



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



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

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– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Prisoner Food Services

Department of Corrections

Report Number:
 471-0621-07L

Released:
 June 2008

Within the Department of Corrections (DOC), Correctional Facilities Administration is responsible for facility operation, including prisoner food services operations. DOC's goal is to provide the greatest amount of public protection while making the most efficient use of the State's resources.

Audit Objective:

To assess the effectiveness of DOC's efforts to manage food services costs.

Audit Conclusion:

We concluded that DOC's efforts to manage food services costs were moderately effective. We noted two material conditions (Findings 1 and 2) and three reportable conditions (Findings 3 through 5).

Material Conditions:

DOC needs to consider additional ways to reduce the costs of providing prisoner meals (Finding 1).

DOC did not effectively monitor food production (Finding 2).

Reportable Conditions:

DOC's correctional facilities did not consistently ensure that they obtained food commodities at the best price (Finding 3).

DOC did not ensure that its correctional facilities had implemented sufficient controls to safeguard food inventory stored at the warehouses (Finding 4).

DOC did not ensure that its correctional facilities correctly and consistently classified prisoner food services wages in the State's accounting records (Finding 5).

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Agency Response:

Our audit report includes 5 findings and 5 corresponding recommendations. DOC's preliminary response indicates that it agrees with all of the recommendations and will comply with them.

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THOMAS H. MCTAVISH, C.P.A.
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June 13, 2008

Ms. Patricia L. Caruso, Director
Department of Corrections
Grandview Plaza Building
Lansing, Michigan

Dear Ms. Caruso:

This is our report on the performance audit of Prisoner Food Services, Department of Corrections.

This report contains our report summary; description of services; audit objective, scope, and methodology and agency responses and prior audit follow-up; comment, findings, recommendations, and agency preliminary responses; four exhibits, presented as supplemental information; and a glossary of acronyms and terms.

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,

A handwritten signature in black ink that reads "Thomas H. McTavish".

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

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Description of Services

The Department of Corrections' (DOC's) goal* is to provide the greatest amount of public protection while making the most efficient use of the State's resources. DOC maintained 51 facilities (42 correctional facilities and 9 camps) located throughout the State and was responsible for the custody and safety of 51,165 prisoners, on average, during fiscal year 2006-07. Within DOC, Correctional Facilities Administration (CFA) is responsible for facility operation, including prisoner food services operations. CFA divided the facilities into three geographical regions. Each region has a regional prison administrator who is responsible for overseeing the operations of the facilities within their region. At the facility level, the wardens are responsible for overseeing daily operations, including food services operations.

Food Services

The American Correctional Association (ACA) has developed national standards with which correctional facilities must comply to achieve accreditation. Accreditation standards help ensure that a correctional facility maintains a balance between protecting the public and providing an environment that safeguards the life, health, and safety of staff and offenders. ACA standards reflect practical up-to-date policies and procedures and function as a management tool for correctional facilities. ACA standards are either mandatory or nonmandatory. A correctional facility must comply with 100% of the mandatory standards and at least 90% of nonmandatory standards to be accredited. ACA mandatory standard 4-4316 requires correctional facilities to maintain documentation that dietary allowances provided to prisoners are reviewed at least annually to ensure that they meet the nationally recommended dietary allowances for basic nutrition.

CFA has adopted a Statewide menu for correctional facilities based on the *Dietary Guidelines for Americans* issued by the U.S. Department of Agriculture and the U.S. Department of Health and Human Services. The facilities are responsible for implementing the menu and ensuring that prisoners receive nutritional meals. Facility employees supervise prisoner workers who prepare and serve the meals. Although the Statewide menu is pre-planned, CFA allows facilities the flexibility to deviate from the Statewide menu for up to two meals per week as long as the meals are consistent with

* See glossary at end of report for definition.

the *Dietary Guidelines for Americans*. Facilities may also deviate from the Statewide menu with food items of equal nutritional value. If the facilities substitute menu items, they are required to report these substitutions to CFA annually. The menu is designed to provide male prisoners with an average of 2,900 calories per day and female prisoners an average of 2,600 calories per day.

The Department of Management and Budget (DMB), in conjunction with DOC, is responsible for negotiating contracts that enable the correctional facilities to obtain quality food commodities at the best possible price. Facilities are allowed to make specialty purchases for contracted food commodities without using the DMB-approved contract if the food price is cost beneficial to the State. However, not all food commodities are included in the DMB contracts. Facilities are allowed to purchase produce items directly from local produce vendors. In addition, facilities purchase milk, juice, meat, and kitchen cleaning supplies from DOC's Michigan State Industries.

During fiscal year 2006-07, DOC expended \$46.2 million on food purchases and \$37.2 million on food services staff wages, resulting in a Statewide average prisoner food and labor cost per day of \$2.48 and \$2.50, respectively (see Exhibits 1 and 2). In addition, DOC's correctional facilities had 490 food services staff as of September 30, 2007.

Audit Objective, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objective

The objective of our performance audit* of Prisoner Food Services, Department of Corrections (DOC), was to assess the effectiveness* of DOC's efforts to manage food services costs.

Audit Scope

Our audit scope was to examine the program and other records related to prisoner food services. 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 audit procedures, conducted from July 2007 through February 2008, generally covered the period October 1, 2004 through September 30, 2007.

Specifically, we reviewed records related to food production, food procurement, food contracts, food inventory, the Statewide menu, and prisoner pay for food services employment at 13 correctional facilities (Bellamy Creek Correctional Facility, Earnest C. Brooks Correctional Facility, G. Robert Cotton Correctional Facility, Hiawatha Correctional Facility, Ionia Maximum Correctional Facility, Kinross Correctional Facility, Mid-Michigan Correctional Facility, Mound Correctional Facility, Muskegon Correctional Facility, Oaks Correctional Facility, Pine River Correctional Facility, Pugsley Correctional Facility, and Ryan Correctional Facility) and the Department of Corrections' central office operations. We judgmentally selected and performed on-site visits at the 13 correctional facilities based on their geographical location, facility characteristics, and other data.

Supplemental information was provided by the Department of Corrections and is presented in Exhibits 1 through 4. Our audit was not directed toward expressing a conclusion on this information and, accordingly, we express no conclusion on it.

Audit Methodology

Our audit methodology included a preliminary review of prisoner food services operations. This review included interviewing various DOC staff and reviewing

* See glossary at end of report for definition.

applicable statutes, policies and procedures, DOC reports, legislative reports, and other references. In addition, we visited one correctional facility to conduct additional interviews with DOC staff and to review documents related to prisoner food services.

To accomplish our audit objective, we reviewed DOC food cost reports and food production work sheets, documentation related to food commodity purchases, Statewide food commodity contracts, and private vendor contracts for food services. We also reviewed DOC's process for establishing, modifying, and monitoring the Statewide menu.

During our visits to the 13 correctional facilities, we judgmentally selected two weeks of food production work sheets for the lunch and dinner meals and evaluated the number of main entrée items produced and meals served compared to the correctional facilities' institutional count*. Based on the results of our analysis, we calculated potential Statewide savings and cost estimates. These results can be found in Findings 1 and 2. Also, we collected data on opportunity buys* and assessed controls over food inventory in the facilities' warehouses. In addition, we analyzed a selection of food invoices from the months of August 2006 and May 2007 to determine whether facilities were complying with State contracts.

Agency Responses and Prior Audit Follow-Up

Our audit report includes 5 findings and 5 corresponding recommendations. DOC's preliminary response indicates that it agrees with all of the recommendations and will comply with them.

The agency preliminary response that 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 the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require DOC to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

We released our performance audit of State Facilities' Food Service, Clothing, and Time Reporting Practices (47-700-97) in February 1999. Within the scope of this audit, we followed up 3 of the 6 prior audit recommendations as they related to DOC. DOC complied with 1 of the 3 prior audit recommendations. The other 2 prior audit recommendations were rewritten for inclusion in this report.

* See glossary at end of report for definition.

COMMENT, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

FOOD SERVICES

COMMENT

Audit Objective: To assess the effectiveness of the Department of Corrections' (DOC's) efforts to manage food services costs.

Audit Conclusion: We concluded that DOC's efforts to manage food services costs were moderately effective. Our assessment disclosed two material conditions*. DOC needs to consider additional ways to reduce the costs of providing prisoner meals (Finding 1). Also, DOC did not effectively monitor food production (Finding 2).

Our assessment also disclosed three reportable conditions* related to food commodity purchases, warehouse controls over food inventory, and prisoner food services wages (Findings 3 through 5).

FINDING

1. Food Services Cost Savings Measures

DOC needs to consider additional ways to reduce the costs of providing prisoner meals. DOC lacks assurance that its food service operations budget (\$92.9 million for fiscal year 2006-07) is utilized efficiently. If DOC had a contracting arrangement similar to other state's contracting arrangements, we estimate that it could potentially realize significant annual savings in its food services program.

Reducing costs would assist DOC in achieving its goal to provide the greatest amount of public protection while making the most efficient use of the State's resources.

Our review disclosed:

- a. DOC should analyze the potential outcomes of hiring a private contractor to provide prisoner meals at its correctional facilities.

Both the state of Florida and the state of Kansas utilize a private contractor for food service operations. Florida has utilized a contractor for 6 years, and Kansas has utilized a contractor for 10 years. We reviewed a copy of both

* See glossary at end of report for definition.

contracts and noted that the contractors are responsible for supervising the preparation of prisoner meals and the procurement of all food items, cleaning supplies, and paper products. Also, the contractors utilized prisoner workers to prepare meals using the states' own correctional facility kitchens and equipment. In addition, the contracts require that prisoner meals be prepared using products on the respective states' approved food list and that meals must follow the states' approved menu plans. Also, both contracts had provision for the states to assign a contract monitor and to assess financial penalties for contractor noncompliance (see Exhibit 3).

As of August 2007, Florida paid the private contractor an average of \$2.65 per prisoner per day for 86,000 prisoners and Kansas paid \$4.14 per prisoner per day for 8,400 prisoners. During fiscal year 2006-07, it cost DOC \$4.68 per prisoner per day to provide comparable services (total food services cost less certain fixed costs, such as prisoner pay, central office administration, equipment, and data processing charges) for 51,165 prisoners. Based on these costs per prisoner per day, we estimate that Michigan could save from \$10.2 million to \$38.0 million annually if it were able to negotiate the same contracted rates as Kansas or Florida, respectively. DOC informed us that there are many intangible and unknown issues that could impact the potential savings that Michigan may realize from contracting food services. Some of these intangible issues include the contracted rate that could be obtained in Michigan based on competitive wage rates and food prices for Michigan (e.g., Buy Michigan First), the potential need for additional custody assignments, the quality of food on the other states' approved food list, training costs and turnover rates associated with contracted employees, and the economic impact on the operations of DOC's Michigan State Industries. We recognize that there are unpredictable factors that may offset the potential savings; however, these factors are not likely to completely offset all of the potential savings. Therefore, we believe that further evaluation of contracting DOC's food services operations is warranted.

- b. DOC should continue to pursue the implementation of a computerized identification card system to help identify prisoners trying to obtain more than one meal at a time. We estimate that, with such a system, DOC could save approximately \$295,000 annually Statewide by eliminating excess prisoner

meals served. In addition, a computerized system could assist DOC in forecasting future meal needs.

One three-facility complex had identified a computerized system that would cost approximately \$16,000 for it to implement. This complex projected that it could save approximately \$150,000 in food costs per year. However, DOC central office denied the complex's original purchase request pending a pilot project at another facility.

During our visits, we noted that 12 of the 13 correctional facilities served 3,488 prisoner meals in excess of the total prisoner counts for those facilities during 14 days in fiscal year 2006-07. Based on an average number of 19.2 excess meals served per day per facility, with an average food cost per day of \$2.48, we estimate that DOC could save approximately \$295,000 Statewide in food costs if excess prisoner meals were eliminated.

- c. DOC had not analyzed whether it would be cost beneficial to use additional supplements or other fortified or enhanced food products in prisoner menus. As a result, DOC could not ensure that it had utilized resources efficiently.

We determined that other state and county correctional facilities served vitamin-fortified drinks instead of milk and provided less fresh fruit and vegetable options while still meeting the basic dietary allowances required by American Correctional Association (ACA) standards. DOC stated that it offered fresh fruit and vegetables to meet nutritional values and required intakes, rather than using supplemented or fortified food products because it felt that the use of natural foods* helped reduce future health care costs. DOC also indicated that using the natural food options allows prisoners with specialized needs to eat from the Statewide menu, eliminating the need for special meal time accommodations. However, DOC had not completed an analysis to determine if the cost of using a natural foods approach was justified by health care savings and did not monitor to ensure that prisoners with special diets actually chose the healthier options.

* See glossary at end of report for definition.

- d. DOC should evaluate if its current standard of 2,900 and 2,600 calories per day for male and female prisoners, respectively, is appropriate for the demographics of its current prison population. If DOC could reduce the number of calories per day for each prisoner, it could potentially see cost savings in food purchases.

Adult Correctional Institutions, Fourth Edition, states that the dietary allowances for prisoners, as adjusted for age, sex, and activity level, should meet or exceed the recommended dietary allowances published by the National Academy of Sciences.

DOC established its 2,900 and 2,600 calories per day menu standards using recommended dietary allowances in 1990. However, based on the 2002 Dietary Reference Intakes established by the Food and Nutrition Board of the National Academy of Sciences and DOC's population at the time of our audit, DOC may be able to reduce its calorie standard by up to 400 calories for male prisoners and by 400 to 600 calories for female prisoners.

- e. DOC should continue to evaluate more cost-effective methods of providing or the possibility of eliminating Kosher religious meals. If eliminated, we estimate that DOC could save approximately \$272,000 annually in food costs.

DOC operating procedure 05.03.150A allows prisoners to participate in a Kosher meal program when the prisoners' religious beliefs require a Kosher meal diet. However, to offer a Kosher menu, DOC's correctional facilities must purchase specific Kosher food and maintain separate work stations and kitchen utensil inventories that cannot be used to prepare non-Kosher meals.

We reviewed DOC's analysis of Kosher meal menu costs for four correctional facilities during April 2007 and noted that the average food cost was \$8.18 per day. This cost does not include any additional nonfood costs associated with preparing a Kosher meal menu. Based on DOC's analysis, we estimate that the total annual Kosher meal food expenditures were approximately \$391,000 for 131 prisoners enrolled in the Kosher meal program. We further estimate that the total annual food expenditures for these same 131 prisoners to participate in the regular menu would have been \$119,000.

RECOMMENDATION

We recommend that DOC consider additional ways to reduce the costs of providing prisoner meals.

AGENCY PRELIMINARY RESPONSE

DOC agrees with the recommendation and will comply. DOC informed us that, regarding part a. concerning hiring private contractors to provide prisoner meals at its correctional facilities, DOC is taking steps to conduct a request for information from private contractors. DOC indicated that, regarding part b. concerning a computerized identification card system, DOC is taking steps to pilot such a system. DOC also indicated that regarding part c. concerning the use of additional supplements and fortified or enhanced food products, DOC will continue to follow the *Dietary Guidelines for Americans, 2005*. In addition, DOC indicated that, regarding part d. concerning calorie standards, DOC will reduce the daily calorie standard to the recommendations contained in the *Dietary Guidelines for Americans, 2005*. Finally, DOC indicated that, regarding part e. concerning Kosher religious meals, DOC is continuing to evaluate the methods used to ensure compliance with the Religious Land Use and Institutionalized Persons Act of 2000 (RLUIPA), 42 USC 2000CC.

FINDING

2. Food Production

DOC did not effectively monitor food production. As a result, DOC lacked the data necessary to properly forecast food production needs, prepared and served excess meals to prisoners and staff, and did not document the disposition of leftovers. In addition, failure to effectively monitor food production may impair DOC's ability to control food services costs. We estimate that the exceptions identified equated to \$1.2 million.

DOC policy directive 04.07.100 requires that each correctional facility document the number of meals served to prisoners and staff on form CAJ-138. DOC policy directive 04.07.102 requires the preparation of a food production work sheet for each meal. The food production work sheet should document the menu items prepared, the person responsible for preparation of each menu item, the expected number of meals to be prepared, the quantity prepared for each menu item, the appropriate serving size, the time and temperature of each menu item at the time

cooking was complete and at the time the item was served, and the amount and disposition of leftovers. The policy states that facilities are to use this data to develop historical information about the number of prisoners and employees who have eaten a meal and then adjust it for the current prisoner population when planning future meals. In addition, DOC policy directive 02.04.105 requires that employees who eat a meal register in the dining hall.

We visited 13 correctional facilities and reviewed food production documentation for 351 of the lunch and dinner meals for the periods January 14, 2007 through January 20, 2007 and July 22, 2007 through July 28, 2007. We also reviewed the number of meals served to prisoners and employees for the same periods. Our review disclosed:

- a. Twelve (92.3%) of the 13 correctional facilities prepared main entrée items (meat and vegetarian items) in excess of 110% of the facilities' institutional count plus the average number of documented employee meals. We noted that this occurred for 116 (33.0%) of the 351 meals reviewed. We estimate the value of these excess entrées prepared to be \$126,000, or approximately \$493,000 annually Statewide.

DOC management informed us that periodic review of meal consumption for each menu item is necessary and, if properly done, will result in limiting excess meals to within 105% of prisoner and staff populations. Production excesses occurred because either DOC did not have historical data or its historical data was inaccurate.

- b. Twelve (92.3%) of the 13 correctional facilities reported a total of 107 instances in which more main meals were served to prisoners than the facilities' institutional count. These instances resulted in the reporting of 3,488 more prisoner meals served than the prisoner counts. Based on an average number of 19.2 excess meals served per day per facility, with an average food cost per day of \$2.48, we estimate that the value of these meals was approximately \$295,000 Statewide. This estimate includes approximately \$47,000 related to the excess entrées identified in part a. of this finding.
- c. None of the 13 correctional facilities had documentation to support the reported total number of employee meals served. Of the 11,907 employee

meals reported during the two-week period, the facilities provided support for only 6,101 (51.2%) employee meals. In addition, one facility consistently reported that 100% of its facility employees were served meals; however, during our visit at the facility, we observed numerous facility employees eating meals that were not prepared by the facility.

- d. The correctional facilities did not consistently complete the food production work sheets. As a result, the facilities could not document whether leftovers were properly handled and lacked information critical to forecasting the production of meals.

Our review of the food production work sheets at the 13 correctional facilities disclosed:

- (1) Twelve (92.3%) of the 13 correctional facilities did not document on the food production work sheets the number of meals to prepare for in 156 (44.4%) of the 351 meals reviewed.
- (2) None of the 13 correctional facilities documented the disposition of leftovers for 181 (51.6%) of the 351 food production work sheets reviewed. The facilities were unable to explain if the leftovers were used for future meals or discarded. We estimate that the value associated with the unaccounted for leftovers is approximately \$882,000 Statewide annually. This estimate includes approximately \$386,000 related to the excess entrées identified in part a. of this finding.

DOC conducts annual compliance reviews of the food services operations at each of the correctional facilities. DOC management informed us that these compliance reviews include a review of the food production work sheets and employee meal logs. However, for the 13 facilities that we visited, DOC noted no issues with the food production work sheets and employee meal logs during its compliance reviews.

RECOMMENDATION

We recommend that DOC effectively monitor food production.

AGENCY PRELIMINARY RESPONSE

DOC agrees with the recommendation and will comply. DOC informed us that it will comply by clarifying its Statewide operating procedure and by revising applicable forms.

FINDING

3. Food Commodity Purchases

DOC's correctional facilities did not consistently ensure that they obtained food commodities at the best price. As a result, facilities may have missed opportunities to realize cost savings related to food purchases. DOC expended a total of \$46.2 million for food commodities in fiscal year 2006-07.

DOC, in conjunction with the Department of Management and Budget (DMB), established Statewide food commodity contracts with vendors in an effort to provide the State with the best possible price. Statewide food commodity contracts include language that permits DOC's correctional facilities to exercise exceptional opportunity buys outside of the contract. Also, DMB Administrative Guide procedure 0510.01 allows departments to purchase up to \$25,000 in goods not under a Statewide contract.

We visited 13 correctional facilities and reviewed purchasing invoices paid during August 2006 and May 2007 for food commodities frequently used by the facilities. Our review of the invoices disclosed:

- a. DOC, in conjunction with DMB, did not ensure that food commodity contracts included clear and defined language related to opportunity buys. Our review disclosed that 10 (76.9%) of the 13 correctional facilities were uncertain as to when it was allowable to buy less expensive food commodities rather than order from the Statewide food commodity contracts. DMB Business Services Administration's Purchasing Operations informed us that opportunity buys must be for nonrecurring type purchases, must be for food commodities that were comparable in product quality to those commodities on the Statewide food commodity contract, and must generate cost savings. However, the contract language did not define these criteria for procuring opportunity buys. The contract language also did not define how often facilities could take

advantage of exceptional opportunity buys and did not require the Statewide food commodity contractor to offer an option to honor lower competitor prices.

In the absence of clear and defined contract language, the correctional facilities established their own criteria for pursuing opportunity buys. We noted that 2 facilities established a percentage of savings that must be realized before taking advantage of an opportunity buy, 4 facilities ordered from a competitive vendor any time a competitor offered food commodities at a price less than the Statewide food commodity contracts, and 4 facilities did not initiate opportunity buys unless they were certain the food commodity was a different food commodity than one covered by the Statewide food commodity contracts. Therefore, all facilities may not have taken advantage of opportunity buys that were cost beneficial to the State.

- b. Correctional facilities did not monitor cost savings realized from pursuing opportunity buys. As a result, DOC could not determine the best use of the opportunity buy option. This type of information could assist DOC in developing a clear and defined policy for the utilization of opportunity buys. Our review disclosed that 5 (38.5%) of the 13 facilities that we visited maintained documentation to track the total cost savings realized from taking advantage of opportunity buys. The following table shows the documented cost savings for fiscal year 2006-07 (as of the time of our visits in late August and early September 2007):

Warehouse or Correctional Facility	Documented Cost Savings
Jackson Regional Warehouse (includes 10 facilities)	\$425,359
Kinross Regional Warehouse (includes Kinross and Hiawatha and 2 other facilities)	352,334
Oaks Correctional Facility	50,605
Pugsley Correctional Facility	40,431
Bellamy Creek Correctional Facility	11,542
 Total	 <u><u>\$880,271</u></u>

- c. DOC had not established a policy or a procedure related to produce purchases. DOC's correctional facilities used their delegated authority to purchase produce items. As a result, correctional facilities employed different processes to identify vendors for produce purchases and may not have obtained the lowest price for these purchases. In fiscal year 2006-07, DOC expenditures for produce were \$4.5 million.

During our visit to 2 facilities within close proximity, we noted that one facility purchased each produce item from the vendor with the lowest price for that individual item. The other facility purchased all produce items from the vendor that could provide the lowest total price for all produce items needed. The facility that ordered all produce from the same vendor paid as much as \$3.25 more per case of produce than the facility that ordered the produce by the lowest price per produce item.

RECOMMENDATION

We recommend that DOC's correctional facilities consistently ensure that they obtain food commodities at the best price.

AGENCY PRELIMINARY RESPONSE

DOC agrees with the recommendation and will comply. DOC informed us that its Bureau of Fiscal Management will clarify opportunity buy parameters and provide instruction for purchasing all food commodities including produce. The Bureau of Fiscal Management will also take steps to adopt a Statewide opportunity buy tracking system.

FINDING

4. Warehouse Controls Over Food Inventory

DOC did not ensure that its correctional facilities had implemented sufficient controls to safeguard food inventory stored at the warehouses. As a result, the facilities could not provide assurance that errors, fraud, or theft related to food inventories would be detected in a timely manner.

Part II, Chapter 12, Section 100 of the State of Michigan Financial Management Guide indicates that each agency is required to implement and maintain an inventory accounting system that provides adequate internal control over the

inventory. Adequate internal control over the inventory includes the separation of duties between those responsible for maintaining the inventory, receipting the inventory, and accounting for the inventory. Adequate internal control also includes limiting access to inventory, requiring appropriate approvals for inventory adjustments, and performing periodic inventory counts. In addition, Section 100 requires annual physical inventories of periodic inventory systems to ensure their accuracy.

Our review of 9 warehouse operations disclosed:

- a. Of the 9 warehouses, 1 (11.1%) did not conduct an annual physical inventory count during fiscal year 2006-07. As a result, the correctional facility had not verified the accuracy of the \$250,000 in revolving inventory.
- b. Of the 9 warehouses, 2 (22.2%) did not ensure that proper separation of duties existed over the receipting of food commodities into the warehouse and the accounting for food inventory. As a result, the facilities could not ensure that physical inventory counts for \$300,000 and \$350,000 of revolving inventory were proper and that any adjustments to inventory were warranted.

Both warehouses were responsible for verifying the receipt of food commodities delivered to the warehouse and for conducting periodic counts of the food inventory. Sound internal control practices require that a person independent of warehouse operations conduct the inventory counts to ensure that there is an appropriate verification of the inventory.

- c. For the 9 warehouses, 6 (66.7%) of the related business offices routinely adjusted inventory accounting records to agree with the physical count without independent verification of the adjustment.

For example, one correctional facility's warehouse requested that the inventory of chicken legs and quarters be increased by 1,410 pounds based on a physical inventory count conducted in April 2007. The facility's business office processed this request without investigating how the understatement in the inventory accounting system had occurred. In August 2007, the warehouse conducted another physical count and noted that the inventory of chicken was short by 150 pounds. The warehouse again requested that the

facility's business office adjust the inventory records to match the physical count. The facility's business office made the adjustment without investigating the reason for the shortage.

- d. Of the 9 warehouses, 1 (11.1%) did not ensure that all items entered into the inventory accounting system were entered correctly. For example, we noted two instances in which warehouse staff converted cases of meatballs to pounds using an incorrect weight per case. This resulted in the warehouse inventory being understated by 1,600 pounds of meatballs.
- e. Of the 9 correctional facilities, 1 (11.1%) did not sufficiently secure its warehouse. As a result, it could not properly monitor the activities of its warehouse inventory or ensure that food items were not improperly removed from the warehouse or its auxiliary freezer.

We noted:

- (1) The warehouse is located where it is not visible to facility management and does not have any type of electronic monitoring system.
- (2) An auxiliary freezer is located in a maintenance building next to the employee parking lot. The freezer is not secure and does not have any type of electronic monitoring system. We observed that the building was unlocked and was not monitored by either facility management or warehouse staff during business hours.

The location and setup of this warehouse may have contributed to warehouse inventory discrepancies noted in part c. of this finding. These circumstances are particularly important as the facility indicated that DOC plans to convert this warehouse into a regional warehouse that will be used to maintain a significantly larger amount of inventory.

RECOMMENDATION

We recommend that DOC ensure that its correctional facilities implement sufficient controls to safeguard food inventory stored at the warehouses.

AGENCY PRELIMINARY RESPONSE

DOC agrees with the recommendation and will comply. DOC informed us that its Bureau of Fiscal Management will take steps to establish a Statewide operating procedure to ensure that sufficient controls are established to safeguard food inventory stored at the warehouses.

FINDING

5. Prisoner Food Services Wages

DOC did not ensure that its correctional facilities correctly and consistently classified prisoner food services wages in the State's accounting records. As a result, DOC management could not identify the total cost of food services when reporting costs or attempting to analyze costs to manage the program. DOC paid prisoner wages of \$4.0 million in both fiscal years 2005-06 and 2006-07 (see Exhibit 4).

Our review of prisoner food services wages noted that 19 (38.8%) of the 49 facilities with prisoners working in food services recorded the total monthly prisoner wages as administrative costs rather than food services costs in the Michigan Administrative Information Network* (MAIN). As a result, DOC understated food services expenditures by \$1,822,682 and \$1,853,442 in fiscal years 2005-06 and 2006-07, respectively.

RECOMMENDATION

We recommend that DOC ensure that its correctional facilities correctly and consistently classify prisoner food services wages in the State's accounting records.

AGENCY PRELIMINARY RESPONSE

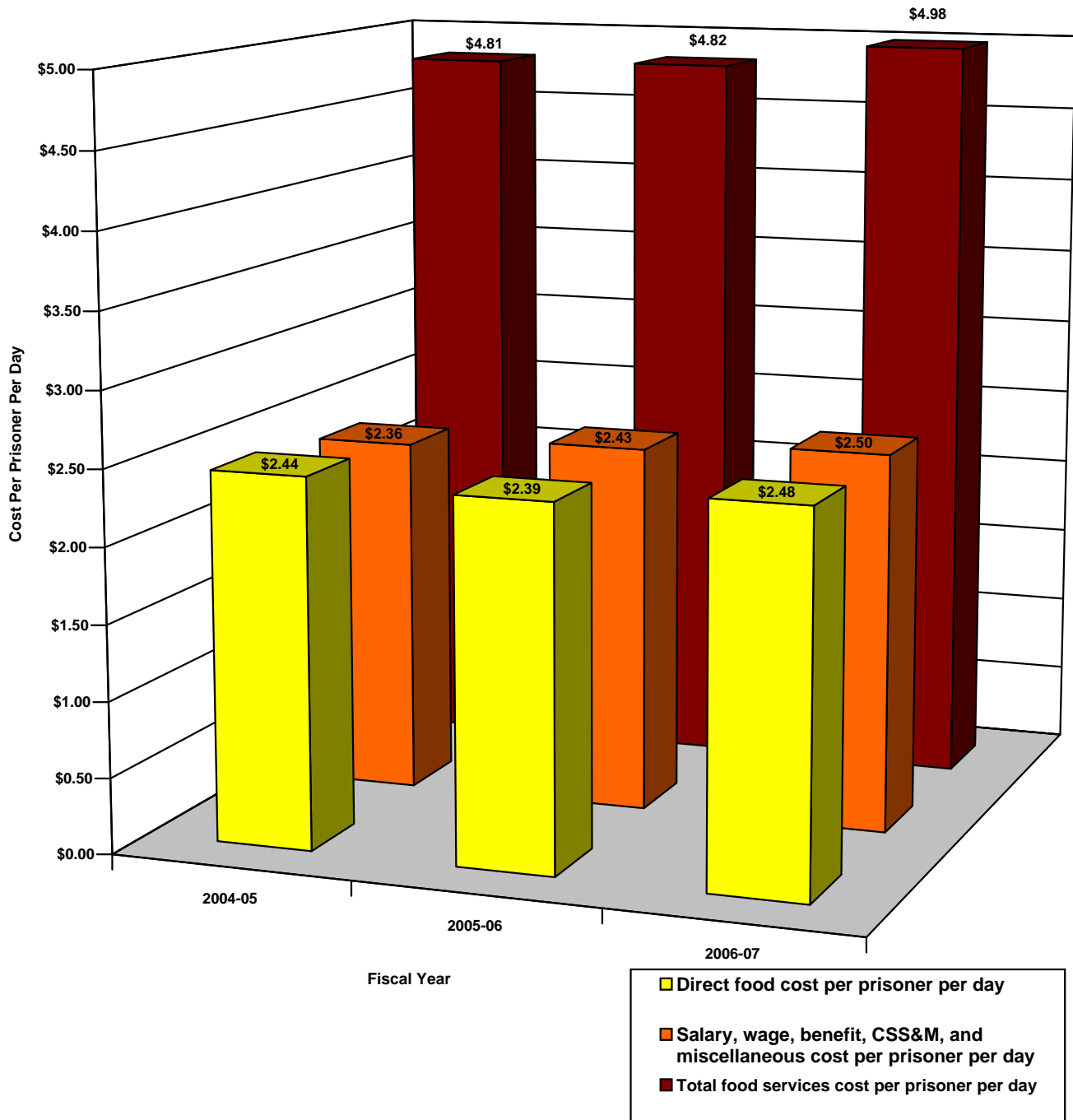
DOC agrees with the recommendation and will comply. DOC informed us that its Bureau of Fiscal Management will initiate internal control procedures to ensure that food service expenditures are recorded properly in the State's accounting records.

* See glossary at end of report for definition.

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SUPPLEMENTAL INFORMATION

PRISONER FOOD SERVICES
Department of Corrections
Food Services Cost Per Prisoner Per Day
For Fiscal Years 2004-05 through 2006-07



Source: Michigan Administrative Information Network (MAIN).

PRISONER FOOD SERVICES
 Department of Corrections
 Food Services Costs by Facility and Central Function
 For Fiscal Years 2004-05 through 2006-07

Correctional Facility / Central Function	At September 30, 2007		Fiscal Year 2004-05			
	Security Level	Facility/Program Capacity	Salaries, Wages, and Benefits	Direct Food Costs	CSS&M and Miscellaneous	Total
Correctional Facilities:						
Cooper Street Correctional Facility	I	1826	\$ 679,970	\$ 1,255,283	\$ 110,777	\$ 2,046,031
Ojibway Correctional Facility / Camp Ottawa	I	1378	810,949	1,015,723	76,576	1,903,248
Parnall Correctional Facility	I	1633	865,706	1,330,397	152,277	2,348,380
Pine River Correctional Facility	I	1119	656,156	752,476	120,067	1,528,700
Pugsley Correctional Facility	I	1158	657,904	800,889	111,104	1,569,897
Special Alternative Incarceration Program (Cassidy Lake)	I	360	351,701	341,903	15,898	709,501
Western Wayne Correctional Facility (1)	I		154,998	146,926	23,984	325,909
Kinross Correctional Facility / Hiawatha Correctional Facility (2)	I, II	2899	1,576,358	1,997,988	397,283	3,971,628
Lakeland Correctional Facility / Florence Crane Correctional Facility / Camp Branch	I, II	3434	1,611,013	2,541,045	291,062	4,443,120
Newberry Correctional Facility / Camp Manistique	I, II	1246	688,841	896,686	148,277	1,733,803
Riverside Correctional Facility / Deerfield Correctional Facility	I, II	2265	1,225,176	1,855,929	278,284	3,359,389
Chippewa Correctional Facility / Straits Correctional Facility	I, II, III, IV	2250	1,411,873	1,864,643	376,901	3,653,416
Bellamy Creek Correctional Facility	I, II, IV	1873	1,120,226	1,743,607	377,267	3,241,100
Carson City Correctional Facility / Boyer Road Correctional Facility	I, II, IV	2347	1,447,777	1,820,696	144,161	3,412,634
Earnest C. Brooks Correctional Facility / West Shoreline Correctional Facility	I, II, IV	2355	1,495,902	1,841,339	212,665	3,549,906
G. Robert Cotton Correctional Facility	I, II, IV	1826	1,069,876	1,490,729	132,917	2,693,523
Gus Harrison Correctional Facility / Parr Highway Correctional Facility	I, II, IV	2252	1,298,496	1,839,358	158,592	3,296,446
Huron Valley Complex - Men / Huron Valley Complex - Women / Camp Valley (3)	I, II, IV	1694	1,810,702	1,259,101	446,674	3,516,477
Macomb Correctional Facility	I, II, IV	1234	843,502	1,136,683	235,051	2,215,235
Saginaw Correctional Facility	I, II, IV	1476	788,152	1,250,487	230,281	2,268,920
Robert Scott Correctional Facility / Camp White Lake	I, II, IV, V	1040	835,701	777,933	195,998	1,809,632
St. Louis Correctional Facility / Mid-Michigan Correctional Facility	I, III, IV	2345	1,455,382	2,032,048	297,754	3,785,184
Alger Maximum Correctional Facility / Camp Cusino	I, V	849	888,069	875,570	203,055	1,966,694
Baraga Maximum Correctional Facility / Camp Kitwen	I, V	1171	1,094,046	1,086,589	234,010	2,414,645
Charles Egeler Reception and Guidance Center	I, V	1849	1,423,505	1,496,405	237,372	3,157,282
Marquette Branch Prison	I, V	1202	1,108,902	1,042,675	212,734	2,364,311
Standish Maximum Correctional Facility / Camp Lehman	I, V	1084	1,007,595	986,731	170,014	2,164,341
Mound Correctional Facility	II	1049	641,568	1,029,046	167,983	1,838,596
Muskegon Correctional Facility	II	1333	955,752	1,148,286	280,739	2,384,777
Richard A. Handlon Correctional Facility	II	1290	715,062	1,152,643	177,265	2,044,970
Ryan Correctional Facility	II	1052	817,469	973,647	220,872	2,011,988
Thumb Correctional Facility (4)	II	1205	841,621	1,045,074	93,801	1,980,497
Southern Michigan Correctional Facility	II, IV	732	1,012,231	1,330,246	153,427	2,495,904
Ionia Maximum Correctional Facility	II, V	679	512,307	637,707	153,484	1,303,498
Oaks Correctional Facility (5)	IV	931	940,826	785,313	101,455	1,827,594
			\$ 34,815,316	\$ 43,581,801	\$ 6,940,059	\$ 85,337,175
Central Functions:						
Federal School Lunch Program			210,268	177,797	52,417	440,482
Jackson Area Support Services			112,475			112,475
Central office salaries and wages			161,357			161,357
Reconciling Items (see Finding 5)						
Total fiscal year expenditures by cost category			\$ 35,299,416	\$ 43,759,597	\$ 6,992,477	\$ 86,051,490
Each cost category's percent of total expenditures			41%	51%	8%	100%

Total average prisoner population for fiscal year 49,046

- (1) Western Wayne Correctional Facility was closed on December 20, 2004.
- (2) Camp Koehler was included in these figures for fiscal year 2004-05 only; it was closed on June 19, 2005.
- (3) These figures include Camp Valley from March 2007 through September 2007 and Camp Brighton from October 2004 through March 2007. Camp Brighton was closed and Camp Valley opened on March 25, 2007.
- (4) Camp Tuscola was included in these figures for fiscal year 2004-05 only; it was closed on June 2, 2005.
- (5) Camp Sauble was included in these figures for fiscal year 2004-05 only; it was closed on May 8, 2005.

Source: Michigan Administrative Information Network (MAIN).

Fiscal Year 2005-06				Fiscal Year 2006-07			
Salaries, Wages, and Benefits	Direct Food Costs	CSS&M and Miscellaneous	Total	Salaries, Wages, and Benefits	Direct Food Costs	CSS&M and Miscellaneous	Total
\$ 793,387	\$ 1,199,718	\$ 114,506	\$ 2,107,611	\$ 798,332	\$ 1,162,791	\$ 109,141	\$ 2,070,264
897,441	1,149,562	103,535	2,150,538	926,353	1,219,831	87,630	2,233,815
861,831	1,341,036	134,353	2,337,220	887,322	1,288,428	145,802	2,321,553
736,839	964,115	137,966	1,838,921	818,400	948,257	140,167	1,906,824
718,955	886,641	121,029	1,726,624	750,363	836,435	110,877	1,697,675
295,405	489,102	18,711	803,218	276,534	455,784	4,567	736,885
1,633,055	2,228,939	394,650	4,256,643	1,670,789	2,440,390	423,328	4,534,507
1,786,018	2,757,812	336,102	4,879,932	1,654,663	2,774,794	365,327	4,794,784
783,776	929,422	145,809	1,859,008	809,631	980,928	140,212	1,930,771
1,369,771	1,935,837	338,237	3,643,844	1,534,350	2,079,387	312,954	3,926,691
1,445,400	1,871,374	310,362	3,627,136	1,410,626	1,994,781	305,445	3,710,852
1,171,206	1,713,552	388,662	3,273,420	1,196,532	1,716,632	371,033	3,284,197
1,547,362	1,953,169	148,319	3,648,850	1,536,382	2,092,550	151,502	3,780,433
1,569,866	1,826,398	177,343	3,573,607	1,590,190	1,889,676	241,527	3,721,393
1,179,988	1,517,479	123,370	2,820,837	1,158,478	1,481,030	75,716	2,715,224
1,340,949	1,931,987	162,301	3,435,237	1,385,282	1,838,521	208,827	3,432,630
2,085,644	1,213,900	508,355	3,807,900	1,884,171	1,804,248	451,520	4,139,938
862,137	1,034,962	231,450	2,128,549	911,244	1,079,436	297,251	2,287,931
885,731	1,323,052	205,051	2,413,834	850,023	1,337,233	250,978	2,438,234
801,711	748,641	192,043	1,742,396	993,913	839,670	210,298	2,043,880
1,600,853	2,136,833	329,571	4,067,257	1,614,398	2,107,788	315,519	4,037,705
928,754	886,850	184,517	2,000,120	943,864	914,412	199,155	2,057,431
1,161,898	1,173,259	255,579	2,590,735	1,137,376	1,235,697	263,594	2,636,667
1,147,607	1,604,286	241,961	2,993,854	1,177,577	1,461,718	292,019	2,931,314
1,207,217	1,050,433	211,687	2,469,337	1,219,194	1,076,128	201,838	2,497,159
1,092,663	1,028,915	183,695	2,305,273	953,088	1,031,174	183,630	2,167,892
704,122	1,034,897	221,050	1,960,069	726,501	992,024	223,271	1,941,797
1,017,520	1,241,682	137,628	2,396,831	1,106,096	1,140,649	132,707	2,379,452
761,495	1,198,851	228,716	2,189,063	772,112	1,265,946	199,638	2,237,695
808,236	1,012,641	225,716	2,046,593	827,519	1,029,596	220,307	2,077,421
829,325	1,058,039	92,495	1,979,859	796,970	967,903	95,492	1,860,364
1,084,884	1,349,722	175,785	2,610,392	1,079,743	1,097,339	134,373	2,311,455
560,221	655,806	187,829	1,403,856	566,514	719,056	172,975	1,458,545
1,009,315	849,662	92,303	1,951,280	1,017,301	845,265	89,722	1,952,287
\$ 36,680,583	\$ 45,298,573	\$ 7,060,686	\$ 89,039,842	\$ 36,981,826	\$ 46,145,496	\$ 7,128,343	\$ 90,255,666
46,576	136,555	216,909	400,040	55,855	81,363	485,191	622,409
		12	12				
199,458			199,458	187,273			187,273
		1,822,682	1,822,682			1,853,442	1,853,442
\$ 36,926,618	\$ 45,435,128	\$ 9,100,289	\$ 91,462,035	\$ 37,224,955	\$ 46,226,859	\$ 9,466,975	\$ 92,918,789
40%	50%	10%	100%	40%	50%	10%	100%
			51,980				51,165

PRISONER FOOD SERVICES
Department of Corrections (DOC)
Comparison of Michigan's Prisoner Food Services to Selected Food Service Contracts. (1)

	<u>Michigan DOC - Prisoner Food Services</u>	<u>Florida DOC - Contract</u>	<u>Kansas DOC - Contract</u>
Number of locations serviced	51 (including camps)	136	9
Number of prisoners (2)	51,165	86,000	8,400
Cost per day per prisoner	\$4.68 (3)	\$2.65	\$4.14
Responsibility for kitchen and equipment	DOC maintains kitchens and equipment in its facilities.	Florida DOC is responsible for providing kitchen space and equipment.	Kansas DOC is responsible for providing kitchen space and equipment.
Contract monitor	Not applicable	Contract monitor and invoice auditing	Contract monitor
Financial penalties for noncompliance	Not applicable	Various penalties ranging from \$250 to \$2,500 per instance of noncompliance through termination of contract	\$2,000 per day, if not corrected within 30 days
Basis for menu	DOC offers a limited choice menu based on dietary guidelines as noted under "Required standards."	Contractor must serve Florida DOC's master menu (included in contract).	Contractor must provide "limited choice" menu as outlined in proposal, in addition to meeting other nutritional requirements and number of servings.
Required standards	DOC complies with ACA standards, Dietary Reference Intakes, <i>Dietary Guidelines for Americans</i> , and Food Guide Pyramid. DOC also complies with the Michigan Food Code and the USDA HACCP Program.	Contractor must comply with ACA standards and all federal and state laws, statutes, rules, and regulations	Contractor required to keep documentation for ACA and NCCCHC for accreditation audits and must meet all federal requirements.
Required number of calories per day	2,900 for males and 2,600 for females	Average calories per day were 3,100. Males ranged from 2,200 to 2,800 and females ranged from 1,800 to 2,200 (2,600 for pregnant females).	2,900 for males and 2,200 for females
Fat content in diet	30%, less than 10% saturated fat	30%	Less than 38%, less than 10% saturated fat
Maintenance requirements	DOC correctional facilities are responsible for all maintenance, including cleaning, repairing, and replacing equipment as necessary.	Florida DOC is responsible for maintenance of all equipment. However, contractor is responsible for cleaning and maintaining equipment in accordance with manufacturer's instruction. If contractor damages equipment, contractor must replace equipment.	Contractor is required to clean and maintain equipment. Contractor must notify Kansas DOC if repair is needed. Kansas DOC is responsible for repair.
Utilization of prisoner workers	DOC utilizes prisoner employees to prepare and serve meals and perform warehouse and sanitation functions.	Contractor supervises inmates assigned to food service, including preparation and serving of meals, receipt of deliveries, and sanitation.	Contractor must train and supervise prisoner workers (Kansas DOC will not provide additional security).
Inventory and food storage	DOC correctional facilities are responsible for inventory and food storage.	Contractor is responsible for ordering and receiving all food necessary for the preparation of meals.	Contractor owns inventory and must store food, with the expectation of a two-day supply, which is stored at the respective facility.
Nonfood supplies (paper products, cleaning supplies, etc.)	DOC correctional facilities are responsible for purchasing nonfood items.	Contractor is responsible for purchasing most paper products, cleaning products, and some kitchen utensils.	Contractor is responsible for paper and cleaning supplies. Kansas DOC is responsible for small wares and cooking equipment.
Employee meals	DOC offers employee meals at no cost to custody staff and food services workers and to other employees at a cost of \$1.35 per meal.	Contractor provides meals to staff and guests at a cost not to exceed \$1.00 per meal.	Contractor is required to provide employee meals at a cost of \$1.00 per meal.
Special provisions	DOC uses a natural food approach to menu planning. DOC also utilizes government commodities and prisoner garden produce. DOC provides bagged meals for off-site prisoners and provides meals to four county jails.	Contract includes formal performance measures, including expected outcomes. Also, contractor must purchase produce from inmate garden program.	Contractor must utilize useable government commodities and departmental garden produce.

(1) This comparison presents selected aspects of Michigan DOC's food services program and compares those aspects to similar aspects of selected food service contracts. This exhibit does not include all aspects of Michigan DOC's food services program or all aspects of the services provided by the selected food services contractors.

(2) The number of prisoners is the average number of prisoners for Michigan, Florida, and Kansas during fiscal year 2006-07. The number of prisoners is the capacity for prisoners at Oakland County Jail and Grand Rapids Corrections Center.

UNAUDITED
Exhibit 3

Oakland County Jail (Michigan) - Contract	Grand Rapids Corrections Center (Michigan DOC) - Contract
7	1
1,840	160
\$2.64	\$6.37
Oakland County is responsible for providing kitchen space and equipment.	Contractor is responsible for preparing meals at its off-site kitchen and transporting meals to the corrections center.
Audit clause in contract	Performance review and audit language
Standard indemnification clause	Penalties for various violations included one-half of meal cost, \$1.00 per meal, or 20% of meal charge.
Contractor must meet ACA standards, Food and Nutrition Board of the National Academy of Sciences' nutritional requirements for inmates, and State standards. Sheriff approves menu prior to meal service.	Contractor must meet Michigan Food Code, HHS, and FDA requirements. Contractor must also comply with DOC menu (sample included with contract).
Contractor must comply with State and federal laws, ACA standards, and the Food and Nutrition Board of the National Academy of Sciences requirements.	Contractor must meet all State and federal statutes, rules, and regulations.
Average calories per day were 2,700.	2,900 for males and 2,600 for females
Monthly average 37% (4)	30%
County is responsible for building and equipment maintenance.	Contractor responsible for preventative maintenance; if not maintained, contractor must pay to replace equipment.
County provides inmates for food preparation and production, sanitation, and storeroom functions.	Inmates utilized for meal service only. Preparation is completed off site.
Contractor is responsible for all food purchases.	Contractor is responsible for food storage.
Contractor is responsible for all cleaning supplies. County is responsible for service ware trays and pots and pans.	Contractor is responsible for the purchase of all nonfood products, including paper products, cleaning products, and flatware.
Contractor provides employee meals at a cost of \$.88 per meal.	Contract does not address employee meals.
No special provisions	Contractor must prepare bagged lunches for off-site inmates and at least two hot meals per day.

(3) This amount represents DOC's cost to provide services comparable to the contractors. Therefore, it excludes certain fixed costs, such as prisoner pay, central office administration, equipment, and data processing charges.

(4) This fat content was calculated by DOC using Nutritionist Pro software to analyze one month of Oakland County's menu.

Source: Review of contract information provided by Michigan DOC, Florida DOC, Kansas DOC, and Oakland County.

PRISONER FOOD SERVICES
 Department of Corrections
 Payments to Prisoner Food Services Workers by Facility
 For Fiscal Years 2005-06 and 2006-07

Correctional Facility	At September 30, 2007		Fiscal Year 2005-06			Total Prisoner Payments
	Security Level	Facility Capacity	Prisoner Worker Hours	Prisoner Wages	Prisoner Bonuses	
Cooper Street Correctional Facility	I	1826	268,127	\$ 71,546	\$ 30,330	\$ 101,876
Ojibway Correctional Facility / Camp Ottawa	I	1378	249,489	68,798	39,193	107,991
Parnall Correctional Facility	I	1633	245,194	73,405	38,828	112,233
Pine River Correctional Facility	I	1119	174,407	45,818	27,715	73,533
Pugsley Correctional Facility	I	1158	187,562	43,834	24,034	67,868
Special Alternative Incarceration Program - Cassidy Lake	I	360				
Kinross Correctional Facility / Hiawatha Correctional Facility	I, II	2899	417,513	111,302	66,915	178,216
Lakeland Correctional Facility / Florence Crane Correctional Facility / Camp Branch	I, II	3434	1,046,335	213,184	112,808	325,992
Newberry Correctional Facility / Camp Manistique	I, II	1246	209,222	52,902	26,333	79,235
Riverside Correctional Facility / Deerfield Correctional Facility	I, II	2265	357,000	89,755	50,930	140,685
Chippewa Correctional Facility / Straits Correctional Facility	I, II, III, IV	2250	390,467	101,207	48,303	149,509
Bellamy Creek Correctional Facility	I, II, IV	1873	483,220	130,470	37,637	168,106
Carson City Correctional Facility / Boyer Road Correctional Facility	I, II, IV	2347	409,902	108,688	65,651	174,339
Ernest C. Brooks Correctional Facility / West Shoreline Correctional Facility	I, II, IV	2355	430,691	119,099	69,742	188,840
G. Robert Cotton Correctional Facility	I, II, IV	1826	638,473	83,818	49,660	133,478
Gus Harrison Correctional Facility / Parr Highway Correctional Facility	I, II, IV	2252	379,349	106,730	61,966	168,696
Huron Valley Complex - Men / Huron Valley Complex - Women / Camp Valley / Camp Brighton *	I, II, IV	1694	423,431	112,247	57,042	169,289
Macomb Correctional Facility	I, II, IV	1234	283,949	76,147	46,440	122,587
Saginaw Correctional Facility	I, II, IV	1476	312,026	78,100	46,848	124,948
Robert Scott Correctional Facility / Camp White Lake	I, II, IV, V	1040	171,227	46,396	21,230	67,626
St. Louis Correctional Facility / Mid-Michigan Correctional Facility	I, III, IV	2345	414,985	106,261	55,681	161,943
Alger Maximum Correctional Facility / Camp Cusino	I, V	849	118,124	40,742	16,460	57,202
Baraga Maximum Correctional Facility / Camp Kitwen	I, V	1171	213,126	65,967	29,078	95,045
Charles Egeler Reception and Guidance Center	I, V	1849	240,036	70,332	18,144	88,476
Marquette Branch Prison	I, V	1202	180,570	47,448	27,675	75,123
Standish Maximum Correctional Facility / Camp Lehman	I, V	1084	172,841	45,919	24,491	70,411
Mound Correctional Facility	II	1049	210,024	57,563	36,954	94,517
Muskegon Correctional Facility	II	1333	303,786	87,238	45,308	132,546
Richard A. Handlon Correctional Facility	II	1290	191,621	75,926	27,124	103,050
Ryan Correctional Facility	II	1052	210,013	57,242	34,809	92,051
Thumb Correctional Facility	II	1205	226,582	65,519	39,334	104,853
Southern Michigan Correctional Facility	II, IV	732	276,496	81,700	36,752	118,452
Ionia Maximum Correctional Facility	II, V	679	188,108	45,611	22,044	67,656
Oaks Correctional Facility	IV	931	180,232	62,234	12,078	74,311
			<u>10,204,128</u>	<u>\$ 2,643,148</u>	<u>\$ 1,347,536</u>	<u>\$ 3,990,683</u>

* Camp Brighton was closed and Camp Valley opened on March 25, 2007.

Source: Bureau of Fiscal Management, Department of Corrections.

UNAUDITED
Exhibit 4

Fiscal Year 2006-07			
Prisoner Worker Hours	Prisoner Wages	Prisoner Bonuses	Total Prisoner Payments
270,309	\$ 69,676	\$ 29,124	\$ 98,800
232,768	64,757	37,507	102,264
244,602	72,391	38,282	110,673
173,098	45,245	28,647	73,892
179,423	42,344	23,590	65,935
416,292	110,397	64,445	174,842
1,106,697	216,719	119,478	336,197
195,852	49,478	24,458	73,936
370,557	96,290	50,154	146,443
395,698	102,794	48,900	151,694
510,302	137,782	32,225	170,007
430,063	113,146	69,245	182,391
422,311	117,702	67,997	185,699
653,698	84,594	49,104	133,698
398,414	111,115	62,154	173,269
364,682	105,732	54,615	160,348
281,188	75,710	45,670	121,380
316,083	77,841	44,633	122,474
185,482	51,672	24,175	75,847
425,324	107,646	55,764	163,410
119,188	41,902	17,738	59,641
214,895	67,219	32,242	99,461
248,316	63,096	13,716	76,812
182,173	47,005	28,987	75,991
192,584	51,558	29,089	80,648
195,648	55,423	36,214	91,637
309,061	85,863	50,229	136,092
236,017	94,293	33,532	127,824
192,025	54,457	29,434	83,890
228,772	63,316	37,992	101,308
286,059	78,914	39,790	118,704
202,779	48,568	22,891	71,458
183,734	65,169	9,410	74,579
<u>10,364,092</u>	<u>\$ 2,669,814</u>	<u>\$ 1,351,429</u>	<u>\$ 4,021,243</u>

GLOSSARY

Glossary of Acronyms and Terms

ACA	American Correctional Association.
CFA	Correctional Facilities Administration.
CSS&M	contractual services, supplies, and materials.
DMB	Department of Management and Budget.
DOC	Department of Corrections.
effectiveness	Program success in achieving mission and goals.
FDA	Food and Drug Administration.
goal	The agency's intended outcome or impact for a program to accomplish its mission.
HACCP	Hazardous Analysis Critical Control Points.
HHS	U.S. Department of Health and Human Services.
institutional count	Number of prisoners housed at the facility at the given time that information is provided.
material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.

Michigan Administrative Information Network (MAIN)	The State's fully integrated automated administrative management system that supports the accounting, payroll, purchasing, contracting, budgeting, personnel, and revenue management activities and requirements. MAIN consists of four major components: MAIN Enterprise Information System (EIS); MAIN Financial Administration and Control System (FACS); MAIN Human Resource System (HRS); and MAIN Management Information Database (MIDB).
natural foods	Non-imitation food that contains naturally occurring substances including vitamins, minerals, carotenoids, flavonoids, isoflavones, and protease inhibitors.
NCCHC	National Commission on Correctional Health Care.
opportunity buys	A purchase of a food commodity of similar quality at a reduced price.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.

