



STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

PATRICIA L. CARUSO
DIRECTOR

DATE: January 5, 2009

TO: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Judiciary Committee
Senate Judiciary Committee
House Appropriations Sub-Committee on Corrections
Senate Appropriations Sub-Committee on Judiciary and Corrections

FROM: Julie Southwick, Office of Risk Management 

SUBJECT: Auditor General's Financial Audit of the Department of Corrections

In accordance with the State of Michigan Financial Management Guide Part VII, Chapter 4, Section 100 and Section 420 of P.A. 2007, I am forwarding a copy of the response to the Auditor General financial audit of the Department of Corrections. The attached response has been accepted by the State Budget Office (SBO).

If you have any questions, please contact me at (517) 335-6886

Attachment

c: SBO - Office of Internal Audit Services
S. Pike, SBO Analyst
G. Manns
B. Wickman

DEPARTMENT OF CORRECTIONS
Preliminary Corrective Action Plan

FINDINGS RELATED TO THE FINANCIAL SCHEDULES

Finding Number: 4710801

Finding Title: Contingent Liabilities

Management Views: DOC agrees.

Corrective Action: DOC will not enter accounts payable for court judgments until a final judgment has been made and all parties involved reach an agreement and the dollar amount of the claim is final.

Anticipated Completion Date: Completed

Responsible Individual: Michael Draschil

Finding Number: 4710802

Finding Title: Federal Program Cost Recovery

Management Views: DOC agrees.

Corrective Action: DOC is taking steps to ensure that program staff include approved amounts for indirect costs in grant budgets. In addition, DOC's Bureau of Fiscal Management will hold a meeting with all grant managers and their supervisors to ensure that they are taking steps to maximize the use of federal grant funding including appropriately documenting employees' time spent working on federal grants.

Anticipated Completion Date: January 31, 2009

Responsible Individuals: Michael Draschil, Julie DeRose, Chris Trudell

FINDINGS RELATED TO FEDERAL AWARDS

Finding Number: 4710803

Finding Title: Child Nutrition Cluster, *CFDA* 10.553 and 10.555

Management Views: DOC agrees with the identified findings but notes the percentage of error is 2%. In 2006, the DOC Food Service Director developed a computer-generated daily report identifying eligible National School Lunch participants to assist participating facilities in verifying eligibility. Many of the eligibility errors occurred prior to the implementation of this report.

Corrective Action: DOC complied by reminding all National School Lunch participating facilities to use current daily eligibility or check sheet reports to verify eligibility. In addition, all participating facilities have been instructed to use the eligibility report daily to ensure the housing status of National School Lunch participants meets federal guidelines.

DOC also established procedures requiring participating facilities line food supervisors and food service directors or designees to review breakfast and lunch counts. This review will help to eliminate mathematical errors in the totaling of the number of meals served.

Anticipated Completion Date: March 2008

Responsible Individual: Gatha McClellan
