

PERFORMANCE AUDIT

State Correctional Institution at Waymart

January 2017



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

December 28, 2016

The Honorable Tom Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

Dear Governor Wolf:

This report contains the results of the Department of the Auditor General's performance audit of the Department of Corrections' (Department) State Correctional Institution at Waymart (SCI Waymart). Unless otherwise noted, this audit covered the period July 1, 2011 through June 30, 2015, with updates as necessary through the report date. This audit was conducted under the authority of Section 402 of The Fiscal Code, 72 P.S. § 402, and in accordance with applicable 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 finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

We performed this audit to evaluate SCI Waymart's overtime expenses and determine if overtime was adequately monitored. We found that a lack of sufficient corrections officer staffing led to excessive amounts of paid overtime and that deficiencies in SCI Waymart's timekeeping process resulted in overpaying overtime to two corrections officers. We offer five recommendations to alleviate these deficiencies. The Department indicated that it concurs with the finding and recommendations.

We also conducted procedures to determine the status of the implementation of corrective action to address our seven prior audit findings and recommendations as presented in the audit report released on December 28, 2011. We found that three prior audit findings were resolved, one prior audit finding was partially resolved, and three prior audit findings remain unresolved. We offer seven recommendations to address the remaining deficiencies. The Department indicated that it has implemented corrective measures to address the issues noted in the status of prior audit findings.

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In closing, I want to thank the management and staff of SCI Waymart and the Department for their cooperation and assistance during the audit. I am encouraged by the Department/SCI Waymart's recent efforts to correct these deficiencies. We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

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Retreat**

Results in Brief

The purpose of this report is to communicate the results of our performance audit of the Pennsylvania Department of Corrections' (Department) State Correctional Institution at Waymart (SCI Waymart). Our objective was to evaluate SCI Waymart's overtime expenses and determine if overtime was adequately monitored. We also conducted procedures to determine the status of the implementation of our prior audit report findings and recommendations that were issued in our prior audit report of SCI Waymart dated December 28, 2011.

Our audit found that the lack of sufficient Corrections Officer (CO) staffing led to excessive amounts of paid overtime and that deficiencies in SCI Waymart's timekeeping process resulted in overpaying overtime to two COs.

Specifically, we found that over the four-year period of July 1, 2011 through June 30, 2015, the amount of annual overtime paid to COs more than tripled from approximately \$1 million to over \$3.1 million. This was due in part to vacancies in CO positions, particularly Corrections Officer 1 (CO1) positions, resulting from Department-mandated hiring freezes and the need to staff the security shifts by paying overtime to existing staff. We compared the cost SCI Waymart incurred to pay overtime during the fiscal years ended June 30, 2014 and June 30, 2015 to the cost SCI Waymart would have incurred if CO1s had been hired to cover the overtime hours that SCI Waymart attributed to vacancies. Our analysis indicated that SCI Waymart could have potentially saved more than \$1.2 million if there had not been hiring freezes and it had been able to hire CO1s for the vacant positions. Our review also found that 26 COs worked 500 hours or more of overtime and received more than \$25,000 in overtime pay during the period July 1, 2014 through June 30, 2015.

We also found that overtime hours recorded by SCI Waymart staff on timekeeping reports did not match overtime hours inputted to the payroll system and subsequently paid to COs. We selected 6 of the 104 pay periods that occurred during the audit period. Of the 1,047 COs listed on the Marge reports (computerized reports that summarize overtime hours worked by COs), 26 COs' overtime hours did not agree to the Overtime Justification reports. Of those 26, we found that two COs were paid a combined total of six extra hours, totaling \$251. Timekeeping reports were not updated to reflect any differences noted by the timekeeper during his/her review of timekeeping reports prior to inputting hours in the payroll system. We also found that information inputted to the payroll system is not reviewed by anyone at SCI Waymart prior to processing payroll.

Our audit offers five recommendations for improvement. Specifically, we recommend that the Department consider both the financial costs and the potential risk to security due, in part, to overworked staff, prior to implementing any future hiring freezes that would result in

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staffing vacant positions with overtime rather than hiring COs. Additionally, our recommendations to SCI Waymart included instructing management level COs on the importance of ensuring that the information recorded on the Marge reports is complete and accurate since they are the documents used by the timekeeping staff to input overtime information into the SAP payroll system and ensuring timekeeping reports, including the Marge reports and Overtime Justification reports, are updated, if necessary, by SCI Waymart staff to reflect actual overtime worked in order to have accurate support documentation and approved justification on file for overtime paid to COs.

As a result of our procedures for determining the status of our seven prior audit findings, we concluded that SCI Waymart management satisfactorily resolved three prior findings, partially resolved one prior finding, and three prior findings remain unresolved. SCI Waymart resolved the prior findings pertaining to paying employees for personal mileage without proper documentation, assigning priority codes to work orders and updating the computerized work order system upon completion of the work orders, and developing a written preventive maintenance plan. SCI Waymart partially resolved the prior finding pertaining to ensuring employees complied with policies governing gasoline credit cards and monthly automotive activity reports. SCI Waymart did not resolve three prior findings relating to adequate management controls over warehouse inventory, verifying monthly vending machine meter readings, and ensuring members of the Fire Emergency Response Team received the required training.

Department/SCI Waymart management concur with the finding and recommendations. Additionally, they indicated that they have implemented corrective measures to address the issues noted in the status of prior audit findings. Management's full response is included in this report after the *Status of Prior Audit Findings* section.

State Correctional Institution at Waymart

Introduction and Background

The State Correctional Institution at Waymart (SCI Waymart) is located in Wayne County. It is one of the 26 State Correctional Institutions operated by the Pennsylvania Department of Corrections (Department). SCI Waymart has a capacity of 1,522 inmates and, as of June 30, 2016, housed approximately 1,408 inmates.

Department Staffing Procedures

Operating an SCI requires 24/7 coverage by security staff. Department procedures require identifying the required number of security positions at the SCI, known as “Posts,” and then calculating the needed number of positions based on the number of days the Posts are to be operated to ensure adequate staffing levels.¹ Examples of Posts that must be staffed at an SCI include cell blocks (housing units), the security main control area, the infirmary, and the library. The Department determines the required number of positions for each SCI and reports the information in a document referred to as a Manpower Survey.

Security staff at SCI Waymart includes corrections officers which are classified into the following positions: Corrections Officer Trainee (COT), Corrections Officer 1 (CO1), Corrections Officer 2 (CO2), Corrections Officer 3 (CO3), Corrections Officer 4 (CO4), and Corrections Officer 5 (CO5). Generally, CO1 and CO2 provide coverage at the Posts and CO3, CO4, and CO5 perform managerial duties.

Department policy² requires each COT to complete a training program that includes an orientation at the SCI, basic training that takes place at the Department’s training academy, on-the-job training, and in-service training for a combined total of 2,040 hours.³ A one-year training program allows the COT to develop the skills and techniques of a Corrections Officer (CO). Successful

¹ Department of Corrections Policy 6.3.1 Facility Security Procedures Manual, Section 15 – Correctional Officer Staffing System, Part F – Calculation of Required Positions. Effective April 13, 2015.

² Department of Corrections Policy 5.1.1 “Staff Development and Training Procedures Manual”, Section 2 – “Minimum Training Criteria.” Effective April 30, 2014.

³ Based on a 40-hour work week, this equates to 51 weeks or approximately one year.

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completion of the contractual and State Civil Service probationary period is required prior to promotion to CO1.⁴ After a COT is promoted to a CO1, he/she can independently staff a Post within the SCI.

At the beginning of each month, SCI Waymart's CO5 prepares a monthly roster for the three main work shifts that cover security of the SCI 24 hours a day. The monthly roster lists all of the COs available for work throughout the month. This roster is then used to prepare the daily rosters and relief rosters that are prepared to ensure that each shift every day is adequately staffed. The daily roster is a listing of every Post that must be covered for that day and the CO assigned to that Post. The relief roster lists the COs who are scheduled to work that day but are not assigned to a particular Post.

Each day, the desk officer⁵ reviews the daily roster to determine which COs have reported that they are not available to work their assigned Post on that particular day. Typical reasons for not being available include attending training or taking leave time. The desk officer substitutes COs from the relief roster to cover the Posts identified. If there are still Posts that need to be filled after all of the COs on the daily and relief rosters have been assigned work, then the desk officer will contact COs that are not scheduled to work to fill the Posts. Those COs will be paid overtime.

Approval of Overtime

According to Department policy, overtime scheduled for COs should be reviewed and approved. A log is to be maintained of all approved overtime that, at a minimum, includes: the date, who was approved, number of hours authorized, and the reason for the overtime.⁶ SCI Waymart utilizes an Overtime Justification report to maintain the required overtime information. Each day the overtime justification report is manually filled out by management

⁴ Department of Corrections Policy 5.1.1 Staff Development and Procedures Manual – Glossary.

⁵ The desk officer is a management level CO.

⁶ Department of Corrections Policy 4.1.1 Human Resources and Labor Relations Procedures Manual, Section 16 – Overtime. Effective January 13, 2015.

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level COs and at the end of each shift it is signed by a CO3 and a CO4.

In addition to completing the overtime justification report, a CO3 from each shift inputs overtime information from the daily rosters into a computerized report known as the “Marge” report. The Marge report summarizes the overtime worked by COs on each shift. The CO3 electronically adds his/her name at the bottom of the report. A CO4 also electronically adds his/her name to the report to indicate his/her review and approval.

At the beginning of each work day, the timekeeper⁷ obtains the Marge reports and the overtime justification report from the prior day. The timekeeper also accesses a report referred to as the “Walk Time” report that lists the time of day when the COs use their ID card to enter and exit the SCI. The walk time report is used by the timekeeper to determine the number of hours worked by the COs and confirm the overtime listed on the Marge report. In the event that the overtime hours recorded on the Marge report do not agree with hours recorded on the walk time report, the timekeeper will contact the desk officer for clarification in order to determine the correct amount of time that should be entered into the SAP payroll system.⁸ SCI Waymart management stated that, based upon the timekeeper’s follow-up with the desk officer, information on the Marge reports should be updated to reflect the correct amount of overtime worked by a CO. Overtime information for each CO on the Marge report is then posted to the SAP payroll system for further processing and payment.

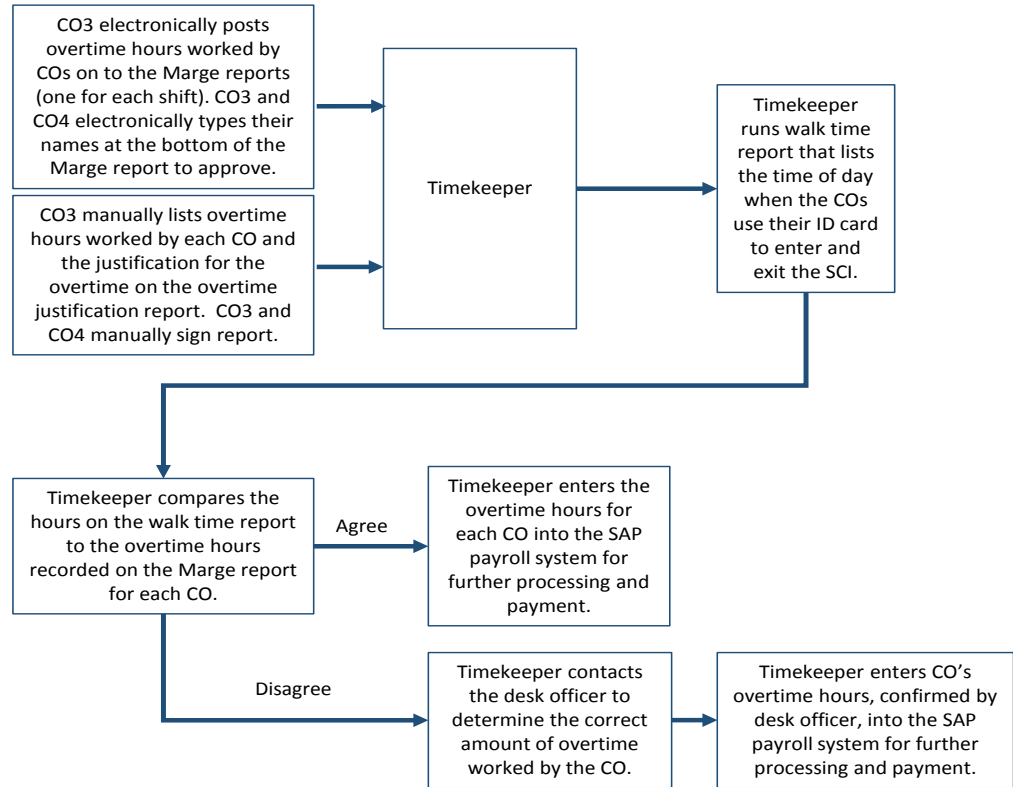
The overtime review process is shown in the exhibit that follows:

⁷ The timekeeper is a non-management position.

⁸ SAP is the computerized financial system utilized by the Commonwealth that includes a module for processing employee payroll.

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SCI Waymart's Overtime Review Process



Source: Developed by Department of the Auditor General Staff from SCI Waymart interviews and review of documents.

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Finding 1

Lack of sufficient Corrections Officer staffing at SCI Waymart led to excessive amounts of paid overtime.

The State Correctional Institution at Waymart (SCI Waymart) incurred total overtime costs⁹ of \$11,584,278 over the four-year period of July 1, 2011 through June 30, 2015. During that four-year period the amount of annual overtime increased from the first to the last year by \$2,452,549, or 142%, as shown in the table below.

Overtime Wages Paid to Security Staff¹⁰ as a Percentage of SCI Waymart’s Total Overtime Expenditures

Fiscal Year Ended	Total Overtime Wages Paid by SCI Waymart	Total Overtime Wages Paid to SCI Waymart Security Staff	Percentage of Total Overtime Attributable to Security
June 30, 2012	\$1,722,144	\$1,631,407	94.7%
June 30, 2013	\$2,187,143	\$2,077,644	94.9%
June 30, 2014	\$3,500,298	\$3,364,541	96.1%
June 30, 2015	\$4,174,693	\$4,005,529	95.9%
Totals	\$11,584,278	\$11,079,121	95.6%

Further, the table above indicates that over 94% of all overtime expenditures were annually paid to SCI Waymart security staff. As a result, the focus of our review was limited to overtime paid to security staff, specifically the overtime categories of time and one-half and double time paid to corrections officers (CO).¹¹

⁹ Amounts include overtime paid at the following rates: half-time, straight time, time and one-half, and double time.

¹⁰ Amounts include overtime paid at the following rates: half-time, straight time, time and one-half, and double time. The security staff that were paid overtime were primarily Corrections Officer 1 (CO1), and Corrections Officer 2 (CO2).

¹¹ As vacancies would be staffed with overtime by corrections officers and generally paid at either time and one-half or double time, we focused our analysis on overtime paid in those two categories.

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Vacant corrections officer positions – a major issue

Overtime paid to corrections officers more than tripled over a four-year period.

Department of Corrections' (Department) management is responsible for operating the Department in an efficient and economical manner. However, as noted in the table below, annual overtime hours worked by SCI Waymart COs¹² in which they earned overtime at a rate of either time and one-half or double time¹³ increased from 27,652 hours at a cost of over \$1 million in the fiscal year ended June 30, 2012, to 75,682 hours and over \$3.1 million in fiscal year ended June 30, 2015.

Fiscal Year Ended	CO Overtime Hours	Overtime Amount Paid to CO
June 30, 2012	27,652	\$1,042,304
June 30, 2013	35,046	\$1,424,233
June 30, 2014	65,198	\$2,648,367
June 30, 2015	75,682	\$3,182,865

Our analysis of these overtime hours by CO positions determined that the majority of overtime hours worked in each of the four years were by CO1s and CO2s.¹⁴ For example, in fiscal year ended June 30, 2015, 73,228 of the 75,682 overtime hours were worked by CO1s and CO2s.

Corrections Officer Vacancies

The 2011 Manpower Survey¹⁵ showed that SCI Waymart required 356 full-time CO1 positions in order to provide security coverage at the SCI. The 2015 Manpower Survey¹⁶ showed that the

¹² This includes COT, CO1, CO2, CO3, and CO4.

¹³ We did not include in our analysis overtime hours attributed to overtime such as straight time, half -time or holiday time because even if vacancies were filled generally these types of overtime hours would not be avoided.

¹⁴ As described in the Background section of the report, CO1s and CO2s generally provide the coverage for security Posts at the SCI. During the audit period, CO2 positions were generally filled with few vacancies. However, the table on the following page reports on the vacancies within COT and CO1 positions.

¹⁵ Manpower Surveys are conducted by the Department approximately every three years. The survey was conducted for SCI Waymart in November 2011.

¹⁶ The Manpower Survey was conducted in January 2015.

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required number of full-time CO1 positions had increased to 368. The table below reports the change in the total COT and CO1 filled, vacant, and required positions over the four-year period as of June 30 each year.

Report Date	Total Filled COT and CO1 Positions	Total Vacant COT and CO1 Positions	Total Authorized COT and CO1 Positions	Total COT and CO1 Positions Required Per Manpower Survey
June 30, 2012	340	16	356	356
June 30, 2013	326	29	355	356
June 30, 2014	317	43	360	356
June 30, 2015	320	40	360	368

As shown in the table above, as of June 30, 2015, not only was SCI Waymart's total authorized positions eight less than the amount required by the Manpower Survey but 40 of the authorized positions were vacant.¹⁷

Although the number of filled COT and CO1 positions at SCI Waymart decreased during the first three fiscal years,¹⁸ there was still a need to cover shifts. As a result, existing CO staff at SCI Waymart had to cover the shifts by working overtime at a significant cost.

SCI Waymart management indicated that, due to Department mandated hiring freezes between February 2012 and August 2014, it was prohibited from hiring COs, except in one instance in December 2013. Hiring freezes are discussed in a later section of this finding.

According to monthly CO overtime reports,¹⁹ SCI Waymart listed vacancies as the cause for 15,921 hours of overtime in fiscal year

¹⁷ The table indicates the number of filled and vacant positions as of June 30 of each year, but does not necessarily represent the highest number of vacancies that occurred within the positions during that fiscal year as seen in SCI Waymart's complement report as of October 7, 2014, that reported 57 vacant COT and CO1 positions.

¹⁸ In March 2015, the Department directed all SCIs to fill all vacant CO positions which resulted in an increase in filled positions as of June 30, 2015.

¹⁹ Each month, SCI Waymart's Deputy Superintendent for Facility Management sends a memo to the Business Manager that lists the reasons why COs were required to work overtime. The reasons include but are not limited to leave, vacancies, and escorting inmates to locations outside the SCI.

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ended June 30, 2014, and 39,532 hours of overtime in fiscal year ended June 30, 2015.

For these two years, we compared the cost SCI Waymart incurred to pay overtime²⁰ to existing COs to the cost SCI Waymart would have incurred²¹ if CO1s²² had been hired to cover the overtime hours that SCI Waymart attributed to vacancies.

Our analysis indicated that Waymart could have potentially saved \$1,239,534: \$331,765 in fiscal year ended June 30, 2014, and \$907,769 in fiscal year ended June 30, 2015, if there had not been hiring freezes and it had been able to hire and train COTs as vacancies occurred in CO1 positions instead of paying existing CO staff overtime to fill the vacant positions.

CO1s worked excessive amounts of overtime.

In addition to the financial impact on SCI Waymart from the costs of overtime, there is a potential negative impact on the security of the institution because of the toll on COs working an excessive amount of overtime.

Based on our review of overtime²³ reports for CO1s and CO2s, provided by SCI Waymart management, we found 26 CO1s at SCI Waymart worked 500 hours or more of overtime and received more than \$25,000 in overtime pay during the period July 1, 2014 through June 30, 2015. The following table summarizes the hours worked by the 26 CO1s and overtime amounts paid:

²⁰ Overtime in the categories of time and one-half and double time.

²¹ The cost SCI Waymart would have incurred for paying a CO1 salary for the overtime hours it attributed to CO vacancies was calculated using the starting salary for a CO1 plus benefits.

²² As previously reported, COs are hired as COTs and after successfully completing approximately one year of training are eligible for promotion to a CO1 position. COTs are not eligible to work all of the required Posts, therefore we took a conservative approach and used the salary of a new CO1 in our calculation.

²³ Overtime in the categories of time and one-half and double time.

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Range of overtime hours worked by the 26 highest paid CO1s	Number of CO1s	Range of overtime payment to CO1s
500 - 750	14	\$25,365 to \$37,011
751 – 1,000	9	\$31,301 to \$47,806
Over 1,000	3	\$33,588 to \$50,607

To put the overtime hours into perspective, 500 hours of overtime in addition to a normal 2,000 hour work year,²⁴ is equivalent to working 10 hours a day, five days a week 50 weeks a year. For the three CO1s that worked over 1,000 hours of overtime in addition to a normal 2,000 hour work year, that is equivalent to working at least 12 hours a day, five days a week, 50 weeks a year.

Working this number of hours in a prison security position is not only excessive, but may lead to tired and overworked COs and could jeopardize the continuation of a safe, secure, and effective correctional institution and the health and safety of the COs.

We asked SCI Waymart management if they attempted to hire staff to fill its vacant CO1 positions and reduce the need for overtime. Management indicated that during the 31-month period from February 2012 through August 2014 there were hiring freezes in place. SCI Waymart requested on at least ten different occasions authorization from the Department to hire additional corrections officer positions. However, all of the requests except for one were denied by the Department.

The first six denials from the Department did not include a reason for the denial; however, the last three denial letters stated that the request was being denied for budgetary reasons. In December 2013, the Department approved SCI Waymart's request to fill 22 COT positions. Although SCI Waymart was able to fill COT positions in early 2014, as reported previously in the chart reflecting filled COT and CO1 positions, SCI Waymart was still operating at June 30, 2014, with nine fewer filled COT and CO1 positions than the amount of filled positions at June 30, 2013.

In March of 2015, the Department Secretary lifted the hiring freeze and directed all Superintendents to fill all salaried corrections officer vacancies as quickly as possible. Due to the length of time

²⁴ 40 hours per week times 50 weeks a year (assuming 2 weeks of vacation each year.)

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of approximately one year to hire and train COs before they would be ready to cover the security positions previously covered with overtime, SCI Waymart would not see immediate impact to their overtime costs through June 30, 2015.

Deficiencies in SCI Waymart's timekeeping process resulted in overpaying overtime to two corrections officers.

As described in the Background section of this report, the Marge report is used as the primary source document for timekeeping staff to input overtime hours into the payroll system that calculates payments to COs. However, these reports only indicate review by management level COs electronically typing their names at the bottom of the report. A typed name is not as strong of a management control as requiring a manual approval signature because there is less assurance of the authenticity of the signature. The Overtime Justification reports are manually signed by management level COs; however, timekeeping personnel stated that they use the Marge reports as the primary source document for inputting overtime hours into the SAP payroll system rather than the Overtime Justification reports. Therefore, requiring that the Marge reports also be manually signed to indicate review and approval of overtime hours would improve management controls over the accuracy of overtime information.

After our inquiry, SCI Waymart management indicated that the Marge reports are now being manually signed to indicate approval. However, we did not review this new procedure as it was put in place after our testing period.

SCI Waymart management indicated that the overtime hours listed on the Marge report are the source of information to input overtime hours into the SAP payroll system.²⁵ However, the overtime hours per the SAP payroll reports did not match the overtime hours listed on the Marge reports for any of the six pay periods selected for review from the 104 pay periods that occurred during the audit

²⁵ SAP is the computerized financial system utilized by the Commonwealth that includes a module for processing employee payroll.

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period.²⁶ Although SCI Waymart management indicated that the Marge reports should be updated to reflect any differences noted by the timekeeper during his/her review of timekeeping reports prior to inputting hours into SAP, updates had not been made to the Marge reports reviewed during our audit.

Differences in overtime hours were also noted between the Marge reports and the Overtime Justification reports. The following differences were noted between the two reports for each of the pay periods reviewed:

Pay Period Ending	Number of COs listed on the Marge reports as earning Overtime during the Pay Period	Number of COs whose hours differed between the Marge report and the Overtime Justification report	Number of hours that were different between the Marge report and Overtime Justification report
October 27, 2012	126	1	1.5
April 27, 2013	181	1	5
October 26, 2013	155	2	8
April 26, 2014	187	9	63
August 2, 2014	189	9	48.75
January 31, 2015	209	4	32

When we inquired of SCI Waymart management staff regarding the differences in hours between the reports, they provided us documents to support that all but two of the COs in question had worked the hours that they were paid for and reported on either the Marge report or the Overtime Justification Report. In the remaining two cases, management level COs had recorded the wrong amount of overtime hours on the Marge report and the errors were not caught during the timekeeper's review of timekeeping documents before inputting the hours into the payroll system. As a result, the two COs were paid a combined total of six extra hours, totaling \$251. Subsequent to us notifying SCI Waymart of these issues, payroll deductions were made from the two COs to correct the overpayments.

The remaining differences in hours between the two reports were due to the reports not being updated when differences were noted during the timekeeper's review process of timekeeping

²⁶ Although the hours listed on the Marge reports did not match the hours recorded in SAP, SCI Waymart provided us additional documents to support the accuracy of the hours recorded in SAP that were paid to COs.

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documents.²⁷ SCI Waymart management stated that timekeeping staff work with CO management staff to resolve any differences in hours noted on the Marge report and that the correct information should be noted on the Marge reports. However, in the cases reported in the prior table, the Marge report numbers were not updated to reflect actual hours worked.

SCI Waymart timekeeping staff stated that the information inputted to the payroll system is not reviewed by anyone at SCI Waymart prior to processing payroll. The Department does require that, each quarter, SCI Waymart perform a post audit of five employees that received overtime during that quarter.²⁸

Department policy states that the facility (SCI Waymart) should forward the audit document to the Department's central office for review no later than four weeks after the quarter ends. However, timely reviews are not always being performed as revealed in our review of documents for the audit of the period April 1, 2014, through June 30, 2014. Overtime documents were not requested from timekeeping staff by SCI Waymart's human resource office staff until January 22, 2015, or more than six months after the end of the quarter. A more timely review should be in place to ensure that payments are only made for actual approved hours worked.

Ensuring that edits to timekeeping documents, such as the Marge report and Overtime Justification report, are made to support overtime hours worked will provide documented support of overtime hours worked and paid to COs. Additionally, by implementing management controls such as a more timely review of timekeeping documents after data has been entered into the payroll system helps to ensure the accuracy of overtime paid to staff.

²⁷ Documents used by timekeeping staff to determine hours to be posted into the SAP payroll system include the Marge reports and the walk-time reports that reflect the times that a CO clocked in and out of the institution for each shift worked.

²⁸ Department of Corrections policy 4.1.1, "Human Resources and Labor Relations Procedures Manual," Section 16 "Overtime," effective January 13, 2015.

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Recommendations

We recommend that the Department:

1. Consider both the financial costs and the potential risk to security due, in part, to overworked staff, prior to implementing any future hiring freezes that would result in staffing vacant positions with overtime rather than hiring COs.

We also recommend that SCI Waymart:

2. Instruct management level COs on the importance of ensuring that the information recorded on the Marge reports is complete and accurate since they are the documents used by the timekeeping staff to input overtime information into the SAP payroll system.
3. Ensure timekeeping reports, including the Marge reports and Overtime Justification reports, are updated, if necessary, by SCI Waymart staff to reflect actual overtime worked in order to have accurate support documentation and approved justification on file for overtime paid to COs.
4. Require at least one manual approval signature by management level COs on the Marge report after the report has been prepared and reviewed for accuracy.
5. Implement review procedures of hours entered by timekeeping staff into the payroll system to ensure the accuracy of hours posted. The employee assigned responsibility of this review should be independent of posting hours into the SAP payroll system.

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Status of Prior Audit Findings



Our prior audit of the Department of Corrections' State Correctional Institution at Waymart covered the period July 1, 2006 to November 20, 2009, and contained 10 findings and the status of implementing four prior findings. During the current audit, we addressed the five findings that contained a total of six recommendations as well as two prior findings that contained a total of three recommendations. On the pages that follow, we provide the status of these findings and offer additional recommendations, when applicable, to eliminate the deficiencies identified.

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**Prior Finding
Five**

SCI Waymart failed to ensure that employees complied with policies governing the state-issued gasoline credit cards and monthly automotive activity reports. (Partially Resolved)

Our prior audit found that for the period January 1, 2009 through June 30, 2009, employees did not record gasoline credit card purchases on the monthly automotive activity reports (activity reports) nor did the employees attach credit card sales receipts to the activity reports as required by policy. Without properly recording gallons of gas purchased and attaching the gas receipt to the activity reports, SCI Waymart's management cannot reconcile the monthly gasoline credit card bill to the individual activity reports and cannot adequately monitor gasoline purchases for reasonableness.

We recommended that SCI Waymart management enforce the existing policies that require activity reports to be complete and accurate and have the business office implement procedures to reconcile activity reports to the corresponding state issued gasoline credit card statements for purchase verification.

Status as of this audit

Our current audit found that SCI Waymart management partially complied with our recommendations. Management implemented procedures for ensuring that all gas purchases were accounted for on the activity reports. Auditors examined the eight gas credit card purchases for the month of March 2015 and verified that all eight transactions were posted to the activity report. However, two of the eight gas purchase receipts were missing.

Recommendation

We recommend that SCI Waymart management ensure that all gas purchase receipts are retained.

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**Prior Finding
Six****SCI Waymart paid personal mileage to employees without proper documentation. (Resolved)**

Our prior audit disclosed that SCI Waymart paid personal mileage to 17 of 54 employees without the employees completing a request for use of a state vehicle form during the period July 1, 2006 through June 30, 2009. As a result, SCI Waymart did not have documentation to verify that the availability of a state vehicle was considered and that the superintendent approved the personal vehicle use as required.

We recommended that SCI Waymart management ensure that all employees complete the required request for use of a state vehicle form before traveling in their personal car. If it is determined that a state vehicle is not available on the dates of travel, it should be noted on the vehicle request form. Finally, we recommended that the superintendent or his designee approve all employees' requests for personal mileage.

Status as of this audit

Our current audit found that SCI Waymart management complied with our recommendations. Of the 35 personal mileage reimbursement transactions for the period July 1, 2013 to June 30, 2014,²⁹ we tested eight transactions and found that all eight employees completed the required request for use of a state vehicle forms and the superintendent approved all the forms. Additionally, we verified that all eight employees were reimbursed at the proper rates.

²⁹ We did not perform procedures to evaluate this data, and as such, we determined this data to be of undetermined reliability as noted in Appendix A. This data, however, appears to be the best data available. We believe that there is sufficient evidence in total to support our conclusion.

**State Correctional Institution at
Waymart**

**Prior Finding
Seven**

SCI Waymart's maintenance department did not properly assign priority codes to their work orders and did not update the computerized work order system upon completion of the work orders. (Resolved)

Our prior audit disclosed that SCI Waymart management did not list priority codes on 40 of the 51 work orders we examined. By not listing priority codes on all work orders, management could not ensure that assignments were addressed timely based on the severity of the work order request. In addition, we disclosed that management did not update completed work orders to the management maintenance system as required by policy. As a result, we found numerous instances where it appeared that actual maintenance work was not completed timely.

We recommended that SCI Waymart management ensure that the Department of Corrections' policy related to the assignment of priority codes and the accurate tracking of completed work orders in the management maintenance system is followed.

Status as of this audit

Our current audit found that SCI Waymart management has complied with our recommendation. We haphazardly selected 10 of 149 work orders initiated between March 18, 2015 and March 31, 2015,³⁰ and found that all 10 were properly assigned a priority code. We also verified that these 10 work orders were accurately tracked and closed out in the management maintenance system.

³⁰ We did not perform procedures to evaluate this data, and as such, we determined this data to be of undetermined reliability as noted in Appendix A. This data, however, appears to be the best data available. We believe that there is sufficient evidence in total to support our conclusion.

**State Correctional Institution at
Waymart**

**Prior Finding
Eight**

**SCI Waymart did not have a written preventive maintenance plan.
(Resolved)**

Our prior audit disclosed that SCI Waymart's facilities maintenance managers did not develop a written preventive maintenance plan as required. As a result, these managers did not have a mechanism to address the regular care and inspection of equipment.

We recommended that SCI Waymart management develop a written preventive maintenance plan in accordance with Department of Corrections' policy.

Status as of this audit

Our current audit found that SCI Waymart management developed a written preventive maintenance plan in November 2014 and that the plan complies with Department of Corrections' policy.

**State Correctional Institution at
Waymart**

**Prior Finding
Ten****SCI Waymart's management controls over
warehouse inventory were not adequate.
(Unresolved)**

During our prior audit in October 2009, we conducted a physical count of 46 inventory items and found 16 instances where our count did not agree with the balances on the business warehouse inventory report. SCI Waymart management attributed the discrepancies to posting errors. In addition, we were informed that the business manager conducted inventory spot checks; however, documentation was not maintained to support these spot checks. Further, management indicated that if discrepancies were discovered warehouse personnel adjusted the records without documenting the cause of the discrepancy or notifying the business manager for authorization to adjust the inventory record. Without adequate inventory controls, there is an increased possibility of theft, fraud, and misuse of commonwealth property.

We recommended that SCI Waymart management: (1) ensure that spot checks are sufficient to encompass all inventoried items throughout the year; (2) maintain documentation to support these spot checks; and (3) ensure the business manager investigates all adjustments, provides written approval, and retains supporting documentation for adjusting inventory records.

Status as of this audit

Our current audit found that for the period July 1, 2011 through June 30, 2015, the business manager could only provide documentation³¹ for 17 weekly spot checks with the most current inventory spot check completed on April 18, 2013. The 17 spot checks did not include explanations for the discrepancies that were noted. Although DOC policy does not require SCI Waymart to do inventory spot checks, it is a good business practice to perform inventory spot checks in addition to the annual inventory count.

SCI Waymart management stated that changes to inventory, when discrepancies are found, are not always approved.

³¹ We did not perform procedures to evaluate these reports, and as such, we determined this data to be of undetermined reliability as noted in Appendix A. This data, however, appears to be the best data available. We believe that there is sufficient evidence in total to support our conclusion.

**State Correctional Institution at
Waymart**

Management attributed discrepancies in the inventory to employees often taking items as needed on the weekend or evening hours and not reporting that they had removed the items from the warehouse.

Failure by management to develop procedures and controls to ensure that items removed from the warehouse are properly approved and recorded, regardless of the day of the week or time of day, lessens management's control over inventory and significantly increases the risk of theft and inaccurate inventory records. To address these risks, management should design and implement adequate controls.

Recommendations

We recommend that SCI Waymart:

1. Develop written procedures and implement management controls to ensure that all items removed from the warehouse, no matter what day or time, are properly approved and recorded.
2. Develop written procedures and implement management controls to ensure that the perpetual warehouse inventory is accurate through periodic spot checks as well as the annual inventory process.
3. Develop written procedures and implement management controls for recording and approving inventory adjustments as well as maintaining appropriate documentation.
4. Once these written procedures and management controls have been established, train all appropriate personnel on how to perform these procedures and monitor to ensure that the procedures and management controls are functioning as designed.

**State Correctional Institution at
Waymart**

**Previous Prior
Finding Three**

SCI Waymart did not verify monthly vending machine meter readings. (Unresolved)

Our prior two audits disclosed that the vendor restocks the vending machines without a representative from SCI Waymart physically present to verify total sales. Additionally, SCI Waymart is not monitoring the vending machine meter readings. The absence of management oversight could allow the vendor to understate the total sales resulting in lower commissions for both the Employee Activity Association and the Inmate General Welfare Fund.

We again recommended that SCI Waymart implement procedures to monitor the meter readings and restocking of the vending machines.

Status as of this audit

Our current audit concluded that management has not complied with our recommendation. SCI Waymart indicated that procedures were implemented to verify total vending machine sales; however, management was not able to provide documented procedures. Management stated that “[g]oing forward, the Business Office will conduct an end-of-month meter reading at least quarterly to verify that meter readings are accurate to calculate vending commissions.”

Recommendation

We recommend that SCI Waymart develop and implement written procedures to ensure total vending machine sales and total commissions are accurate.

**State Correctional Institution at
Waymart**

**Previous Prior
Finding I-1****Members of the Fire Emergency Response Team (FERT) did not receive the required training. (Unresolved)**

Our prior audit disclosed that, for the third consecutive audit, several FERT team members did not meet the annual FERT training requirements. Specifically, we found that 15 of the 24 FERT members did not complete the 16 hours of required training. Failure to obtain required training may impact the effectiveness of the FERT team and may jeopardize the safety of inmates, employees, and property at SCI Waymart.

We recommended that SCI Waymart management ensure that all FERT members complete the required 16 hours of FERT team training. We also recommended that SCI Waymart work with the Department of Corrections to address the issue of determining if outside fire response training can be accepted as credit to meet the Department of Corrections' requirements.

Status as of this audit

Our current audit revealed that SCI Waymart again did not ensure that all FERT members received the required 16 hours of FERT training for the period July 1, 2013 through June 30, 2014. Specifically, we found that 19 of 25 (76 percent) FERT members did not complete all required training. Of the 19 FERT members, 9 completed exactly 12 hours of training, 7 completed exactly 8 hours of training, and 3 completed exactly 4 hours of training. Auditors also determined that SCI Waymart management did not work with the Department of Corrections to address the issue of accepting outside fire response training as credit to meet the Department of Corrections requirements. SCI Waymart management stated that most of the past and current facility FERT team members were not members of a community volunteer fire department.

Recommendation

We recommend that SCI Waymart ensure that all FERT members complete the required annual 16 hours of FERT training.

**State Correctional Institution at
Waymart**

Agency's Response and Auditors' Conclusions



We provided draft copies of our audit finding and status of prior findings and related recommendations to Department/SCI Waymart for its review. On the pages that follow, we included their response in its entirety. Following the agency's response is our auditors' conclusions.

State Correctional Institution at
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Audit Response from Department/SCI Waymart



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF CORRECTIONS

December 21, 2016

Eugene A. DePasquale
Auditor General
Commonwealth of Pennsylvania
Department of the Auditor General
613 North Street, Room 229
Harrisburg, PA 17120-0018

Re: SCI Waymart Performance Audit of Overtime

Dear Auditor General DePasquale:

This correspondence will serve as the amended written response from the Pennsylvania Department of Corrections ("DOC") to the Department of the Auditor General's ("AG") draft finding and recommendations report ("Report") related to overtime usage at the State Correctional Institute (SCI) at Waymart.

The audit specifically focused on evaluating overtime expenses and determining if overtime was adequately monitored at SCI Waymart. The Report also included follow-up and information on prior audit findings and recommendations from December 28, 2011. This document will address both the finding and recommendations from the current audit and the findings and recommendations in the audit report released on December 28, 2011. For purposes of this response, the prior findings that were annotated as "Resolved" will not be reiterated.

An audit committee, appointed in accordance with Management Directive 325.10, reviewed and evaluated the Report. The review committee included the DOC's Deputy Secretary of Administration, Director, Bureau of Human resources, Director of Planning, Research and Statistics and a Special Assistant to the Secretary. The following are the DOC's responses to the findings and recommendations outlined in the Report:

Audit Finding #1: Lack of sufficient Corrections Officer staffing at SCI Waymart led to excessive amounts of paid overtime.

Response: As identified in the Report, operating an SCI requires 24/7 coverage to ensure the safety and security of the institution and those who reside both within the walls and the community that surrounds it. The DOC acknowledges the substantial overtime costs incurred as it faced significant budgetary challenges that limited the DOC's hiring ability. Concomitantly, the DOC recognizes the importance of balancing safety and security needs with its responsibility to operate the DOC efficiently and economically. To that end, the DOC has made significant strides in addressing the number of vacant corrections officer positions and reducing overtime costs.

**State Correctional Institution at
Waymart****Audit Response from Department/SCI Waymart**

Accordingly, the DOC concurs with the AG's findings and recommendations and responds to each as follows:

The following is in response to the current audit finding and recommendations:

Recommendation #1: Consider both the financial costs and the potential risk to security due, in part, to overworked staff, prior to implementing any future hiring freezes that would result in staffing vacant positions with overtime rather than hiring Correctional Officers (COs).

As indicated in the report, I sent direction in March, 2016 that all vacant CO positions were to be filled and that management at the institution were to work to maintain candidate pools so that vacant positions could be filled quickly. Since that time, the DOC has appointed 718 Correction Officer Trainees. During that same period, the DOC experienced 402 separations resulting in a net gain of 316 filled CO positions. As of November 22, 2016, SCI Waymart has 1 remaining vacant CO position. This is a reduction of 39 vacant positions as noted in the audit for June 30, 2015. Statewide, the DOC has less than 200 vacant CO positions, which is the lowest level for CO vacancies since November, 2009.

Short term hiring freezes for budgetary reasons can have significant long term effects on vacancies. Because of the effects, the DOC has only implemented freezes on security positions twice over the course of the past 10 years. The first freeze was in effect from December 7, 2012 to June 30, 2013 and was due to the closure of SCI Cresson and SCI Greensburg. This freeze was intended to preserve vacancies for displaced staff members. The second was in effect from May, 27 2014 to August 1, 2014 and was due to severe budgetary constraints.

The DOC takes hiring freezes very seriously and has conducted several studies regarding staff overtime including full-time equivalency (FTE), relief factor, and overtime optimization. The DOC is also working with a staffing consultant that specializes in corrections to review the staffing levels required for daily operations. This process will review all officer posts, daily routines, and other areas where efficiencies can be realized.

Through this process, the DOC has continued to review overtime costs and hours and, as indicated in the chart below, our records indicate a 25% decrease in overtime cost for FY2015 at SCI Waymart.

**State Correctional Institution at
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Audit Response from Department/SCI Waymart

Fiscal Year	CO Trainee through 4 Overtime Hours	CO T-CO 4 Overtime Costs	% HR Difference	% Cost Difference
2011/2012	60,107	\$1,747,891		
2012/2013	63,669	\$2,040,669	5.93%	16.75%
2013/2014	96,256	\$3,358,869	51.18%	64.60%
2014/2015	105,896	\$3,873,612	10.02%	15.32%
2015/2016	82,800	\$2,899,292	-21.81%	-25.15%

Recommendation #2: Instruct management level COs on the importance of ensuring that the information recorded on the Marge reports are complete and accurate since they are the documents used by timekeeping staff to input overtime information into the SAP payroll system.

This issue has been addressed by Superintendent Sommers who will continue to relay the importance of accuracy to the management level COs.

Overtime report (Marge Report) accuracy was reviewed with the Commissioned Officers at the November 16, 2016, Commissioned Officer Meeting at SCI Waymart. The Commissioned Officers were instructed to ensure the hours of overtime reported are accurate. If adjustments are necessary, they must go back and adjust the Marge Report for that time so that it matches what the timekeeper has entered into SAP. It was stressed that the amounts entered are for actual overtime hours worked and those hours require review and physical signature from the Captain. The reports are not to be electronically signed.

Recommendation #3: Ensure timekeeping reports, including the Marge reports and Overtime Justification reports, are updated, if necessary, by SCI Waymart staff to reflect actual overtime worked in order to have accurate support documentation and approved justification on file for overtime paid to COs.

This issue has been addressed by Superintendent Sommers who will be relaying the importance of accuracy to the management level COs. As stated in response to Recommendation #2, accuracy and adjustments were reviewed at the November 16, 2016 Commissioned Officers meeting.

Recommendation #4: Require at least one manual approval signature by management level COs on the Marge report after the report has been prepared and reviewed for accuracy.

During the audit process in 2015, the Major at SCI Waymart directed the Shift Commanders to manually sign all Marge Reports. This was reiterated to the Shift Commanders at the Commissioned Officers meeting at SCI Waymart. In addition, DOC policy 4.1.1, Section 16, D.1 directs that the Shift Commander is to approve and sign off on all approved overtime:

**State Correctional Institution at
Waymart****Audit Response from Department/SCI Waymart**

All overtime and absences shall be recorded via daily attendance roster or overtime report extracted from the daily attendance rosters. Each roster or report shall be approved by the Shift Commander by electronic acknowledgement or physically initialing and dating the form. The approved roster or report with corresponding STD-330, Request for Leave Slips will be submitted to the Timekeeper as the source documents for entry into SAP.

Recommendation #5: Implement review procedures of hours entered by timekeeping staff into the payroll system to ensure the accuracy of hours posted. Assign an employee independent of the employee positing hours into the SAP payroll system to ensure accuracy of the information.

DOC Policy 4.1.1, Section 16 outlines the post audit process. SCI Waymart has completed the required post audits through 2014. The 2015 and 2016 Marge Reports, Rosters, OT Justification forms and leave slips for the post audits are currently being shipped to the Bureau of Human Resources at Central Office who will manually verify the information for accuracy. Any discrepancies will be addressed and corrected with the Timekeeper and Time Advisor at SCI Waymart.

Subsections E7 and E8 of Section 16, of DOC Policy 4.1.1 state the following:

7. The facility Human Resource Office will scan and email the audit form to the CR, CEN Transactions resource account no later than four weeks after the quarter ends.

8. Central Office will review audits and make recommendations for improving the timekeeping process.

These sections of DOC policy will be updated to reflect that Central Office will monitor submissions from each facility to ensure compliance and will address deficiencies identified during the review of the audit reports.

The following are provided in response to the performance audit report issued on December 28, 2011:

Prior Finding Five: SCI Waymart failed to ensure that employees complied with policies governing the state-issued gasoline credit cards and monthly automotive activity reports. (Partially Resolved)

Current Recommendation: We recommend that SCI Waymart management ensure that all gas purchase receipts are retained.

Response: Although SCI Waymart has encountered challenges in ensuring all gasoline credit card receipts are submitted, SCI Waymart has been able to reconcile the Sunoco credit card statement with the Vehicle Transaction report which indicates the vehicle and employee that purchased the gasoline. This listing includes the gas station where the purchase was made, number of gallons

**State Correctional Institution at
Waymart****Audit Response from Department/SCI Waymart**

purchased, cost, and date/time of purchase. In this way, SCI Waymart is able to ensure that all gasoline credit card purchases are appropriate.

Additionally, to address the deficiency, all vehicles now contain a poster stating that all gasoline receipts should remain in the vehicle where the garage personnel will retrieve and forward them to the Business Office. The Business Office forwards all credit card transactions on a monthly basis to the garage personnel so that they can record all gasoline transactions on their monthly activity reports.

As noted, management has already implemented procedures to rectify the finding and will enforce the existing policy. This includes verification that all transactions are posted monthly to the activity report and receipts are being maintained.

Prior Finding Ten: SCI Waymart's management controls over warehouse inventory were not adequate. (Unresolved)

Current Recommendations: (1) Develop written procedures and implement management controls to ensure that all items removed from the warehouse, no matter what day or time, are properly approved and recorded; (2) Develop written procedures and implement management controls to ensure that the perpetual warehouse inventory is accurate through periodic spot checks as well as the annual inventory process; (3) Develop written procedures and implement management controls for recording and approving inventory adjustments as well as maintaining appropriate documentation; and (4) Once these written procedures and management controls have been established, train all appropriate personnel on how to perform these procedures and monitor to ensure that the procedures and management controls are functioning as designed.

Response: SCI Waymart is committed to maintaining an accurate inventory and will do "spot checks" quarterly of items inventoried throughout the year as recommended by the auditors. SCI Waymart has implemented a procedure where all adjustments to inventory are recorded in an adjustment log book indicating what item and what quantities were adjusted. All warehouse personnel are trained in the use and purpose of the adjustment log book.

The DOC recognizes that the inventory management as a whole is problematic and is currently in the process of developing a RFP to address these issues. This inventory management system will address not only the issues at SCI Waymart, but any other institution as well. In addition, the DOC will consider policy driven solutions to address this finding.

Previous Prior Finding Three: SCI Waymart did not verify monthly vending machine meter readings. (Unresolved).

Current Recommendation: You recommend that SCI Waymart develop and implement written procedures to ensure total vending machine sales and total commissions are accurate.

**State Correctional Institution at
Waymart****Audit Response from Department/SCI Waymart**

Response: The DOC agrees with the recommendation as it pertains to DOC vending contracts at SCI Waymart. While it is cost & labor prohibitive to have management staff accompany the vendor to monitor the meter reading and restocking of all vending machines on a daily basis, including weekends, SCI Waymart currently receives the meter readings from the vendor on a monthly basis and, at a minimum, the institution will spot-check the meter readings at least monthly to assure compliance. The DOC will further explore the best means to document these procedures and to provide a more enhanced system of checks & balances.

To the extent this finding relates to the Employees Recreation Association (ERA), which independently contracts with the vendor, SCI Waymart has recommended that the ERA develop its own monitoring procedures to ensure accuracy of payment.

Previous Prior Finding I-1: Members of the Fire Emergency Response Team (FERT) did not receive the required training. (Unresolved)

Current Recommendation: You recommend that SCI Waymart ensure that all FERT members complete the required annual 16 hours of FERT training.

Response: As an initial response, SCI Waymart removed any member from the FERT that did not meet the training requirement. In addition, revisions have been made to DOC Policy 5.1.1, addressing FERT training agency-wide. Accredited PA State Fire Academy classes may now be used to meet training hour requirements and A and B teams have been created. A team members (members of FERT with required training hours) are able to utilize a self-contained breathing apparatus and perform fire suppression activities. B team members perform only ancillary functions, such as tool inventories, accountability and other support functions as deemed necessary by the FERT leader. The DOC will also be issuing a memo to reinforce the value of good communication and strong working relationships between the Safety Manager and Training Coordinator. Quarterly, the Safety Manager will submit a request to the Training Coordinator to provide a tally of training hours attended for all FERT training participants. A roster with training hours will be maintained on the Safety bulletin board to ensure staff are receiving the required training in accordance with Policy 5.1.1.

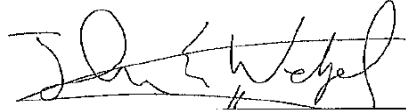
The DOC will continue to monitor findings from both audits to ensure their resolution.

**State Correctional Institution at
Waymart**

Audit Response from Department/SCI Waymart

Please do not hesitate to contact my office if you have any questions or concerns with regard to this response.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Wetzel". The signature is written in a cursive style with a horizontal line underneath.

John E. Wetzel
Secretary

cc: Shirley R. Moore-Smeal, Executive Deputy Secretary
Christopher Oppman, Acting Deputy Secretary for Administration
Harry P. Jones, Director Bureau of Administration
Michael Wenerowicz, Deputy Secretary Eastern Region
Jack Sommers, Superintendent SCI-Waymart
Audit Review Committee
File

**State Correctional Institution at
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Auditors' Conclusions to Department/SCI Waymart's Response

The Department of Corrections (Department) concurs with the finding and recommendations, as well as the status of the implementation of the prior year findings and recommendations. We commend the Department/SCI Waymart for taking corrective measures to resolve the current finding deficiencies related to, among others, excessive overtime and poor timekeeping procedures. We are also encouraged by the Department/SCI Waymart's response regarding resolving the prior year findings that we determined remained unresolved.

We will follow up during the next audit to determine to what extent all recommendations have been implemented.

**State Correctional Institution at
Waymart****Appendix A****Objective, Scope, and Methodology**

The Department of the Auditor General conducted this performance audit in order to provide an independent assessment of the Pennsylvania Department of Corrections' (Department) State Correctional Institution at Waymart (SCI Waymart).

We conducted this audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

Objective

Our audit objective was to evaluate overtime expenses and determine if overtime was adequately monitored.

We also conducted procedures to determine the status of the implementation of corrective action to address the recommendations related to seven prior audit findings as presented in our audit report released on December 28, 2011.

Scope

Unless otherwise stated, our audit covered the period July 1, 2011 through June 30, 2015, with updates through the report date.

Department and SCI Waymart management are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the department is in compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures.

In conducting our audit, we obtained an understanding of SCI Waymart's internal controls, including any information

State Correctional Institution at Waymart

systems controls, if applicable, that we considered to be significant with the context of our audit objective.

For those internal controls that we determined to be significant within the context of our objective, we also assessed the effectiveness of the design and implementation of those controls as discussed in the *Methodology* section that follows. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objective are included in this report.

Methodology

To address our audit objective, we performed the following:

- Obtained and reviewed Department Policy 4.1.1., “Human Resources and Labor Relations Procedures Manual,” Section 16, “Overtime” to determine what procedures SCI Waymart must follow regarding assigning, approving, and documenting overtime.
- Obtained and reviewed Department Policy 5.1.1., “Staff Development and Training Procedures Manual,” Section 2, “Minimum Training Criteria” to determine training requirements for a Corrections Officer Trainee.
- Obtained and reviewed Department Policy 6.3.1., “Facility Security Procedures Manual,” Section 15, “Correctional Officer Staffing System,” Part F, “Calculation of Required Positions” to gain an understanding of how staffing requirements are calculated to cover required security positions.
- Interviewed and corresponded with SCI Waymart management and staff including the Business Manager, Human Resources Analyst 2, Clerk Typist 3, Corrections Officer 5, and Corrections Officer 3 regarding staffing requirements and the process of assigning, approving, documenting and posting overtime hours into the payroll system for security staff.

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- Obtained and reviewed SCI Waymart’s 2011 and 2015 Manpower Surveys conducted by the Department to determine the required number of corrections officer positions necessary to provide security coverage at Waymart.
- Analyzed SAP “Payroll Posting Detail” reports listing overtime hours and wages paid by SCI Waymart for the period July 1, 2011, through June 30, 2015, to determine which departments and positions were paid the majority of overtime.
- Obtained and reviewed monthly corrections officer (CO) overtime reports prepared by SCI Waymart CO management for the period July 1, 2013 to June 30, 2015, to determine the reasons SCI Waymart incurred overtime.
- Prepared a cost analysis of hiring CO1s to cover the overtime attributed to vacancies for the period July 1, 2013 to June 30, 2015 and compared the amount to SCI Waymart’s overtime wages at time and one-half and double time paid to existing COs to determine the potential savings of hiring CO1s instead of paying existing CO staff overtime to fill vacant positions.
- Analyzed SAP “Payroll Posting Detail” reports for the period July 1, 2014 through June 30, 2015, to determine the number of COs that worked more than 500 hours of overtime and received more than \$25,000 in overtime pay.
- Obtained and reviewed SCI Waymart’s June 30 complement control reports for 2012, 2013, 2014, and 2015 to determine the number of filled and vacant CO positions.
- Obtained and reviewed SCI Waymart’s requests for authorization to hire additional COs that were denied by the Department during the audit period.

**State Correctional Institution at
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- Obtained and reviewed schedules from SCI Waymart of applicable rates for benefits³² paid for COs during the period July 1, 2013 through June 30, 2015 in order to calculate the associated amount of benefits paid for overtime paid to COs and to calculate the annual amount of benefits that would be paid to a newly hired CO1.
- Obtained and reviewed the Commonwealth of Pennsylvania Corrections Officers/Forensic Security Employees Pay Schedule to determine the starting salary of a CO1 during the period July 1, 2013 through June 30, 2015.
- Haphazardly selected for testing 6 of the 104 pay periods that occurred during our audit period.
- Obtained and reviewed the Marge reports and Overtime Justification Reports for the six pay periods selected for testing to determine if the reports were approved and if overtime hours listed on the Marge reports agreed to the hours approved on the Overtime Justification Reports.
- Obtained and review the SAP “Payroll Posting Detail” reports for overtime hours during the six pay periods selected for testing to compare to the overtime hours listed for each CO on the Marge reports.
- Obtained and reviewed SAP payroll documents to ensure payroll deductions were made to correct the two overpayments made to COs found during our audit testing.
- Obtained and reviewed the documents from the quarterly post audit conducted of Timekeeper entries made in SAP for overtime paid to five employees during the period April 1, 2014 through June 30, 2014, to determine if SCI Waymart performed the post audit in accordance with Department policy.

³² Benefits included workers compensation, social security, retirement, leave payout, and health and life insurance.

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Waymart**

To address the status of Prior Finding 5 in our prior audit, we performed the following:

- Obtained and reviewed Department Policy 3.1.1, “Fiscal Administration,” Section 8, “Vehicles,” Part C, “General Operational Procedures” and SCI Waymart Procedures Manual regarding Policy Number 6.3.1 WAM 1-9 Section 11, “Use of State Vehicle” to determine SCI Waymart staff’s responsibilities related to documenting the off-site purchase of fuel for facility vehicles.
- Interviewed SCI Waymart’s Facility Maintenance Manager I to gain an understanding of the procedures in place to document off-site gas credit card purchases and reconcile off-site gas receipts to the vendor’s monthly billing statement.
- Haphazardly selected the gasoline credit card statement from the month of March 2015 and determined whether all eight off-site purchases totaling \$331 listed on the billing statement were properly recorded on the monthly automotive activity reports and whether all eight off-site gas receipts were retained at the facility.

To address the status of Prior Finding 6 in our prior audit, we performed the following:

- Obtained and reviewed Department of Corrections Policy 3.1.1, “Fiscal Administration,” Section 8, “Vehicles,” Part B, “Use of Personal Vehicles;” SCI Waymart Procedures Manual regarding Policy Number 6.3.1 WAM 1-9 Section 11, “Use of State Vehicle;” and the Commonwealth Travel Procedures Manual, 230.1 Amended, Section 2, “Ground Travel” related to personal mileage reimbursements.
- Interviewed SCI Waymart’s Facility Maintenance Manager I to obtain an understanding of SCI Waymart’s policy and procedures for reimbursement of personal mileage.
- Haphazardly selected 8 of the 35 personal mileage payments or \$911 of the total \$2,744 paid to employees that traveled during the period July 1, 2013 to June 30,

**State Correctional Institution at
Waymart**

2014, and reviewed travel documents to determine if they were completed and approved in accordance with applicable policy.

To address the status of Prior Finding 7 in our prior audit, we performed the following:

- Obtained and reviewed Department Policy 10.2.1, “Facility Maintenance Procedures Manual,” Section 12, “Maintenance Work Orders.”
- Interviewed SCI Waymart’s Facility Maintenance Manager I regarding assigning priority codes to work orders and documenting the status of work orders.
- Obtained a listing from SCI Waymart’s Maintenance Management System of 149 work orders initiated between March 18, 2015 and March 31, 2015, the most recent two week period as of the date of testing, and haphazardly selected 10 of the 149 work orders to determine if management assigned priority codes to the work orders and that the codes assigned reasonably reflected the level of work that was requested. Additionally, we verified whether those 10 work orders were tracked and closed out in the Maintenance Management System.

To address the status of Prior Finding 8 in our prior audit, we performed the following:

- Obtained and reviewed Department Policy 10.2.1, “Facility Maintenance,” Section 13, “Preventive Maintenance,” and SCI Waymart’s “Preventive Maintenance Plan.”
- Interviewed and corresponded with SCI Waymart’s Facility Maintenance Manager I regarding developing a written preventive maintenance plan in accordance with Department policy.
- Obtained and reviewed SCI Waymart’s preventive maintenance plan to determine if the plan complies with Department policy.

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Waymart**

To address the status of Prior Finding 10 in our prior audit, we performed the following:

- Obtained and reviewed Department Policy 3.1.1, “Fiscal Administration,” Section IV, Subsection H, “Inventory Management.”
- Interviewed and corresponded with SCI Waymart’s Warehouse Manager and Business Manager regarding annual and weekly inventory spot checks, investigation of discrepancies between inventory records and the physical count, and approval of the subsequent adjustments made to inventory records.
- Requested documentation to support the weekly inventory spot checks conducted during the period July 1, 2011 through June 30, 2015, and reviewed copies of the 17 spot checks provided by SCI Waymart’s Business Manager to determine whether the documentation included explanations for any discrepancies noted.

To address the status of Previous Prior Finding 3, we performed the following:

- Corresponded with SCI Waymart’s Business Manager regarding implementing procedures for SCI Waymart to monitor vending machine sales. Additionally, we requested, but SCI Waymart management did not provide documented procedures.

To address the status of Previous Prior Finding I-1, we performed the following:

- Obtained and reviewed Department Policy 5.1.1, “Staff Development and Training,” Section 1, “Staff Development and Training Office,” and Section 2, “Minimum Training Criteria,” including Attachment 2-A.
- Interviewed SCI Waymart’s Safety Manager regarding FERT training requirements and using outside fire response training as credit toward meeting Department training requirements.

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- Obtained a listing of the SCI Waymart FERT members during the period July 1, 2013 through June 30, 2014, and reviewed the training records for all 25 FERT members to determine whether they completed the required annual 16 hours of FERT training.

Data Reliability

In performing this audit, we obtained from SCI Waymart data maintained in excel files that summarize the overtime worked by COs on each shift referred to by SCI Waymart staff as the “Marge” report. We utilized selected Marge reports prepared during the period July 1, 2011 through June 30, 2015, to determine whether SCI Waymart approved and accurately paid overtime to COs. SCI Waymart also provided us with overtime data extracted from the Commonwealth’s SAP accounting system which included overtime hours paid to COs during the period July 1, 2011 through June 30, 2015. We utilized this data to determine the amount of overtime hours and payments made to COs.

Government Auditing Standards requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support our findings, conclusions, or recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purposes.

To assess the completeness and accuracy of the Marge reports and SAP overtime data, we conducted the following audit procedures:

- Interviewed SCI Waymart management level COs with knowledge about the data, and specifically the processes used for data entry and/or input.
- We obtained handwritten Overtime Justification Reports prepared and signed by management level COs that lists all of the COs that were approved to work overtime on each of the days in the six pay periods selected for review.

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- We compared the handwritten Overtime Justification Reports to the Marge reports in order to ensure the completeness and accuracy of the overtime hours recorded on the Marge reports. In instances where differences were found in overtime hours between the two reports, an additional review of handwritten Daily Rosters was performed to determine the amount of overtime hours worked by COs.
- We compared for accuracy the amount of overtime hours paid per the SAP overtime reports to the overtime hours recorded and approved on the Marge reports. The two instances of COs being overpaid for overtime hours are addressed in Finding 1.
- SAP data is evaluated as part of the audits conducted by the Department of the Auditor General of the Commonwealth's Comprehensive Annual Financial Reports (CAFRs) and the Commonwealth's Single Audits, which include assessments on the reliability of SAP data. We considered the results of those assessments in determining the accuracy and completeness of the data evaluated during this audit.

Based on the above, with the exception of two overpayments that is addressed in Finding 1, in accordance with *Government Auditing Standards*, we concluded that SCI Waymart's computer-processed data was sufficiently reliable for the purposes of this engagement.

In order for the auditors to address the status of the implementation of the corrective actions to the prior audit findings, SCI Waymart provided certain computer-generated reports/data to support some of its actions taken to correct the deficiencies noted in the prior audit report. We did not perform procedures to evaluate these reports/data, and as such, we determined this data to be of undetermined reliability. However, these reports/data appear to be the best data available. We believe that there is sufficient evidence in total to support our conclusions and recommendations related to the status of the implementation of the corrective actions to the prior audit findings.

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Appendix B

Audit Distribution List

Upon its release, this report was distributed to the following Commonwealth officials:

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