

**Performance Audit**

**State Correctional Institution at Mahanoy**

**Commonwealth of Pennsylvania  
Department of Corrections**

**July 1, 2005, to February 3, 2011**





## **Performance Audit**

### **State Correctional Institution at Mahanoy**

**Commonwealth of Pennsylvania  
Department of Corrections**

**July 1, 2005, to February 3, 2011**



May 18, 2011

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 Mahanoy of the Department of Corrections from July 1, 2005, to February 3, 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 details the audit objectives, scope, methodology, findings, and recommendations. The report notes that fuel usage was not sufficiently monitored, gasoline was unaccounted for at the pumping station, and reimbursement for personal vehicle mileage lacked necessary approvals.

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

Sincerely,

**JACK WAGNER**  
Auditor General



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## **Background Information**

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### **Background Information**

#### **Department of Corrections**

The Pennsylvania General Assembly created the Pennsylvania Bureau of Corrections under the authority of the Pennsylvania Department of Justice with the passage of Act 408 of July 29, 1953, P.L. 1428 Section I. 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<sup>1</sup>, 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 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.<sup>2</sup>*

The Department of Corrections is responsible for all adult offenders serving sentences of two years or more. As of February 2, 2010, 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 40 contracted facilities, all part of the community corrections program.<sup>3</sup>

#### **State Correctional Institution at Mahanoy**

The State Correctional Institution at Mahanoy, known as SCI Mahanoy, is located in Mahanoy Township, Schuylkill County, approximately 15 miles northeast of Pottsville. SCI Mahanoy opened in June 1993 and is a medium-security facility for adult male offenders. SCI Mahanoy currently encompasses 222 acres of land. Of the 222 acres, 67 acres are

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<sup>1</sup> 71 P.S. § 310.1.

<sup>2</sup> [http://www.cor.state.pa.us/portal/server.pt/community/departement\\_of\\_corrections/4604/our\\_mission/716263](http://www.cor.state.pa.us/portal/server.pt/community/departement_of_corrections/4604/our_mission/716263), accessed February 2, 2010; verified January 21, 2011.

<sup>3</sup> [http://www.cor.state.pa.us/portal/server.pt/community/departement\\_of\\_corrections/4604](http://www.cor.state.pa.us/portal/server.pt/community/departement_of_corrections/4604), accessed February 2, 2010; verified January 21, 2011.

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inside a double-fenced secure perimeter that comprises 10 housing units and 8 other buildings. The complex also contains 14 other buildings outside the double-fenced perimeter.

The following schedule presents selected unaudited SCI Mahanoy operating statistics compiled by the Department of Corrections for the years ended June 30, 2006, 2007, 2008, and 2009:

*Note: Although our audit period for this report covers fiscal years ended June 30, 2006, 2007, and 2008, we have also included the statistics for fiscal year ended June 30, 2009.*

	Using rounding			
	2006	2007	2008	2009
<b>Operating expenses<sup>4</sup></b>				
State share	\$48,813,232	\$51,376,052	\$54,410,618	\$56,417,792
Federal share	12,196	11,923	10,726	8,471
<b>Total operating expenses</b>	<u>\$48,825,428</u>	<u>\$51,387,975</u>	<u>\$54,421,344</u>	<u>\$56,426,263</u>
Inmate population at year-end	2,284	2,274	2,301	2,382
Inmate capacity at year-end	1,900	1,900	1,900	1,900
Percentage of capacity at year-end	120%	120%	121%	125%
Average monthly inmate population	2,235	2,299	2,309	2,356
Average cost per inmate per year <sup>5</sup>	\$21,846	\$22,352	\$23,569	\$23,950

<sup>4</sup> Operating expenses were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. In addition, regional level and indirect charges were not allocated to the totals reported here.

<sup>5</sup> Average cost per inmate per year was calculated by dividing total operating expenses by the average monthly inmate population.

## **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.

We selected the audit objectives from the following general areas: expense management; facility management, including accreditation and maintenance expenditures; inventory management, including the automotive fleet; and personnel management, including staffing levels and employee pay incentives. The specific audit objectives were as follows:

- To review expenditure records and determine whether significant expenses were adequately supported. (Finding 1)
- To assess SCI Mahanoy's implementation of recommendations made by the American Correctional Association and the Commission on Accreditation for Corrections. (Finding 2)
- To assess the adequacy of controls over maintenance work order expenditures and SCI Mahanoy's compliance with the Department of Corrections' facility maintenance procedures manual. (Finding 3)
- To assess the adequacy of the management of the automotive fleet and compliance with Commonwealth and Department of Corrections policies and procedures. (Findings 4 and 5)
- To examine the Department of Corrections' manpower survey for proper staffing levels and to determine SCI Mahanoy's efforts to maintain complement levels. (Finding 6)
- To determine the propriety of the use of employee pay incentives. (Finding 7)

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We also followed up on the status of recommendations made in our prior audit regarding corrections officer training, fire emergency response team training, Inmate General Welfare Fund non-interest bearing account, the sewer contract, role mapping of central storeroom personnel, and storeroom internal controls.

The scope of the audit was from July 1, 2005, to February 3, 2011, unless indicated otherwise in the individual findings.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent Commonwealth and the Department of Corrections' regulations, policies, and guidelines on procurement,<sup>6</sup> accreditation,<sup>7</sup> facility maintenance,<sup>8</sup> vehicles,<sup>9</sup> and employee pay incentives.<sup>10</sup> We also reviewed applicable union contracts.<sup>11</sup>

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<sup>6</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1, "Fiscal Administration," effective November 20, 2007;

Commonwealth of Pennsylvania, Department of General Services, Field Procurement Handbook, M215.3, Revision No. 4, April 17, 2003.

<sup>7</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 1.1.2, "Accreditation & Annual Operations Inspections," effective March 16, 2007.

<sup>8</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," Section 12, "Maintenance Work Orders," and Section 13, "Preventative Maintenance," effective October 10, 2005.

<sup>9</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 "Fiscal Administration," Section 8, "Vehicles," effective November 20, 2007;

Commonwealth of Pennsylvania, Governor's Office, Executive Order Number 2007-03, "Commonwealth Automotive Fleet Efficiency Initiative," dated May 9, 2007.

<sup>10</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16, "Physicians and Related Occupations Quality Assurance Program," dated February 14, 2006;

Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2, "Physicians and Related Occupations Specialty Board Certification Payments," dated February 21, 2006;

Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-170, dated June 25, 2007;

Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-122, dated May 21, 2007;

Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-08-079, dated April 4, 2008.

<sup>11</sup> Agreement between Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, effective July 1, 2005, to June 30, 2009;

Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, effective July 1, 2007, to June 30, 2011;

Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, AFL-CIO, CLC, effective July 1, 2003, to June 30, 2007.

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During the course of our audit work, we interviewed various facility management and staff, including the business manager, budget analyst, superintendent's assistant, Commission on Accreditation for Corrections coordinator, and maintenance managers. We also interviewed business office personnel and human resource managers, as well as the employees responsible for the central storeroom physical inventory and those employees maintaining vehicles.

To determine if the significant expenditures were adequately supported, we obtained a SAP business warehouse report of all expenditure transactions in excess of \$50,000 for the fiscal years ended June 30, 2006, and June 30, 2007. We then randomly selected 7 of 135 expenditure transactions for the fiscal year ended June 30, 2006, and 11 of 156 for the fiscal year ended June 30, 2007, and examined the supporting documentation for the sampled expenditure transactions.

To determine if SCI Mahanoy received Commission on Accreditation for Corrections accreditation and to assess SCI Mahanoy's implementation of recommendations made by the American Correctional Association and the Commission on Accreditation for Corrections, we obtained SCI Mahanoy's follow-up plan and waiver requests made in response to the American Correctional Association re-accreditation audit and compared SCI Mahanoy's follow-up plan with actual changes made in response to the follow-up plan.

To assess the adequacy of controls over maintenance work order expenditures and SCI Mahanoy's compliance with the Department of Corrections' facility maintenance procedures manual, we performed an analytical review of the maintenance expenditures for the fiscal years ended June 30, 2007, and June 30, 2008, and conducted detailed testing of 34 randomly selected work orders completed during the period of January 1, 2008, to June 30, 2008.

To assess the adequacy of the management of the automotive fleet and compliance with Commonwealth and Department of Corrections' policies and procedures, we randomly selected 19 vehicles from the SCI Mahanoy automotive fleet, analyzed monthly automotive reports and vehicle request forms for each selected vehicle and analyzed the personal mileage expense log and fuel pump station logs for the month of June 2008.

To examine the Department of Corrections' manpower survey for proper staffing levels and to determine SCI Mahanoy's efforts to maintain complement levels, we reviewed the most current individual staffing surveys at the time of the audit for nursing, maintenance, chaplaincy, psychology, food service, dental and correctional positions as well as the

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detailed complement and wage reports dated August 18, 2008, and the vacancy report dated August 19, 2008.

To determine the propriety of the use of employee pay incentives, we performed an analytical review of SCI Mahanoy's commitments and actual expenditure reports for the fiscal years ended June 30, 2006, and June 30, 2007, to determine the amount of pay incentives incurred, and verified that appropriate criteria were followed when determining incentives payments for employees.

To determine the status of the implementation of the recommendations made during the prior audit, we reviewed the Department of Corrections' written response dated March 28, 2007, replying to the Auditor General's report for the period of July 1, 2003, to December 2, 2005, and performed interviews and tests as part of, or in conjunction with, the current audit.

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## **Audit Results**

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### **Audit Results**

#### **Expense Management**

The Department of Corrections authorizes an annual budget for SCI Mahanoy to operate its facility. The budget classifies expenditures into commitment items. The expenditures include but are not limited to transactions for salaries, utilities, equipment, office, laboratory, and maintenance supplies. To accomplish its mission, SCI Mahanoy provides various maintenance, nursing, chaplaincy, education, counseling and administrative services. SCI Mahanoy expended approximately \$48.8 million during the fiscal year ended June 30, 2006, and approximately \$51.4 million during the fiscal year ended June 30, 2007, for its operations.

#### **Finding 1 – Expenditures were adequately supported.**

We randomly selected 7 of 135 expenditure transactions for the fiscal year ended June 30, 2006, and 11 of 156 for the fiscal year ended June 30, 2007, and examined the supporting documentation for the sampled expenditure transactions. Our audit of the supporting documentation for the randomly selected transactions over \$50,000 did not reveal any exceptions to the requirements for supporting documentation for the transactions.

#### **Accreditation**

The American Correctional Association and the Commission on Accreditation for Corrections are private, non-profit organizations that administer the only national accreditation program for all components of adult and juvenile corrections. The purpose of this voluntary accreditation program is to promote improvement in the management of correctional facilities through the administration of a voluntary accreditation program and the ongoing development and revision of relevant, useful standards. Accordingly, the Department of Corrections has a policy statement for accreditation program and annual inspections; this statement includes rules, regulations, and procedures for pursuing compliance with nationally recognized standards for the operation and management of correctional facilities.

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The Commonwealth contracts with the Commission on Accreditation for Corrections, which appoints an American Correctional Association committee that conducts a standards compliance audit and prepares a written visiting committee report to be submitted to the Commission on Accreditation for Corrections. The visiting committee report also includes comments from interviews conducted with inmates and staff, as well as a detailed explanation of all non-compliant and inapplicable standards.<sup>12</sup>

To receive accredited status, the institution must be 100 percent compliant on mandatory standards and at least 90 percent compliant on non-mandatory standards. Once these benchmarks are attained, the institution is awarded a three-year accreditation.

**Finding 2 – SCI Mahanoy responded appropriately to the issues noted in the most recent standards accreditation audit.**

On August 1, 2008, the Commission on Accreditation for Corrections awarded a three-year accreditation to SCI Mahanoy as a result of the accreditation audit conducted by American Correctional Association for the period of May 28, 2008, to May 30, 2008. According to the visiting committee report, SCI Mahanoy complied with 100 percent of the 61 applicable mandatory standards and 442 of the 444, or 99.5 percent, of the applicable non-mandatory standards.

SCI Mahanoy, in an effort to be 100 percent compliant in the non-mandatory standards, submitted a written response to the Commission on Accreditation for Corrections. The Commission on Accreditation for Corrections responded to SCI Mahanoy granting discretionary compliance for the two non-mandatory standards.

### **Maintenance Work Orders**

The maintenance department at SCI Mahanoy is responsible for providing both routine and preventative maintenance. On November 30, 2005, SCI Mahanoy implemented an electronic system that enables electronic submission of work orders to the maintenance department in accordance with Department of Corrections' policy.<sup>13</sup> Thus, upon receipt of a

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<sup>12</sup> <http://www.aca.org>, accessed November 2, 2009, verified January 21, 2011.

<sup>13</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," Section 12, "Maintenance Work Orders," and Section 13, "Preventative Maintenance," effective October 10, 2005.



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work order, the maintenance department is able to review, evaluate, approve, prioritize, and assign the maintenance task. Regarding the completion of each work order, the Department of Corrections policy states the following:

*It is the responsibility of each maintenance staff member to provide information listing time and materials used. As work order assignments are completed, the work order 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 work, and forward the work order to the Facility Maintenance Managers' office for review and administrative tracking.<sup>14</sup>*

SCI Mahanoy also records dates of upcoming preventative maintenance in the tracking system, which sends automatic reminders to maintenance staff informing them of the upcoming maintenance. The automatic reminders are intended to prevent the missing of scheduled maintenance, which could lead to the need for more severe maintenance at a later date.

**Finding 3 – SCI Mahanoy processed work orders and preventative maintenance schedules according to Department of Corrections' policies.**

Our audit of 34 work orders showed that each one had the required priority codes, start date, end date, staff hours, inmate hours, material and labor costs recorded in the work order in compliance with the Department of Corrections' policy requirements. In addition, the number of days between the start date and completion date on each work order appeared reasonable for the work listed. All emergency work orders were processed in one day, while routine work was completed anywhere from one day to five days dependent on whether required materials were in stock.

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<sup>14</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," Section 12, "Maintenance Work Orders," and Section 13, "Preventative Maintenance," effective October 10, 2005.

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**Automotive Fleet**

The Department of Corrections has established policy and procedures regarding vehicle use, maintenance, and reporting.<sup>15</sup> In addition, there is a Governor-issued executive order establishing policies and practices for an initiative that enables agencies to complete assigned duties at the lowest reasonable cost:

*Agencies will monitor, at regular intervals, vehicle assignments and utilization patterns, fuel card activity and reimbursements made to employees for miles traveled in personal vehicles to ensure that Commonwealth resources are being deployed in the most cost-effective manner.<sup>16</sup>*

SCI Mahanoy's automotive fleet at the time of the audit consisted of 42 vehicles, including passenger cars, vans, dump trucks, pickup trucks, box trucks, maintenance vehicles, and perimeter security vehicles. These vehicles are used to conduct institutional business and ensure its security.

**Finding 4 – Management did not sufficiently monitor fuel usage.**

The objective of our audit of the automotive fleet was to verify SCI Mahanoy's compliance with the policies and initiatives of the Commonwealth and the Department of Corrections.

Our audit testing consisted of two parts: an analysis of the June 2008 monthly automotive reports; and a reconciliation of fuel dispensed from the institution pumping station to the receipts listed on the monthly automotive reports for the individual vehicles chosen for our sample. We randomly selected 19 vehicles from the SCI Mahanoy automotive fleet, analyzed monthly automotive reports and vehicle request forms for each selected vehicle, and examined the personal mileage expense log and fuel pump station logs for the month of June 2008.

According to the Department of Corrections' procedures,<sup>17</sup> a monthly automotive activity report should be maintained for each vehicle. Information recorded daily on this form

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<sup>15</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 "Fiscal Administration," Section 8, "Vehicles," effective November 20, 2007.

<sup>16</sup> Commonwealth of Pennsylvania, Governor's Office, Executive Order Number 2007-03, "Commonwealth Automotive Fleet Efficiency Initiative," dated May 9, 2007.

<sup>17</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 "Fiscal Administration," Section 8, "Vehicles," effective November 20, 2007.

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should include the driver's name, mileage, travel locations, gas, oil, and maintenance. At the end of each month, this form is supposed to be turned over to the automotive officer.

During an interview with the automotive technician, we were told that at the times when the automotive technician was not present, the outside perimeter guard must be contacted to obtain the key for the gas pumps. We were also told that most of the time, the guards neglected to fill in all the required information on the gas receipts. In addition, during our interview with the maintenance manager, we learned that there was no official who compared the actual gallons of gas pumped, mileage driven, or vehicle location recorded on the monthly automotive activity report to actual receipts or destinations.

As a result of not monitoring the records of the automotive fleet as required by both the Commonwealth and the Department of Corrections' policies, the gas pumping station meter for June 2008 showed 599 more gallons of gas pumped than the number of gallons recorded on the automotive activity reports for the same period. At a cost of \$3.24 per gallon (as was the case at the time we were on site), the total cost for the undocumented gas pumped totaled \$1,940.

Recommendations:

1. SCI Mahanoy management should ensure that monthly automotive activity report gas receipts are reconciled to the amount of gas dispensed from the pumping station.
2. In addition, all operators of the pumping station and fleet vehicles should be updated on the process and importance of the completion and recording of gasoline disbursements.

Comments of SCI Mahanoy Management:

*SCI Mahanoy currently reconciles on a daily basis the number of gallons of gas disbursed from the gas pumps to the receipts issued and signed by the employee receiving the gas. Then at the end of the month, the disbursement receipts are reconciled to the monthly automotive activity reports for each vehicle.*

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**Finding 5 – Reimbursements totaling \$2,384.44 for personal vehicle mileage were not substantiated.**

We audited all June 2008 travel expense reports of employees receiving compensation for personal mileage (i.e., mileage traveled in a personal car). There were 35 requests for personal mileage in our testing period. The Department of Corrections' procedures state as follows:

*A vehicle request form must be completed to reserve a state care or to be reimbursed for personal mileage when a state car is not available. The employee must receive approval from his/her Bureau/Office Director to incur personal mileage cost.<sup>18</sup>*

The 35 travel expense reports resulted in \$2,460.20 of payments for mileage traveled in a personal car, but only 1 travel expense report totaling \$75.76 for personal mileage had all the required personal mileage request forms and proper approvals for payment. The types of personal mileage errors on the remaining 34 travel expense reports totaling \$2,384.44 were as follows:

- For 9 reports, the request for personal mileage was not approved based on the fact that a state pool car was available. However, the mileage was paid anyway, resulting in unnecessary payments of \$640.92.
- For 10 reports, no formal requests were made for personal mileage but the personal mileage was paid anyway even though state cars were available on the dates of travel, resulting in unnecessary payments of \$698.87.
- For 15 reports, no formal requests were made for reimbursement for personal mileage but the mileage was paid anyway resulting in unnecessary payments of \$1,044.65.

SCI Mahanoy could have saved \$2,384.44 during the month of June 2008 by using state-owned vehicles instead of paying for mileage for personal cars. Over the course of one year, SCI Mahanoy may have had the opportunity to save over \$28,000.

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<sup>18</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 "Fiscal Administration," Section 8, "Vehicles," effective November 20, 2007.

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Recommendation:

3. SCI Mahanoy management should ensure that vehicle request forms are completed for all instances of employee travel by personal car if mileage is to be reimbursed, and that the superintendent or his designee approves all personal mileage being claimed.

Comments of SCI Mahanoy Management:

*Currently, the employee supervisor has to make a request for a pool car, if a pool car is not available, the supervisor then forwards the request for a pool car, the notification that a pool car is not available during the dates of travel, and a request form asking for approval of personal mileage for the employee traveling to the Superintendent or his designee for approval to be reimbursed for personal mileage.*

### **Staffing Levels/Manpower Survey**

The Department of Corrections periodically conducts manpower surveys to assess each institution's security staffing requirements. The most recent manpower survey was released on August 18, 2008. The survey analyzes staffing level requirements for maintenance, activities, chaplaincy, psychology, food services, dental, nursing, and correctional counselors.

**Finding 6 – SCI Mahanoy complied with the Department of Corrections' manpower survey report.**

Our audit consisted of a comparison of the August 18, 2008, manpower survey report with the detailed complement and wage reports and the vacancy report dated August 19, 2008. Our comparison of the reports revealed that SCI Mahanoy was understaffed except in the area of correctional counselors. However, regarding corrections officers, and upon our review of the SCI Mahanoy vacancy report, we determined that SCI Mahanoy had hired 12 corrections officers who were being trained at the Elizabethtown Training Academy at the time of the manpower survey. All other positions were posted and interviews were being conducted except for one dental assistant position awaiting approval to be posted. Our analysis is summarized in the following chart.

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Department	Manpower survey level	Current level	Difference	Expected Hires
Corrections Officers	326	314	-12	12
Activities	7	7	0	0
Maintenance	31	29	-2	2
Chaplaincy	3	2	-1	1
Psychology	6	5	-1	1
Food Services	28	28	0	0
Dental	5	4	-1	Not yet advertised
Nursing	25	23	-2	2
Correctional Counselors	<u>15</u>	<u>18</u>	<u>-3</u> <sup>19</sup>	<u>0</u>
<b>Total</b>	<b>446</b>	<b>430</b>	<b>-16</b>	<b>18</b>

With the addition of the new Elizabethtown trainees and the other posted positions, we concluded, that SCI Mahanoy would be staffed in accordance with the Department of Corrections' proposed staffing levels in the 2008 manpower survey.

**Employee Pay Incentives**

The Commonwealth has developed certain programs, incentives, and union contract stipulations in order to attract, retain, and reward medical and dental professionals. Examples of the incentive programs are as follows:

- Quality Assurance Program – provides monetary incentives designed to attract, retain, and reward medical and dental professionals.<sup>20</sup>
- Specialty Board Certification – additional compensation for physicians who are certified by one or more specialty boards.<sup>21</sup>

<sup>19</sup> Overstaffing of correctional counselors will be eliminated through attrition.

<sup>20</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16, "Physicians and Related Occupations Quality Assurance Program," dated February 14, 2006; Agreement between Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, effective July 1, 2005, to June 30, 2009.

<sup>21</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2, "Physicians and Related Occupations Specialty Board Certification Payments," dated February 21, 2006;

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- Nursing Certification – additional compensation for employees who have attained agreed-upon nursing certifications.<sup>22</sup>
- Signing Bonus – a contractual agreement to pay permanent full-time employee in active pay status on July 1, 2007, a one-time lump sum cash payment of \$1,250, or \$625 for permanent part-time employees.<sup>23</sup>

The Commonwealth established criteria for implementing the pay incentives. The quality assurance program entitles employees to a payment based on the number of full credited years of service through the last day of the employee's last full pay period. Payments are prorated for part-time employees and employees not in an active pay status at the end of the year. A part-time employee or an inactive employee must have worked at least 50 percent of a full-time schedule to be eligible for a payment.

**Finding 7 – Employee pay incentives were paid according to applicable contractual agreements.**

Our analysis of the expenditure reports revealed that SCI Mahanoy incurred \$19,000 of quality assurance program expenses for the fiscal year ended June 30, 2006, and \$21,000 for the fiscal year ended June 30, 2007. The quality assurance program payments were distributed according to the agreement between the Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and the Pennsylvania Doctors Alliance; the agreement denotes the amount of payment an employee is entitled to based on his or her credited years of Commonwealth service. Certification payments of \$200 were paid in each

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<sup>22</sup> Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, effective July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, AFL-CIO, CLC, effective July 1, 2003, to June 30, 2007.

<sup>23</sup> Master Agreement between Commonwealth of Pennsylvania and Council 13, American Federation of State, County and Municipal Employees, AFL-CIO, effective July 1, 2007, to June 30, 2011;  
Collective Bargaining Agreement for Educational and Cultural Employees between the Commonwealth of Pennsylvania and the Federation of State Cultural and Educational Professionals Local 2382, American Federation of Teachers Pennsylvania AFL-CIO, effective July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, effective July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and the Correctional Institution Vocational Education Association, Pennsylvania State Education Association, National Education Association, effective July 1, 2007, to June 30, 2011.

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of the fiscal years to one nurse who received specialization certifications, as outlined in the agreement between the Commonwealth of Pennsylvania and the Service Employees International Union.



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## **Status of Prior Audit Findings and Recommendations**

The following is a summary of the findings and recommendations presented in our audit report for the period from July 1, 2003, to December 2, 2005, along with a description of SCI Mahanoy's disposition of the recommendations.

### **Corrections Officer Training**

**Prior Finding I-2 – Corrections officers did not receive mandated training hours. (Resolved)**

Our prior audit identified corrections officers who did not receive the required training. From a population of 308 corrections officers, we selected a sample of 39 corrections officers for detailed testing of their training hours, and we noted that 3 corrections officers received 39.5 hours of training and one corrections officer received 31.0 hours during the fiscal year ended June 30, 2004. We recommended that corrections officers should receive the required training to comply with Department of Corrections' policy. As part of this process, the training coordinator should create and maintain a training summary schedule.

Status:

In order to determine whether corrections officers were receiving the mandatory amount of training, we selected the names of 29 corrections officers at random from the list of 286 corrections officers and selected the training records for these corrections officers. Our review of the training records revealed that all 29 corrections officers were found to have received the required minimum of 40 hours of training for the fiscal year ended June 30, 2008. In addition, from each of the corrections officers' training record, we selected five in-service courses and verified the attendance of the corrections officers by ensuring that they had signed the class sign-in sheets. We found no discrepancies. Therefore, we consider this prior finding resolved.

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**Prior Finding I-3 – Fire emergency response team members did not receive mandated training. (Resolved)**

Our prior audit noted that none of the 30 fire emergency response team members received the required 16 hours of training for the fiscal year ended June 30, 2004. We recommended that management should ensure that all members receive the required 16 hours of training. As part of this process, the safety officers should ensure that the mandatory hours of instruction required under Department of Corrections’ policy<sup>24</sup> are scheduled for all members during each fiscal year.

Status:

Our current test of fire emergency response team member training for the fiscal year ended June 30, 2008, revealed a significant improvement over our prior audit. Of the 21 members on the fire emergency response team, all but 4 received the mandatory 16 hours of training. Two of the four had only eight hours of training and two had no training. According to management, three members neglected to complete the sign-in sheet for their courses and one was on long-term leave and thus received no credit and no certificate of completion. The leave was confirmed with the human resources department, and the attendance was confirmed by the seminar instructors. Therefore, we consider this prior finding resolved.

**Inmate General Welfare Fund**

**Prior Finding II-2 – Inmate General Welfare Fund [money] was held in a non-interest bearing account. (Resolved)**

During our prior audit of the Inmate General Welfare Fund, we found that all money was deposited in a non-interest bearing checking account. Department of Corrections’ policy states that Inmate General Welfare Fund Council members must “invest monies in a sound and proficient manner.”<sup>25</sup> By continuing to utilize a non-interest bearing checking account, SCI Mahanoy was giving up the opportunity to earn interest income.

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<sup>24</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number: 5.1.1, “Staff Development and Training,” Section 2, “Minimum Training Criteria,” effective March 19, 2001.

<sup>25</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1, “Fiscal Administration,” effective November 20, 2007.

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Status:

During our current audit, we obtained account statements for October 2007, February 2008, and June 2008, and we found that interest was credited to these accounts and that management began depositing the Inmate General Welfare Fund monies into an interest-bearing checking account in March of 2007. Therefore, we consider this finding resolved.

**Contracts**

**Prior Finding III-2 – SCI Mahanoy’s invoice review and approval procedures should be improved. (Resolved)**

**SCI Mahanoy City Sewer Authority.** Our prior audit found that SCI Mahanoy was overbilled \$7,130 based on an agreement for sewage services by the Mahanoy City Sewer Authority. Amounts charged by the sewer authority were questioned by the facility without response, but were paid. However, SCI Mahanoy never took the extra step to recalculate the sewer bills to reflect what should have been billed. We recommended that the business office should review invoices for accuracy and deduct overpayments from current year sewage invoices. We also recommended that the business office should also review the operating expenses used to bill for sewer cost versus actual and recalculate all invoices upon receipt of the authority year-end financial statements. Any changes to the total net operating expenses would have an impact on the invoice accuracy.

Status:

SCI Mahanoy recovered monies from the sewer authority for incorrectly overbilling total operating expenses used to bill for sewer costs, instead of actual operating expenses. The institution also now reviews operating expenses that the sewer authority uses to bill for sewer costs versus actual and recalculates invoices upon receipt of the Mahanoy City Sewer Authority audited year-end financial statements. Therefore, we consider this prior finding resolved.

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**American Value Vending.** Our audit of the Inmate General Welfare Fund and the employee recreation association commission statements from February 2004 to August 2005 revealed that the Inmate General Welfare Fund had not received commissions for the first seven months of 2005 and that the association had not received commissions from February to August of 2005. In addition, upon calculating the commission rate, we discovered that the fund received 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.

SCI Mahanoy's failure to monitor the terms and conditions set forth in the agreement had resulted in an underpayment of commissions to the fund of \$26,626 and \$2,986 to the association.

We recommended that SCI Mahanoy should recover the delinquent commissions due from American Value Vending and immediately implement procedures to ensure that the agreement is monitored monthly.

Status:

As part of our follow-up on the unpaid commissions, we found that the vendor and SCI Mahanoy agreed upon delinquencies commissions in the amount of \$25,720.08, and that the vendor made 13 payments totaling that amount between October 21, 2005, and November 14, 2006. The association received one delinquent commission payment on November 15, 2005, for the agreed-upon amount of \$2,821. We also noted that commissions are now being received according to the agreement. Therefore, this finding has been resolved.

## **Integrated Enterprise System**

**Prior Finding IV-1 – SCI Mahanoy was unable to provide role maps detailing employee responsibilities. (Resolved)**

During the prior audit, numerous attempts were made to obtain role maps from management officials. Management claimed that role maps were unavailable. As a result, we could not determine whether storeroom duties were properly segregated. We recommended that SCI Mahanoy should review the roles assigned to all employees responsible for safeguarding the central stores inventory and correct all situations where employee duties were not segregated.

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Status:

During our current audit, management provided SAP role mapping documents to us indicating the allowable responsibilities of institution employees. Our review of storeroom personnel roles indicated that their duties were properly segregated. As a result, this finding has been resolved.

**Prior Finding IV-2 – The storeroom had poor internal controls. (Resolved)**

During the prior audit, we determined that inventories and adjustments were not reviewed or approved by management. In addition the storeroom clerk did not have documentation explaining any variances of inventory.

Our audit of SCI Mahanoy's physical inventory indicated 500 different line items in stock. Of these, 96, or 19.2 percent, had variances between the actual and recorded balances. Fifty items overstated the recorded amount, and 46 understated the recorded balance. The net impact of variances totaled \$5,429.

We recommended that persons independent of the storeroom should perform the annual physical inventory counts each year. We also recommended that any material variances should be thoroughly investigated by management and that the reasons for those variances should be documented.

Status:

We determined during our current audit that the storeroom did not conduct a complete annual physical inventory since our last audit. We also determined that inventory spot checks are now completed weekly by an employee independent of the storeroom and variances are noted and investigated. However, these spot checks began only when we arrived at the institution. Prior to this time, weekly spot checks were still being conducted internally by storeroom employees.

Recommendation:

4. We again recommend that the business office, with the assistance of warehouse staff, conduct annual physical inventories. These inventories should include all items in the warehouse to confirm the true inventory balances in the Integrated Enterprise System.

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*Comments of SCI Mahanoy Management:*

*Management stated that it was difficult to do an annual physical inventory because of constant additions of new inventory items and the changing of inventory item numbers in the new SAP inventory accounting system. However, SCI Mahanoy management completed a full physical inventory on June 30, 2009, by business office personnel.*

Subsequent Event:

Subsequent to our audit work testing, and as of December 13, 2010, SCI Mahanoy completed annual physical inventories for June 30, 2009, and June 30, 2010, and has followed up the annual physical inventory with monthly counts of 1/12 of all inventory classifications, including all the items within those classifications. As a result of the above actions, we consider the prior finding now resolved.

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