

MICHIGAN DEPARTMENT OF CORRECTIONS POLICY DIRECTIVE		EFFECTIVE DATE 01/18/2016	NUMBER 01.05.100
SUBJECT SELF-AUDITS AND PERFORMANCE AUDITS		SUPERSEDES 01.05.100 (11/24/2015)	
		AUTHORITY MCL 791.203	
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POLICY STATEMENT:

Each Correctional Facilities Administration (CFA) institution and designated Department operational unit shall regularly review its compliance with Department policy and procedures and correct any deficiencies which are found to exist.

POLICY:

GENERAL INFORMATION

- A. Self-audits enable management and staff to ensure that all operational units comply with policy directives and take proactive steps to correct any non-compliance. Performing self-audits is intended to maximize safe and efficient operations by the Department.
- B. Self-audits shall be performed and related documentation retained in accordance with this policy directive.
- C. The Training Division within the Budget and Operations Administration (BOA), and the CFA Performance Audit Specialist shall develop and provide necessary self-audit training to staff responsible for performing self-audits.
- D. The Performance Audit Manual shall be developed and maintained by the CFA Performance Audit Specialist, and approved by the CFA Deputy Director. The manual shall identify and define standards for conducting performance audits.

POLICIES AND PROCEDURES TO BE AUDITED

- E. The Director or designee shall annually select the policy directives on which self-audits are to be performed at all CFA institutions. In addition, each Warden shall annually select two additional policy directives on which their institution shall perform self-audits.
- F. The Director or designee shall identify all other Department operational units that are required to perform annual self-audits and select the policy directives on which the audits are to be performed. The operational unit Supervisor may select additional policy directives on which to perform self-audits.

SELF-AUDIT PLAN

- G. By November 1 of each year, each Warden and the Supervisor of each operational unit which is required to conduct an annual self-audit shall submit a plan for performing the audits. The plan shall include a list of the policy directives to be audited and the schedule for completion of the self-audits. Wardens shall submit their plans to the appropriate Assistant Deputy Director (ADD) for approval. Plans for other operational units shall be submitted to the Director or designee for approval. The approved plans shall be returned to the appropriate Warden or operational unit Supervisor prior to November 30, identifying any revisions or modifications made to the plan.

PERFORMING SELF-AUDITS

- H. Each Warden and Supervisor of each operational unit which is required to conduct an annual self-audit, shall ensure required audits are completed, including reviewing and overseeing completion of audit reports and taking all necessary corrective action. This also includes assigning staff to perform the audit.

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- I. Self-audits shall address compliance with each factor listed on the Primary Audit Elements List for the policy directive, or if one has not been developed, the pertinent elements of the policy directive and any revisions due to applicable Director Office Memoranda (DOM). The audit also shall address all elements of operating procedures implementing the policy directive. Detailed work papers (e.g., results of any tests performed, interview notes, etc.) which identify how the audit was performed and how the findings of the audit were reached shall be maintained in accordance with Paragraph V of this policy. Copies of documentation reviewed as part of the audit shall be specifically identified and included with-the work papers.

- J. At the conclusion of each self-audit, a report shall be submitted to the appropriate Warden, Operational Unit Supervisor, or designee, with copies to the appropriate ADD, or for operational units, the Deputy Director or designee. The report shall include the following:
 - 1. Identification of the policy directive, operating procedures, and elements audited.
 - 2. A summary of how the audit was performed. This shall include identifying who was interviewed, which documents were reviewed and what operations were observed. The summary shall identify how samples were selected for review.
 - 3. A summary of the findings of the audit. This shall include the results of any documentation sampling or other audit work performed and shall identify all audit elements, indicating whether they were compliant or non-compliant.
 - 4. Recommendations for corrective action to be taken for each finding of non-compliance and suggestions to improve operations.
 - 5. A description of the corrective action taken or that will be taken for each finding of non-compliance, including expected compliance dates.
 - 6. An explanation of any audit element that is identified as not applicable to that institution or operational unit.

- K. Each Warden shall ensure an Annual Self-Audit Report is prepared including the final result of all self-audits conducted that year. The report shall be provided to the appropriate ADD or Deputy Director by September 30 of each year.

PERFORMANCE AUDITS

- L. Performance audits will be conducted at all CFA institutions, the Detroit Reentry Center, and the Detroit Detention Center by the Central Office audit team and the CFA ADDs' audit teams. The Central Office audit team consists of team members designated by the CFA Performance Audit Specialist. The CFA ADDs' audit teams consist of team members designated by the ADDs' Administrative Assistants. The audits will provide a thorough inspection of the institution's self-audit process and a comprehensive overview of the institutions' operations and physical plant.

- M. Performance audits provide a method for identifying:
 - 1. Effectiveness and efficiency of institution operations.
 - 2. Compliance with policy directives, operating procedures, DOMs, variances, applicable laws, regulations and codes, and Auditor General findings.
 - 3. Deficiencies, trends, and best practices throughout the Department.

- N. The CFA Performance Audit Specialist will oversee the performance audit process and provide technical assistance to staff in performing these audits. Performance audits will be conducted in accordance with a schedule based on a four year audit cycle. Additional performance audits may be conducted in order to monitor problem areas or security concerns as determined by the CFA Deputy Director or Assistant Deputy Directors.

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O. The four year audit cycle is as follows:

First and Third Year Audit: The Institutional staff will conduct a self-audit in accordance with this policy and the Performance Audit Manual, and conduct a physical plant inspection. A facility performance audit team shall be designated by the Warden.

Second Year Audit: The Institutional staff will conduct a self-audit in accordance with this policy and the Performance Audit Manual. In addition, a performance audit will be conducted by an audit team designated by the Administrative Assistant to the CFA ADD.

Fourth Year Audit: The institutional staff will conduct a self-audit in accordance with this policy and the Performance Audit Manual. In addition, a performance audit will be conducted by an audit team designated by the CFA Performance Audit Specialist as directed by the CFA ADD, Operations Division, or designee.

FACILITY RISK ASSESSMENT – PREPARATION FOR THE FOURTH YEAR AUDIT

P. A facility risk assessment will be performed by the CFA Performance Audit Specialist before the fourth year audit. The Performance Audit Specialist will give the facility notification of when the audit will take place. The risk assessment process will identify the scope of the identified institution's audit and will include but is not limited to:

1. Non-compliant findings on the first and third year self-audits and second year Regional audits;
2. Reportable conditions noted in the most recent Office of Auditor General (OAG) audit of the facility;
3. Any additional information provided by the Director, Deputy Directors, or Assistant Deputy Directors;
4. Critical Incident Reports;
5. Employee discipline issues;
6. Internal Affairs issues;
7. Physical plant limitations;
8. Changes to staffing;
9. Key control system;
10. Performance indicators on Department scorecards.

Q. During the fourth year audit, a defined and comprehensive sampling of information will be used. Documentation will be requested over random periods of time as identified by the risk assessment. This will enable the Performance Audit Specialist to place a compliance rate in a percentage format on all elements that are audited. The DTMB Office of Internal Audit Section (OIAS) will work collaboratively with the Performance Audit Specialist in the development of the risk assessment and sampling methodology.

R. The ADD or designee for the institution that is being audited will attend all exit interviews of the fourth year audits. Whenever possible, the Operations Assistant Deputy Director or designee will also attend.

CONDUCTING PERFORMANCE AUDITS

S. Performance audits shall be conducted in accordance with this policy and the Performance Audit

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Manual. At the conclusion of each performance audit, the audit team leader shall prepare a Performance Audit Report. The report shall include the following:

1. Identification of policy directives, operating procedures, DOMs, variances, and any other regulations or applicable laws or codes audited as a part of both the self-audit process and the physical plant inspection.
 2. Summary of the findings of the audit. This shall identify the deficiencies found in the institution's self-audit process and physical plant inspection. In addition, the summary shall include the performance audit review of the most recent Auditor General findings at the institution.
- T. After receiving the Performance Audit Report, each Warden or Supervisor of an Operational Unit shall submit a Facility Inspection Response Report, CRX-113, to the appropriate Assistant Deputy Director, Health Administrator, and Environmental Health and Fire Safety Manager, with copies to the CFA Performance Audit Specialist and the ADD's Administrative Assistant.

YEAR-END REVIEW

- U. At the end of each calendar year, a year-end review will be completed by the CFA Deputy Director or designee. This will allow the CFA Deputy Director or designee to review/discuss systematic deficiencies and strengths. It will also allow time to discuss patterns/trends, best practices, and review/update policies and procedures.

RETENTION OF AUDIT REPORTS AND SUPPORTING DOCUMENTATION

- V. A copy of the Annual Self-Audit Report along with the work papers and supporting documentation shall be retained at the self-audit site in accordance with the retention schedule.
- W. A copy of the Performance Audit Report along with audit work papers shall be retained by the CFA Performance Audit Specialist and the appropriate Assistant Deputy Director in accordance with the retention schedule.

OPERATING PROCEDURES

- X. Operating procedures are not required to be developed to implement this policy directive.

AUDIT ELEMENTS

- Y. An Audit Elements List is not required to be developed for this policy directive.

APPROVED: HEW 12/15/2015