

Commonwealth of Pennsylvania
Department of Corrections
State Correctional Institution at Pine Grove
July 1, 2004 to February 16, 2007
Performance Audit



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June 15, 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 Pine Grove of the Department of Corrections for the period July 1, 2004, to February 16, 2007. The audit was conducted under the 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 recommendation. The report notes that a few members of the Fire Emergency Response Team did not receive the mandatory amount of training hours. The contents of the report were discussed with the officials of the State Correctional Institution at Pine Grove and all appropriate comments are reflected in the report.

We appreciate the cooperation extended to us by the management and the staff of the State Correctional Institution at Pine Grove 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 General Assembly created the Pennsylvania Bureau of Corrections with the passage of Act 408 of July 29, 1953, P. L. 1428, Section I. In January 1981, responsibility for bureau operations moved from the authority of the Attorney General to the Office of General Counsel. On December 30, 1984, the Governor signed Act 245 of 1984, which elevated the Bureau of Corrections to cabinet level status as the Department of Corrections (Department).

The main purpose and goal of the Department is to maintain a safe and secure environment for both the incarcerated offenders and the staff responsible for them. In addition, the Department believes that every inmate should have the 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 June 8, 2006, the Department 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 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. The institutions' funds are consolidated for control and investment purposes and administered by a central council.

State Correctional Institution at Pine Grove

The State Correctional Institution at Pine Grove is a maximum-security facility for young and adult male offenders. The institution is located in White Township, Indiana County, which is approximately 50 miles northeast of Pittsburgh. Pine Grove opened in 2001 and is located on approximately 82 acres of land of which 65 acres are located inside a double fence topped with razor wire along with three different intrusion detection systems. The physical plant consists of five housing units, an infirmary, an education/activities complex, and maintenance, dietary and laundry facilities located inside of the fence. A warehouse and auto shop is also located on grounds.

Background Information

Pine Grove is accredited by the American Correctional Association's Commission on Accreditation for Corrections. The institution's mission is to provide a safe, secure, and humane facility for the incarceration of young adult offenders. It is designed to encourage life change by teaching responsibility, self-discipline, respect, and self-esteem. These changes can be accomplished through behavior modification, education, and positive role modeling.

The following schedule presents unaudited Pine Grove operating data compiled by the Department for the fiscal years ended June 30, 2005 and 2006.

	2005	2006
Operating expenditures (rounded in millions) ¹	\$28.2	\$29.5
Inmate population at year-end	624	646
Capacity at year-end	626	659
Percentage of capacity at year-end	99.7	98.0
Average monthly inmate population	613	637
Average cost per inmate ²	\$46,103	\$46,370

¹ Operating expenditures are recorded net of fixed asset costs, an amount that would normally be recovered as part of depreciation expense.

² 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: Employee Training, Maintenance Expenditures, Inmate General Welfare Fund, SAP R/3 Payroll Module, and Contracts. The specific objectives for this audit were:

- To determine if Pine Grove complied with employee training requirements. (Findings 1 and 2)
- To determine the accuracy of maintenance expenditures. (Finding 3)
- To determine if the Inmate General Welfare Fund (IGWF) was operated in accordance with the Department and institution policies and procedures and if sufficient management controls were established to ensure proper recording of transactions. (Finding 4)
- To determine if Pine Grove had adequate internal controls over the SAP R/3 Payroll module, including the input of time, leave and payroll deductions. (Finding 5)
- To determine if Pine Grove had adequate internal controls to ensure that service purchase contracts were properly monitored and complied with applicable Department of Corrections' policies and procedures. (Finding 6)
- To determine the status of implementation of our recommendations made during the prior audit of SCI Pine Grove.

The scope of the audit covered the period from July 1, 2004, to February 16, 2007 unless indicated otherwise in the individual report chapters.

To accomplish these objectives, auditors reviewed and analyzed pertinent regulations, policies, and guidelines including Department of Corrections, Policy Number 5.1.1, "Staff Development and Training," and Policy Number 10.2.1 – "Facility Maintenance."³ Auditors also reviewed the IGWF Accounting Manual,⁴ and the Governor's Office Field Procurement Manual.⁵

³ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1 Facility Maintenance, October 10, 2005.

⁴ The Department of Corrections' Inmate General Welfare Fund Accounting Manual.

⁵ The Commonwealth of Pennsylvania; Governor's Office; Field Procurement Manual; Number M215.3.

Objectives, Scope, and Methodology

Auditors interviewed various facility staff, including management and staff responsible for maintenance operations, record keeping, payroll activity, and contract activity.

To determine if Pine Grove complied with employee training requirements auditors reviewed the facility's annual training plan for the fiscal years ended June 30, 2006 and June 30, 2007. Auditors selected and analyzed 20 of 74 instructors' certification documents, and randomly selected and tested 35 of 356 employee training records for the fiscal year ended June 30, 2006. They also randomly selected and tested 5 of 20 Corrections Emergency Response Team (CERT) and all 16 Fire Emergency Response Team (FERT) members training records for the fiscal year ended June 30, 2006, and reviewed the Computer Based Training System.

To determine the accuracy of maintenance expenditures auditors reviewed Pine Grove's 2005 Annual Physical Plant, Safety, Sanitation, Fire Prevention, and Recordkeeping Compliance Review Reports. Additionally, they reviewed all major capital maintenance projects during a tour of the facility, randomly selected, and tested 38 of 4,153 maintenance work orders completed during the period January 1, 2006 to November 9, 2006. Auditors also randomly selected and tested 19 of 133 work orders identified as issued/not completed as of December 4, 2006, and 24 of 1,530 maintenance Visa credit card purchases from July 1, 2004, through June 30, 2006.

To determine if the IGWF was operated in accordance with the Department and institution policies and procedures and if sufficient management controls were established, auditors reviewed financial statements for the fiscal years ended June 30, 2005, and June 30, 2006, bank statements and account reconciliations for the months of June 2005, November 2005, and June 2006, and the monthly bank reconciliations from July 2004 to June 2006. They also randomly selected and tested 38 of 3,955 cash disbursements and 29 of 1,219 deposits from July 1, 2004, through June 30, 2006. The auditors also performed an unannounced count of petty cash.

To determine if Pine Grove had adequate internal controls over the SAP R/3 Payroll module, auditors randomly selected and tested 33 employee records from the last payroll generated by the former accounting system, and compared the employees' gross salaries to the gross salaries produced by the SAP R/3 payroll module for the pay period ending January 18, 2004. They also reviewed the work hours, benefits leave usage, shift differential rates, and additional supporting documentation for the 33 selected employee records posted to the pay periods ending September 22, 2006 and October 6, 2006, to determine if the activity was properly recorded.

To determine if Pine Grove had adequate internal controls over service purchase contracts, auditors reviewed the contracts, bid and purchase order documentation for three of 50 service contracts that exceeded the monetary threshold for competitive bidding. The three contracts reviewed included Catholic chaplaincy services, waste removal, and fire alarm system maintenance and emergency repairs. Auditors compared the approved invoices for the Catholic chaplaincy contract to expenditure ledger entries for the months of August 2005, December 2005, and May 2006. They also compared the approved invoices

Objectives, Scope, and Methodology

for the waste removal contract to expenditure ledger entries for the months of November 2005 and June 2006, and compared the approved invoices for the fire alarm maintenance contract to expenditure ledger entries from July 1, 2005, to June 30, 2006.

Audit Findings

Employee Training

The State Correctional Institution at Pine Grove, through the Department of Corrections, is responsible for providing all employees with initial orientation and continuing education and training programs that focus on skills and competencies directed toward the safety and care of the inmates, as well as the staff of the institution. The Training Coordinator is responsible for overseeing the planning, coordinating, record maintenance and on-site monitoring of training to ensure adherence to requirements.

Finding 1 – Staff received the minimum annual training and instructors were certified.

Auditors reviewed training records of 35 employees for the fiscal year ended June 30, 2006 and found that all had received the minimum training hours. In addition, all eight newly commissioned officers received the required training. We also found that all 20 instructors selected for testing received proper certification for their teaching assignments.

Finding 2 – Some CERT and FERT members did not meet mandatory training requirements.

A review of the facility's training report disclosed that some of the CERT and FERT members tested did not meet the mandatory annual training requirements as follows:

- Five CERT members did not receive the required 16 hours of annual chemical munitions trainings.
- Six of the 16 FERT members did not receive all of the required training and 3 of the 16 did not receive any of the required training.

CERT and FERT members must attend the mandated training in order to perform their duties effectively. Failure to train the team members properly may jeopardize the safety and security of the institution's inmates and employees.

Recommendation:

Pine Grove management should enforce Department training guidelines to ensure that all CERT and FERT members receive the required training.

Management Comments:

The institution agrees with the findings of this audit.

The institution's CERT leaders have initiated the annual chemical munitions training for the five chemical munitions specialist that are on the CERT team. There have been two sessions held on 2/12/07 and 3/13/07. There is another session scheduled for 5/9/07. Each session is scheduled for four hours. The CERT leaders will schedule regular chemical munitions specialist training in their annual schedule to meet minimum required training standards.

Four inactive FERT team members have been removed from the team. There are 16 FERT members on the current team. This includes four new members that have replaced the four that were removed. The FERT Coordinator has informed all team members that they MUST attend FERT training when scheduled or they will be removed from the team.

Maintenance Expenditures

Pine Grove Maintenance Department's primary objective is to provide routine and preventive maintenance. Pine Grove is required to maintain a written preventive physical plant maintenance plan that includes provisions for emergency repairs and replacement in life-threatening situations. Pine Grove implemented a new computer maintenance work order system in December 2005 that enabled the institution to request, prioritize, assign, log, and track work orders electronically.

Finding 3 – Pine Grove's maintenance expenditures were accurate.

We determined that all 24 maintenance Visa credit card purchases tested were completed in accordance with policies and procedures. The requests were properly approved; justifications were appropriate and all required documentation, such as, agency purchase requests, invoices and receiving reports were included. Auditors tested selected work orders and found that they were properly prioritized and completed in a timely manner. In addition, the work orders included all relevant information such as employee time spent and materials used. Therefore, we concluded that Pine Grove's maintenance expenditures were accurate.

Inmate General Welfare Fund

The Inmate General Welfare Fund (IGWF) consists of non-appropriated funds, which are locally controlled and administered. The fund serves as a depository for inmate owned

Audit Findings

money and funds generated by revenue producing operations, which are utilized for the benefit of all inmates.

Finding 4 – IGWF was maintained adequately.

Pine Grove maintained the Inmate General Welfare Fund according to Department policies, procedures, and regulations. All transactions reviewed were processed accurately and timely. The petty cash count was accurate and bank reconciliations were prepared accurately and timely. Finally, Pine Grove had sufficient management controls to monitor fund activity.

SAP R/3 Payroll Module

Pine Grove implemented the SAP R/3 Payroll module in January 2004.

Finding 5 – Pine Grove had adequate internal control over time, leave and payroll deduction input in the SAP R/3 Payroll module.

The test work performed revealed that, hours worked and benefits were documented and calculated correctly. Auditors also found that leave tested was calculated and recorded properly. Leave slips were completed and submitted for each instance of leave recorded. Based on this testing, we concluded that adequate control existed over the input and processing of payroll.

Contracts

Pine Grove contracts with various vendors to provide a variety of goods and services. Institution management is responsible to ensure that adequate services are provided and expenditures are incurred according to contract stipulations.

Finding 6 – Pine Grove had adequate internal controls to ensure that service purchase contracts were monitored.

Our review of the catholic chaplaincy, waste removal and fire alarm maintenance contracts revealed that Pine Grove complied with Department policies and procedures for monitoring of the contracts. The internal controls were sufficient to ensure that services billed were actually provided, invoices were accurate, and were approved before payment.

Status of Prior Audit Findings and Recommendations

Objectives and Methodology

The following is a summary of the conclusions and recommendations presented in our audit report from July 1, 2002, to July 30, 2004, along with a description of Pine Grove's disposition of the recommendations. One or more of the following procedures determined the status of the conclusions and recommendations:

- A review of the Department's written response, dated April 21, 2006, replying to the Auditor General report.
- Tests performed as part of, or in conjunction with the current audit.
- Discussions with appropriate Pine Grove personnel regarding the prior audit findings and recommendations.

Prior Audit Findings

Finding 1-1 – The inmates accounts system contained posting errors.

Our prior audit reported that auditors found discrepancies between the amount of deductions authorized in the actual court orders contained in the inmates' files located in the Inmate Records Department of Pine Grove and the deductions posted to the Inmate Accounts System maintained at Pine Grove.

We recommended that the Department establish and implement policies and procedures for the review of all current inmates' records to ensure that all restitution fines and costs related to court orders are deducted. We also recommended that Pine Grove's Records Office review all current files to ensure that Act 84 deductions are made for all relevant court orders. Finally, we recommended that Inmate Accounting ensure that all errors and discrepancies are corrected before additional deductions are made.

Status:

Our current audit disclosed that Pine Grove established adequate procedures to ensure that inmates' court ordered fines; restitution and court costs were properly deducted. The Records Office is now required to copy all court orders from new inmates' files and forward

Status of Prior Audit Findings and Recommendations

these documents to the business office to ensure that proper deductions from inmates' accounts are made. Therefore, Pine Grove has complied with our recommendation.

Finding II-1 – Management did not review advancement account checks and supporting documentation.

Our prior audit reported that management did not review or approve the advancement account checks prior to mailing to vendors.

We recommended that Pine Grove require the Business Office management to review and approve all advancement account checks and supporting documentation prior to releasing the checks for payment.

Status:

Our current audit found that the business manager reviews all advancement account checks and supporting documentation prior to releasing the checks for payment. Therefore, Pine Grove has complied with our recommendation.

Finding II-2 – Visa purchasing card transactions were not secured adequately.

Our prior audit reported that the Business Office personnel did not redact the account numbers on the monthly bank statements, which may allow inmates unauthorized access to card numbers. In addition, the Visa purchasing cards have monthly expenditure limits substantially higher than the actual monthly expenditures.

We recommended that Pine Grove management redact the account numbers on the monthly Visa Purchasing Card statements in order to ensure that the numbers are not available to inmates or other unauthorized card users. We also recommended that management consider lowering the credit limits on each Visa Purchasing Card to be reflective of the estimated monthly expenditures for that operational area.

Status:

Our current audit found that the account numbers on all Visa purchasing card statements have been redacted. Pine Grove management stated that Visa purchasing card credit limits are determined by the central office and the institution is not liable for any authorized purchases. Therefore, we concluded that Pine Grove has complied with our recommendations.

Audit Report Distribution List

This report was initially distributed to the following:

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The Honorable Gibson E. Armstrong
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State Correctional Institution at Pine Grove
Barry Johnson
Superintendent

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