



STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

PATRICIA L. CARUSO
DIRECTOR

December 15, 2009

Mr. Bryan Weiler
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 5th Floor
Lansing, MI 48913

Dear Mr. Weiler:

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 the Auditor General's audit report of Substance Abuse Services, Department of Corrections.

Questions regarding the summary table or corrective action plans should be directed to Julie Southwick, at (517) 335-6886.

Sincerely,

DEPARTMENT OF CORRECTIONS

Signature Redacted

Patricia L. Caruso, Director
Attachment
PC/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
K. Brzozowski
T. Combs
S. DeBor
C. MacKenzie
J. Southwick

**Substance Abuse Services
Department of Corrections
Summary of Agency Responses to Recommendations
October 2005 through December 2008**

1. Audit recommendations the agency complied with:

2. Audit recommendations the agency agrees with and will comply:

- 1 03/31/2010
- 2 12/01/2009

3. Audit recommendations the agency disagrees with:

None

**Substance Abuse Services
Department of Corrections
Agency Responses to Recommendations**

1. Program Assessment

The auditors recommended that SAS perform a comprehensive assessment of outcomes for each of its substance abuse programs.

Agency Response:

SAS agrees with the need to conduct a more comprehensive assessment of its substance abuse programs and has taken steps to comply.

During the audit period, SAS tested methods to compile data relative to prison return and positive drug testing rates for offenders that complete various SAS programs. During the audit period, SAS also completed a recidivism analysis for the RSAT program.

The finding states that, in addition to program completion rates and prison return rates, SAS could monitor drug screen results. Until DOC's information systems are upgraded, it is not feasible to analyze drug screen results by program or provider for all parolees and probationers. Consequently, SAS will continue to collect sample data on outcomes relative to prison return and substance abuse relapse rates in sufficient detail to compare treatment modalities and to make comparison between service providers. SAS is entering FY 09 discharge and treatment information into a database and will pull data to compare substance abuse relapse rates and prison return rates for each treatment modality. By March 31, 2010, SAS will prepare a report comparing outcomes of each modality.

Contracted treatment providers with higher than expected failure rates are subject to audit and recommendations for improvement. If success rates do not improve, the contract is subject to termination or it is not renewed. During the period of review, 10 contracts with providers were either terminated or not renewed due to poor performance as reflected in their program reviews. After the audit period, 3 additional providers did not have their contract renewed.

2. Contract Monitoring

The auditors recommended that SAS improve its monitoring activity related to substance abuse treatment service providers.

Agency Response:

SAS agrees and has taken steps to comply.

Item a: Completed:

SAS has established a tracking and follow up system to ensure that SAS receives a corrective action statement from each provider within 30 days of the audit report. As part of their monthly report to the Section manager, SAS contract compliance inspectors submit a list of contracts they are responsible for, the date of the last audit, the date the audit findings were published, and the date the corrective action report was received. If a corrective action report is not

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received within 30 days, the SAS Section Manager instructs the billing specialist to hold the provider's invoices until the corrective action report is received.

It is important to note that of the 4 agencies reported in this review as having audit exceptions, one did not have their contract renewed due to repeated audit exceptions. In addition, SAS conducted follow up audits of the 3 remaining agencies.

Item b: Completed:

SAS has created a spreadsheet that documents when reports are received and when they are reviewed. As these programmatic reports are to be submitted with the vendor's invoice, the billing specialist has been instructed to not process the invoice unless the required programmatic reports are attached and comply with SAS requirements.

It is important to note that subsequent to the audit fieldwork, SAS determined that 4 of the 10 providers submitted all of the required reports, 2 did not submit any of the required reports, and 4 had sporadic reporting. SAS reviews provider compliance with reporting requirements during its on-site audits of providers. Two of the non-compliant providers did not have their contract renewed due to noncompliant reporting and other performance issues.

Item c: In progress:

SAS trained providers on the content of the monthly and quarterly reports in October 2009. SAS discussed the reporting requirements and corresponding instructions with the contractor network. SAS provided contractors with the opportunity to provide feedback. Written instructions and the necessary contract modifications will be completed by 12/1/2009.

It is important to note that SAS has not mandated a specific reporting template. Providers had asked SAS to consider accepting various formats, including those formats required by other funding sources, so that they would not have to create a DOC specific form in order to report the content.