit.

We appreciate the courtesy and cooperation extended to us during our preliminary survey. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

PRELIMINARY SURVEY SUMMARY

REGIONALIZATION OF MAINTENANCE OPERATIONS

RESULTS

Our preliminary survey did not identify significant concerns that would warrant the additional use of our audit resources to complete a performance audit. Therefore, we have terminated the planned performance audit.

FACTORS IMPACTING AUDIT TERMINATION

- The Department of Corrections' (DOC's) total maintenance overtime expenditures decreased from \$2.92 million in fiscal year 2008 to \$1.56 million in fiscal year 2014, a 46.7% reduction (see Exhibit 1).
- DOC's total maintenance expenditures decreased from \$72.5 million in fiscal year 2008 to \$62.5 million in fiscal year 2013. In fiscal year 2014, DOC's maintenance expenditures increased to upgrade security at the facilities, including video surveillance, personal protective devices, and key security (see Exhibit 2).
- Our survey of 27 correctional facility physical plant supervisors indicated that regional maintenance has had a positive impact on the correctional facilities' maintenance operations.
- DOC decreased the total number of licensed master electricians and licensed master plumbers from 32 and 21, respectively, in fiscal year 2008 to 11 and 13, respectively, in fiscal year 2014 (see Exhibit 3). This reduction contributed to the overall decrease in expenditures, as noted above, and efficiencies in departmentwide maintenance operations.
- DOC recognized the southern regional maintenance office employees by awarding them the "Symbol of Excellence" coin for maintenance work completed to improve and repurpose the Mound Correctional Facility into the Detroit Detention Center.

BACKGROUND

Description: DOC regionalized its maintenance operations in fiscal year 2008. The two regional maintenance offices are primarily responsible for reviewing and approving maintenance projects at the correctional facilities, applying for and obtaining the necessary permits, assisting correctional facilities with various maintenance projects, and responding to maintenance emergencies. The northern regional office, located in Kinross, provides services to 15 correctional facilities. The southern regional office, located in Jackson, provides services to 17 correctional facilities and operates the Ionia and Jackson power plants.

Expenditures: DOC's regional maintenance offices expended approximately \$9.4 million and \$8.8 million of General Fund appropriations during fiscal years 2014 and 2013, respectively. In addition, DOC correctional facilities expended \$67.1 million and \$53.8 million during fiscal years 2014 and 2013, respectively, for maintenance purposes.

Employees: As of January 2015, the northern and southern regional maintenance offices had 10 and 35 full-time employees, respectively.

SCOPE

Our preliminary survey generally covered the period October 1, 2012 through March 30, 2015. We analyzed DOC's maintenance expenditures and the number of maintenance personnel at the regions and at the correctional facilities, and we reviewed the following significant regional maintenance activities:

- Assisting the correctional facilities with maintenance projects.
- Applying for electrical, mechanical, and plumbing permits.
- Processing correctional facility project change requests.
- Streamlining and consolidating maintenance functions.

PURPOSE

Within a performance audit, we design the preliminary survey to obtain an understanding of the core activities within an entity or a program and to identify potential program improvements and/or deficiencies that could impair management's ability to conduct its operations in an effective and efficient manner. If the results of a preliminary survey do not identify significant concerns, our practice is to terminate the planned performance audit.

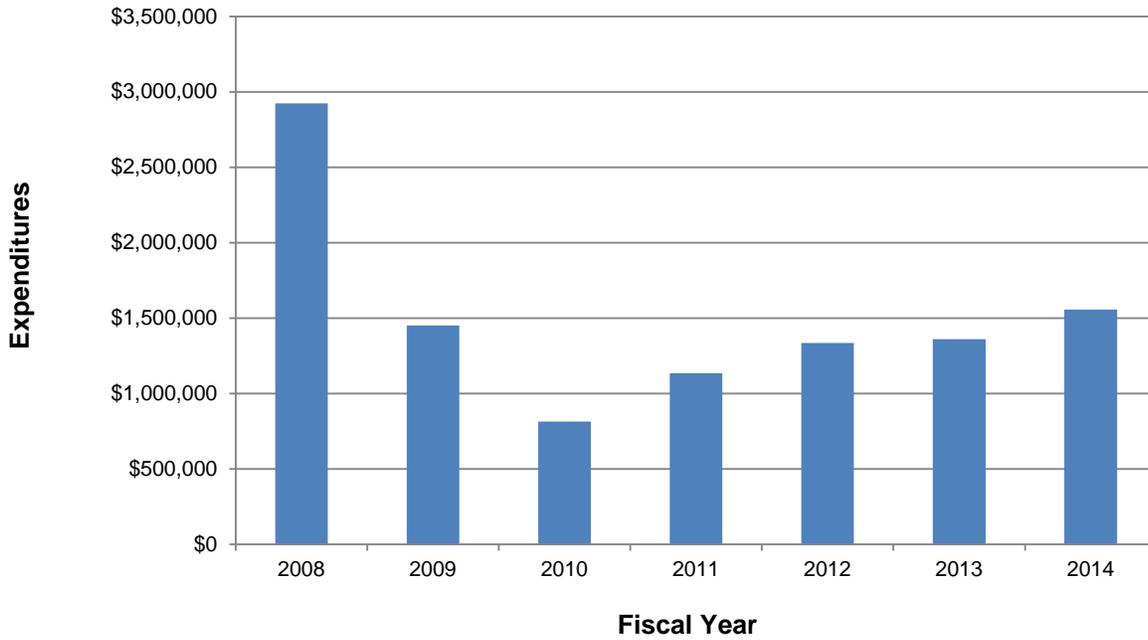
Preliminary survey procedures are limited in nature and should not be considered a completed performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our preliminary survey procedures would not necessarily disclose the presence or absence of any material conditions and/or reportable conditions. Given that the procedures we employed did not constitute a performance audit, we will not issue a performance audit report and we do not express conclusions regarding the effectiveness or efficiency of DOC's regional maintenance.

REGIONALIZATION OF MAINTENANCE OPERATIONS

Department of Corrections

Departmentwide Maintenance Overtime Expenditures

Fiscal Years 2008 Through 2014



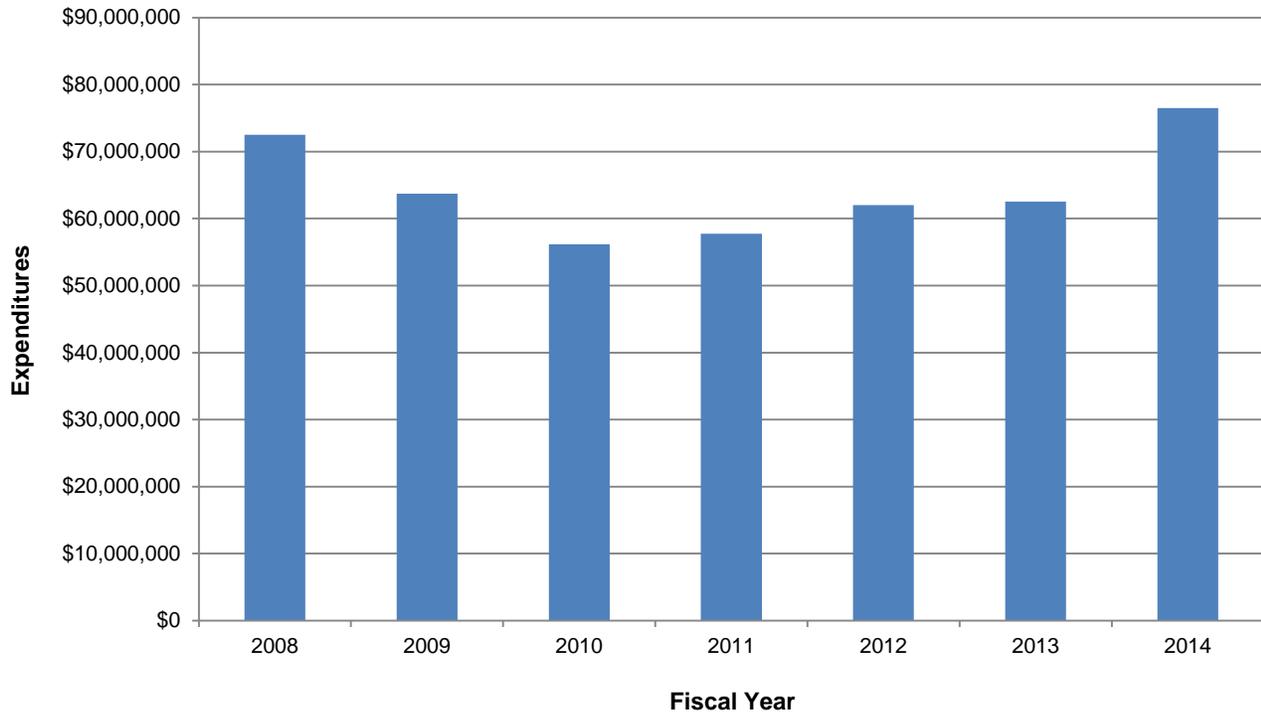
Source: Prepared by the Office of the Auditor General using Michigan Administrative Information Network (MAIN) data and coding provided by the Department of Corrections.

REGIONALIZATION OF MAINTENANCE OPERATIONS

Department of Corrections

Departmentwide Maintenance Expenditures

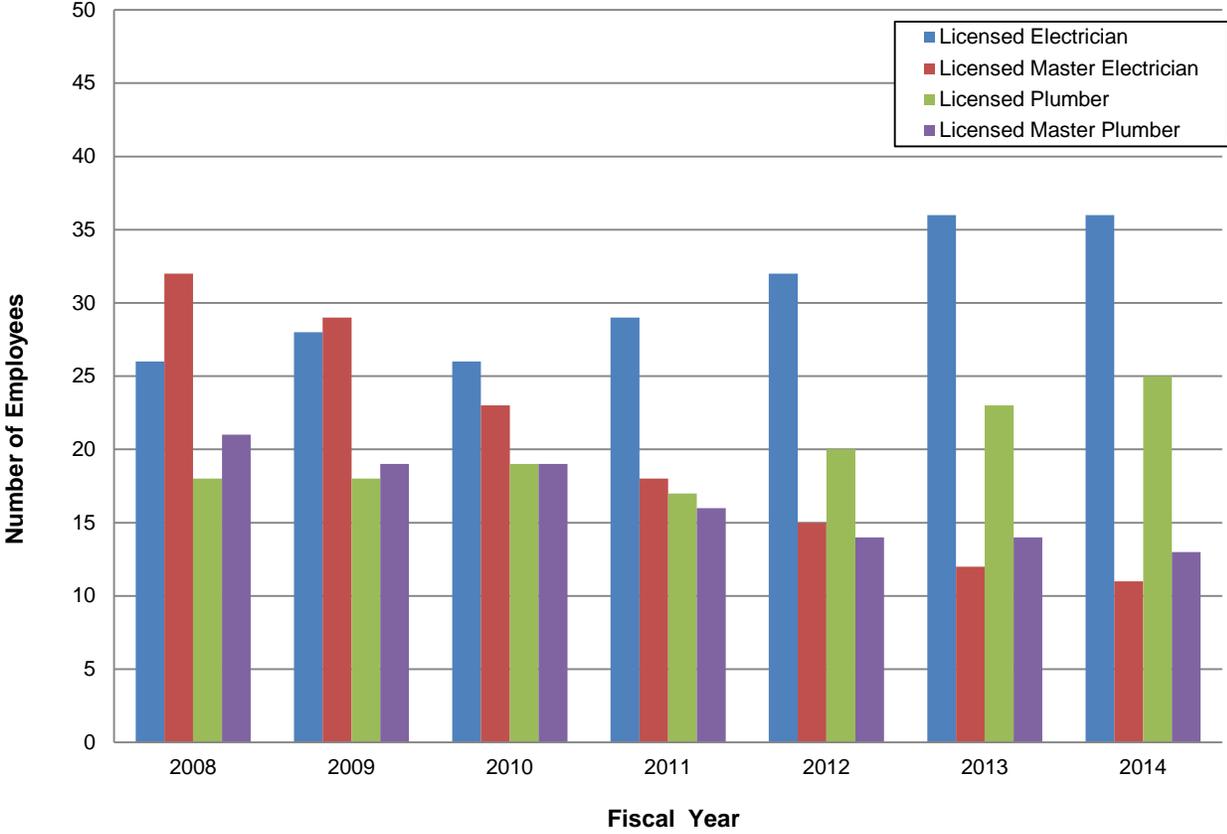
Fiscal Years 2008 Through 2014



Source: Prepared by the Office of the Auditor General using Michigan Administrative Information Network (MAIN) data with coding provided by the Department of Corrections.

REGIONALIZATION OF MAINTENANCE OPERATIONS
Department of Corrections

Departmentwide Electricians and Plumbers
Fiscal Years 2008 Through 2014



Source: Prepared by the Office of the Auditor General using payroll data.

