

Commonwealth of Pennsylvania
Department of Corrections
State Correctional Institution at Mahanoy
July 1, 2003, to December 2, 2005
Performance Audit



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January 30, 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 Mahanoy of the Department of Corrections for the period July 1, 2003, through December 2, 2005. 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 our audit objectives, scope, methodology, findings, and recommendations. The contents of the report were discussed with the officials of Mahanoy 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 Mahanoy 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.

The main purpose and goal of the Department is to maintain a safe and secure environment for the 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's mission according to its narrative is:

To protect the public by confining persons committed to our custody in safe, secure facilities and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens; while respecting the rights of crime victims.

The Department is responsible for all adult offenders serving state sentences of two or more years. As of December 2, 2005, it operated 24 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 Mahanoy

The State Correctional Institution at Mahanoy opened in June 1993 as a medium security facility for adult male offenders and is accredited by the National Commission on Accreditation. It is located in Mahanoy Township, Schuylkill County, approximately 15 miles northeast of Pottsville. Mahanoy encompasses 222 acres of land with 67 acres located inside a double fenced compound. The complex is comprised of 23 buildings including eight individual housing units.

¹ 71 P.S. §310.1

Background Information

The following schedule presents selected unaudited Mahanoy operating statistics compiled for the years ended June 30, 2004 and 2005:

	2004	2005
Operating expenditures (in millions) ²	\$41.8	\$47.0
Inmate population at year-end	2,184	2,198
Capacity at year-end	1,900	1,900
Percentage of capacity at year-end	114.9%	115.7%
Average monthly inmate population	2,304	2,186
Average cost per inmate ³	\$18,149	\$21,494

² Operating expenses were recorded net of fixed asset costs, an amount that would normally be recovered as part of depreciation expense.

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

Objectives, Scope, and Methodology

We selected the audit objectives, detailed in the body of the report, from the following general areas: corrections officer training, Inmate General Welfare Fund, contracts, central storeroom activities, inmate employment and compensation, and tool and key security. In addition, we determined the status of the recommendations made during the prior audit of the prison.

To accomplish the objectives, we interviewed various management and staff, obtained and reviewed available records, and analyzed pertinent regulations, policies, and guidelines.

The scope of the audit was from July 1, 2003, through December 2, 2005. Auditors discussed the results of the audit with management of the institution, and management's comments are included with each recommendation in the report.

Chapter I – Correction Officer Training

Objective and Methodology

Mahanoy personnel 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. The Department 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. Mahanoy's Training Department has incorporated these guidelines into the Annual Training Plan.

The objective part of this audit was to assess Mahanoy's compliance with the Department training guidelines. In order to accomplish this objective, we performed the following procedures:

- Reviewed the Department's Annual Minimum Training Criteria for Corrections Officers.⁴
- Interviewed appropriate institution personnel.
- Reviewed Mahanoy's personnel training plan for 2003-2004 fiscal year.
- Examined training records for Corrections Officers for the 2003-2004 fiscal year.
- Inspected the Corrections Officers attendance records for 15 courses presented in the 2003-2004 fiscal year.
- Examined the course certifications for instructors who presented the 15 courses.
- Reviewed Mahanoy's Fire Emergency Response Teams training schedule for 2003-2004 fiscal year.

⁴ Department of Corrections Policy Statement 5.1.1 "Staff Development Training" effective March 19, 2001.

Chapter I – Correction Officer Training

Audit Results

Finding I-1 – The Training Officers were certified.

We selected the records for 15 training officers and examined the training certifications on file. For the 15 courses selected for review, the files contained current trainer certifications.

Finding I-2 – Corrections Officers did not receive mandated training hours.

From a population of 308 Corrections Officers, we selected a sample of 39 Corrections Officer records for detailed testing. Department of Corrections Policy requires all Correction Officers to receive a minimum of 40 hours of training per fiscal year.⁵ Of the 39 records selected for testing, three Corrections Officers had received 39.5 hours training and one Officer had received 31.0 hours during fiscal year 2003-2004. Failure of the Training Coordinator to maintain accurate records caused some Correctional Officers to receive less than the required 40 hours of annual training.

Recommendations:

Corrections Officers should receive the required training to comply with Department policy. As part of this process, the Training Coordinator should create and maintain a training summary schedule.

Management Comments:

Management agreed with the finding and along with the training coordinator will establish a training tracking system for all correction officers.

Finding I-3 – Fire Emergency Response Team members did not receive mandated training.

The results of our audit indicated that Fire Emergency Response Team (FERT) members were scheduled for only 12 hours of instruction and not the mandatory 16 hours during the 2003-2004 fiscal year. Therefore, of the 30 FERT members, none received the mandatory 16 hours of instruction as required by Department of Corrections Policy.⁶ Failure to train FERT members could result in injury or death of staff and/or inmates. The following is a breakdown of the hours of instruction received by the FERT members.

⁵ Department of Corrections Policy Statement 5.1.1 “Staff Development Training” effective March 19, 2001.

⁶ Department of Corrections Policy Statement 5.1.1, Section 2, “Minimum Training Criteria,” Attachment A effective March 19, 2001.

Chapter I – Correction Officer Training

Fiscal Year 2003-2004:

- Fourteen members received 12 hours of instruction.
- Five members received 8 hours of instruction.
- Three members received 4 hours of instruction.
- Eight members did not receive any training for the Fiscal Year 2003-2004.

Fiscal year 2004-2005:

- Nine members received 16 hours of instruction.
- Two members received 8 hours of instruction.
- Thirteen members did not receive any training for the Fiscal Year 2004-2005.

Recommendations:

FERT members should receive the required 16 hours of training to comply with Department of Corrections Policy. As part of this process, the Safety Officers should ensure that the mandatory hours of instruction required under Department of Corrections Policy are scheduled for all members during each fiscal year.

Management Comments:

Because the FERT team is made up of volunteers, mandating attendance of team members cannot be enforced. Management however is asking FERT members who are volunteer fire fighters in their communities and are required by the state to attend mandatory training to copy training certificates to be included in their training files at Mahanoy.

Chapter II – Inmate General Welfare Fund

Objective and Methodology

The Department of Corrections personnel operate a single fund known as the Inmate General Welfare Fund (IGWF) at each institution in order to account for inmates' individual balances as well as sales from commissary, hobby craft functions, and personal services available to facility employees. In addition, donations from organizations or individuals for the benefit of inmates are included in this fund. Monies from all state correctional facilities are held in a central fund controlled by the IGWF Council and are invested on behalf of inmates.

IGWF personnel at Mahanoy are guided by the Department Fiscal Administration Policy⁷ and the Department Inmate General Welfare Fund Accounting Manual⁸. The objective of this portion of the audit was to determine if Mahanoy complied with applicable IGWF policies and procedures. To accomplish our objective we performed the following procedures:

- Reviewed the Department Fiscal Administration Policy and Department Inmate General Welfare Fund Department Accounting Manual.
- Interviewed Mahanoy personnel responsible for administration of the IGWF.
- Obtained the following for review: the Consolidated Balance Sheet as of March 2005, the Consolidated Income Statement as of March 2005, and the bank statement as of March 2005.
- Reviewed all bank statement reconciliations from April 2004 through April 2005.
- Reviewed disbursement, receipt transactions, and balances for 91 inmates from the month of March of 2005.
- Reviewed 38 transactions from the March 2005 check register to ensure documentation existed to support these transactions.
- Ensured that the IGWF Committee existed and met at least quarterly.

⁷ Department of Corrections Policy 3.1.1, "Fiscal Administration" Section J, "Inmate General Welfare Fund."

⁸ Department of Corrections Inmate General Welfare Fund Accounting Manual Section V.

Chapter II – Inmate General Welfare Fund

Audit Results

Finding II-1 – Mahanoy staff complied with designated policies and procedures governing the IGWF.

The sum of all inmate accounts reconciled to amount for inmate accounts recorded on the consolidated balance sheet for March 2005. The March 2005 bank reconciliation was prepared accurately and on a timely basis.

In addition, our review of 91 inmate accounts from March 2005 did not identify any discrepancies with receipt or disbursement transactions. All transactions were identified properly. In addition, 38 checks from the March 2005 check register were examined all of which were supported by documentation.

Mahanoy management stated that inmates participate in the operation of the Inmate General Welfare budget through the establishment of an Inmate General Welfare Committee that meets on a monthly basis. The Committee is comprised of an inmate representative from each housing unit as well as adequate staff representation. Finally, petty cash controls at Mahanoy ensured that all money included in the petty cash fund was accurately safeguarded.

Finding II-2 – IGWF was held in a non-interest bearing checking account.

During our audit of IGWF, auditors found all money was deposited in a non-interest bearing checking account. According to Fiscal Administration Policy, IGWF Council members must “Invest monies in a sound and proficient manner...”⁹ By continuing to utilize a non-interest bearing checking account Mahanoy is forgoing the opportunity to earn interest income.

Recommendation:

Mahanoy should establish the IGWF in an interest bearing account. The Business Manager and/or the IGWF Council members should contact local area banks to determine who will provide the highest interest rate.

Management Comments:

Management agreed with the finding and will discuss the issue with IGWF Council members.

⁹ Department of Corrections Policy 3.1.1, “Fiscal Administration” Section J, “Inmate General Welfare Fund.”

Chapter III – Contracts

Objectives and Methodology

Mahanoy contracts with various vendors to provide a variety of goods and services. The Center's Purchasing Department is the centralized office responsible to ensure that adequate services are provided and expenditures are incurred according to contract stipulations. The objective of this part of the audit was to determine if the institution has adequate internal controls for obtaining, monitoring, and approving service contracts in a manner consistent with applicable guidelines and prudent business practices. To meet this objective, we performed the following:

- Reviewed applicable Commonwealth Policy.¹⁰
- Interviewed Mahanoy purchasing staff and business manager responsible for the purchasing process.
- Determined if purchase contracts were written, bid, approved, and monitored for compliance with contract terms.
- Determined if goods/services contracted for were received and properly paid.
- Obtained a list of all purchase contracts in effect for the fiscal years ended June 30, 2004, and June 30, 2005.
- Selected 9 of 20 contracts for review.
- Assessed relevant internal controls over services provided, invoice accuracy, proper monitoring, and approval.

¹⁰ The Commonwealth of Pennsylvania; Governor's Office; Field Procurement Manual; Number M215.3; Part I – Policies and Guidelines; Part II – Procurement of Supplies Procedures; and Part III – Procurement of Services Procedures.

Chapter III – Contracts

Audit Results

Finding III-1 – Mahanoy’s contract selection procedures complied with Commonwealth policy.

Mahanoy procurement personnel complied with the policies and procedures regarding the contract selection process. All contracts reviewed contained vendor quotes, bid contracts, and bid tabulation sheets.

Finding III-2 – Mahanoy’s invoice review and approval procedures should be improved.

Mahanoy assigned a contract monitor to eight of the nine contracts selected for testing. The contract monitors verified that services billed were actually provided, invoices were accurate, and the terms and conditions of the contracts were met. Of the nine contracts sampled, seven, contained proper invoices, description of services, and approval signatures of the contract monitors.

Mahanoy City Sewer Authority

Mahanoy was over billed \$7,830 based on an agreement for sewerage services between the Mahanoy City Sewer Authority and the Commonwealth. The agreement¹¹ stated that the Commonwealth is to pay the Authority an annual operating and maintenance fee equal to the Commonwealth’s share of the net annual operating and maintenance costs incurred by the Sewer Authority¹². The over billing was based on the auditors review of total operating expenses used to bill for sewer cost vs. actual operating expenses.¹³ Amounts charged by the Sewer Authority were paid and questioned by the facility without response. However, Mahanoy never took the extra step to recalculate the sewer bills to reflect what should have been billed.

Recommendations:

The Mahanoy business office should review invoices for accuracy and deduct over payments from current year sewage invoices. The business office should also review the operating expenses used to bill for sewer cost vs. actual and recalculate all invoices upon receipt of the Mahanoy City Sewer Authority year-end financial statements. Any changes to the total net operating expenses will have an impact on the invoice accuracy.

¹¹ Agreement for Sewerage Services between the Mahanoy City Sewer Authority and the Commonwealth of Pennsylvania.

¹² Agreement for Sewerage Services between the Mahanoy City Sewer Authority and the Commonwealth of Pennsylvania Article III Compensation and Payment 3.1.

¹³ Mahanoy City Sewer Authority Financial Statements and Independent Auditor’s Report for the Years Ending December 31, 2003, and 2004.

Chapter III – Contracts

Management Comments:

Management agreed with our finding. To correct the error, management planned to start reconciling invoices to Mahanoy City Sewer Authority year-end financial statements.

American Value Vending

Our audit of IGWF and the Employee Recreation Association commission statements for February 2004 to August 2005, disclosed that the IGWF had not received commissions for the first seven months of 2005 and the Employee Recreation Association had not received commissions from the second through the eighth month of 2005. In addition, upon calculation of the commission rate, auditors discovered that the IGWF fund was receiving a 26 percent commission rate from February 2004 to June 2004, and a 25 percent commission rate from July 2004 to December 2004 rather than the contracted rate of 27 percent.

Mahanoy’s failure to monitor the terms and conditions set forth in the agreement has resulted in an underpayment of commissions to the IGWF of \$26,626 and the \$2,986 to Employee Recreation Association.

The vending service agreement between Mahanoy and American Value Vending states:

Commissions will be paid monthly at stated rates based on the net sales (Gross receipts less sales tax) within the first fifteen days of the following month. If commission checks are not received timely, a 1 ½% per month interest fee will be added to the commission check. The Contractor shall provide a monthly statement indicating how the commission totals were determined per machine and location.

Based on our audit, the following schedule represents and analysis of vending machine commissions due to Mahanoy’s IGWF and Employee Recreation Association

	Unpaid Commissions	1½ Percent Late Fees	Incorrect Commission Percentage	Totals
IGWF	\$23,736	\$1,181	\$1,709	\$26,626
Employee Recreation Association	<u>2,510</u>	<u>386</u>	<u>0</u>	<u>2,896</u>
Totals	<u>\$26,246</u>	<u>\$1,567</u>	<u>\$1,709</u>	<u>\$29,522</u>

Recommendation:

Mahanoy should recover the delinquent commissions due from American Value Vending and immediately implement procedures to ensure that the agreement is monitored on a monthly basis.

Chapter III – Contracts

Management Comments:

Management agreed with the finding and planned to take steps immediately to assign a monitor to the vending contract.

Subsequent Event:

The Business Manager held a meeting with American Value Vending subsequent to the close of the audit. The meeting resulted in an agreement to pay Mahanoy \$29,522 over six monthly payments for the underpayment of commissions.

Chapter IV – Central Storeroom Activities

Objectives and Methodology

In February 2003, Mahanoy began to use the SAP R/3 Materials Management module for procurement of materials and supplies and for the control of inventory in the central storeroom.

The objective of this part of the audit was to determine if employees were properly role-mapped for proper segregation of duties and that storeroom physical inventories were being completed both monthly and yearly. In order to accomplish these objectives we applied the following procedures:

- Completed an internal control questionnaire on the purchasing, receiving and accounts payable function in the SAP R/3 Materials Management module.
- Interviewed employees responsible for the central stores physical inventory.
- Reviewed role maps for Central Storeroom employees.
- Reviewed the most recent central storeroom physical inventory and associated adjustments.

Audit Results

Finding IV-1 – Mahanoy was unable to provide role maps detailing employee responsibilities.

During the course of our audit, numerous attempts were made to obtain role maps from management officials. According to management, role maps were unavailable. As a result, we could not determine whether storeroom duties were properly segregated.

Commonwealth policies state:

All roles are to be assigned to positions. Following the mass conversion by Integrated Enterprise Systems (IES) of employee based role assignments all agencies must maintain all roles by position.¹⁴

¹⁴ Management Directive 205.37, dated June 13, 2005.

Chapter IV – Central Storeroom Activities

Failure to comply with the management directive could compromise the integrity of the system by increasing the possibility of errors or result in misuse of inventory items for personal gain or harm to the Commonwealth. Properly developed role maps would help ensure that adequate separation of duties, and that sufficient safeguards and management accountability are established.

Recommendations:

Mahanoy should review the roles assigned to all employees responsible for safeguarding the central stores inventory and correct all situations where employee duties are not segregated.

Management Comments:

Management related that they attempted to retrieve role map information for the institution from the Department of Corrections but were unsuccessful.

Finding IV-2 – The storeroom had poor internal controls.

The storeroom staff has the responsibility to conduct an annual physical inventory count and post all receipts, disbursements, and adjustments of goods to storeroom inventory records. Furthermore, we determined that all inventories and adjustments are not reviewed or approved by management. In addition, the storeroom clerk did not have documentation explaining any variances of inventory.

Our audit of Mahanoy's physical inventory indicated 500 different line items in stock. Of these, 96 (19.2 percent) had variances between the actual and recorded inventory balances. Fifty items overstated the recorded amount and 46 understated the recorded balance. The impact of variances totaled \$5,429. The table below states examples of the largest material variances.

<u>Description</u>	<u>Variance in Pounds</u>	<u>Cost per Pound</u>	<u>Dollar Variance</u>
Roast Turkey Breast	946	\$1.56	\$1,475.00
Chicken Leg Quarters	(1,480)	\$0.48	(710.00)
Pork/Soy Sausage Patty	631	\$1.19	751.00

Although the impact of overstatements and understatements was less than one percent of total inventory value, the inadequate segregation of duties and the lack of management review and approvals led us to conclude that Mahanoy's internal controls over the safeguarding of central storeroom inventory were ineffective. Ineffective storeroom inventory controls could provide storeroom staff with the opportunity to remove items for personal use, change storeroom records and adjust physical inventory amounts accordingly.

Chapter IV – Central Storeroom Activities

Recommendation:

Persons independent of the storeroom should perform the annual physical inventory counts each year. In addition, any material variances should be thoroughly investigated by management and the reasons for those variances should be documented.

Management Comment:

Management cited lack of time and work force in the business office as reasons for not completing inventories and reviewing and approving adjustments. The storeroom order and approval process was originally set up in this manner when SAP R/3 was implemented.

Chapter V – Inmate Employment and Compensation

Objective and Methodology

The purpose of the Inmate Employment and Compensation program is to establish a systematic monetary incentive for maintaining acceptable levels of performance for inmates receiving work or educational assignments, and to provide a daily allowance for inmates incapable of work or educational program assignments for reasons unrelated to their personal conduct.

The goal of the program is to improve the operation of the facility while allowing the inmates to improve their work ethic along with providing monetary compensation. Inmate employment provides support to the operation of the facility and the inmate rehabilitation process. Inmates are assigned jobs in accordance with individualized treatment plans and meeting overall needs of the facility.

The objective of this part of the audit was to determine if the inmates were being paid accurately. To accomplish this objective, we performed the following procedures:

- Reviewed the Department of Corrections policy pertaining to inmate employment and compensation.¹⁵
- Interviewed staff responsible for inmate employment and compensation to gain an understanding of the process.
- From a population of 2,521 inmates, we randomly selected a sample of 31 inmates and reviewed work records to determine that inmates are within the correct work classification.
- From the above sample, we reviewed inmate payroll records to determine accuracy of payroll and determined that payroll records were posted to the correct inmate account.

¹⁵ Department of Corrections Policy DC-ADM816, effective April 1, 2004.

Chapter V – Inmate Employment and Compensation

Audit Results

Finding V-1 – Mahanoy complied with inmate employment and compensation regulations and policies.

Our audit of the 31 inmate employment and compensation records determined that all inmates were being paid according to the classification to which they were assigned. In addition, all payroll records were calculated accurately and were posted to the correct inmate account.

Chapter VI – Tool and Key Security

Objectives and Methodology

Mahanoy maintains an inventory of tools and keys necessary to conduct its daily operations. Since a primary function of a correctional facility involves ensuring the safety of inmates, staff, and surrounding community, the establishment and adherence to an effective security policy and procedure for Mahanoy's tools and keys is imperative.

The Department of Corrections has developed policies and procedures pertaining to the inventory, disbursement, documentation, storage, and handling of tools¹⁶ and the tracking system for all issued, returned, and spare keys.¹⁷ These policies and procedures guide the Tool and Key Control Officers employed by Mahanoy in their efforts to ensure proper tool and key control compliance.

The objective of this part of the audit was to assess the adequacy of Mahanoy's controls over its tool and key inventories. In order to accomplish this objective, we performed the following procedures:

- Reviewed applicable guidelines and regulations.
- Interviewed appropriate personnel involved with the management of tool and key inventories.
- Obtained a copy of Mahanoy's Master Control Tool Listing.
- Compared the Master Control Tool Listing received from the tool control officer with the Master Inventory Lists located at each specific work area.
- Performed existence testing for tools in the Carpentry, Welding, Masonry, Painting, and Auto Technology Shops.
- Reviewed the Weekly Tool Inspection Report for the last week of March 2005 and determined that the first quarterly tool inspection was completed in 2005.
- Reviewed the Inventory Listing of Keys.

¹⁶ Department of Corrections Security Manual, Policy 6.3.1, Section 7 (Tool Control and Security of Facility Blue Prints).

¹⁷ Department of Corrections Security Manual, Policy 6.3.1, Section 10 (Key Control).

Chapter VI – Tool and Key Security

- Ensured that keys in the Control Center are posted to the inventory listing of keys.
- Traced entries from the inventory listing of keys to the actual keys or employee key chit (if being used).

The Master Control Tool List is maintained by the tool control officer and kept in the security office. This master control list identifies every tool in Mahanoy's inventory. The Master Inventory List is an inventory list that is maintained in each individual department. Each quarter, all individual master inventory lists are reconciled to the Master Control Tool List. Both lists are kept as a safeguard to ensure that no tools are missing since two separate individual area's are maintaining the lists being reconciled.

Audit Results

Finding VI-1 – Mahanoy complied with tool and key control policies.

Our audit found that Mahanoy complied with Department tool and key control policies. Mahanoy maintains a systematically labeled keyboard and a current master inventory of all institutional keys and key rings in the Control Center. Our observation verified that every hook on the keyboard was filled by either a set of keys or an appropriately engraved employee key chit.

Every tool listed on the Inventory Listing of individual areas (Carpentry, Welding, Masonry, Painting, and Auto Technology Shops) corresponded to the Master Tool List. Auditors randomly selected 67 tools and found that all tools were properly stored in a storage room, storage cabinet, or shadow board. Mahanoy also maintained all required weekly tool reports and quarterly tool inspection reports as required.

Status of Prior Audit Findings and Recommendations

Objectives and Methodology

The following is a summary of the audit findings and recommendations presented in our audit report for the period July 1, 2001, to October 3, 2003, along with a description of Mahanoy's disposition of our recommendations. One or more of the following procedures determined the status of the recommendations:

- A review of the Department of Corrections' written response dated December 21, 2004, replying to the Auditor General's audit report.
- Tests performed as part of, or in conjunction with, the current audit.
- Discussion with appropriate Mahanoy personnel regarding the prior audit findings and recommendations.

Prior Audit Results

Finding I-1 – A manufacturer-trained individual did not complete the annual fire extinguisher inspection.

Our prior audit indicated that the Safety Manager performs the annual fire extinguisher inspections at Mahanoy. The safety manager did not receive the proper training from the manufacturer to perform the annual fire extinguisher inspection. We recommended that either the Fire Safety Manager receive the proper training to complete the annual inspection of fire extinguishers, or that Mahanoy contract the services to a company qualified to perform the inspections according to NFPA-10 guidelines.

Status:

Mahanoy contracted with Da Mar Fire Equipment, Inc. to perform an annual fire extinguisher inspection on May 31 to June 1, 2005. Of the 222 fire extinguishers maintained by Mahanoy, only 96 were inspected. The remaining extinguishers were scheduled to receive their six-year maintenance in a few months and the Fire Safety Manager did not want to incur a \$4/unit charge at the time of the annual inspection and then again at the six-year maintenance date. The annual inspection was scheduled to be performed in November 2005. After the exit conference held on December 2, 2005, auditors performed additional spot checks on 40 fire extinguishers and verified the completion of both the annual

Status of Prior Audit Findings and Recommendations

inspection and six-year maintenance. Because of these actions, we concluded that the prior finding had been resolved.

Finding I-2 – Fire extinguisher maintenance was not being performed.

During the prior audit, we visually inspected 109 fire extinguishers or approximately 50 percent of all fire extinguishers at Mahanoy. Our inspection identified 38 extinguishers requiring six-year stored pressure test maintenance. We recommended that Mahanoy hydrostatically test all fire extinguishers over six years in service in accordance with NFPA guidelines.

Status:

Mahanoy contracted with Da Mar Fire Equipment Inc. to perform the six-year stored pressure test in November 2005. After the exit conference on December 2, 2005, auditors performed additional testing on 20 fire extinguishers and verified the completion of the stored pressure test. Because of these actions, we concluded that the prior finding has been resolved.

Finding I-3 – Fire hose maintenance is not being performed.

Our prior audit revealed that fire hoses had not been inspected since July 1999, which is contrary to NFPA policy–1962–Chapter 2 policy number 2-3.2 and 1962–Chapter 5 policy number 5-1.2.2. We recommended that Mahanoy remove and service-test all fire hoses that were not serviced during the last three years in accordance with the appropriate PSI per NFPA guidelines.

Status:

Mahanoy contracted with Ryan Township Fire/Rescue to perform a pressure test and repack of 45 standpipe hoses to NFPA standards on October 30, 2003. Hoses were held at pressure and inspected for expansion, wall integrity, and coupling security and 44 hoses passed and 1 failed. Because of Mahanoy's action, we concluded that the prior finding had been resolved.

Status of Prior Audit Findings and Recommendations

Finding III-1 – Restitution, fines, or costs were not deducted for some court orders issued prior to October 16, 1998.

Our prior audit revealed that 5 of the 18 inmate records reviewed had ten court orders issued prior to October 16, 1998, for restitution, fines, or costs totaling \$2,800, and did not have any Act 84 deductions taken from their accounts. We recommended that Department of Corrections management adopt policies and procedures for review of all records of current inmates for the purpose of deducting restitution, fines, and costs related to all court orders. More specifically, Mahanoy's Records Department staff should begin reviewing all current inmate files to identify all current court orders and ensure that Act 84 deductions are made for all relevant accounts.

Status:

In a letter to the Auditor General, dated August 18, 2004, the Department 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, county courts, and many other organizations, it was decided that the Department would look only at court orders submitted after October 16, 1998. In addition, the Department 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 staff, the records of approximately 36,000 currently incarcerated inmates would not be reviewed. Lastly, the Department indicated that it wanted to start fresh in confronting the new requirements of Act 84.

The current audit disclosed that the Department had 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 institutions both before and after the effective date of the Act, we accept the Department disposition of the finding as a reasonable approach to collecting restitution and other court costs.

Finding III-2 – Restitutions, fines, or costs were not deducted in some instances on court orders issued after October 16, 1998.

Our prior audit testing revealed that Mahanoy did not identify five court orders totaling \$60,000 that were dated subsequent to October 16, 1998. We recommended that the Department management should adopt policies and procedures for review of all records of current inmates for the purpose of deducting restitution, fines, and costs related to all court orders. More specifically, Mahanoy's Records Department staff should begin reviewing all current inmate files to identify all current court orders and ensure that Act 84 deductions are made for all relevant accounts.

Status of Prior Audit Findings and Recommendations

Status:

This finding was not answered in the Department's response to the audit. At the exit conference, Mahanoy management asserted that reliance was placed on the State Correctional Institution staff at Camp Hill to inform Mahanoy staff that all Act 84 restitution and fines were recorded and input into the inmate accounting system upon incarceration. In addition, when the inmate files in question were forwarded to Mahanoy, SCI Camp Hill staff reported that the inmates in question did not owe any Act 84 monies. Management indicated that they would begin to review inmate files upon receipt from SCI Camp Hill staff to verify that there are no court orders included in inmate files.

We tested 30 inmate records from a total population of 2,309 inmates. The test revealed that 25 of the inmates did not have court order restitution in their records. All five of the remaining inmates had court ordered restitution deducted and were entered into the system.

As a result of Mahanoy's action, we concluded that the prior finding has been resolved.

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