



Performance Audit

State Correctional Institution at Rockview

**Commonwealth of Pennsylvania
Department of Corrections**

February 2012

February 7, 2012

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 Rockview for the period July 1, 2007, to August 16, 2010. The audit was conducted under authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report details our audit objectives, scope, methodology, findings, and recommendations. The report identified that SCI Rockview did not effectively monitor its waste removal and pest control contracts. Also, SCI Rockview did not effectively monitor vehicle fuel consumption and some vehicles did not have current inspection stickers. Finally, SCI Rockview did not have adequate physical inventory controls in place over storeroom inventory, a finding continued from the previous audit.

We discussed the contents of the report with the management of SCI Rockview, and all comments are reflected in the report.

Sincerely,

JACK WAGNER
Auditor General

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

**Table of
Contents**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Table of
Contents**

Background Information 1

Audit Objectives..... 4

Audit Results 6

 Finding 1 – SCI Rockview had adequate controls over its chaplaincy services, telephone and alarm system maintenance, copier leasing, dental lab services, and carbonated dispenser system contracts. 8

 Finding 2 – SCI Rockview did not effectively monitor its waste removal and pest control contracts. 8

 Finding 3 – SCI Rockview expenditures were reasonable for the Department of Corrections’ mission..... 12

 Finding 4 – SCI Rockview did not effectively monitor vehicle fuel consumption..... 14

 Finding 5 – SCI Rockview kept unserviceable vehicles in the fleet. 17

 Finding 6 – SCI Rockview accurately calculated monetary incentives and one-time signing bonuses..... 21

 Finding 7 – SCI Rockview complied with State Civil Service Commission policies..... 24

 Finding 8 - SCI Rockview adequately maintained the Inmate General Welfare Fund..... 26

Status of Prior Audit 27

Audit Report Distribution List 30

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

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Background
Information**

*History, mission,
and operating
statistics*

Department of Corrections

The Pennsylvania General Assembly created the Bureau of Corrections under the authority of the former Department of Justice with the passage of Act 408 of July 29, 1953, P.L. 1428, Section 1. Act 164 of 1980, known as the Commonwealth Attorneys Act, then transferred responsibility for the Bureau of Corrections from the Department of Justice to the Office of 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 or more years. As of February 1, 2011, 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.³

State Correctional Institution at Rockview

The State Correctional Institution at Rockview (SCI Rockview) is a medium-security facility for adult male offenders located in central Pennsylvania between the communities of State College and Bellefonte in Centre County.

¹ 71 P.S. § 310.1.

² http://www.portal.state.pa.us/portal/server.pt/community/department_of_corrections/4604/our_mission/716263 accessed January 11, 2012.

³ Ibid.

**Background
Information**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

SCI Rockview is accredited as an adult institution by the Commission on Accreditation for Corrections. SCI Rockview is charged with carrying out the mission of the Department of Corrections.

The institution's physical plant and grounds encompass approximately 6,600 acres of land, of which 3,600 acres are forestland, 2,600 acres are used for farm related activities and the remaining 400 acres contain the institution's buildings.

Forestry Camp

SCI Rockview is the only correctional institution in the Commonwealth that operates a forestry camp. It consists of 3,600 acres and has the capacity to house 72 inmates. The camp provides lumbering work to selected inmates who have less than two years left on their sentence. The purpose of the forestry camp is to cut and sell lumber to the community. Certain inmates may also be assigned to the community works program, providing maintenance services in the community, state parks, and along highways.

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

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

The following table presents unaudited SCI Rockview’s operating data compiled from Department of Corrections accounting records for the years ended June 30, 2007, 2008, 2009:

| | Using Rounding | | |
|---|----------------------------|----------------------------|----------------------------|
| | 2007 | 2008 | 2009 |
| Operating expenditures⁴ | | | |
| State share | \$61,190,995 | \$65,520,560 | \$66,456,604 |
| Federal share | <u>101,596</u> | <u>101,917</u> | <u>114,899</u> |
| Total operating expenditures | <u>\$61,292,591</u> | <u>\$65,622,477</u> | <u>\$66,571,503</u> |
| Inmate population at year-end | 2,096 | 2,094 | 2,204 |
| Inmate capacity at year-end | 1,700 | 1,700 | 1,700 |
| Percentage of capacity at year-end | 123.3% | 123.2% | 129.6% |
| Average monthly inmate population | 2,066 | 2,101 | 2,122 |
| Average cost per inmate per year ⁵ | \$29,667 | \$31,234 | \$31,372 |

⁴ Operating expenditures 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.

⁵ Average cost per inmate per year was calculated by dividing total operating expenditures by the average monthly inmate population.

A Performance Audit

**Audit
Objectives**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit
Objectives**

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 Rockview contains six objectives. We selected the audit objectives from the following areas: contracts; expenditures; automotive fleet; bonuses and pay incentives; hiring practices; and the inmate general welfare fund. The specific audit objectives were as follows:

- One To assess whether SCI Rockview effectively monitors its service contracts. To also determine if contracts duplicated, overlapped, or conflicted with other institution efforts to provide similar goods and services. (Findings 1 and 2)
- Two To determine if SCI Rockview's expenditures were appropriate and consistent with the Department of Corrections' mission statement. (Finding 3)
- Three To assess the adequacy of SCI Rockview's management of its automotive fleet. (Findings 4 and 5)
- Four To determine the propriety and use of the bonuses and other pay incentives for employees. (Finding 6)
- Five To analyze hiring practices pursuant to federal and state laws and policies. (Finding 7)
- Six To determine the adequacy of management controls over the Inmate General Welfare Fund. (Finding 8)

Unless otherwise indicated, the scope of the audit covered the period from July 1, 2007, to August 16, 2010.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent policies, agreements, and guidelines of the

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

**Audit
Objectives**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

Commonwealth and the Department of Corrections. In the course of our audit work, we interviewed various facility 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 made during our prior audit related to storeroom inventory controls and the maintenance work order system.

Audit Results

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

Audit Results

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

- Statement of the objective
- Relevant laws, policies, and agreements
- Audit scope in terms of period covered, types of transactions reviewed, and other parameters that define 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 Rockview management, where applicable
- Our evaluation of SCI Rockview management's response, where applicable

State Correctional Institution at Rockview
Department of Corrections

Audit Results:
Service Contracts

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

Audit Results
for
Objective
One

The objective

Objective one for our performance audit was to assess whether SCI Rockview effectively monitored its service contracts. We also determined if contracts duplicated, overlapped, or conflicted with other institution efforts to provide similar goods and services.

Service Contracts

Relevant policies

SCI Rockview 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.

The Commonwealth of Pennsylvania has a procurement manual that established policy and procedures for contracting of services.⁶ In addition, the Department of Corrections has also established procurement policy.⁷

Audit scope and methodologies to meet our objective

We reviewed the Commonwealth of Pennsylvania and the Department of Corrections policies for service contracts.

We interviewed SCI Rockview personnel including a maintenance manager, business manager, food service manager, chaplaincy program director, purchasing agent, stock clerk, dental assistant, and the captain in charge of vendor security to obtain an understanding of service contract procedures.

We randomly selected and tested 7 of 36 service contracts from July 1, 2007, to June 30, 2009, and reviewed the contracts, bids and purchase order documentation. The seven reviewed contracts included waste removal, chaplaincy services, pest control, telephone and alarm system

⁶ http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304. This manual undergoes continuous updates. View date May 24, 2010, verified October 13, 2011.

⁷ Commonwealth of Pennsylvania, Department of Corrections, Policy 3.1.1- "Fiscal Administration," effective January 27, 2009.

Audit Results:
Service Contracts

State Correctional Institution at Rockview
Department of Corrections

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012

maintenance, copier leasing, dental lab services, and carbonated dispenser system.

Finally, we compared selected approved invoices and supporting documentation to expenditure ledger entries for the seven contracts to test for contract monitoring efforts.

Finding 1 **SCI Rockview had adequate controls over its chaplaincy services, telephone and alarm system maintenance, copier leasing, dental lab services, and carbonated dispenser system contracts.**

Our review of the chaplaincy services, telephone and alarm system maintenance, copier leasing, dental lab services, and carbonated dispenser system contracts revealed that SCI Rockview complied with Department of Corrections' 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 by Rockview management before payment. The contracts did not duplicate, overlap, or conflict with institution efforts to provide similar or related goods and services.

Finding 2 **SCI Rockview did not effectively monitor its waste removal and pest control contracts.**

Commonwealth policy states as follows:

Monitoring and control are essential to ensure the contractor uses and manages its resources in a manner that will provide the agency exactly what it has contracted for in terms of quality, timeliness, and economy of cost.⁸

⁸ The Commonwealth of Pennsylvania, Governor's Office Manual, Field Procurement Handbook number M215.3, revision 4; Chapter 54 – Contact Person Responsibilities, (A) Contract Management. Viewed May 24, 2010. This online manual undergoes continuous updates.

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

**Audit Results:
Service Contracts**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

The contact person designated in the contract performs the key role in managing the contract and monitoring the contractor's performance.⁹

Testing of the waste removal contract found that SCI Rockview did not review and approve invoices in order to verify that services were actually received. The contract monitor stated that he did not realize that it was necessary to review and approve the invoices. He stated that he relied on staff to verbally inform him only if there was a problem.

In addition, testing of the pest control contract found that the vendor was overpaid. Supporting documentation revealed that the vendor was on site 32 hours for the months of July and August, 2008. Invoices for those months recorded 34.66 hours of service for an overpayment of \$303. Management could not provide an explanation for the discrepancy. Furthermore, we found that several invoices had incomplete documentation to support actual service hours provided. Invoices for the months of April 2008, May 2008, and June 2009 recorded 34.66 service hours for April and May and 32 hours for June. However, actual service hours were not recorded on the supporting documentation.

**Recommendation
for Finding 2**

1. SCI Rockview management should enforce procedures to ensure that all contracts are effectively monitored. This should include a review of all invoices to verify that the institution is only paying for services actually received.

Response of SCI Rockview Management:

1. *Waste Removal – SCI Rockview has two trash compactors on site, a 34 yard and a 40 yard. The 34 yard compactor is emptied Monday, Wednesday and Friday and the 40 yard compactor is emptied Tuesday. Both are emptied at approximately 0600. When the vendor's truck arrives to pull the compactors the driver signs in and out at the Institution's Sally Port and the driver loads and takes the compactor to the Centre County Solid Waste Authority for dumping. The Centre County Solid Waste Authority is located less than one mile*

⁹ Commonwealth of Pennsylvania, Governor's Office, Policy Number M215.3 Revision No. 4; Field Procurement handbook, Part I, Chapter 54 – Contact Person Responsibilities, (B) Review of Reports. Viewed May 24, 2010. This online manual undergoes continuous updates.

**Audit Results:
Service Contracts**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

-
- from the Rockview Institution. When the driver returns to the Institution with the empty compactor he, again, must sign in and out at the Institution's Sally Port. A copy of the weigh slips from the Centre County Solid Waste Authority are attached to the monthly invoice and reviewed for accuracy by the Institution's Accounts Payable Division. We are now keeping and comparing the Sally Port activity log with the weigh tickets to monitor trash removal. The weigh slips from the Centre County Solid Waste Authority include the date, time in and time out making it easy to verify these with the Sally Port activity log.*
- 2. Pest Control – There is a time in and a time out area on the work orders that are completed by the vendor. It appears that the vendor is not as attentive to the work orders as they should be. We have discussed this with the vendor and improvement has been noted. We are also initiating a sign in/out log to compare with actual hours billed by the vendor. Finally the Rockview Business Office has been added to the distribution list for vendor visits so that comparisons to dates and times can be made to the invoices.*

State Correctional Institution at Rockview
Department of Corrections

**Audit Results:
Expenditures**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit Results
for
Objective
Two**

The objective

Objective two for our performance audit was to determine if SCI Rockview's expenditures were appropriate and consistent with the Department of Corrections' mission statement.

Expenditures

Relevant policies

The mission of the Department of Corrections mission statement in effect during our audit period was 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.¹⁰

SCI Rockview is responsible for carrying out the Department's mission and is funded through state appropriations for this purpose. Expenditures for the fiscal years ended June 30, 2008, and June 30, 2009, totaled approximately \$65.8 and \$66.8 million, respectively. These expenditures included ordinary transactions such as salaries, utilities, office supplies, and equipment purchases as well as transactions that were non-ordinary in nature such as medical, dental or drug transactions, one-time vendor purchases and miscellaneous transactions.

Scope and methodologies to meet our objective

We reviewed the mission statement of the Department of Corrections to obtain an understanding of the types of expenditures that should be incurred.

We interviewed SCI Rockview's business manager to obtain an understanding of the types of expenditures at SCI Rockview.

¹⁰ http://www.cor.state.pa.us/portal/server.pt/community/department_of_corrections/4604/our_mission/716263, viewed June 8, 2010, verified October 11, 2011, subsequently both the website and mission have changed.

**Audit Results:
Expenditures**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

We also reviewed the institution's accounting records for the fiscal year ended June 30, 2008, and June 30, 2009.

Our analysis of these expenditure summaries revealed that \$47.1 million, or 71.6 percent, and \$48.8 million or 73.1 percent, for 2008 and 2009, respectively, were payroll-related transactions.

We concentrated our expenditure testing on the remaining \$18.7 million expenditures for the fiscal year ended June 30, 2008, and \$18.0 million for fiscal year ended June 30, 2009. Using our professional judgment, we identified transactions that were of an unusually large or small dollar value from the list of remaining expenditures.

Finally, we selected a sample of 38 expenditure transactions from the fiscal year ended June 30, 2008, and 35 transactions from the fiscal year ended June 30, 2009, and reviewed supporting documentation for the selected transactions.

Finding 3

SCI Rockview expenditures were reasonable for the Department of Corrections' mission.

Our review of the 73 transactions for various supplies and services revealed that the selected transactions were reasonable — within the budgeted allowances, supported normal operations, and were consistent with the Department of Corrections' mission. The transactions selected for testing included postage, dietary supplies, chaplaincy services, elevator maintenance services, pest control services, utilities, inmate clothing, maintenance repairs, office, educational and housekeeping supplies, and computer equipment.

State Correctional Institution at Rockview
Department of Corrections

Audit Results:
Automotive
Fleet Management

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012

Audit Results
for
Objective
Three

Automotive Fleet
Management

The objective

Objective three for our performance audit was to assess the adequacy of SCI Rockview’s management of its automotive fleet.

Relevant policies

Department of Corrections’ policy requires that all facilities are operated in an efficient and effective manner pursuant to applicable Federal and State law and the direction of the Commonwealth’s Office of Budget and other central agencies.¹¹ SCI Rockview’s maintenance department is responsible for the maintenance of the automotive equipment assigned to the facility. SCI Rockview has 71 fleet vehicles. Department of Corrections’ policy requires that mileage, required maintenance and the economics of operations should be recorded for each vehicle.

Scope and methodologies to meet our objective

We reviewed the Department of Corrections’ policy for vehicles.

We interviewed SCI Rockview personnel including two facility maintenance managers, the automotive mechanic trades instructor, the major of the guard, and the business manager to obtain our understanding of the implementation of the Department’s policies.

We randomly selected and tested 20 of 71 fleet vehicles and reviewed the condition, usage and expenses of the selected vehicles.

We reviewed mileage logs, driver usage forms, fuel consumption receipts and monthly summary reports from July 1, 2007, to March 31, 2009.

¹¹ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 – “Fiscal Administration,” Section 8 – Vehicles, effective date, January 27, 2009;
Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1 – “Facility Security,” Section 11 - Vehicles, effective date April 20, 2006.

Audit Results: State Correctional Institution at Rockview
Automotive Department of Corrections
Fleet Management Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012

Finding 4 **SCI Rockview did not effectively monitor vehicle fuel consumption.**

Our audit of the facility’s vehicle records revealed that the documentation was incomplete, inadequate or missing. We analyzed automotive activity reports, fuel log-in sheets, fuel and oil receipt forms and forestry camp activity. The results of our analysis follow.

Monthly automotive activity report. Department of Corrections policy states as follows:

*A STD-554, Monthly Automotive Activity Report shall be maintained for each vehicle. Information maintained on this form includes daily driver, mileage, travel locations, gas, oil and maintenance. At the end of the month, this form shall be turned over to the facility’s Automotive Officer.*¹²

We found that SCI Rockview did not use the STD-554 monthly automotive report for any vehicle.

Fuel log-in sheets. SCI Rockview personnel maintain a monthly fuel log-in sheet for all fuel pumped during garage business hours. Personnel manually record fuel pump meter readings but do not record the name of the employee that pumped the fuel.

We found that the fuel log-in sheets at SCI Rockview did not match the fuel dispensed. We tested the July 2009 and December 2009 meter readings and found that 1,813 gallons and 1,961 gallons of gasoline, respectively, were pumped yet the fuel log-in sheets documented only 1,756 gallons and 1,877 gallons pumped.

DC-175A Fuel and Oil Receipt Form. After hours, the patrol officer unlocks the pumps when fuel is needed. SCI Rockview requires that a form DC-175A Fuel and Oil Receipt form be completed after hours by the employee pumping the fuel. This form includes the employee’s name,

¹² Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 – “Fiscal Administration,” Section 8 – Vehicles, F. General Operational Procedures, 1. Facility and Central Office Vehicles, g. effective January 27, 2009, revised September 2009.

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

**Audit Results:
Automotive
Fleet Management**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

vehicle number, beginning and ending meter readings, the amount of fuel dispensed, and the signature of the employee.

According to institution policy, the next morning, garage staff enters information from the DC-175A form onto the fuel log-in sheet if not entered the previous night. Pump meter readings are reconciled to the previous morning's meter reading. Any variances are noted on the fuel log-in as 'unreported' or 'not recorded.'

We found that SCI Rockview did not consistently use the DC-175A form, fuel log, and oil receipt form. In addition, the forms did not always list gas pump meter readings and other vehicle information.

SCI Rockview management stated that the fuel shortages identified in the comparison of meter readings and the fuel log-in sheets were due to employees who pumped fuel after hours and did not always complete a DC-175A form. They also stated that the meters were inaccurate. New meters have since been purchased and installed.

Forestry Camp Fuel Activity. The forestry camp is separate from the main institution. The camp provides employment to inmates who cut down trees and make logs to be sold to correctional industries and the community. The camp maintains fuel pumps separate from the main facility to use for its daily operations.

Camp officers maintain a daily usage sheet for each vehicle assigned to the camp. An inmate clerk records the information for each vehicle on a daily mileage summary sheet. A monthly forestry camp distribution report is completed which records gallons pumped for each vehicle/machine for every day of the month. Each day's totals are reconciled with the day's beginning and ending meter readings on the monthly fuel log and inventory report.

Commonwealth policy states that the agency records retention requirement is four years for the following records:

Audit Results: **State Correctional Institution at Rockview**
Automotive **Department of Corrections**

Fleet Management *Pennsylvania Department of the Auditor General*
Jack Wagner, Auditor General
February 2012

Records used to document agency use and maintenance of state vehicles. This includes maintenance invoices, reports, and supporting documentation.¹³

The forestry camp did not maintain all required supporting documentation for fuel pumped. We attempted to test forestry camp fuel usage for the months of July and December 2009 but found that most of the documentation was unavailable. The only documents available were the monthly fuel log and inventory report.

Management stated that all other 2008 and 2009 documents were accidentally thrown out. Without these documents, we were unable to verify whether fuel pumped during this period was proper and accurate.

We expanded our testing into the 2010 calendar year. We selected the months of January and February 2010 and our examination of records revealed that the forestry camp complied with documentation policy and the records were accurate.

A well managed vehicle fleet system supports the efficient and effective operations essential to financial management at SCI Rockview. Documenting fuel usage enables management to evaluate and monitor the accuracy and adequacy of vehicle usage.

Recommendations for Finding 4

2. SCI Rockview management should enforce existing policies to ensure that the required forms are completed and maintained.
3. All fuel costs should be accurately recorded to ensure efficient and effective vehicle operation.

Response of SCI Rockview Management:

1. *Effective, August 2011 we began using the Monthly Automotive Report, STD-554, (<http://www.dgsweb.state.pa.us/stdforms/Forms/STD-554.pdf>) in all our vehicles and are computing all vehicle costs on a monthly basis.*

¹³ Pennsylvania Office of Administration, Office of Enterprise Records Management, Records Retention and Disposition Schedule; Item Number G010.001 – “Vehicle Management Records,” dated January 22, 2010.

State Correctional Institution at Rockview
Department of Corrections

Audit Results:
Automotive
Fleet Management

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012

In order to better monitor gasoline and diesel, the fuel pumps have been replaced and Fuel Usage slips are being used for after hours when we cannot control the dispensing and recording of fuel. In addition we are closely monitoring and recording our fuel dispensing in an effort to maintain accurate records.

Finding 5

SCI Rockview kept unserviceable vehicles in the fleet.

Testing of 13 institution vehicles and seven forestry camp vehicles in March 2010 revealed that two institution vehicles did not have current inspection stickers. One vehicle is a 1966 dump truck with a December 2004 inspection sticker. The second vehicle is a 1974 pick-up truck with an August 2008 inspection sticker.

Department of Corrections policy states as follows:

All state vehicles, regardless of use, must carry a current state inspection sticker. All vehicles not carrying a current state inspection sticker must be parked until the vehicle can meet inspection requirements. If the vehicle cannot meet inspection requirements or the cost of repairs exceeds the value of the vehicle, the vehicle shall be disposed of in a timely fashion.¹⁴

SCI Rockview management stated that the vehicles were not used. The vehicles cannot be fixed, and the institution is waiting until usable vehicles are available from other institutions. They added that a vehicle cannot be replaced until another becomes available or a new one is purchased. Furthermore, management stated that budgetary constraints prohibit new vehicles from being purchased and other institutions are not surrendering functional vehicles.

**Recommendations
for Finding 5**

4. SCI Rockview management should enforce existing policies to ensure that all unserviceable vehicles are disposed of in a timely manner.

¹⁴ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1- "Fiscal Administration," Section 8-Use and Maintenance of State Vehicles, P. Inspection of Vehicles, revised September 2009.

Audit Results:
Automotive
Fleet Management

State Correctional Institution at Rockview
Department of Corrections

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012

5. If vehicles are determined to be unserviceable, they should be removed from the automotive fleet and surrendered to the Department of General Services for disposition.

Response of SCI Rockview Management:

1. *The futures of the two vehicles that are not inspected have been reviewed with the following results.*
 - a. *The 1966 International Dump Truck – this vehicle is in need of a new dump bed for inspection. This project is of a low priority, replacing the bed is labor intensive and completion is difficult due to the preventive maintenance and repairs of the active fleet which is aging.*
 - b. *The 1974 Pick-up Truck – As mentioned in the finding we were holding this vehicle to use as a trade when and if a better vehicle comes available. However, we are now looking to disposing of it as either surplus or junk.*

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit Results:
Employee
Pay Incentives**

**Audit Results
for
Objective
Four**

*Employee Pay
Incentives*

The objective

Objective four for our performance audit was to determine the propriety and use of bonuses and other pay incentives for employees.

Relevant policies or contractual agreements

The Commonwealth has found that it is difficult to attract and retain employees in the medical profession. The Commonwealth has developed certain programs, incentives and union contract stipulations in order to attract, retain, and reward medical professionals.

The Quality Assurance Program provides monetary incentives, based on years of service, to attract, retain, and reward the medical professionals.¹⁵ Also, a physician who has one or more specialty board certifications is eligible for additional compensation.¹⁶ Nursing employees who obtain certification also receive an annual incentive through their union contract.

In addition, the several union contractual agreements had a one-time signing bonus for all active employees as of July 1, 2007.¹⁷ Full time

¹⁵ Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16 – "Physicians and Related Occupations Quality Assurance Program," February 14, 2006;
Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-122, May 21, 2007;

Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-137, June 4, 2007.

¹⁶ Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2 – "Physicians and Related Occupations Specialty Board Certification Payments," February 21, 2006.

¹⁷ Memorandum of Understanding between Commonwealth of Pennsylvania and OPEIU Healthcare Pennsylvania, Local 112, July 1, 2007, to June 30, 2011;

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

Agreement between Commonwealth of Pennsylvania and Local 668 SEIU Pennsylvania Social Services Union, July 1, 2007, to June 30, 2011;

Master Agreement between the Commonwealth of Pennsylvania and Council 13, American Federation of State, County and Municipal Employees, AFL-CIO, July 1, 2007, to June 30, 2011;

Agreement between Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, July 1, 2005, to June 30, 2009;

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 July 1, 2007, to June 30, 2011;

**Audit Results:
Employee
Pay Incentives****State Correctional Institution at Rockview
Department of Corrections**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

employees received a one-time payment of \$1,250 and part time employees received a one-time payment of \$625. The one-time \$1,250 payment for full-time employees and \$625 payment for part-time employees was also extended to select management employees in active pay status at July 1, 2007, or if inactive at that date, returned to active status before December 31, 2007.¹⁸ Also, management employees in the Physician Management Unit, who were compensated on January 1, 2007, and in active pay status on July 1, 2007, were eligible for a \$1,250 cash payment if full-time and \$625 if part-time.¹⁹ Finally, management employees, in active pay status as of January 26, 2008, also received a \$1,600 one-time payment.²⁰ This final incentive payment was made to aid in the retention of managers during a period of rapid increase in inmate population and expansion of facilities.

Scope and methodologies to meet our objective

We reviewed the applicable Commonwealth policies and procedures and the provisions of the applicable contractual agreements.

We interviewed the human resources officer to obtain an understanding of the procedures for processing employee pay incentives.

We reviewed the June 2007 and December 2007 detailed employee complement reports. We also reviewed bonuses and other employee incentive payments made during the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009.

Agreement between Commonwealth of Pennsylvania and the Correctional Institution Vocational Education Association, Pennsylvania State Education Association, National Education Association, July 1, 2007, to June 30 2011;

Agreement between the Commonwealth of Pennsylvania and Pennsylvania State Corrections Officers Association, July 1, 2007, to June 30, 2011.

¹⁸ Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution No. CN-07-122, May 21, 2007; Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution No. CN-07-170, June 25, 2007.

¹⁹ Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution No. CN-07-137, June 4, 2007.

²⁰ Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution No. CN-07-170, June 25, 2007.

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit Results:
Employee
Pay Incentives****Finding 6****SCI Rockview accurately calculated monetary incentives and one-time signing bonuses.**

We reviewed monetary incentive payments to two physicians and one nurse from July 1, 2006 through June 30, 2009. One physician received \$5,000 and the second physician received \$6,000 during the fiscal year ended June 30, 2008. The physicians received \$6,000 and \$7,000 payments during the fiscal year ended June 30, 2009. The nurse received a \$200 award during the fiscal year ended June 30, 2008. All payments were accurately calculated and processed in accordance with contract requirements.

In addition, the Superintendent received a management performance award during the fiscal year ended June 30, 2008. The bonus is awarded by the Department of Corrections' central office in Camp Hill. However, we did not evaluate the merits of this award.

SCI Rockview made the \$1,250 one-time bonus payment to full-time employees and the \$625 payment to part-time employees that were on active pay status as of July 1, 2007, or who were inactive but returned to active status prior to December 31, 2007. We determined that 154 union employees were in active pay status as of July 1, 2007, and received \$1,250 one-time payments totaling \$192,500. Our review of payroll data for the 154 individuals found that these payments were accurately processed.

An additional 46 management employees, also in active pay status as of July 1, 2007, received \$1,600 one-time payments totaling \$73,600. These payments were part of a management retention program²¹ developed by the Department of Corrections. The retention program was designed to aid in the retention of managers during a period of rapid increase in inmate population and expansion of facilities. Our review of payroll data for the 46 individuals found that these payments were accurately processed.

The Correctional Institution Vocational Education Association contract was not ratified until December 2008. Therefore, ten employees did not receive the one-time bonus payment of \$1,250 until the fiscal year ended

²¹ Commonwealth of Pennsylvania, Office of Administration, Executive Board Resolution No. CN-07-170, June 25, 2007.

**Audit Results:
Employee
Pay Incentives**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

June 30, 2009. We determined that the ten employees were in active pay status as of July 1, 2007 and received \$1,250 one-time payments totaling 12,500. Our review of payroll data for the ten individuals found that these payments were accurately processed.

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

**Audit Results:
Hiring Practices**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit Results
for
Objective
Five**

Hiring Practices

The objective

Objective five for our performance audit was to analyze hiring practices pursuant to federal and state laws and policies.

Relevant laws and policies

The State Civil Service Commission (Commission) was created to enhance governmental efficiency by attracting qualified employees and by hiring, retaining and promoting them based on their ability to do their job. The Civil Service Act²² established the Commission as the independent administrator of the state's employment merit system.

The Commonwealth of Pennsylvania established policy for the Commission.²³ The Commission also administers the Veterans Preference Program. The purpose of the veterans preference is to give veterans credit for their military training and service to their country. Finally, the Department of Corrections has established policy for recruitment of personnel for civil service positions.²⁴

Scope and methodologies to meet our objective

We reviewed the applicable Commonwealth law and policies and the Department of Corrections' policies for hiring practices.

We interviewed SCI Rockview's human resource officer to obtain an understanding of hiring practices at the institution.

²² Civil Service Act, 71 P.S. § 741 et seq. Act of August 5, 1941, P.L. 752, as amended.

²³ Commonwealth of Pennsylvania, Governor's Office, State Civil Service Commission, Management Directive number 580.10 Amended-“Rights of Certified Eligibles in the Classified Service,” April 7, 1997; Commonwealth of Pennsylvania, Governor's Office, Management Directive Number 580.2 Amended – “Civil Service Availability Survey/Interview Notice,” January 21, 2009; Commonwealth of Pennsylvania, Governor's Office, Management Directive Number 580.21 – “Veterans' Preference on Classified Service Employment Lists,” May 5, 2008; Commonwealth of Pennsylvania, State Civil Service Commission, Rules Of The Civil Service Commission, Title 4, Part IV, Subparts A&B, effective March 13, 2004.

²⁴ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 4.1.1 – Human Resources and Labor Relations Procedure Manual, Section 39 – “Recruitment, Selection, Placement, Reinstatement for Civil Service Positions,” effective February 25, 2002.

**Audit Results:
Hiring Practices**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

We reviewed the list of new hires from January 1, 2009, through December 31, 2009, and selected all 36 civil service new hires and 11 of 16 civil service promotions.

Finding 7

SCI Rockview complied with State Civil Service Commission policies.

SCI Rockview fills a civil service position by requesting one or more employment lists from the Commission and then sends Availability/Survey/Interview Notice forms to the candidates listed. The available candidates are interviewed and a selection is made based on the "Rule of Three." The "Rule of Three" requires that the agency must hire one of the three highest scoring available candidates. If a veteran is among the rule of three then mandatory preference is granted to qualified veterans over non-veterans. The selected candidate is hired after passing a pre-employment physical, criminal background check and check of references.

We tested 36 new hire positions and 11 promotions and found that all 47 positions were hired/promoted according to State Civil Service Commission policies. All available veterans were given preference over non-veterans and the "Rule of Three" was used for all positions.

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit Results:
Inmate General
Welfare Fund**

**Audit Results
for
Objective Six**

The objective

Objective six for our performance audit was to determine the adequacy of management controls over the Inmate General Welfare Fund.

*Inmate General
Welfare Fund*

Relevant policies

The Inmate General Welfare Fund consists of non-appropriated funds, which are locally controlled and administered. The fund serves as a depository for inmate owned money and funds generated by revenue producing operations, which are utilized for the benefit of all inmates.

The Department of Corrections has established policy for administering the Inmate General Welfare Fund.²⁵ We reviewed management controls over petty cash, deposits, disbursements, bank reconciliations and overall fund activity.

Scope and methodologies to meet our objective

We reviewed the Department of Corrections' policy for the Inmate General Welfare Fund.

We interviewed the activities manager, an accountant, and the business manager to determine the fund processes.

We reviewed committee meeting minutes from June 2007, through February 2010 in order to determine if any significant transactions occurred.

We reviewed bank statements and account reconciliations for the months of May 2008, June 2008, March 2009, July 2009, September 2009, and October 2009. We also randomly selected and tested 21 of 103 cash disbursements and 46 of 634 cash receipts from the months of May 2008, June 2008, March 2009, July 2009, September 2009, and October 2009.

Finally, we performed an unannounced petty cash count on April 16, 2010.

²⁵ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 – “Fiscal Administration,” Section K- Inmate General Welfare Fund, effective date November 20, 2007.

**Audit Results:
Inmate General
Welfare Fund**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

Finding 8

SCI Rockview adequately maintained the Inmate General Welfare Fund.

SCI Rockview maintained the Inmate General Welfare Fund in accordance with the Department of Corrections' policies. Also, SCI Rockview established sufficient management controls to monitor fund activity. SCI Rockview prepared bank reconciliations accurately and timely. The 21 cash disbursements selected for testing were processed accurately and timely. The transactions were also approved by management. The 46 cash receipts selected for testing were also processed accurately and timely. Finally, our testing of the petty cash account revealed that petty cash count was accurate.

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

**Status of
Prior Audit**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Status of
Prior Audit**

The prior audit report of SCI Rockview covered the period of July 1, 2005, to June 1, 2007, and contained ten findings. Eight of the findings (Findings 2, 3, 4, 5, 7, 8, 9 and 10) were positive and thus had no recommendations. The status of the remaining findings (Finding 1 and 6) and the accompanying recommendations is presented below.

Scope and Methodologies of our audit work

To determine the status of the implementation of the recommendations made during the prior audit, we held discussions with appropriate institution personnel and performed tests as part of, or in conjunction with, the current audit.

Prior Finding 1 SCI Rockview did not have adequate physical inventory controls. (Unresolved)

The prior audit reported that SCI Rockview still did not conduct an annual physical inventory and management did not conduct random spot checks of inventory. Of the 32 items tested six items had IES system balances greater than the actual count, which overstated the inventory balance by approximately \$2,350; six items had IES system balances less than the actual count, which understated the inventory balance by approximately \$1,612; and three items were in the warehouse but were not included on the “Business Warehouse Inventory on Hand” report.

We recommended that SCI Rockview’s management enforce existing Commonwealth policies and implement additional procedures for proper inventory management in order to safeguard inventory.

Status as of this audit. To follow up on the deficiencies noted in the prior report, we reviewed applicable department policy,²⁶ interviewed the business manager and the storeroom supervisor, examined the documentation supporting SCI Rockview’s July 2009 physical inventory, and randomly selected and tested 41 of 1,172 warehouse inventory items on February 24, 2010.

²⁶Commonwealth of Pennsylvania, Department of Corrections, Policy 3.1.1- “Fiscal Administration,” effective January 27, 2009.

A Performance Audit

**Status of
Prior Audit**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

Our current audit found that SCI Rockview conducted an annual physical inventory on July 10, 2009. However, management did not adjust the inventory records to reflect the actual physical count. Therefore, the actual inventory records remained inaccurate. SCI Rockview management stated that the adjustments were not made because they are short-staffed and did not have anyone to conduct investigations into the variances. The facility was short four employees in the business office and one in the warehouse at the time of the physical inventory.

In addition, we found that inventory spot checks were not conducted since our prior audit. Management stated that lack of staff was the reason. However, SCI Rockview did conduct one spot check during our current audit.

We tested 41 warehouse items on February 24, 2010, and found that for 31, the records did not reconcile with our count:

- Nineteen items had IES system balances greater than the actual count. These items overstated the inventory balance by approximately \$6,402.
- Twelve items had IES system balances less than the actual count. These items understated the inventory balance by approximately \$5,562.

Adequate control is necessary to minimize the risk of loss of inventory. Not investigating physical inventory variances and not performing spot checks are indicators that adequate control was not established over the storeroom inventory.

**Recommendation
for Prior Finding
1**

6. SCI Rockview's management should enforce existing Department of Corrections' policies and implement additional procedures for proper inventory management in order to safeguard inventory.

Response of SCI Rockview Management to Prior Finding 1:

1. We have been unable to take a viable inventory due to extreme staff shortages. Since the Audit we have been permitted to hire a Corrections Stock Clerk 1, an Accountant 1, and two Clerk Typist 2's for the Business

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

**Status of
Prior Audit**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

Office. With an almost full staff we are planning a complete inventory of the Institution Warehouse in June 2012. In preparation for this the Warehouse staff have been conducting stop checks and when necessary adjusting the inventory. Finally, a new Warehouse is under construction that will supply both SCI Rockview and a new Institution, SCI Benner Township. We anticipate to move into the new Warehouse sometime in late 2012, and at that time another complete inventory will be taken and recorded.

Prior Finding 6 Weaknesses existed in SCI Rockview's work order system. (Resolved)

The prior audit reported that we tested 36 completed maintenance work orders and noted the following weaknesses: none of the work orders included the employee's time and materials costs; a priority code was not assigned to any of the 36 work orders, and none of the work orders included evidence of a supervisor's inspection of the work completed. In addition, testing of 40 open maintenance work orders found that only one of these work orders was assigned a priority code.

We recommended that SCI Rockview enforce existing policies to ensure that all work orders include all required information. In addition, we recommended that management review, verify, and prioritize all outstanding work orders to ensure timely completion.

Status as of this audit. Our current audit found that SCI Rockview's completed work orders now include the employee's time, material costs, priority code and supervisor's inspection. In addition, we found that open work orders are assigned a priority code. As a result of these changes, we concluded that SCI Rockview has implemented our recommendations.

**Status of
Prior Audit**

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

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
February 2012*

**Audit Report
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