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MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT

NCJRS

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PERFORMANCE AUDIT
OF THE

ACQUISITIONS

OFFICE OF SPECIAL ALTERNATIVE INCARCERATION

FIELD OPERATIONS ADMINISTRATION
DEPARTMENT OF CORRECTIONS

March 1, 1988 through October 31, 1992



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

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**U.S. Department of Justice
National Institute of Justice**

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EXECUTIVE DIGEST

OFFICE OF SPECIAL ALTERNATIVE INCARCERATION

INTRODUCTION

This report contains the results of our performance audit of the Office of Special Alternative Incarceration, Field Operations Administration, Department of Corrections, for the period March 1, 1988 through October 31, 1992.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency.

BACKGROUND

Act 287, P.A. 1988 (Sections 798.11 - 798.18 of the *Michigan Compiled Laws*), created the Office of Special Alternative Incarceration within the Department of Corrections (DOC). The Special Alternative Incarceration (SAI) Program is an alternative to prison incarceration for offenders who have never been committed to a prison.

Section 771.3b of the *Michigan Compiled Laws* provides eligibility criteria for the SAI Program. Act 22, P.A. 1992, amended the eligibility criteria for the SAI Program to allow the participation of certain prisoners serving short terms of imprisonment.

DOC defined the mission of the SAI Program as an alternative to prison for qualified offenders who are in need of a highly disciplined and structured program coupled with hard work and programming. Program goals include:

- a. Promoting public safety through risk management in the selection of program participants and supervision strategies that gradually integrate the offender into the community.

- b. Providing offenders sentenced to SAI the opportunity to change their criminalistic lifestyle and prepare for reentry into the community as productive, law-abiding citizens.

SAI was designed to provide a program of physically strenuous work and exercise patterned after military basic training, along with additional programming identified by DOC.

For fiscal year 1991-92, the SAI Program had General Fund expenditures of approximately \$11 million. The program employed 129 staff at Camp Cassidy Lake and 46 staff at Camp Manistique on October 31, 1992. The original SAI facility at Camp Sauble was converted to a prison camp in February 1992.

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To assess the effectiveness of the Office of Special Alternative Incarceration in diverting offenders from prison.

Conclusion: Based on our review of SAI Program eligibility, a review of the program's basic design, and the results of a recidivism study of graduates compared to independent evaluations, we conclude that the office was generally effective in diverting offenders from prison.

Audit Objective: To assess the efficiency of the Office of Special Alternative Incarceration in meeting established goals and objectives at minimum cost.

Conclusion: We conclude that the office did not meet established goals and objectives at minimum cost. Our review disclosed one material condition:

- The SAI Program operated with a high number of vacant beds and did not decrease staffing levels based on actual offender population (Finding 1).

DOC agreed with our recommendation and informed us that it has taken steps to comply by reducing the operating costs of the program.

We also noted a problem with supplies and materials inventories which, if corrected, could help DOC and the SAI Program meet established goals and objectives at minimum cost (Finding 2).

Audit Objective: To assess the Office of Special Alternative Incarceration's compliance with enabling legislation, annual appropriations acts, and State and department policies and procedures.

Conclusion: Our review disclosed that the office was generally in compliance with provisions of the enabling legislation, annual appropriations acts, and applicable State policies and procedures. However, we identified problems with offender eligibility, public works contracts, and documentation of offender screenings, needs assessments, and training which, if corrected, could help improve the office's compliance with laws, policies, and procedures (Findings 3 through 5).

AUDIT SCOPE AND METHODOLOGY

Our audit scope was to examine the program and other records of the Department of Corrections including records of the Office of Special Alternative Incarceration for the period March 1, 1988 through October 31, 1992. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included reviewing and testing the eligibility screening process, the intake and orientation process, and the operations at Camp Cassidy Lake and Camp Manistique.

We also reviewed program offender terminations and graduate records for calendar year 1989, program per diem costs based on actual occupancy rates, and the public works program for compliance with department policies and procedures. Further, we reviewed revenue and expenditure transactions and controls over supplies and materials inventories and equipment inventories.

In addition, we reviewed the status of the aftercare program being developed to serve program graduates.

AGENCY RESPONSES

Our audit report includes 5 findings and recommendations. DOC's preliminary response indicated that it agreed with our recommendations and has taken steps to implement all of them.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Manual procedure 2-2-02 require the department to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

March 12, 1993

Mr. Kenneth L. McGinnis, Director
Department of Corrections
Grandview Plaza
Lansing, Michigan

Dear Mr. McGinnis:

This is our report on the performance audit of the Office of Special Alternative Incarceration, Field Operations Administration, Department of Corrections, for the period March 1, 1988 through October 31, 1992.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology; and comments, findings, recommendations, and agency preliminary responses.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Agency

Act 287, P.A. 1988 (Sections 798.11 - 798.18 of the *Michigan Compiled Laws*), created the Office of Special Alternative Incarceration within the Department of Corrections (DOC). The Special Alternative Incarceration (SAI) Program is an alternative to prison incarceration for eligible offenders who have never been committed to prison. Section 771.3b of the *Michigan Compiled Laws* provides eligibility criteria for the SAI Program. Act 22, P.A. 1992, amended the eligibility criteria to allow the participation of certain prisoners serving short terms of imprisonment.

DOC defined the mission of the SAI Program as an alternative to prison for qualified offenders who are in need of a highly disciplined and structured program coupled with hard work and programming. Program goals include:

- a. Promoting public safety through risk management in the selection of program participants and supervision strategies that gradually integrate the offender into the community.
- b. Providing offenders sentenced to SAI the opportunity to change their criminalistic lifestyle and prepare for reentry into the community as productive, law-abiding citizens.

Program eligibility criteria require that offenders:

- a) Be no more than 25 years old at the time of sentencing. (The subsequent amendment waived the age restriction for prisoners.)
- b) Would likely receive a prison sentence based on an upper limit sentencing guideline score of 12 months or more.
- c) Are physically able to participate.
- d) Have no apparent mental handicap that would prevent participation.
- e) Must consent to placement into the program.

SAI was designed to provide a program of physically strenuous work and exercise patterned after military basic training, along with additional programming identified by DOC. SAI attempts to orient offenders to a crimefree lifestyle by providing a program of strict discipline, absolute obedience, respect for others, and hard manual labor.

The term of incarceration in SAI is 90 days, followed by probation or parole. The first 120 days of probation or parole must include intensive supervision by field probation/parole agents. DOC is in the process of developing an aftercare program to provide for the transition of graduates from the highly structured SAI Program into community-based supervision.

The objectives of the SAI Program are to teach:

- (a) Self esteem through group counseling programs.
- (b) Individual responsibility by making offenders responsible for their behavior and by helping others in the program.
- (c) Proper work ethic through public works programs that require hard physical labor, improve the community, and provide a sense of accomplishment to the offender.
- (d) Physical conditioning that will lead to a healthy lifestyle.

The Office of Special Alternative Incarceration operates two facilities, Camp Cassidy Lake and Camp Manistique. The original facility at Camp Sauble was converted to a prison camp in February 1992 when the program was moved to Cassidy Lake.

For fiscal year 1991-92, the SAI Program had General Fund expenditures of approximately \$11 million. The program employed 129 staff at Camp Cassidy Lake and 46 staff at Camp Manistique on October 31, 1992.

Audit Objectives, Scope, and Methodology

Audit Objectives

Our performance audit of the Office of Special Alternative Incarceration, Field Operations Administration, Department of Corrections, had the following objectives:

1. To assess the effectiveness of the office in diverting offenders from prison.
2. To assess the efficiency of the office in meeting established goals and objectives at minimum cost.
3. To assess the office's compliance with enabling legislation, annual appropriations acts, and State and department policies and procedures.

Audit Scope

Our audit scope was to examine the program and other records of the Department of Corrections including records of the Office of Special Alternative Incarceration for the period March 1, 1988 through October 31, 1992. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

We reviewed and tested the process used to identify and screen prospective trainees for eligibility. We also reviewed and documented the intake and orientation process and operations at Camp Cassidy Lake and Camp Manistique.

We reviewed all program offender terminations and a sample of program graduates for calendar year 1989 to determine if the SAI Program was effective in diverting offenders from prison. We also reviewed program per diem costs based on actual occupancy rates. In addition, we analyzed the public works program to determine compliance with department policies and procedures.

We reviewed for propriety a random sample of revenue and expenditure transactions and reviewed controls over payroll transactions, supplies and materials inventories, and equipment inventories.

We also reviewed the status of the development and implementation of an aftercare program to serve program graduates.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS IN DIVERTING OFFENDERS FROM PRISON

COMMENT

Background: The Special Alternative Incarceration (SAI) Program was designed to divert offenders from prison by sentencing them to a substantially shorter term of 90 days incarceration versus a 2- to 3-year prison sentence. Critical components in the SAI Program design include strict discipline, absolute obedience, respect for others, and hard manual labor to help ensure that offenders successfully complete their term of probation.

Audit Objective: To assess the effectiveness of the Office of Special Alternative Incarceration in diverting offenders from prison.

Conclusion: We conclude that the office was generally effective in diverting offenders from prison. Our analysis showed that the SAI Program generally accepted only prison-bound offenders into the program as required by the enabling legislation. Also, the SAI Program, as was intended, produced prison diversions based on a substantially shorter term of 90 days incarceration versus 2- to 3-year prison sentences. Further, our analysis of SAI graduates showed that recidivism rates were comparable to those of incarcerated offenders. Several independent program evaluations of boot camp programs defined as acceptable recidivism rates similar to offenders serving 2- to 3-year prison sentences.

EFFICIENCY IN MEETING ESTABLISHED GOALS AND OBJECTIVES

COMMENT

Audit Objective: To assess the efficiency of the Office of Special Alternative Incarceration in meeting established goals and objectives at minimum cost.

Conclusion: The basic design of the SAI Program results in a shorter term of incarceration, which reduces costs and produces prison diversions. However, our review disclosed one material condition. The SAI Program operated with a high number of vacant beds and did not decrease staffing levels based on actual offender population. As a result, we conclude that the office did not meet established goals and objectives at minimum cost. We also noted a problem with supplies and materials inventories which, if corrected, could help the Department of Corrections (DOC) and the SAI Program meet established goals and objectives at minimum cost.

FINDING

1. Program Cost Effectiveness

DOC did not take timely steps to keep operating costs of the SAI Program in line with enrollment. As a result, the program did not operate in a cost-effective manner.

The Legislature appropriated operating funds in fiscal year 1991-92 for the SAI Program based on a budgeted per diem rate of \$60. However, DOC expended approximately \$11 million to operate the SAI Program in fiscal year 1991-92, resulting in a per diem rate of \$137. Our review of program capacity, utilization of bed space, and staffing levels disclosed:

- a. DOC expanded the program to 3 facilities in anticipation of increased participation because of legislation allowing prisoners to volunteer for the program. DOC did not take timely steps to reduce bed capacity when prisoners did not volunteer for the program at expected levels. We were informed that prisoners did not volunteer because of the perception that 2 to 3 years in the prison system was preferable to 90 days in the intensive boot camp program. For the period July 1991 through August 1992, the SAI Program operated at 25% to 65% of capacity.

DOC converted 1 of the 3 facilities to a regular prison camp in February 1992. However, prisoners had not volunteered in sufficient numbers to fill existing beds at the remaining 2 facilities.

- b. The SAI Program included an 80-bed women's unit at Camp Cassidy Lake. The unit operated with an average population of 11 women offenders. Camp Cassidy Lake had other housing units that could accommodate this smaller population.
- c. For the period July 1991 through August 1992, DOC staffed the SAI Program at between 73% and 90% of the approved staffing level in anticipation of increased program participation. During the same period, offenders occupied only 25% to 65% of available bed space. DOC did not take timely steps to reduce staffing levels at the SAI facilities when anticipated increases in program participation did not occur.

The resulting high program costs reduced cost savings expected to be generated by limiting offenders' term of incarceration. Thus, we conclude that the program did not operate in a cost-effective manner.

RECOMMENDATION

We recommend that DOC take more timely steps to keep operating costs of the SAI Program in line with enrollments.

AGENCY PRELIMINARY RESPONSE

DOC agreed with this recommendation and informed us that it has taken steps to comply by reducing the operating costs of the program.

FINDING

2. Inventory Recordkeeping

SAI management did not maintain an inventory system to account for supplies and materials.

The Inventory Control System Procedures Manual of the Office of Purchasing, Department of Management and Budget, establishes controls over supplies and materials to help ensure that management maintains optimal inventory levels. For fiscal year 1991-92, the SAI Program expended approximately \$1.2 million on supplies and materials.

We reviewed inventory recordkeeping systems and control procedures in place at Camp Cassidy Lake and Camp Manistique and noted that SAI staff did not:

- a. Maintain perpetual inventory records or utilize a requisitioning system for obtaining supplies and materials from storage. Inventory records and use of requisitions would allow SAI management to project inventory needs, assist in ordering supplies and materials, and help verify the propriety of amounts charged to expenditure accounts.
- b. Restrict access to storage areas through adequate control of keys.
- c. Conduct periodic physical inventories.

During October 1992, in an attempt to improve controls over supplies and materials, SAI staff took physical inventories and installed locks limiting access to storage areas. Also, the SAI Program hired a storekeeper whose responsibilities included developing and implementing an inventory recordkeeping and control system.

RECOMMENDATION

We recommend that SAI management develop and maintain an inventory system for supplies and materials.

AGENCY PRELIMINARY RESPONSE

DOC agreed with this recommendation and informed us that it has implemented a procedure to comply.

COMPLIANCE WITH LAWS, POLICIES, AND PROCEDURES

COMMENT

Audit Objective: To assess the Office of Special Alternative Incarceration's compliance with enabling legislation, annual appropriations acts, and State and department policies and procedures.

Conclusion: Our review of compliance with laws and State policies and procedures disclosed that the office was generally in compliance with provisions of the enabling legislation, annual appropriations acts, and applicable State policies and procedures. However, we identified compliance problems with offender eligibility, public works contracts, and documentation of offender screenings, needs assessments, and training which, if corrected, could help improve the office's compliance with laws, policies, and procedures.

FINDING

3. Offender Eligibility

SAI staff did not ensure that offenders placed in the SAI Program met the eligibility criteria established by enabling legislation.

Section 771.3b of the *Michigan Compiled Laws* establishes eligibility criteria for the SAI Program. The eligibility criteria include a requirement that offenders have an upper limit sentencing guideline score for their minimum sentence of 12 months or more. Such guideline scores generally result in a prison sentence. Therefore, these offenders are considered prison-bound.

Our review of program placements for the period January 1 through July 31, 1992 disclosed that 54 (11.3%) of 476 offenders did not have a sentencing guideline score that would generally result in a prison sentence. As a result, they were not eligible for the program.

SAI staff accepted these offenders with the assurance from field probation agents that the offender would have been sentenced to prison if SAI had not been available. However, the enabling legislation does not provide for offenders with low sentencing guideline scores to enter the program.

As a result, DOC was not in compliance with the enabling legislation. By accepting offenders with low sentencing guideline scores, the potential exists to place in the SAI Program nonprison-bound offenders who do not need an intensive program.

RECOMMENDATION

We recommend that SAI staff accept only those offenders who meet the criteria for prison-bound offenders established by Section 771.3b of the *Michigan Compiled Laws*.

AGENCY PRELIMINARY RESPONSE

DOC agreed with this recommendation and informed us that it has complied by discontinuing accepting probationers whose guidelines scores do not meet the criteria.

FINDING

4. Public Works Contracts

SAI management did not limit contracts for public works projects to entities fully supported by public funds as required by DOC policy and procedure.

DOC policy directive BCF 41.06 and SAI operating procedure 41.06 limit public works projects to government entities. DOC created public works projects as a form of community service and to provide meaningful employment for offenders placed in the SAI Program. As a result, projects are limited to agencies that are wholly supported by public funds and the work is restricted to public property with all benefits derived for use by the public.

SAI management entered into a contract with a local hospital for the period April 1 through September 30, 1992. SAI management was not aware that the hospital was not a government entity. As a result, SAI public works crews performed six months of work at an ineligible worksite.

RECOMMENDATION

We recommend that SAI management limit contracts for public works projects to entities fully supported by public funds as required by DOC policy directive BCF 41.06 and SAI operating procedure 41.06.

AGENCY PRELIMINARY RESPONSE

DOC agreed with this recommendation and informed us that it has complied.

FINDING

5. Documentation of Offender Screenings, Needs Assessments, and Training

SAI staff did not document completion of screenings, needs assessments, and individual training that were either required by operating procedures or necessary for safe program operations.

SAI operating procedures 51.01 and 51.03 require that SAI staff screen offenders for admission criteria and assess educational and other needs. SAI staff are also required to document completion of training in the proper use of tools and orientation for public works assignments to help ensure safe program operations.

In our review of a random sample of 25 offender files at Camp Cassidy Lake, we determined that the files did not contain documentation for:

- a. Assessing the need for substance abuse treatment for 10 (40%) of 25 offenders. Without documentation of assessments, SAI staff and field probation agents cannot determine to what extent an offender needs substance abuse services.
- b. Training in the proper use of tools for 3 (12%) of 25 offenders. This training helps reduce the risk of personal injury caused by improper tool usage.
- c. Providing orientation for employment in public works programs for 6 (24%) of 25 offenders. Orientation for public works is necessary to teach work crews expected behavior when in the community.

In a separate review, we determined that 54 (34%) of 159 files did not document completion of the Test of Adult Basic Education, which is used to determine educational levels of offenders.

We also noted a similar lack of documented assessments and training for offenders assigned to Camp Manistique.

SAI staff did not develop checklists or conduct file reviews to help ensure that all necessary assessments and training were completed.

RECOMMENDATION

We recommend that SAI staff document the completion of screenings, needs assessments, and individual training that are required for safe program operations.

AGENCY PRELIMINARY RESPONSE

DOC agreed with this recommendation and informed us that it has complied by implementing procedures to ensure that all necessary documentation is part of the trainees' files.

