

Office of the Auditor General
Preliminary Survey Summary

**Substance Abuse Prevention and
Treatment Section,
Division of Recovery Oriented Systems of Care**
Bureau of Community Based Services
Michigan Department of Health and Human Services

January 2020

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.

The auditor general may make investigations pertinent to the conduct of audits.

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

January 21, 2020

Mr. Robert Gordon, Director
Michigan Department of Health and Human Services
South Grand Building
Lansing, Michigan

Dear Mr. Gordon:

This is our preliminary survey summary of the Substance Abuse Prevention and Treatment Section, Division of Recovery Oriented Systems of Care, Bureau of Community Based Services, Michigan Department of Health and Human Services (MDHHS). Although we identified areas of interest, we have determined that it would be a better use of our audit resources to postpone the planned performance audit at this time because of the existence of other reviews of MDHHS's Substance Abuse Prevention and Treatment Block Grant and the limited spending and activities for MDHHS's Opioid State Targeted Response and State Opioid Response Grants.

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

SUBSTANCE ABUSE PREVENTION AND TREATMENT SECTION

RESULTS

We conducted a preliminary survey of the Substance Abuse Prevention and Treatment (SAPT) Section, Division of Recovery Oriented Systems of Care (commonly referred to as the Office of Recovery Oriented Systems of Care [OROSC]).

Approximately 98% of the SAPT Section's total expenditures from October 1, 2016 through July 31, 2019 were related to the following three federal grants:

- Substance Abuse Prevention and Treatment Block Grant (SABG) - 89%
- Opioid State Targeted Response (STR) Grant - 7%
- State Opioid Response (SOR) Grant - Less than 2%

As discussed in more detail below, we concluded to postpone our review of the SABG, STR Grant, and SOR Grant and did not conduct sufficient testing to conclude on the SAPT Section's overall effectiveness and efficiency.

FACTORS IMPACTING AUDIT POSTPONEMENT

- We reviewed the SABG as a major federal program in the State of Michigan single audits for fiscal years 2016, 2017, and 2018 to form an opinion on MDHHS's compliance with direct and material compliance requirements related to the SABG, and all findings were reported to the federal awarding agency. In addition, the SAPT Section distributed over 95% of the federal SABG funds to subgrantees who were also subject to single audit requirements. MDHHS received an annual SABG award averaging \$56 million.
- The Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services, performed an on-site compliance monitoring review in March 2017 to assess MDHHS's administration of the SABG.
- The STR and SOR Grants were both first-time federal grants awarded to MDHHS within approximately the last two years. The initial STR Grant was issued on April 21, 2017 and the initial SOR Grant was issued on September 19, 2018, with cumulative grant awards as of July 31, 2019 totaling \$32.7 million and \$42.5 million, respectively.

As of July 31, 2019, the SAPT Section:

- Had expended only \$13.9 million (43%) of the available STR Grant funds and \$3.0 million (7%) of

the available SOR Grant funds. MDHHS received an extension from the federal awarding agency allowing for expenditure of remaining STR Grant funds for an additional year through April 30, 2020 and plans to request an extension for expenditure of any remaining SOR Grant funds.

- Indicated that its STR and SOR Grant spending was constrained because of the time needed to execute subgrantee contracts and agreements and develop the State and community level administrative service infrastructure necessary to appropriately carry out the grant activities.
- Completed only one series of on-site monitoring activities for STR subgrantees and had not yet completed any on-site monitoring activities for SOR subgrantees because of the slowed spending for the grants.
- In September 2019, subsequent to our preliminary survey procedures, MDHHS was awarded additional SOR Grant funds of \$27.9 million.

BACKGROUND

Description: OROSC's guiding principle is to promote and strengthen delivery of specialty behavioral health services, including behavioral health promotion, prevention, treatment, and recovery efforts, across the lifespan of individuals and families in Michigan. OROSC works in partnership with local agencies to address each geographical area's individual needs.

The SAPT Section's three primary federal funding sources have the following objectives:

- SABG - To assist with planning, carrying out, and evaluating activities to prevent and treat substance abuse disorders and other related activities.
- STR Grant - To increase access to treatment; reduce unmet treatment need; and reduce opioid overdose-related deaths through the provision of prevention, treatment, and recovery activities for opioid use disorders.
- SOR Grant - To increase access to medication-assisted treatment for the three FDA approved medications; reduce unmet treatment need; and reduce opioid overdose-related deaths through the provision of prevention, treatment, and recovery activities for opioid use disorders.

The SAPT Section executes contracts and agreements with local area vendors and subgrantees, including Prepaid

Inpatient Health Plans, to carry out most of the federal grant activities. Staff provide technical assistance and perform monitoring of the subgrantees to ensure compliance with federal requirements.

MDHHS's OROSC also consists of four additional sections including the Gambling Disorder Services, Youth Tobacco Prevention, Peer Supports, and Consumer Relations Sections. Our preliminary survey of these four sections did not identify significant concerns that would warrant the additional use of our audit resources to complete a performance audit. We issued a separate preliminary survey summary related to these four additional OROSC sections located at: audgen.michigan.gov/wp-content/uploads/2020/01/r391067119.pdf.

Expenditures: The SAPT Section expended \$64.2 million and \$76.7 million during fiscal years 2017 and 2018, respectively.

Employees: As of July 2019, the SAPT Section had 6 full-time employees.

SCOPE

Our preliminary survey generally covered October 1, 2016 through July 31, 2019 and included a limited review of the program operation related to OROSC's SAPT Section.

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.

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 SAPT Section's effectiveness or efficiency.



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