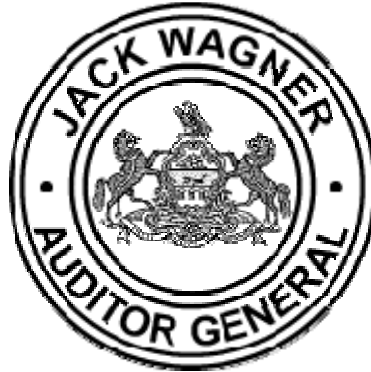


Commonwealth of Pennsylvania
Department of Corrections
State Correctional Institution at Laurel Highlands
July 1, 2003, to March 2, 2006
Performance Audit



Commonwealth of Pennsylvania

Department of Corrections

State Correctional Institution at Laurel Highlands

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Performance Audit

November 29, 2006

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

Dear Governor Rendell:

This report contains the results of a performance audit of the State Correctional Institution at Laurel Highlands of the Department of Corrections from July 1, 2003, to March 2, 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 in one prior audit that the institution did not collect inmate restitution, fines, or costs for some court orders issued after October 1998. The report indicates that Laurel Highlands did not adequately monitor all travel expenditures. Additionally, the report discloses that the institution did not comply with the maintenance guidelines of the Department of Corrections, or effectively administer its work order system. Finally, the report identifies the facility's noncompliance with training requirements for contact employees and members of the Fire Emergency Response Team. 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 management and staff of the State Correctional Institution at Laurel Highlands and by others who provided assistance during the audit.

Sincerely,

JACK WAGNER
Auditor General

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Background Information

Department of Corrections

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

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

Corrections is responsible for all adult offenders serving state sentences of two years or more. As of June 30, 2005, it operated 25 correctional institutions, 1 regional correctional facility, 1 motivational boot camp, a training academy, and 14 community pre-release centers throughout the Commonwealth of Pennsylvania.

State Correctional Institution at Laurel Highlands

The State Correctional Institution at Laurel Highlands (Laurel Highlands) is located in the borough of Somerset, Somerset County, approximately 65 miles southeast of Pittsburgh. It is designated as a medium-security facility for adult male offenders.

Laurel Highlands is situated on 169 acres of land with 52 acres located inside a double fence topped with razor wire. The institution's rated capacity at June 30, 2005, was 889 beds.

¹ 71 P.S. §310.1

Background Information

The following schedule presents select unaudited Laurel Highlands' operating data compiled by Corrections for the fiscal years ended June 30, 2004, and 2005:

	2004	2005
Operating expenditures (rounded in thousands) ²		
State	\$36,184	\$38,396
Federal	<u>8</u>	<u>9</u>
Total	<u>\$36,192</u>	<u>\$38,405</u>
 Inmate population at year-end	 899	 877
 Capacity at year-end	 889	 889
 Percentage of capacity at year-end	 101.1%	 98.7%
 Average monthly inmate population	 882	 876
 Average cost per inmate ³	 \$41,042	 \$43,849

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

We selected audit objectives, from the following general areas: Client management, including an evaluation of the adequacy of controls over the Inmate General Welfare Fund; Contract management, including an assessment of the key controls governing contract selection, implementation, and monitoring; Expense management, including a review of travel expenditures in the SAP R/3 accounting system and the institution's maintenance costs; and Personnel management, including an assessment of the institution's compliance with Corrections policies and procedures regarding employee training. The specific objectives for this audit were as follows:

- To evaluate collection efforts over inmate restitution and other court-ordered obligations. (Finding 1)
- To determine whether Laurel Highlands operated the IGWF according to Corrections policies and procedures and to assess the adequacy of internal controls. (Finding 2)
- To determine whether service contracts were selected in accordance with Commonwealth guidelines and to evaluate the efficacy of the institution's monitoring of service contracts. (Finding 3)
- To determine whether employee travel and associated reimbursements complied with Commonwealth and Corrections policies and procedures, as well as to assess the effectiveness of relevant internal controls. (Finding 4)
- To determine whether Laurel Highlands complied with Corrections' maintenance policy and procedures and to assess the adequacy of the institution's work order administration. (Finding 5)
- To assess Laurel Highlands' compliance with Corrections' training guidelines. (Finding 6 and 7)
- To determine the status of management's corrective actions in the areas of collection of inmate restitution and record keeping in the inmate accounts system.

The scope of the audit was from July 1, 2003, to March 2, 2006, unless indicated otherwise in the individual testing methodologies that follow.

Objectives, Scope, and Methodology

To accomplish these objectives, auditors reviewed the provisions of Act 84,⁴ Corrections policies for the collection of inmate debts,⁵ the guidelines for Inmate Records Office operations,⁶ the administration of the Inmates General Welfare Fund (IGWF),⁷ the Commonwealth's Procurement Manual,⁸ Corrections policy for the allowable use of personal vehicles,⁹ the Governor's Office Management Directive for travel and subsistence allowances,¹⁰ Corrections policy and procedures for facility maintenance,¹¹ and Corrections' Staff Development and Training Procedures Manual.¹² Finally, they reviewed Correction's written response, dated December 9, 2004, replying to the Auditor General's prior audit report.

Auditors interviewed Laurel Highlands management and staff responsible for inmate restitution, administration of the IGWF, the fiscal technician supervisor, accounting personnel, the budget analyst, purchasing personnel, contract monitors, staff responsible for overseeing employee travel, the facility maintenance manager, shop foremen, and the interim training coordinator. In discussions with Laurel Highlands' management and staff, the auditors obtained an updated understanding of the progress in implementing the prior audit's recommendations and other corrective action to resolve the prior findings.

For the testing of Laurel Highlands' efforts to collect inmate restitution and other court-ordered obligations, auditors analyzed the court orders and personal accounts for 29 of 656 inmates identified by the institution for Act 84 deductions as of November 2, 2005, and the records and personal accounts for 20 of 252 inmates who were not identified by the institution for Act 84 deductions as of November 2, 2005.

Auditors tested compliance with policies and procedures, determined the adequacy of internal controls in the IGWF by selecting and reviewing IGWF financial statements for the fiscal years ended June 30, 2004, and June 30, 2005, and analyzing the June 2004 and June 2005 bank statements, and associated reconciliation forms for accuracy. Significant internal controls were assessed for effectiveness by examining the supporting documentation for a random sample of 29 of 8,060 disbursements and 29 of 857 receipts transacted between July 1, 2003, and October 28, 2005. In addition, auditors evaluated the timeliness and

⁴ 42 Pa.C.S. §9728. Collection of restitution, reparation, fees, costs, fines and penalties.

⁵ Commonwealth of Pennsylvania Department of Corrections, Policy Number DC-ADM 005, "Collection of Inmate Debts," April 7, 2004.

⁶ Commonwealth of Pennsylvania Department of Corrections, Policy Number 11.5.1, "Records Office Operations," July 16, 2003.

⁷ Commonwealth of Pennsylvania Department of Corrections, Policy Number 3.1.1, "Fiscal Administration," July 28, 2004.

⁸ Commonwealth of Pennsylvania Governor's Office, Policy Number M215.3 Revision No. 4, "Field Procurement Handbook," April 17, 2003.

⁹ Commonwealth of Pennsylvania Department of Corrections, Policy Number 6.3.1, "Facility Security," December 4, 2000.

¹⁰ Commonwealth of Pennsylvania Governor's Office, Management Directive Number 230.10, "Travel and Subsistence Allowances," November 1, 2000.

¹¹ Commonwealth of Pennsylvania Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," June 1, 2001, and amended October 10, 2005.

¹² Commonwealth of Pennsylvania Department of Corrections, Policy Number 5.1.1, "Staff Development and Training," December 15, 2003.

Objectives, Scope, and Methodology

management review of 24 monthly bank reconciliations conducted from July 2003 through June 2005, as well as conducted an unannounced petty cash count on November 22, 2005.

In order to determine that service contracts were selected according to Commonwealth guidelines and to evaluate the efficacy of the Laurel Highland's monitoring of service contracts, auditors inspected the institution's detailed list of service purchase contracts for the fiscal year ended June 30, 2005. They examined the bid documentation for 4 of 14 service contracts where anticipated expenditures exceeded the monetary threshold for competitive bids. The four reviewed contracts included two chaplaincy service contracts, a copier maintenance contract, and a bulldozer rental contract. They also analyzed the terms of the above four service contracts, as well as the associated invoices and expenditure ledger entries for the fiscal year ended June 30, 2005.

To assess Laurel Highlands compliance with relevant travel policies the auditors selected a sample of 30 of the 493 travel expense transactions processed during the fiscal year ended June 30, 2005, and analyzed the supporting documentation.

To assess the adequacy of the institution's work order administration maintenance and the department's compliance with policy and procedures and to assess, auditors examined the work order logs for 3 of the 14 maintenance shops, and the 2005 monthly summaries of all maintenance activity prepared by the institution's facility maintenance manager. They analyzed the documentation associated with 40 of 4,927 work orders completed during the 2005 calendar year. They also reviewed the supporting documentation for 24 of 675 maintenance credit card purchases for the fiscal year ended June 30, 2005.

To assess compliance with Corrections' training guidelines, auditors reviewed the facility's annual training plans for the fiscal years ended June 30, 2005, and 2006, and examined the 2004-05 training records for 38 of 427 full-time employees, including 5 of 34 members of the Fire Emergency Response Team and 3 of 24 members of the Corrections Emergency Response Team. They also examined the certification of 6 of the 61 instructors for the fiscal year ended June 30, 2005, to determine that qualified instructors presented the training courses.

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

Audit Findings

Inmate Restitution

Act 84 of 1998 amended Title 42 of the Pennsylvania Consolidated Statutes, defining Corrections responsibilities pertaining to several judicial matters including court-ordered obligations.¹³ Title 42 authorizes Corrections to make monetary deductions from inmate personal accounts for collecting restitution, court costs, fines, fees, and penalties. The collected funds are to be sent to the county in which the inmate was convicted.

Corrections has issued policies and procedures to implement Act 84. The guidelines for the collection of inmate debts direct the state correctional institutions to deduct 20 percent of the inmate's initial personal account balance and subsequent monthly income if the inmate's account balance exceeds \$10.¹⁴ The guidelines for records office operations specify the responsibilities of that office regarding the processing of court orders.¹⁵

The prior audit conducted by the Auditor General disclosed that Laurel Highlands did not accurately record or collect restitution from five inmates for eight court orders issued subsequent to October 16, 1998, the effective date of Act 84. The prior audit recommended that the institution's records office review all current inmate files to ensure accurate Act 84 deductions for all relevant court orders.

Finding 1 – Laurel Highlands still did not collect restitution, fines, or costs for some court orders issued after October 16, 1998.

Laurel Highlands again failed to collect restitution for some inmate court orders issued after the effective date of Act 84. The review of records for 20 of 252 inmates without Act 84 activity in their personal accounts disclosed that the institution did not deduct any restitution from the personal accounts of four inmates for four court orders issued after October 1998. Copies of the four court orders, necessary to initiate the withholdings, were not located in the facility's business office. As a result, Laurel Highlands failed to collect \$561 in restitution and court costs from the individual transfer dates of the four inmates through November 2, 2005.

Additionally, the review of records for 29 of the 656 inmates designated by the institution for Act 84 deductions disclosed a posting error where facility personnel did not record and,

¹³ See footnote 4.

¹⁴ See footnote 5.

¹⁵ See footnote 6.

Audit Findings

therefore, did not collect \$228 in restitution and fines associated with one court order for one of the 29 inmates.

Corrections policy and procedures require an institution's records office to file the original court order for restitution and costs and forward a copy to the institution's business office. The business office then deducts 20 percent of the inmate's initial account balance and subsequent monthly income if the inmate's account balance exceeds \$10.

Corrections guidelines for records office operations state, in part:

*It is the responsibility of the Inmates Records Office to provide copies of any court order or official county document involving inmate debt to the Business Office, as soon as it is received.*¹⁶

The above four inmates without any Act 84 deductions were transfers from other Commonwealth correctional institutions. Records office personnel at Laurel Highlands did not forward copies of the court orders to the business office upon inmate transfer.

Although Laurel Highlands established a checklist for the breakdown of inmate files upon inmate transfer from another institution, this checklist did not explicitly require personnel from the records office to forward all commitment orders issued after October 16, 1998, to the facility's business office for inmate accounting. As a result, business office personnel failed to record and collect the court-ordered restitution for the four transferred inmates.

Recommendations:

Laurel Highlands management should amend its internal policies and procedures for managing the files of transferred inmates and provide copies of all eligible court orders to the business office for inmate accounting. The business office should then correctly input the court-ordered costs and restitution and correct any errors or discrepancies before additional deductions are made.

Management Comments:

Management reserved comment until the Department of Corrections has reviewed the final report.

¹⁶ Commonwealth of Pennsylvania Department of Corrections, Policy Number 11.5.1, "Records Office Operations," July 16, 2003.

Audit Findings

Inmate General Welfare Fund

The Inmates' General Welfare Fund (IGWF) consists of non-appropriated funds, which are locally controlled and administered. The fund serves as a depository for inmates' personal monies and for revenues generated by inmate-related enterprises. The profits from inmate-related enterprises are used to purchase items or activities that benefit the inmates but are not deemed inmate necessities by Corrections.

Corrections has developed policies and procedures for the administration of the IGWF.¹⁷ These guidelines specify the required approvals, nature, and processing of fund expenditures, as well as the collection and safeguarding of monies generated by IGWF revenue-producing shops. Corrections policies and procedures also identify the financial reports to be prepared by the individual correctional facility, including monthly balance sheets and income statements for all fund activities.

Finding 2 – Laurel Highlands adequately managed its IGWF and complied with relevant Corrections policies and procedures.

Laurel Highlands' business office personnel obtained the proper approvals and processed each of the 29 reviewed disbursements accurately and timely. Business office personnel deposited the 29 reviewed receipts within one to four calendar days and accurately posted the same receipts to the inmate accounts within two calendar days. The fiscal technician supervisor accurately and timely conducted monthly bank reconciliations, which were subsequently reviewed by the budget analyst or business manager. Business office personnel prepared the required IGWF financial statements and properly reported the petty cash balance. Finally, Laurel Highlands adequately segregated the check preparation, check signing, and bank statement reconciliation processes.

¹⁷ See footnote 7.

Contract Management

Commonwealth institutions frequently contract with vendors instead of providing services in-house, because the services may not warrant full-time positions or institution personnel may not possess the required expertise. Contracted services include, but are not limited to, chaplaincy services, equipment rental, and equipment maintenance.

During the fiscal year ended June 30, 2005, Laurel Highlands expended approximately \$57,800 for copier maintenance, \$38,000 for Catholic chaplaincy services, \$34,700 for Protestant chaplaincy services, and \$3,700 for the rental of a bulldozer.

The Commonwealth has established guidelines for the procurement of services. These guidelines address the monetary thresholds and procedures for formal bids, as well as contract payment methods and requirements.¹⁸ Laurel Highlands management is responsible for effectively monitoring contracted services performed on site.

Finding 3 – Service contracts were effectively monitored in compliance with Commonwealth policies and procedures during the fiscal year ended June 30, 2005.

Laurel Highlands bid the four contracts according to Commonwealth policies. Additionally, the facility assigned contract monitors for each of the four contracts. The contract monitors ensured compliance with contract terms and verified the accuracy of vendor invoices.

¹⁸ See footnote 8.

Audit Findings

Travel Expenses

Laurel Highlands' employees are entitled to receive reimbursement within prescribed maximums for out-of-pocket expenses incurred in the performance of their duties. The Commonwealth has developed policies and procedures that specify the types of allowable/reimbursable employee travel. These guidelines address the eligibility, rates, and documentation required for reimbursement of expenses for personal mileage, meals, and hotel accommodations. In addition, Corrections has developed guidelines for the allowable use of personal vehicles for official business.

Finding 4 – Management did not authorize or justify two exceptions to Commonwealth overnight travel expense guidelines properly.

The review of the supporting documentation for 30 travel transactions disclosed that Laurel Highlands complied with Commonwealth and Corrections guidelines regarding the allowable use of personal vehicles. Additionally, the reviewed travel expenses agreed with the rates specified in the Governor's Office directive regarding travel and subsistence allowances. However, Laurel Highlands did not adequately monitor all travel expenditures. Supervisors did not justify or properly authorize two exceptions to the Commonwealth overnight travel guidelines prior to reimbursement.

Management did not document the required justification for two separate hotel stays less than 50 miles from the associated employees' official headquarters. Two employees headquartered at the Laurel Highlands' facility received a total reimbursement of \$643 for subsistence and hotel expenditures incurred while in attendance at training conducted at the State Correctional Institution at Somerset, a facility located approximately three miles from Laurel Highlands. Commonwealth Management Directive 230.10 states, in part:

Normally, expenses for lodging will not be allowed at the place of an employee's official headquarters or residence nor at sites located within 50 miles of the employee's official headquarters or residence. Agencies are authorized, when provided with adequate written justification, to approve exceptions... a copy of the written justification signed by an agency head or designated deputy MUST be attached to the employee's TEV.¹⁹

Laurel Highlands' management initially approved overnight travel for the two employees to attend training at Corrections' Training Academy in Elizabethtown, a location greater than 50 miles from the Laurel Highlands' facility. Due to the number of scheduled attendees from western Pennsylvania, Corrections subsequently moved the seminar location to Somerset. Laurel Highlands' management did not reevaluate or rescind the previously appropriate approvals for overnight travel expenses for the two employees. Moreover, management did not document justification for these exceptions to the Commonwealth

¹⁹ Commonwealth of Pennsylvania Governor's Office, Management Directive Number 230.10, "Travel and Subsistence Allowances," November 1, 2000.

Audit Findings

travel guidelines. As a result, the two employees received reimbursement for overnight travel expenses incurred significantly less than 50 miles from their headquarters.

Recommendations:

Laurel Highlands' management should adequately monitor travel expenses to ensure compliance with Commonwealth and Corrections policies and procedures.

Management should document the justification for any exceptions to the overnight travel guidelines.

Management Comments:

Institution management deferred comment until the Department of Corrections has reviewed the final report.

Audit Findings

Maintenance

The Department of Corrections took ownership of Laurel Highlands from the Department of Public Welfare in July 1996. The institution, initially constructed in 1949, encompasses about 117 acres of land with approximately 52 acres inside a 14-foot high double chain-link fence. The institution maintains 22 buildings, including nine located within the fence.

During the fiscal year ended June 30, 2005, Laurel Highlands expended approximately \$417,000 in maintenance supply purchases through its purchasing card program. These purchases involved 675 transactions at an average dollar value of \$618.

The institution's maintenance department consists of 14 specialty trade shops, including the automotive, carpentry, and welding shops. The primary objective of the maintenance department is to provide routine and preventive maintenance for the facility. According to Corrections policy, construction projects are subordinate to this primary function.

Finding 5 – Laurel Highlands did not comply with Corrections maintenance guidelines and did not effectively administer its work order system.

Corrections has developed comprehensive policies and procedures for the request, approval, priority assignment, and completion of work orders. Corrections Policy requires work orders to be initiated by department staff, signed by the department head, and forwarded to the maintenance department for review, evaluation, disposition, approval, assignment of a priority code, and scheduling. The manual also specifies that staff must use only the standard maintenance work order form (DC-437) to request maintenance work.

Corrections Policy requires the work orders to be monitored, as follows:

As work order assignments are completed, it shall be the responsibility of each maintenance staff member to complete the back of the DC-437 listing time and materials used. As work order assignments are completed, the DC-437 is to be signed and dated by the maintenance personnel completing the work and returned to his/her immediate supervisor. The supervisor shall inspect the completed work, sign the DC-437, and forward the DC-437 to the Facility Maintenance Manager's office for review and administrative tracking.²⁰

²⁰ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," June 1, 2001, and amended October 10, 2005.

Audit Findings

Laurel Highlands' employees used standard work order forms that preceded the DC-437 forms to request maintenance work. The facility maintenance manager assigned the work orders to the various shops according to the necessary maintenance expertise. The shop foremen numbered the work order requests, recorded them in the shop's work order log, and then delegated the work to the individual maintenance workers. When the maintenance workers completed the assignments, they initialed the work order forms and submitted them to the applicable shop. The shop foreman recorded the completion dates in the work order log and then forwarded the log books to the facility maintenance manager at the end of each month. The manager then prepared the corresponding monthly maintenance summary reports.

Although the institution's work order forms were outdated, the forms included sections to document the priority level, the cost of labor and materials, inspection signatures, and completion dates. The analysis of 40 work orders completed during 2005 disclosed that Laurel Highlands' management did not enforce the guidelines that required maintenance employees to document work order data. The completed work orders did not include the following information:

- Thirty-two, or 80 percent, of the 40 sampled work orders did not document a priority level.
- Although four work orders listed the materials used and nine work orders documented the number of employee or inmate labor hours, none of the 40 sampled work orders documented the cost of the materials or labor.
- None of the sampled work orders included inspector signatures.
- Four, or 10 percent, of the 40 sampled work orders did not document the completion date.

Laurel Highlands management did not always monitor work orders to ensure their completion or compliance with Corrections policy. The log for the maintenance repair shop disclosed 86 work orders open an average of 62 days at January 25, 2006. The log listed 14 work orders for repairs with potential security and/or health ramifications, including repairs for leaking roofs and broken window latches or glass. As of January 25, 2006, these 14 work orders were open an average of 61 days. Because the institution was unable to provide the actual 14 work order forms timely, the audit team was unable to assess the level of urgency of any associated security and/or health concerns.

Management also did not ensure the accuracy of monthly work order summary reports required by Section 1.A.2 of Corrections' maintenance manual. The review of the 2005 monthly summary reports disclosed mathematical errors in the calculation of the overall number of open work orders at the end of each of the twelve months in the year. That is to say, the number of reported open work orders at the end of each month did not equal the sum of the beginning balance plus the newly issued work orders less the completed work orders. Laurel Highlands management did not centrally track the open work orders. The

Audit Findings

shop foremen maintained the work order logs for the individual shops and did not employ a uniform work order numbering system.

A well-managed work order system supports efficient and effective maintenance operations essential to a safe prison environment. Management's failure to monitor the work orders increased the risk that maintenance employees delayed or overlooked necessary maintenance work. The failure to perform necessary repairs timely could result in more costly maintenance work or endanger the safety or security of inmates, employees, or visitors in the future.

The documentation of job specifics could also support the efficiency and effectiveness of maintenance operations. When maintenance employees document the usage of parts and supplies, management is able to evaluate the propriety and amounts of the materials used and to take necessary corrective action to control future costs. When supervisors document individual job approval/inspection, they ensure that jobs are completed and that work quality is appropriate.

Recommendations:

Laurel Highlands management should enforce Corrections policy and procedures that require maintenance employees to document job priorities, completion dates, inspections, and labor and material costs. Management should consistently monitor open work orders to ensure timely completion. Additionally, management should adopt a uniform work order numbering method to facilitate the accuracy of summary maintenance reports, as well as the ease of work order identification and monitoring.

Management Comments:

Management deferred comment until the Department of Corrections has reviewed the final report.

Employee Training

Laurel Highlands must provide all employees with initial and continuing education that focuses on the skills essential to the maintenance of a safe and secure environment for both its inmates and staff. Corrections has established guidelines regarding the content and frequency of training courses for institution management, supervisory staff, contact employees, and special team participants. These guidelines also address the required certification for instructors. Laurel Highlands' training department has incorporated these guidelines into its annual training plan.

Finding 6 – Laurel Highlands complied with Corrections training requirements for members of its Corrections Emergency Response Team and instructor certification.

The review of training records for 38 employees disclosed that Laurel Highlands provided the special training required in Section 12 of Corrections' training manual to the three sampled members of its Corrections Emergency Response Team during the fiscal year ended June 30, 2005. Additionally, each of the six reviewed instructors completed the certification requirements specified in Section 9 of the aforementioned manual.

Finding 7 – Laurel Highlands did not comply with Corrections training requirements for contact employees and members of its Fire Emergency Response Team.

Six of the 38 employees in the sample did not receive all required training during the fiscal year ended June 30, 2005. Laurel Highlands did not provide the required annual training in defensive tactics to one contact employee in a dietary service support position, and the institution did not conduct all of the special team training required for the five sampled members of the Fire Emergency Response Team.

Laurel Highlands' management did not follow Corrections guidelines regarding training for contact employees and special team members. According to Corrections' Staff Development and Training Procedures Manual, each employee must receive the required training for his/her job classification and duties. Section 2 of the manual requires the institution to provide two hours of defensive tactics training annually to all contact employees other than corrections officers, lieutenants, and captains.

Section 12 of the Corrections manual requires the institution to provide four hours of special team training quarterly to all members of its Fire Emergency Response Team. The review of training records for the sample of five Fire Emergency Response Team members disclosed that the facility did not provide 16 hours of special team training to any of the five sampled members during the fiscal year ended June 30, 2005.

Audit Findings

Contact employees and special team members must attend the mandated training to ensure the effective discharge of their duties. A workforce trained in defensive tactics, fire safety, and search and rescue operations is essential to ensure the safety of Laurel Highlands' inmates, employees, and visitors, as well as to safeguard the facility's assets.

Recommendation:

Laurel Highlands' management should enforce Corrections training guidelines to ensure that all contact employees and members of its Fire Emergency Response Team receive the required training.

Management Comments:

Institution management reserved comment until the Department of Corrections has reviewed the final report.

Status of Prior Audit Findings and Recommendations

The following is a summary of the findings and recommendations presented in our audit report for July 1, 2002, to January 16, 2004, along with a description of the disposition of the recommendations.

Inmate Restitution and Other Court-Ordered Obligations

Finding I-1 – Restitution was not collected for court orders dated prior to October 16, 1998.

The prior audit reported that Laurel Highlands did not take Act 84 deductions from two inmate accounts for court orders dated prior to the Act's effective date.²¹ As a result, Laurel Highlands failed to collect approximately \$2,046 in restitution and court costs.

The Department of the Auditor General took the approach that since Act 84 did not preclude the Department of Corrections from deducting inmate accounts for court orders dated prior to the Act's effective date. The Department of Corrections was remiss in not collecting these deductions.

In November 1998, the Department of Corrections took the view that it was not cost effective to apply Act 84 retroactively and directed its institutions to act only upon court orders issued on or after October 16, 1998, or upon any valid court order that was issued before the effective date and brought to the institution's attention. The directive was based on concerns that the manual review of all current inmate files would be too time-consuming and labor-intensive.

The Department of the Auditor General, based on the broader interpretation of Act 84, recommended that the Department of Corrections establish and implement policies and procedures for the review of all current inmate records for the purpose of deducting all court ordered restitution, fines, and costs.

Status:

In a letter to the Auditor General, dated August 18, 2004, the Department of Corrections disagreed with the prior report's recommendation. According to the letter, due to the sweeping provisions of Act 84 and its impact on the Department of Corrections, county courts, and many other organizations, it was decided that the Department of Corrections

²¹ 42 Pa.C.S. §9728. Collection of restitution, reparation, fees, costs, fines and penalties.

Status of Prior Audit Findings and Recommendations

would look only at court orders submitted after October 16, 1998. In addition, the Department of Corrections would continue to collect debt from court orders for which collections were already being taken. Furthermore, due to the overwhelming workload that would be placed upon the Department of Corrections' staff, the records of approximately 36,000 currently incarcerated inmates would not be reviewed. Lastly, the Department of Corrections indicated that it wanted to start fresh in confronting the new requirements of Act 84.

The current audit disclosed that the Department of Corrections has not issued a revised directive to its institutions to collect inmate restitution and court costs associated with court orders issued prior to October 16, 1998, based on the reasons cited in the August 18, 2004 letter.

Although we reaffirm our prior position that Act 84 collection requirements may apply to the accounts of inmates sentenced to the Department of Corrections' institutions both before and after the effective date of the Act, we accept the Department of Corrections' disposition of the finding as a reasonable approach to collecting restitution and other court costs. Accordingly, we have limited our current efforts for testing compliance with Act 84 collection requirements to those court orders issued after the Act's effective date.

Finding I-2 – The inmate accounts system contained posting errors.

The prior audit reported eight posting errors in 5 of 19 sampled personal accounts for inmates with court orders issued after October 16, 1998, the effective date of Act 84. The report identified the following discrepancies:

- One instance where the inmate accounts system reported restitution that was higher than the amount recorded on the actual court order maintained in the inmate file.
- Two instances where the inmate accounts system reported restitution that was less than the amounts recorded on the actual court orders maintained in the inmate files.
- Five instances where the inmate accounts system indicated zero balances due for various court orders. Although the court orders indicated a total of \$1,274 in restitution and fines, Laurel Highlands did not withhold any restitution.

We recommended that the institution's records office review all current files to ensure that Act 84 deductions are made for all relevant court orders. Additionally, we recommended that the institution correct all errors and discrepancies before additional deductions are made.

Status of Prior Audit Findings and Recommendations

Status:

The current audit disclosed that management at Laurel Highlands corrected six of the eight exceptions noted in the prior report. Laurel Highlands did not correct the remaining two exceptions, because the inmate and his records were transferred to another correctional institution.

However, the current audit also disclosed that Laurel Highlands still did not collect all restitution, fines, or costs for court orders issued after the effective date of Act 84 as explained in detail in Finding 1 of the current report.

Audit Report Distribution List

This report was initially distributed to the following:

Commonwealth of Pennsylvania

The Honorable Edward G. Rendell
Governor

The Honorable Robert P. Casey, Jr.
State Treasurer

The Honorable Noah W. Wenger
Majority Chair
Senate Appropriations Committee
Senate of Pennsylvania

The Honorable Vincent J. Fumo
Minority Chair
Senate Appropriations Committee
Senate of Pennsylvania

The Honorable Brett Feese
Majority Chair
House Appropriations Committee
Pennsylvania House of Representatives

The Honorable Dwight Evans
Minority Chair
House Appropriations Committee
Pennsylvania House of Representatives

Mary K. DeLutis
Comptroller
Public Protection and Recreation
Office of the Budget

The Honorable Jeffrey A. Beard
Secretary
Pennsylvania Department of Corrections

State Correctional Institution at Laurel Highlands
Vincent Mardiann
Superintendent

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