



Performance Audit

State Correctional Institution at Frackville

**Commonwealth of Pennsylvania
Department of Corrections**

January 2013

January 11, 2013

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This report contains the results of a performance audit of the State Correctional Institution at Frackville of the Department of Corrections for the period of July 1, 2007, through April 11, 2011. The audit was conducted under the authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report contains four audit objectives along with an audit scope and methodology for each objective. Where appropriate, the audit report contains findings, conclusions, and recommendations. The report noted that the State Correctional Institution at Frackville did not adequately monitor the collection of cash from the institution's vending machines. Also, State Correctional Institution at Frackville's maintenance personnel did not prioritize work orders.

We discussed the contents of the report with management of the State Correctional Institution at Frackville, and all appropriate comments are reflected in the report.

Sincerely,

JACK WAGNER
Auditor General

The State Correctional Institution at Frackville
Department of Corrections

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*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
January 2013*

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**State Correctional Institution at Frackville
Department of Corrections**

**Background
Information**

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**Background
Information**

*History, mission,
and operating
statistics*

Pennsylvania Department of Corrections

The Pennsylvania General Assembly created the Bureau of Corrections under the authority of the Pennsylvania Department of Justice with the passage of Act 408 of 1953. In December 1980 responsibility moved from the Pennsylvania Department of Justice to the Office of the General Counsel under the Governor. On December 30, 1984, the Governor signed Act 245 of 1984,¹ elevating the Bureau of Corrections to cabinet-level status as the Department of Corrections.

The mission of the Department of Corrections is as follows:

Our mission is to reduce criminal behavior by providing individualized treatment and education to offenders, resulting in successful community reintegration through accountability and positive change.²

The Department of Corrections is responsible for all adult offenders serving sentences of two years or more. As of October 2, 2012, it operated 26 correctional institutions, 1 motivational boot camp, 1 training academy, and 14 community pre-release centers throughout the Commonwealth of Pennsylvania. In addition to the 14 community pre-release centers, the Department of Corrections also had oversight for 39 contracted facilities, all part of the community corrections program.

Inmate General Welfare Fund

The Department of Corrections centrally controls an Inmate General Welfare Fund to provide custodial services for inmates' personal monies and to generate funds for recreational activities. Each correctional institution within the Department of Corrections maintains accounting records for its own portion of the fund. The prisons' funds are consolidated for control and investment purposes and administered by a central council.

¹ 71 P.S. § 310.1.

² http://www.portal.state.pa.us/portal/server.pt/community/our_mission/20645, accessed October 12, 2012.

Background
InformationState Correctional Institution at Frackville
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State Correctional Institution at Frackville

The State Correctional Institution at Frackville, which we refer to as SCI Frackville or the institution in this report, is located in the borough of Frackville, Schuylkill County. The institution is designated as a maximum-security facility, and was opened in April 1987. SCI Frackville's grounds encompass 219 acres of land of which 35 acres are located inside two 14-foot high perimeter fences. SCI Frackville's capacity at June 30, 2010, was 900.

The following table presents selected unaudited SCI Frackville operating statistics compiled from Department of Corrections accounting reports for the fiscal years ended June 30, 2008, 2009, and 2010.

	SCI Frackville Operating Statistics		
	Fiscal Year Ending June 30,		
	2008	2009	2010
Operating expenditures			
State share	\$38,700,103	\$40,734,694	\$41,659,078
Federal share	<u>1,887</u>	<u>11,897</u>	<u>6,261</u>
Total operating expenditures	<u>\$38,701,990</u>	<u>\$40,746,591</u>	<u>\$41,665,339</u>
Inmate population at year-end	1,093	1,147	1,097
Inmate capacity at year-end	900	900	900
Percentage of capacity at year-end	121.4%	127.4%	121.9%
Average monthly inmate population	1,091	1,121	1,142
Average cost per inmate per year ³	\$35,474	\$36,348	\$36,485

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

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**Objectives,
Scope, and
Methodology**

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**Objectives,
Scope, and
Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit of SCI Frackville had four objectives. We selected those objectives from the following areas: vending commissions, new employee orientation training, work orders, and service purchase contracts.

- One To determine if SCI Frackville monitored compliance with its vending machine service agreements. (Finding 1)
- Two To determine if SCI Frackville complied with the Department of Corrections' new employee orientation training procedures. (Finding 2)
- Three To evaluate SCI Frackville's procedures for processing work orders. (Finding 3)
- Four To determine if SCI Frackville procured contracts and also monitored the goods and services received under these contracts in accordance with commonwealth policies. (Finding 5)

Unless indicated otherwise, the scope of the audit was from July 1, 2007, through April 1, 2011.

SCI Frackville's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the institution is in compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures. Within the context of our audit objectives, we obtained an understanding of internal controls and assessed whether those controls were properly designed and implemented. Additionally, we gained a high-level understanding of SCI Frackville's information technology (IT) environment and evaluated whether internal controls specific to IT were present. Any significant deficiencies found during the audit are included in this report

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To accomplish our objectives, we obtained and reviewed records and analyzed pertinent policies, agreements, and guidelines of the Department of Corrections, and SCI Frackville. In the course of our audit work, we interviewed various SCI Frackville management and staff. The audit results section of this report contains the specific inquiries, observations, tests, and analyses conducted for each audit objective.

We also performed inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations related to vending machine commissions made during our prior audit.

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Audit Results

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Audit Results

In the pages that follow, we have organized our audit results into four sections, one for each objective. Each of the four sections is organized as follows:

- Statement of the objective
- Relevant policies and agreements
- Audit scope in terms of period covered, types of transactions reviewed, and other parameters that defined the limits of our audit and methodologies used to gather sufficient evidence to meet the objective
- Finding(s) and conclusion(s)
- Recommendation(s), where applicable
- Response by SCI Frackville management, if applicable
- Our evaluation of SCI Frackville management's response, if applicable

Audit Results:
Vending
Commissions

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Audit Results
for
Objective
One

The objective

Objective one for our performance audit was to determine if SCI Frackville monitored compliance with its vending machine service agreements.

Relevant policies and agreements

Vending
Commissions

The Department of Corrections' policy for monitoring vending agreements is included in the Department's Fiscal Administration Policy.⁴

During our audit period, SCI Frackville entered into service agreements with two different vending machine contractors for dispensing food, snacks, and beverage items in the inmate visiting lounge. The agreement with the first contractor was in effect from May 2007, through March 2010, while the agreement with the second contractor started in April 2010. Both service agreements stated that the vending machines would contain meters to verify sales, and that the commission payments would be based on sales. The contractors provided all monthly commission payments to SCI Frackville by check, and the institution deposited these monies in the Inmate General Welfare Fund (IGWF). The IGWF supported inmate activities such as the purchase of library books, sporting and weight equipment.

Scope and methodologies to meet our objective

In order to accomplish our objective, we reviewed the Department of Corrections' policy related to vending machine operations.

We interviewed SCI Frackville personnel responsible for monitoring vending machine operations.

We reviewed the two vending machine service agreements for terms and conditions on commission payment methods. We also reviewed contractor commission payments and verified that the service agreement

⁴ Department of Corrections, Fiscal Administration Policy 3.1.1, Section P: Vending Machines in Department Facilities, effective date April 18, 2008, and revised January 27, 2009.

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**Audit Results:
Vending
Commissions**

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commission percentages were correctly applied to sales totals for the period of May 1, 2007, through June 30, 2010.

We selected six monthly bank statements from May 1, 2007, through June 30, 2010, and verified the timeliness of deposits of commission checks received by SCI Frackville into the IGWF account.

Finding 1

SCI Frackville did not undertake an important vending sales monitoring practice, which resulted in the institution being unable to ensure if the commission payments it received were accurate.

According to SCI Frackville's service agreements with both contractors, SCI Frackville management had the option of accompanying each contractor's employees when vending machine cash was collected from vending machines and meter readings were recorded. We found that SCI Frackville personnel did not accompany the contractors' personnel during the collection of cash from vending machines and did not verify product meter readings. Therefore, SCI Frackville could not verify the full amount of cash collected by each contractor from each machine. Further, the institution could not verify the accuracy of the commission payments made by the contractors, which was based on the cash collected from the machines.

Poor contract monitoring with regard to the vending machines is not a new issue at SCI Frackville. Our two prior audit reports contained findings and recommendations pertaining to this contract monitoring deficiency. We found during this audit that SCI Frackville again failed to implement our prior recommendations to improve monitoring and oversight of vending machine collections. The recommendations were contained in our reports that covered the time periods of July 1, 2003, to December 2, 2005, and July 1, 2005, to May 16, 2008.

During this current audit we found that SCI Frackville received a total of \$46,211, in vending commissions from July 1, 2007, through June 30, 2010. For the first 33 months of this three-year period, the commission payments from the first contractor totaled \$42,003, or an average of \$1,273 per month. These commissions were generated from seven

**Audit Results:
Vending
Commissions**

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vending machines. Commissions from the second contractor for the last three months of the three-year audit period totaled \$4,208, or an average of \$1,403 per month. These commissions were generated on the sales from 12 vending machines.

Our review of monthly commission checks and collection totals submitted by the contractors and received by the institution found that the contractors paid the sales commission percentage stated in their agreements with SCI Frackville. In addition, we verified that six monthly commission checks, which we selected for review, were received by the institution and were properly deposited into the IGWF account.

Nonetheless, SCI Frackville could not ensure that the monthly commissions paid to it by the contractors were the full amount owed to the institution because SCI Frackville staff did not accompany contractor staff when vending sales were collected. By failing to conduct this important contract monitoring step, SCI Frackville was unable to ensure that commission payments made by the contractor were in accordance with contract terms.

**Recommendations
for Finding 1**

1. SCI Frackville should implement contract monitoring steps to ensure the accuracy of the commission checks. The steps should include ensuring a SCI Frackville employee accompanies the contractor when vending machine sales are collected and recorded. SCI Frackville could then confirm that the sales figures reported by the vendor are correct, and accordingly, verify the accuracy of the commission payments.

Response of SCI Frackville management:

Our vending company has developed a unique dual-level accounting system which assures absolute accuracy in sales and revenue reporting. Service personnel file reports on every piece of equipment with their local branch accounting department. Branch reports, in turn, are run through their regional computerized accounting system.

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**Audit Results:
Vending
Commissions**

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The branch makes a weekly recap of their route service person's reports on all sales. Inventories, merchandise received, sales and closing inventories are all reconciled as an added measure of reporting accuracy.

Our evaluation of SCI Frackville's management comments:

While the vending companies accounting system may have adequate accounting controls in place to ensure reporting accuracy, that process does not preclude SCI Frackville from implementing its own internal controls to provide an independent assessment of reporting accuracy. We stand by our recommendation and we encourage SCI Frackville to implement the monitoring procedures we suggested.

**Audit Results:
New Employee
Orientation
Training**

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**Audit Results
for
Objective
Two**

The objective

Objective two for our performance audit was to determine if SCI Frackville complied with the Department of Corrections' new employee orientation training procedures.

Relevant policies and procedures

*New Employee
Orientation
Training*

The Department of Corrections has established policies and procedures relating to employee development and training.⁵ SCI Frackville, through the Department of Corrections, was responsible for providing all new corrections officer trainees with initial orientation training. This training focused on developing skills and competencies directed toward the safety and care of the inmates as well as the staff of the institution.

All new corrections officer trainees were required to complete four phases of training within their first year of employment.

- Phase I training required each officer to complete three weeks of orientation at SCI Frackville and five weeks of basic training at the Department of Corrections' training academy in Elizabethtown, Pennsylvania.
- Phase II training focused on administrative responsibilities, yard activities, and housing unit responsibilities.
- Phase III training focused on responsibilities in the chapel, kitchen, barber shop, visiting room/search, commissary, dispensary, and gym.
- Phase IV training concentrated on transport/escort, hospital, search team, restricted housing, special needs unit, administration control, and tower.

According to Department of Corrections' policy, the institution must maintain a training file for each corrections officer trainee. This training file should contain 12-month on-the-job training certificate, training booklets, shift observation forms, performance evaluation, phase tests, and job assignment records.

⁵ Department of Corrections, Procedures Manual, Policy Number 5.1.1 Staff Development and Training, effective December 20, 2010.

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**Audit Results:
New Employee
Orientation
Training**

Scope and methodologies to meet our objective

To complete our objective, we reviewed the Department of Corrections' policies and procedures related to training. We also reviewed SCI Frackville's personnel training plan for corrections officer trainees.

We interviewed SCI Frackville personnel responsible for providing and monitoring employee training.

We examined training records for the 39 corrections officers hired during the period of July 1, 2008, through June 30, 2010, to determine if the officers completed all four phases of their required training within the first 12 months of their starting dates.

Finally, we examined 8 of the 39 corrections officer trainee training files to verify if the Department of Corrections maintained all required documentation in the employees' files.

Finding 2

SCI Frackville provided all new corrections officer trainees hired during our audit period with the required orientation training in compliance with Department of Corrections' policies.

Our audit found that each of the 39 corrections officer trainees completed the required four phases of orientation training within 12 months of their employment starting dates. We also found that SCI Frackville maintained employee training files for the eight officers we selected, and the institution maintained all required documentation in these files.

**Audit Results:
Work Orders**

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**Audit Results
for
Objective
Three**

The objective

Objective three for our performance audit was to evaluate SCI Frackville's procedures for processing work orders.

Relevant policies

Work Orders

The maintenance department at SCI Frackville is responsible for providing both routine and preventive maintenance. The Department of Corrections has established policy and procedures for facility maintenance.⁶

SCI Frackville uses an electronic maintenance work order system, which is operated through the Maintenance Management System. The Maintenance Management System began operations on November 30, 2005. This system enables each SCI Frackville department head to electronically submit work orders to the maintenance department in accordance with Department of Corrections' policy.

Scope and methodologies to meet our objective

To accomplish our objective, we reviewed the Department of Corrections' policy for facility maintenance.

We interviewed the SCI Frackville personnel responsible for maintenance operations.

We examined 45 of 1,680 work orders completed from September 2010 through December 2010 for notations of start dates, completion dates, and priority codes.

⁶Department of Corrections, Policy Number 10.2.1, Facility Maintenance Procedures Manual, effective date September 3, 2008.

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Department of Corrections****Audit Results:
Work Orders**

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Finding 3**SCI Frackville’s maintenance personnel did not prioritize work orders within the maintenance management work order system, which resulted in delays in repairs.**

Our audit work found that SCI Frackville maintenance personnel did not select a priority code on all 45 work orders examined. As a result, the computer system automatically coded these work orders as “routine,” which is the default priority code.

According to the Department of Corrections policy⁷, maintenance department personnel should assign each work order one of the following four priority codes:

1. Emergency – related to security repairs – address immediately
2. Immediate – related to health and safety repairs – work that needs to be addressed immediately
3. Urgent – related to repairs that need to be addressed the next scheduled work day
4. Routine – related to general repairs and preventive maintenance

The responsibilities of the facility maintenance manager were to evaluate, authorize, schedule, prioritize, and assign work to various maintenance personnel.

When the manager fails to enter a priority code into the computer system, maintenance personnel address all items as routine and none of them need immediate attention. However, emergency work could be needed and is ignored because a default “routine” code has been generated.

In fact, our review of 45 work orders found two work orders that we considered emergency/security related items, yet no priority code was entered into the system, and the work orders were default coded to “routine.”

The first of these work orders requested that a metal strip be welded across Plexiglas on a door to prevent the door from being forced out, which

⁷ Department of Corrections, Policy Number 10.2.1, Facility Maintenance Procedures Manual, Section 12 – Maintenance Work Orders, Subsection D-Maintenance Priority Code Numbers.

**Audit Results:
Work Orders**

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would allow an inmate to crawl out. The second work order reported loose security screws on a cell door which, if left uncorrected, could possibly allow an inmate to get out of his cell.

Both of these work orders were clearly security related repairs for the institution. Nonetheless, according to facility records, maintenance staff took five days and seven days respectively to complete these orders. According to the Department of Corrections' policy, emergency/security repairs should be addressed immediately.

When we discussed this issue with the facility maintenance manager, he stated that he reviewed all submitted work orders. He stated that if any work orders were found to be a high priority concern, such as an emergency/security related issue, then he hand-printed that priority code on the work order before he assigned it to employees.

We could not substantiate the manager's statement because the hand written change was never logged into the computer system. Further, once maintenance staff completed the work and closed the work order out in the computer system, the maintenance manager then destroyed the hard copy of the work order.

Even if the facility maintenance manager hand wrote an emergency/security priority code on the two work orders in question, the fact remains that those orders did not get coded as such in the computer system. As a result, it took the maintenance staff five to seven days to make repairs that should have been addressed immediately.

**Recommendation
for Finding 3**

2. SCI Frackville's maintenance personnel should immediately begin to place appropriate priority codes on all work orders. Furthermore, the facility maintenance manager should ensure that the priority codes are entered into the Maintenance Management System.

Response of SCI Frackville Management:

99% of our work orders are routine and are completed within two (2) days of receiving them. The two work orders in which an example were

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**Audit Results:
Work Orders**

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*identified were routine work orders. We now print in bold lettering or
handwrite any high prioritized work order, so it will be noticed and
processed immediately. These high priority work orders are also backed
up with a verbal notification.*

Our evaluation of SCI Frackville management comments:

We agree that the majority of work orders are routine, however, SCI Frackville should ensure that it has adequate procedures in place to ensure that urgent/emergency repairs are completed immediately. The verbal notification of high priority work orders is a good start.

Audit Results:
Contracts

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Audit Results
for
Objective
Four

Contracts

The objective

Objective four for our performance audit was to determine if SCI Frackville procured contracts and monitored the goods and services received under these contracts in accordance with commonwealth policies.

Relevant policies and procedures

The Commonwealth of Pennsylvania has established policies and procedures for the procurement of goods and services.⁸ These policies and procedures define monetary thresholds for contracts that would require an institution to obtain competitive bids from potential contractors. The policies and procedures also contain contractor payment procedures, and they outline the institution's responsibility for effectively monitoring goods and services received under contract.

Commonwealth institutions often contract with vendors instead of providing services in-house because the services may not warrant full-time positions or institutional personnel may not possess the necessary expertise. Contracted services include, but are not limited, to medical services, religious services, and equipment service and maintenance.

Scope and methodologies to meet our objective

To accomplish our objective, we reviewed Commonwealth of Pennsylvania policies and procedures for the procurement of goods and services.

We interviewed SCI Frackville personnel responsible for the procurement and monitoring of contracts.

We selected and reviewed 17 of 94 contracts for goods and services that were in effect during the period of July 1, 2008, through June 30, 2010.

We also examined 39 invoices for goods and/or services received by SCI Frackville under the 17 contracts selected for review.

⁸ See the Department of General Services' *Procurement Handbook*, dated April 17, 2003.

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**Audit Results:
Contracts**

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Finding 5

SCI Frackville complied with applicable commonwealth policies and procedures for procuring and monitoring contracts for goods and services.

Our audit of SCI Frackville's procurement of contracts for goods and services found that the institution complied with the provisions of the commonwealth procurement policies and procedures we evaluated. The contracts we reviewed were for services such as radio repair, air conditioning maintenance, and providing food and beverages.

Based upon our review of documentation obtained from SCI Frackville, we confirmed that the institution complied with applicable commonwealth procurement procedures, including public advertising for the contracts, proper recording and evaluation of all sealed bids, and awarding of the contracts.

In addition, we examined 39 invoices related to the contracts selected for review. We found that SCI Frackville's staff properly reviewed and approved the invoices for payment, and verified that the invoice amounts agreed with the terms specified in the contracts.

**Status of
Prior Audits**

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**Status of
Prior Audits**

**Findings and
Recommendations**

The prior audit report of SCI Frackville covered the period of July 1, 2005, to May 16, 2008, and contained five findings. All five of the findings were positive and thus had no recommendations. The prior audit report also contained one unresolved issue (Prior Finding I-1) from the audit report of the institution that covered the period of July 1, 2003, to December 2, 2005. The status of the unresolved finding and its accompanying recommendations is presented below.

Methodologies to meet our objective

In order to determine the status of the implementation of our prior recommendations, we held discussions with the appropriate institution personnel, and we performed detailed testing as part of, or in conjunction with, the current audit.

**Prior Finding
I-1 (from the report
for period July 1,
2003, to December 2,
2005)**

**SCI Frackville vending contractor was delinquent in
remitting commissions. (Partially Resolved)**

Our prior audit reported that SCI Frackville did not implement our recommendations contained in our audit that covered the period of July 1, 2003, through December 2, 2005. We recommended in that report that SCI Frackville management should recover six delinquent commission checks, totaling approximately \$16,702, due from the contractor and immediately begin implementing procedures to ensure commissions are calculated correctly and remitted timely.

Our prior audit reported that on January 10, 2008, the matter relating to the recovery of delinquent vending commissions was forwarded by SCI Frackville to the Department of Corrections' Office of Chief Counsel for further disposition. We also reported that as of May 16, 2008, the commissions due had not been paid, and SCI Frackville had not implemented any procedures to ensure current commissions were being calculated correctly or remitted timely.

Status as of this audit. Our current audit revealed that on February 7, 2011, the Department of Corrections' Office of Chief Counsel and the SCI Frackville business manager agreed to accept a commission payment of

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**Status of
Prior Audits**

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\$14,361 proposed by the contractor. In August 2011 the business manager at SCI Frackville confirmed that the contractor paid the institution \$14,361, thus the matter involving the collection of delinquent commissions had been resolved.

However, SCI Frackville has still not implemented our recommendation that was originally reported in our July 1, 2003, to December 2, 2005, report and then reported again in our prior report covering the period of July 1, 2005, to May 16, 2008. We recommended that SCI Frackville implement procedures to ensure commissions are calculated correctly and remitted timely. These procedures should have included SCI Frackville staff accompanying the contractor's personnel during the collection of cash from vending machines. During our current audit, SCI Frackville failed to accompany the contractor during collections, document the beginning and ending counter numbers on each vending machine or record the amount of cash collected. Therefore, this portion of the prior finding is not resolved, and we present these contract monitoring deficiencies in Finding 1 of this report.

**Audit Report
Distribution List**

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**Audit Report
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List**

The Honorable Tom Corbett
Governor

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Pennsylvania Treasury Department

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Secretary
Pennsylvania Department of Corrections

State Correctional Institution at Frackville

Robert Collins
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