

Commonwealth of Pennsylvania
Department of Corrections
State Correctional Institution at Coal Township
July 1, 2003 to July 28, 2006
Performance Audit



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May 25, 2007

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

This report contains the results of a performance audit of the State Correctional Institution at Coal Township of the Department of Corrections for the period July 1, 2003 to July 28, 2006. The audit was conducted under authority provided in Section 402 of The Fiscal Code, and in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States.

The report details the audit objectives, scope, methodology, findings, and recommendations. The report notes in this and the prior audit that Coal Township's Fire Emergency Response Team did not receive required training. The contents of the report were discussed with the officials of the institution and all appropriate comments are reflected in the report.

We appreciate the cooperation extended to us by the management and staff of the State Correctional Institution at Coal Township and by others who provided assistance during the audit.

Sincerely,

JACK WAGNER
Auditor General

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Background Information

Department of Corrections

Section I of Act 408 of 1953 established the Pennsylvania Bureau of Corrections. In January 1981, responsibility for bureau operations transferred from the authority of the Attorney General to the Office of the General Counsel. On December 30, 1984, the Governor signed Act 245 of 1984,¹ elevating the Bureau of Corrections to cabinet level status as the Department of Corrections.

The main purpose and goal of the Department is to maintain a safe and secure environment for both incarcerated offenders and the staff responsible for them. In addition, the Department believes that every inmate should have an opportunity to be involved in a program of self-improvement.

The Department is responsible for all adult offenders serving state sentences of two years or more. As of July 28, 2006, it operated 24 correctional institutions, 1 regional correctional facility, 1 motivational boot camp, a training academy, and 15 community pre-release centers throughout the Commonwealth of Pennsylvania.

Inmate General Welfare Fund

The Department of Corrections centrally controls an Inmate General Welfare Fund (IGWF) to provide custodial services for inmate personal monies and to generate funds for recreational activities. Each correctional institution within the Department maintains accounting records for its own portion of the IGWF. A central council consolidates, administers, controls, and invests all the institutions' funds.

State Correctional Institution at Coal Township

The State Correctional Institution at Coal Township is a medium security facility for adult male offenders. It is located in Coal Township, Northumberland County, approximately one mile northeast of Shamokin, and was opened in May 1993.

¹ 71 P.S. §310.1

Background Information

The National Commission on Accreditation accredits Coal Township as an adult institution for Corrections. According to its facility narrative, Coal Township's mission is to:

“ . . . provide the proper protection for the surrounding community through both modern and time-proven methods of institutional security . . . ”

Coal Township is located on 226 acres of land with 43 acres located inside the double fenced compound. The complex is comprised of 15 buildings including eight individual housing units.

The following schedule presents selected unaudited Coal Township operating data compiled for the years ended June 30, 2004, and 2005:

	2004	2005
Operating expenditures (rounded in thousands) ²	\$37,908	\$43,473
Inmate population at year-end	1,840	1,817
Capacity at year-end (Double Cell)	1,600	1,600
Percentage of capacity at year-end	119%	114%
Average monthly inmate population	1,903	1,821
Average annual cost per inmate ³	\$19,919	\$23,871

² Operating expenditures were recorded net of fixed asset costs, an amount that would normally be recovered as part of depreciation expense. Additionally, operating expenditures are net of annual lease costs.

³ Average cost was calculated by dividing the operating expenditures by the average monthly inmate population.

Objectives, Scope, and Methodology

The audit objectives, detailed in the body of the report, included the following general areas; Fire Emergency Response Team, Inmate General Welfare Fund, Procurement, Contracts, Tool and Key Security, and Inmate Employment and Compensation. The specific objectives for this audit were:

- To determine if Coal Township's Fire Emergency Response Team (FERT) members received the Department's required minimum annual training. (Finding 1)
- To determine if Coal Township complied with applicable IGWF policies and procedures. (Finding 2)
- To assess Coal Township compliance with Commonwealth policies and procedures applicable to purchasing and procurement. (Findings 3 to 6)
- To determine if Coal Township complied with Department's and General Services' contracting policies and procedures. (Finding 7)
- To assess Coal Township's compliance with Department's tool and key control policies and procedures. (Finding 8)
- To determine if Coal Township compensated its inmates for work performed in accordance with Department requirements. (Finding 9)
- To determine the status of implementation of the recommendation made during the prior audit of the Coal Township.

The scope of the audit was from July 1, 2003 through July 28, 2006, unless indicated otherwise in the individual report conclusions. An exit conference was held on July 26, 2006, to discuss the results of the audit with Coal Township management, and their comments are included with each recommendation in the report.

Objectives, Scope, and Methodology

To accomplish these audit objectives, we reviewed Department of Corrections FERT training requirements,⁴ the Department of Corrections Policy on administration of the IGWF,⁵ Management Directives on advancement accounts and purchasing cards⁶, and the contracting policies and procedures of the Department of Corrections⁷ and the Department of General Services⁸. We also reviewed Corrections tool and key control regulations, and the policy on inmate compensation⁹.

Auditors interviewed Coal Township's safety manager and the management and staff responsible for purchasing goods and services. We also interviewed the appropriate management and staff responsible for tool and key inventories as well as staff responsible for administering Coal Township's inmate compensation program. In discussions with Coal Township management and staff, the auditors obtained an updated understanding of the progress in implementing the prior audit's recommendation and other corrective action to resolve the prior finding.

Auditors determined whether Coal Township's FERT members received the Department's required minimum annual training by examining the training records for the 27 FERT members for the 2004 and 2005 calendar years.

In order to determine if Coal Township maintained the IGWF according to applicable policies and procedures, auditors ensured the February 28, 2006, bank statement was prepared accurately and reviewed timely. Auditors also compared the total of all inmate accounts to the Inmate Account listing on the Consolidated Balance Sheet for February 24, 2006, and examined the receipt and disbursement transactions for fifty-two inmates from a population of 1,838 for the period January 1, 2006 to March 31, 2006. The auditors also examined invoices, inmate withdrawal slips, or commissary orders to support 49 of 402 transactions recorded in the February 2006 check registry. Additionally, auditors ensured that all money included in the IGWF was invested as required by the Department and that the IGWF Committee at Coal Township existed and met at least quarterly as required by the Department.

To assess compliance with Commonwealth policies and procedures applicable to purchasing and procurement the auditors evaluated the roles assigned to Coal Township's Business Office personnel in the Integrated Enterprise System by analyzing the supporting documentation associated with 57 of 1,326 Purchasing Card transactions processed between July 1, 2004, and June 30, 2005. To verify compliance with Commonwealth policies, auditors analyzed the supporting documentation associated with 37 of 181 Advancement Account transactions processed between July 1, 2004, and June 30, 2005 and analyzed the

⁴ Staff Development and Training Procedures Manual 5.1.1 Section 12 D and section 2, FERT.

⁵ Department of Corrections Policy Statement 3.1.1, Fiscal Administration.

⁶ Management Directive M310.1, Agency Operated Advancement Accounts, August 11, 1999. Management Directive 310.23, Commonwealth Purchasing Card Program, August 11, 2006.

⁷ Department of Corrections Administration Policy No. 3.1.1.

⁸ Management Directive M215.3, Procurement Handbook.

⁹ Department of Corrections Policy Statement DC-ADM 816 Inmate Compensation.

Objectives, Scope, and Methodology

supporting documentation associated with 55 of 529 SAP/R3 purchase order transactions processed between July 1, 2004, and June 30, 2005.

To determine if Coal Township complied with the Department of Corrections' and the Department of General Services' contracting policies and procedures auditors selected 10 of 31 contracts active during the 2004-05 fiscal year, and for each contract selected, determined if the contract was bid, approved, and monitored properly and in compliance with applicable requirements. Also, for each contract selected, auditors determined if all invoices were approved prior to payment and complied with applicable contract provisions.

To assess Coal Township's compliance with Department tool¹⁰ and key¹¹ control policies and procedures we compared the tools maintained in the Carpentry and Paint Shops with the Master Control Tool Listing for those areas, analyzed the required Daily Tool Inventory Monthly Tracking Log for May 2006 and Weekly Tool Reports for January 2006. We also determined if the Quarterly Tool Inspection was completed for the first quarter of 2006 for both the Carpentry Shop and Paint Shop. Additionally the auditors compared the inventory listing in the Master Log Book with the key inventory listing maintained at the Control Center, traced entries from the Control Center key inventory listing to the actual keys or employee key chit and determined if daily and monthly key inventories were conducted for January 2006.

To determine if the inmates were paid at the correct rate and payments were posted to the correct account, auditors selected and analyzed 51 inmate records from a total population of 1,814 inmates. To confirm proper work classification and for those records, which indicated compensable work, auditors selected a sample 51 of 1,255 inmate records for analysis.

Finally, auditors performed tests, as necessary, in prior audit areas to substantiate their understanding of the progress in resolving the prior audit finding.

¹⁰ Department of Corrections Security Manual, Policy 6.3.1, Section 7 "Tool Control and Security of Facility Blue Prints."

¹¹ Department of Corrections Security Manual, Policy 6.3.1, Section 10 "Key Control."

Audit Findings

Fire Emergency Response Team

The Department of Corrections has recognized the need to have a first response fire safety program at each of its correctional facilities, which does not rely solely on available local fire responders. To address this need, a Fire Emergency Response Team program was established at each correctional facility. Further recognizing the need to have a well trained FERT, The Department requires each FERT member to receive a minimum of 16 hours of fire safety specific training annually.

Finding 1 – The Fire Emergency Response Team did not receive required training.

Coal Township's FERT members did not receive 16 hours of fire safety training for either 2004 or 2005 calendar year. Therefore Coal Township did not comply with The Department's' minimum FERT training requirements.

For the 2005 calendar year, 14 of 27 FERT members did not receive 16 hours of training. Four members received no training while ten FERT members received only eight hours of fire safety specific training. For the 2004 calendar year, 3 of 27 FERT members received no training and 4 received only 8 hours of training.

This is not a new issue at Coal Township. FERT training deficiencies were reported in the prior Coal Township audit report, to which the Department responded:

In instances where the employee receives training from an outside source, it shall be so documented by the member of the Fire Emergency Response Team and copies provided to SCI Coal Township's training personnel. The Department will then be consulted for determination that the outside training meets the Department requirements.

Coal Township's Fire Safety Manager was not aware that the Department had changed policy and was now recognizing fire safety training received outside the department. He indicated that since most of the FERT members receive fire safety training as members of local fire departments, this would reduce if not eliminate the number of FERT members who do not receive 16 hours of annual fire safety training.

Recommendations:

Coal Township should ensure that all FERT members receive Department required fire safety training. In addition, the Fire Safety Manager should request FERT members provide evidence of participation in fire safety training received outside of the Department.

Management Comments:

At the July 28, 2006 exit conference, Coal Township indicated that they agreed with our recommendation.

Inmate General Welfare Fund

The Department of Corrections maintains the IGWF that consists of non-appropriated funds from individual inmate accounts, commissary sales, hobby craft functions, personal services available to facility employees, and donations from organizations or individuals for the benefit of inmates. Money from all state correctional facilities is held in a central fund controlled by the IGWF Council, which consists of members designated by the Secretary of the Department of Corrections.¹² To ensure that the IGWF at each correctional institution is maintained consistently, Corrections has issued policies and procedures that established operating requirements.¹³

Finding 2 – IGWF operated according to Department policies and procedures.

Coal Township complied with Department policies and procedures regarding IGWF. The total number of inmate accounts agreed to the total recorded on the consolidated balance sheet. The bank reconciliation was prepared accurately and timely, reviewed, and approved. In addition, inmate assets were adequately safeguarded. All receipt and disbursement transactions examined were posted accurately and disbursements examined were supported by either an invoice, or an inmate withdrawal slip, or a commissary order. Finally, Coal Township had established an IGWF Committee that met monthly as required and all funds were held in an interest bearing checking account to maximize interest.

¹² Department of Corrections Policy Statement 3.1.1, Fiscal Administration.

¹³ Ibid.

Audit Findings

Procurement

The Commonwealth instituted the Integrated Enterprise System (IES) to streamline and standardize key administrative business systems and processes utilizing the Systems Applications Products (SAP/R3) software package. This system permits state agencies to operate with greater efficiency by eliminating paperwork, establishing vendor lists, networking various agencies, and aiding in the reconciliation of data from many sources.¹⁴ Coal Township began to utilize the SAP R/3 Materials Management module in October 2002.

Coal Township purchases goods and services through the advancement account, purchasing cards, and SAP/R3 Materials Management module. The method of payment depends on the dollar value and the nature of the purchase. All purchases made from a state contract or valued greater than \$3,000 are processed entirely through the IES purchasing module. Purchasing cards can be used for transactions with a value less than \$3,000 and the advancement account for those transactions with a value less than \$1,500. The Commonwealth has established various operating guidelines for these payment methods.¹⁵

Finding 3 – IES roles were sufficiently segregated.

The Business Office staff at Coal Township was role-mapped in accordance with the “Integrated Enterprise System” guidelines. No staff member was role-mapped to requisition, purchase, and receive. Each staff member had a different responsibility during the purchasing process. The business manager only approves purchase orders and receives items, the purchasing agent can only create requisitions and purchase orders, and the warehouse clerks can only requisition and receive items. No staff member can create a purchase order and receive that order.

Finding 4 – Coal Township processed purchasing card transactions according to Commonwealth policies.

All examined purchasing card transactions were processed in compliance with commonwealth policies. In addition, each transaction had the appropriate approvals, purchasing and receiving documents, and invoices.

¹⁴ www.ies.state.pa.us.

¹⁵ Management Directive 310.1 Agency Operated Advancement Accounts, Management Directive 310.23 Commonwealth Purchasing Card Program, and www.ies.state.pa/lib/imaginopa/Allroles.html?securityNav=1#_Toc102547731.

Finding 5 – Coal Township processed advancement account transactions according to commonwealth policies.

All examined Advancement Account transactions were processed in accordance with applicable policies and procedures. The Agency Purchase Request (APR) must be approved by the requestor's immediate supervisor, the requestor's department deputy, and institution business manager before being forwarded to the purchasing department. After which, the approved APR is forwarded business office secretary who reviews the document for completeness and the budget analyst to ensure funds are available. The budget analyst then enters the necessary information on the IES system, which generates a document number and prints the check. The check is printed and mailed from the facility.

Finding 6 – Coal Township processed SAP/R3 purchase transactions accurately.

All purchase transactions examined that were initiated and processed solely through SAP/R3 Materials Management module were processed accurately and timely. Coal Township's purchasing department created each purchase order and employees from the storeroom or receiving department processed each goods receipt.

Contracts

Correctional institutions contract with a number of vendors to provide a variety goods and services needed to sustain operations. Corrections has established contracting policies and procedures to ensure that each contract awarded by a correctional facility is consistently bid, awarded, monitored and paid consistently.¹⁶ In addition, General Services has issued procurement policies and procedures that are incorporated in Corrections' procurement policies.¹⁷

Finding 7 – Coal Township complied with all applicable contracting policies and procedures.

Coal Township complied with Corrections and Commonwealth contracting policies and procedures. All examined contracts were bid according to applicable policies; examined vendor invoices were completed in accordance with the applicable contract provision and approved by the contract monitor prior to payment. Finally, commissions on the vending service contract were based on net sales and calculated according to contracted commission percentages and commission payment was received by the institution in a timely manner.

¹⁶ Department of Corrections Administration Policy No.3.1.1.

¹⁷ Department of General Services Field Procurement Handbook No.M215.3.

Audit Findings

Tool and Key Security

Correctional facilities must maintain a supply of tools to complete maintenance and construction projects and provide technical training to inmates. In addition, locks are an essential part of the security system. To ensure tool usage is monitored and key locations are controlled, the Department of Corrections has developed policies and procedures pertaining to the inventory, disbursement, documentation, storage, and handling of tools¹⁸ and the tracking system for all issued, returned, spare and emergency keys.¹⁹ These policies and procedures guide the Tool and Key Control Officers at Coal Township in ensuring all tools and keys are accounted for.

Finding 8 – Coal Township complied with Department tool and key policies and procedures.

Coal Township complied with all Corrections policies and procedures for monitoring and accounting for tools and keys. Every tool examined was properly identified by the necessary etching and appropriately stored in a storage room, storage cabinet, or shadow board. Required Weekly Tool Reports and Quarterly Tool Inspection Reports were prepared and reviewed by the Tool Control Officer. In addition, Coal Township adhered to Corrections' key control policies and procedures.

Inmate Employment and Compensation

The Department of Corrections established a system-wide inmate employment program that compensates inmates when participating in work and/or educational programs. This program provides inmates with opportunities to advance, which provides positive reinforcement for developing good work habits that are important for an inmate's integration into the community upon release. The Department established policy to ensure the inmate employment program is administered consistently across institutions.²⁰

Finding 9 – Inmate compensation records were correct and accurate.

Coal Township complied with the Department of Corrections inmate compensation policy. The examination and analysis of all records selected for testing showed that classifications and payment rates were correct and posted to the correct inmate account.

¹⁸ Department of Corrections Security Manual, Policy 6.3.1, Section 7 Tool Control and Security of Facility Blue Prints.

¹⁹ Department of Corrections Security Manual, Policy 6.3.1, Section 10 Key Control.

²⁰ Department of Corrections Policy Statement DC-ADM 816 Inmate Compensation.

Status of Prior Audit Finding and Recommendation

Objectives and Methodology

The following is a summary of the finding and recommendation presented in our audit report for the period July 1, 2001 to October 10, 2003, along with a description of Coal Township management's disposition of the recommendation. The status of the recommendation was determined by one or more of the following procedures:

- A review of the Department of Corrections' written response, dated December 29, 2004, addressing the Auditor General's report issued for the period July 1, 2001 through October 10, 2003.
- Tests performed as part of, or in conjunction with, the current audit.
- Discussions with appropriate Coal Township management and other personnel regarding the prior audit conclusions and recommendations.

Prior Audit Finding

Finding V-1 – The Fire Emergency Response Team did not receive sufficient training.

Our prior audit reported that 20 of the 30 members of the Coal Township FERT team did not receive the twelve hours of mandated training for the period January 1, 2002 to December 31, 2002. We recommended the Fire Emergency Response Team should receive all mandatory training in accordance with Department policy.

Status:

Coal Township did not comply with the previous audit recommendation. This issue is again discussed in Finding 1.

Audit Report Distribution List

This report was initially distributed to the following:

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This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our Web site at www.auditorgen.state.pa.us.