

# **Performance Audit**

**State Correctional Institution at Dallas**

**Commonwealth of Pennsylvania  
Department of Corrections**

**July 1, 2005, to July 25, 2008**





## **Performance Audit**

### **State Correctional Institution at Dallas**

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**July 1, 2005, to July 25, 2008**



November 18, 2009

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

This report contains the results of a performance audit of the State Correctional Institution at Dallas of the Department of Corrections from July 1, 2005, to July 25, 2008, except where we expanded the scope to assess all relevant information objectively. The audit was conducted pursuant to Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The report details the audit objectives, scope, methodology, findings, and recommendations. The report notes that State Correctional Institution at Dallas did not prepare and submit financial statements to the Department of Corrections' comptroller office. The audit also disclosed that the prison entered into a costly radio repair service contract and that management had again not made improvements to strengthen the fire safety program. Finally, the audit reported that management once again did not take a physical inventory of the warehouse and storeroom. The contents of the report were discussed with the officials of SCI Dallas and all appropriate comments are reflected in the report.

We appreciate the cooperation extended to us by the management and staff of SCI Dallas and by others who provided assistance during the audit.

Sincerely,

**JACK WAGNER**  
Auditor General



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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Table of Contents**

---

<b>Background Information .....</b>	<b>3</b>
Department of Corrections .....	3
State Correctional Institution at Dallas .....	3
<b>Objectives, Scope, and Methodology .....</b>	<b>5</b>
<b>Audit Results .....</b>	<b>9</b>
Inmate General Welfare Fund – Finding 1.....	9
Finding 1 – Significant control weaknesses existed in the maintenance of the Inmate General Welfare Fund. ....	9
Contracts/Purchase Orders – Finding 2 and Finding 3 .....	13
Finding 2 – SCI Dallas entered into an uneconomical radio repair service contract. ....	13
Finding 3 – SCI Dallas complied with Department of Corrections guidelines for purchase contracts. ....	14
Fire Safety – Finding 4.....	15
Finding 4 – Improvements are necessary to strengthen the fire safety program. ....	15
Inventory – Finding 5.....	17
Finding 5 – SCI Dallas did not conduct an annual physical inventory.....	17
Radio Communication Equipment – Finding 6.....	18
Finding 6 – SCI Dallas maintained and updated the communication equipment according to applicable policies.....	18
Accreditation – Finding 7.....	19
Finding 7 – SCI Dallas responded appropriately to the deficiencies noted in the most recent accreditation report.....	19
Employee Complaints – Finding 8.....	21
Finding 8 – SCI Dallas complied with established employee complaint systems.....	21
Staffing Levels – Finding 9.....	22
Finding 9 – SCI Dallas complied with the Department of Corrections’ manpower survey report and maintained adequate staffing levels.....	22

---

November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Table of Contents**

---

<b>Status of Prior Audit Findings and Recommendations.....</b>	<b>23</b>
Prior Finding I-2 – Improvements are necessary to strengthen the fire safety program. ....	23
Prior Finding III-1 – Incorrect role-mapping negated the segregation of duties control. ....	25
Prior Finding III-2 – SCI Dallas did not conduct an annual physical inventory. ....	25
Prior Finding V-2 – Bank reconciliations were not reviewed or approved by management and variances were not investigated. ....	25
 <b>Audit Report Distribution List .....</b>	 <b>26</b>



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## **Background Information**

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### **Background Information**

#### **Department of Corrections**

The Pennsylvania General Assembly created the Pennsylvania Bureau of Corrections with the passage of Act 408 of July 29, 1953, P.L. 1428, Section I. In January 1981, responsibility for bureau operations moved from the authority of the Attorney General to the Office of General Counsel. On December 30, 1984, the Governor signed Act 245 of 1984,<sup>1</sup> elevating the Bureau of Corrections to cabinet level status as the Department of Corrections.

The main purpose and goal of the Department of Corrections is to maintain a safe and secure environment for both the incarcerated offenders and the staff responsible for them. In addition, the Department of Corrections believes that every inmate should have the opportunity to be involved in a program of self-improvement.

The Department of Corrections is responsible for all adult offenders serving state sentences of two years or more. As of June 30, 2008, it operated 25 correctional institutions, 1 regional correctional facility, 1 motivational boot camp, 1 training academy, and 13 community pre-release centers throughout the Commonwealth of Pennsylvania.

#### **State Correctional Institution at Dallas**

The State Correctional Institution at Dallas, known as SCI Dallas, is a medium/maximum security facility for adult male offenders located in the borough of Dallas, Luzerne County, approximately 10 miles northwest of Wilkes-Barre. SCI Dallas opened in 1960 as an institution for defective delinquents, but in 1968 became an adult male institution.

The Commission on Accreditation for Corrections accredits SCI Dallas as an adult institution. Its mission is to protect the public by confining persons committed to custody in safe, secure facilities, and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens while respecting the rights of crime victims.<sup>2</sup>

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<sup>1</sup> 71 P.S. § 310.1.

<sup>2</sup> Facility Narrative Summary, State Correctional Institution at Dallas, 2008-2009.

November 2009  
 Pennsylvania Department of the Auditor General  
*Performance Audit of State Correctional Institution at Dallas*  
 Audit Period: July 1, 2005, to July 25, 2008

**Background Information**

SCI Dallas encompasses 1,307 acres of land. Approximately 26 acres are located inside a secure perimeter, which encloses 13 cellblocks and 4 modular units.

The Bureau of Correctional Industries, within the Department of Corrections, operates several component units within the institution, utilizing inmate labor in manufacturing operations, which include a mattress factory, box factory, and garment plant.

The following schedule presents selected unaudited SCI Dallas operating data compiled for the years ended June 30, 2005, 2006, and 2007:

	2005	2006	2007
Operating expenditures (rounded in thousands) <sup>3</sup>			
State	\$57,407	\$59,431	\$64,171
Federal	40	17	46
Total	<u>\$57,447</u>	<u>\$59,448</u>	<u>\$64,217</u>
Inmate population at year-end	1,891	2,016	2,087
Capacity at year-end	1,750	1,750	1,750
Percentage of capacity at year-end	108%	115%	119%
Average monthly population	1,983	1,955	2,083
Average cost per inmate <sup>4</sup>	\$28,965	\$30,412	\$30,837

<sup>3</sup> Operating expenses were recorded net of fixed asset costs, an amount that would normally be charged as part of depreciation expense.

<sup>4</sup> Average cost was calculated by dividing operating expenditures by the average monthly inmate population.

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## **Objectives, Scope, and Methodology**

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### **Objectives, Scope, and Methodology**

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

We selected the objectives for the current audit from the general areas of client management, contract management, facility safeguards, inventory management, and personnel management.

The specific audit objectives were:

- To determine if SCI Dallas complied with applicable Inmate General Welfare Fund policies and procedures. (Finding 1)
- To determine if contracts were processed in accordance with applicable Commonwealth and Department of Corrections policies and procedures, whether contracts were bid properly, approved, and monitored for compliance with contract terms, and whether services were received and paid properly. (Findings 2 and 3)
- To determine if the fire safety procedures at SCI Dallas complied with applicable Department of Corrections policies and procedures. (Finding 4)
- To determine if SCI Dallas management conducted an annual physical inventory and exercised adequate control over warehouse inventory including the adequate segregation of duties. (Finding 5)
- To determine if SCI Dallas maintained, monitored, and updated their radio communication equipment in accordance with Department of Corrections policies and procedures. (Finding 6)

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Objectives, Scope, and Methodology**

---

- To determine if SCI Dallas implemented the recommendations in the accreditation report of the Commission on Accreditation for Corrections. (Finding 7)
  
- To determine the existence and effectiveness of the employee complaint systems at SCI Dallas. (Finding 8)
  
- To determine if staffing levels were sufficient to meet the needs of the institution. (Finding 9)

In addition, we determined the status of the implementation of the recommendations made during the prior audit of SCI Dallas.

The scope of the audit was from July 1, 2005, to July 25, 2008, unless indicated otherwise in the individual report sections.

To accomplish these objectives, we reviewed the Department of General Services Procurement Handbook, the Department of Corrections Accounting System Manual, the Department of Corrections Policy Number 3.1.1 “Fiscal Administration,” Policy Number 1.1.2, “Accreditation Program and Annual Inspections,” and the Department of Corrections Policy Number 15.1.1 Section 2c on fire and safety policies. We also reviewed Department of Corrections Facility Security Procedures Manual Section 27 – “Radio Communications,” policies and guidelines regarding employee surveys, grievance investigation and tracking, and the manpower survey approved March 2008. Additionally, we reviewed the section on grievances and arbitration in the current collective bargaining agreements for the institution’s eight active unions, as well as the response to the previous audit report. We also obtained and reviewed the accreditation report standards and letters from the American Correctional Association and visited the American Correctional Association website.<sup>5</sup>

We interviewed SCI Dallas management and staff, including those responsible for the administration of the Inmate General Welfare Fund, the business manager, budget analyst, purchasing agent, and electronic trades instructor, the safety manager, the storeroom manager, the superintendent’s assistant, and American Correctional Association Coordinator. We also interviewed the human resources analyst responsible for grievance processing and oversight, the local representatives for the Pennsylvania State Corrections

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<sup>5</sup> [www.aca.org](http://www.aca.org), accessed June 9, 2008.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Objectives, Scope, and Methodology**

---

Officers Association and the American Federation of State, County and Municipal Employees.

In addition, we held discussions with appropriate personnel at SCI Dallas to determine the status regarding specific prior audit findings and recommendations.

To determine whether SCI Dallas complied with applicable Inmate General Welfare Fund policies and procedures, we examined the balance sheet detail for the period covering July 1, 2005, through June 30, 2008, reviewed bank reconciliations for the period July 2005 through December 2007, and analyzed 25 transactions and the supporting documentation from July 1, 2005, through June 30, 2008. We also reviewed all transactions made within the petty cash account during August 2007 and analyzed documentation for deposits made July 1, 2005, through June 30, 2008.

To audit the contracts, we selected and examined 10 of the 12 contracts/purchase orders to determine if purchase orders, invoices, and receiving reports matched and if descriptions were in agreement with contract specifications.

To audit the fire safety procedures, we reviewed and analyzed fire drill reports from July 1, 2006, to June 30, 2007, and the training records for the 36 active Fire Emergency Response Team members.

To determine if SCI Dallas management exercised adequate control over warehouse inventory, we selected and tested 45 warehouse items from a total population of 1,007 listed on the Integrated Enterprise System inventory on-hand reports for April 25, 2008. We also toured the warehouse and observed the condition of the inventory.

To determine if SCI Dallas maintained, monitored, and updated its radio communication equipment, we interviewed the emergency response officer to gain an understanding of the communication equipment policies and procedures. We then reviewed and analyzed the current contract for maintenance and repair of the low and high band radios, the current radio inventory and assignment reports, the current radio sign-in/out log, and radio repair logs.

To determine if SCI Dallas implemented the recommendations in its most recent accreditation report, we reviewed the report, the responses to the report, and made observations of any necessary changes.

---

November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Objectives, Scope, and Methodology**

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To determine the existence and effectiveness of the employee complaint system, we examined the logs of union grievances filed by institution employees between January 1, 2006, and December 31, 2007. In addition, we analyzed the documentation for 24 of the 120 grievances filed between January 1, 2006, and December 31, 2007, reviewed the 2006 and 2007 Eastern Joint Area Committee hearing schedules for unresolved union grievances, and the SCI Dallas Pennsylvania State Corrections Officers Association labor/management meeting minutes for February, April, and June of 2007. We also reviewed eight randomly selected exit interviews with individuals who terminated their employment at SCI Dallas between January 1, 2006, and December 31, 2007.

To determine if staffing levels were sufficient, we analyzed the detailed complement and wage reports dated May 19, 2008, and the vacancy report dated June 17, 2008. In conjunction, we reviewed the 2006 individual staffing surveys for the maintenance, chaplaincy, psychology, food service, and dental classifications, and the 2007 individual staffing surveys for activities, nurses, and counselors.

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## **Audit Results**

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### **Audit Results**

#### **Inmate General Welfare Fund – Finding 1**

Inmate General Welfare Fund, referred to as IGWF, consists of non-appropriated funds that are locally controlled and administered. The fund serves as a depository for inmates' personal monies and for revenues generated by inmate-related enterprises. The profits from inmate-related enterprises are used to purchase items or activities that benefit the inmates. The Department of Corrections does not deem the items or activities purchased as essential to the well-being of the inmates.

The Department of Corrections has developed policies and procedures for the administration of the IGWF.<sup>6</sup> These policies and procedures specify the required approvals, nature, and processing of fund expenditures, as well as the collection and safeguarding of monies generated by IGWF revenue-producing shops. Department of Corrections policies and procedures also identify the financial reports to be prepared by the individual correctional facility, including monthly balance sheets and income statements for all fund activities.

#### **Finding 1 – Significant control weaknesses existed in the maintenance of the Inmate General Welfare Fund.**

**Financial Statements.** During the period from July 1, 2007, through June 30, 2008, SCI Dallas did not prepare and submit financial statements such as balance sheets and income statements to the Department of Corrections' comptroller office.

Section 3.1.1 (K) of the Department of Corrections' policy and procedures for fiscal administration<sup>7</sup> requires SCI Dallas to prepare and forward a monthly balance sheet and income statement for all fund activities to the Department's comptroller office by the tenth working day of each month.

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<sup>6</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1, "Fiscal Administration," Effective Date: November 20, 2007.

<sup>7</sup> *Ibid.*

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

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Since these statements were not prepared and forwarded, the Department of Corrections and SCI Dallas management were not in a position to evaluate IGWF operations and ensure account balances were accurate for the period tested.

In addition, our audit showed that transactions were either not posted or not posted properly to accounts, resulting in the creation of inaccurate financial statements. For example, postings were not made to income generating activities but were made directly to retained earnings instead of the applicable balance sheet accounts; therefore, SCI Dallas could not provide accurate ledgers to support balance sheet and income accounts.

The arts and crafts shop at SCI Dallas closed June 2006, and the commissary closed June 2007. At those times, the arts and crafts showed an inventory balance of \$37,071 and the commissary showed an inventory balance of approximately \$361,000. However, management could not provide us with a composition of those balances or explain what happened.

**Segregation of Duties.** Good control requires management to segregate duties in order to reduce the risk of errors and irregularities occurring and going undetected. The IGWF accountant was responsible for posting transactions (cash receipts and cash disbursements) to accounting records, generating checks, preparing and signing checks, maintaining custody of the check signature plate, depositing cash and performing the monthly bank reconciliations.

Our audit showed that the business manager's signature plate was located in an unsecured area. The IGWF accountant responsible for recording receipts and disbursements should not have access to a signature plate or the authority to sign checks. Someone independent of these duties should obtain supporting documentation such as purchase orders, receiving reports, and invoices for review before signing checks.

**Bank Reconciliations.** Bank reconciliations are performed to ensure the propriety and accuracy of receipts, disbursements, interest earnings, and direct charges and should be prepared and reviewed by someone independent of the cash receipts and disbursements process.

In our prior audit, we noted that bank reconciliations were not being reviewed or approved by management. In addition, we noted that reconciliations showed differences which were not investigated.



---

November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

---

During our current audit, management did not review bank reconciliations for the fiscal years July 2005 through June 2008. We again noted discrepancies that were not investigated. Our review of bank reconciliations from July 2005 to December 2007 identified differences between the cash recorded on the bank reconciliations with the cash recorded on a balance sheet cash report every month during the period. These variances were not investigated and management could not provide an explanation for the variances.

**Deposits.** SCI Dallas receives cash from activities such as the car wash, barbershop, print, shoeshine, shoe repair, greenhouse, and welding shop. In addition, SCI Dallas had an arts and crafts shop, which closed in June 2006.

Cash for these activities is transported to the prison lobby, where the secretary takes physical custody of the funds. The secretary is responsible for recording the cash in a receipt journal and issuing tickets for the respective activity. Subsequently, the cash is forwarded to the IGWF accountant or assistant who deposits the cash and posts the activity to the IGWF cash receipt records. Since the individuals collecting and depositing cash were also responsible for recording the cash, segregation of duties was nonexistent and internal controls were compromised.

Our audit noted that SCI Dallas did not verify the propriety of the cash collected. Management had not assigned anyone the responsibility of matching the issued tickets from the cash generating activities to the amount deposited in the bank. We were unable to verify the propriety of deposits because issued tickets from income generating activities were not maintained in any organized manner and cash receipt books, evidencing ticket numbers and cash collections, were not maintained.

**Disbursements.** One of the primary objectives of management control is to ensure that resources are adequately safeguarded, accounted for, and efficiently used. Proper controls reduce the potential for fraud, waste, and abuse and also decrease the likelihood that errors may not be detected. With the deficiencies noted in this audit, the risk of errors and irregularities occurring and going undetected in the IGWF are elevated.

Our audit of 25 transactions totaling \$92,724.24 showed that 19 of 25 disbursements lacked necessary documentation. Documentation could not be found for six disbursements, four did not have invoices or proof showing work was completed, and three disbursements did not match the amount on the check. In addition, six disbursements did not have a corresponding receiving report on file. SCI Dallas management indicated that short staffing and turnover were the main causes of the errors and attempts are being made to correct the problems with the IGWF. A permanent accountant was hired in April 2008.

---

November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

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Recommendations:

SCI Dallas management should ensure that receipt and disbursement transactions are posted accurately and timely so financial statements (balance sheets and income statements) can be generated. Proper documentation should be maintained for any disbursement made from the IGWF account.

SCI Dallas management should ensure that financial statements are generated and forwarded to Department of Corrections' comptroller office by the tenth of the following month so that balance sheet and income generating activities can be reviewed for accuracy.

SCI Dallas management should ensure that bank reconciliations are prepared monthly and reviewed timely by someone independent of IGWF receipts and disbursements. Variances in the reconciliation process should be investigated and resolved. Cash balances per the reconciliation should match the cash total reported on the balance sheet financial statement.

SCI Dallas management should ensure that cash from income generating activities is matched to deposits and traced to IGWF bank statements. Someone independent of the cash receipt function should match the composition of issued tickets from each income generating activity to the cash receipts book kept in the lobby. Additionally, the daily cash receipts total should be agreed to the deposit slip made by the IGWF accountant or assistant. Finally, someone should ensure that the deposit slip corresponds to the cash deposited in the bank as documented on the monthly bank statement. As part of this process, cash receipt books and issued tickets should be pre-numbered and maintained.

Comments of SCI Dallas management:

*The shortage of staff, as noted above and the lack of formal training of IGWF procedures was the foundation for most, if not all, issues presented in this finding. All reports for the period of July 1, 2007 through June 30, 2008, were submitted by July 25, 2008 to the Comptroller's Office.*

*The Commissary inventory account appears to be grossly overstated. However, no previous commissary inventory reports could be located to verify this. Most of this inventory would have been sold through Commissary, prior to the Correctional Industries startup of the Department's revised Commissary system. All institutions were to have their inventory balances down to minimum levels and the major portion*

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

---

*of the remaining inventory purchased by Correctional Industries. Investigation has revealed that a total of \$24,423.35 was “bought back” by PCI.*

*Also, paperwork was located concerning the bulk of the Arts & Crafts inventory balance. Items that had expired shelf lives were disposed of; lumber materials were utilized for general institution maintenance; and the balance of the items have been used in inmate educational programs.*

*As of September 2008, job responsibilities have been realigned to ensure separation of duties and provide proper controls for the IGWF finances.*

### **Contracts/Purchase Orders – Finding 2 and Finding 3**

Commonwealth institutions frequently contract with vendors to provide essential services required for the fulfillment of their mission. Contracts for services are frequently used when the services do not require hiring a full time employee or when institutional staff may not have the expertise to provide the services in-house. Vendor contracts can provide the institution with a more economical and efficient means of providing necessary services.

#### **Finding 2 – SCI Dallas entered into an uneconomical radio repair service contract.**

For the period July 1, 2006, through June 30, 2008, SCI Dallas contracted with a vendor to provide repairs for guard base radios and portable radios for \$31,654. Based on the terms of the two-year contract, the vendor would be paid in equal monthly installments without considering actual services performed.

Therefore, during a month where no radios needed repair, the vendor would still have received \$1,319 (Total contract price divided by 24 months).

Radio repair contracts at two other prisons showed the contracts were based on the vendor charging an hourly rate plus the cost of materials to repair the radios. Therefore, the vendor would be paid based on actual repair services performed; if no repairs were made during a month, the vendor would not be paid. One of these two vendors is also the same vendor responsible for repairing portable guard radios at SCI Dallas.

---

November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

---

During the same time noted above, SCI Dallas had sent the vendor 99 radios to be repaired, but 34 were not returned because they were deemed unrepairable by the vendor. Therefore, it cost SCI Dallas on average \$487 to repair each of the 65 radios that the vendor returned to the prison. This average cost exceeded the value of a new radio. SCI Dallas officials stated that when the radios were originally purchased, they were valued at least \$400. Furthermore, because the 34 “unrepaired” radios were not returned, SCI Dallas had no way to verify whether the radios had indeed not been repaired, or whether the parts vendor may have sold them. According to the SCI Dallas electronic trades instructor who was the contact person for this purchase order contract, attempts had been made but were unsuccessful to have the radios returned. As a result, SCI Dallas continued to pay the monthly installments although radios were not returned.

During our audit, we recommended that SCI Dallas management review the radio repair contract for cost effectiveness by analyzing trends in radio repairs and consider bidding out the contract based on parts and labor for actual radio repairs instead of equal monthly installments. We subsequently learned that SCI Dallas management adopted our recommendation and initiated a new radio repair contract as of July 1, 2009. The new contract’s payment terms required all vendor radio repair invoices to provide a detailed breakdown of the repair costs related to parts and labor.

Recommendation:

SCI Dallas management should take steps to ensure all radios sent for repair are returned according to contract terms.

Comments of SCI Dallas management:

[SCI Dallas management agrees] *with the recommendation.*

**Finding 3 – SCI Dallas complied with Department of Corrections guidelines for purchase contracts.**

Review of the contract files disclosed that all contracts requiring a competitive bidding process were bid as required. In addition, we determined that SCI Dallas’ contract monitors were fulfilling their supervisory responsibilities, verifying invoices accuracy and compliance with contract terms prior to approving the invoices for payment.

Our review of the most current waste removal contract covering the period July 2007, to June 2008, determined that documentation was on file to support the contract. SCI Dallas

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

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obtained three bids for this contract and awarded it to the lowest bidder. Since the contract was recently executed, we were unable to examine management's monitoring procedures. We will follow up on this issue during our next audit.

Based upon our review, SCI Dallas' purchase contract transactions were competitively bid, processed accurately, and sufficiently documented in accordance with the Department of Corrections' policies and procedures manual.

**Fire Safety – Finding 4**

Fire and safety policies and procedures were designed to provide fire protection and safety services for the staff and inmates at SCI Dallas.

**Finding 4 – Improvements are necessary to strengthen the fire safety program.**

As with the prior audit, the current audit again identified the following areas that need to be strengthened to ensure that all staff and inmates receive proper fire and safety protection:

- Some members of the Fire Emergency Response Team, referred to as FERT, did not receive the required training.
- Fire drills were not properly documented or were not conducted for every building throughout the prison.

**Fire Emergency Response Team Training.** According to Department of Corrections policy for minimum training criteria, FERT members are required to receive a minimum of 16 training hours per year, or four hours quarterly.<sup>8</sup>

We analyzed the training records for the 36 employees participating in FERT and found that 12 members did not receive the required 16 hours of training.

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<sup>8</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number: 5.1.1, "Staff Development and Training," Section 2, "Minimum Training Criteria," Attachment 2-A., "Mandatory Training," Effective Date: December 15, 2003.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

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Three of those members were on extended leave for part of the year and were unable to attend any of the training sessions and one employee did not become a FERT member until the fourth quarter. Management did not provide any reason why the other eight members did not receive the required training.

Recommendation:

The safety manager should ensure all FERT members receive the required training.

Comments of SCI Dallas management:

*Please be advised that the Fire Emergency Response Team consists entirely of volunteers and every effort will be made to retain as many qualified individuals as possible.*

**Fire Drills.** Department of Corrections policy states:

*Fire drills shall be conducted regularly, the minimum being one (1) drill per quarter in all occupied buildings rotated over all occupied shifts.<sup>9</sup>*

After examining the fire drill reports from July 1, 2006, to June 30, 2007, we found that 16, or approximately 9 percent of required drills, were not documented on a standard fire drill report form. Consequently, we were unable to determine whether these drills had taken place.

The failure to comply with the fire safety requirements could jeopardize the safety of the staff and inmates at SCI Dallas in the event of a fire emergency. When questioned about these deficiencies, the safety manager explained that the fire drill reports should have been completed and filed.

Recommendation:

The safety manager and SCI Dallas management should ensure that fire drills are conducted timely and properly documented using the standard fire drill report form.

Comments of SCI Dallas management:

[SCI Dallas management agrees] *with the recommendations.*

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<sup>9</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number: 15.1.1, "Safety," Section 2, "Fire Safety Program," Subsection C.2, "General Fire Safety Requirements," Effective Date: July 16, 2003.

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## **Audit Results**

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### **Inventory – Finding 5**

State facilities must maintain an inventory of items necessary for day-to-day operations. The facilities manager is responsible for safeguarding, controlling, and effectively monitoring this inventory. SCI Dallas maintains inventory records for approximately 1,011 different inventory items in its warehouse. These inventory items include food, clothing, and housekeeping and office supplies.

#### **Finding 5 – SCI Dallas did not conduct an annual physical inventory.**

Our tour of the warehouse and storeroom revealed that SCI Dallas maintained a well-stocked and orderly warehouse. However, as in the prior audit, we found that management had not conducted a physical inventory.

The Department of Corrections uses an automated system to maintain a perpetual inventory of all items; however, without an annual physical inventory, the automated inventory record could become inaccurate. The lack of an annual inventory also increases the possibility that theft, misuse, or errors could occur and go undetected.

Because an inventory was not conducted, SCI Dallas could not verify the accuracy of its inventory balance and did not comply with Department of Corrections fiscal administration policy that states:

*Physical inventories shall be conducted monthly for commissaries and annually for warehouses.*<sup>10</sup>

Our testing of 45 inventory items disclosed inaccuracies in eight items examined. The inaccuracies consisted of five overages and three shortages, and resulted in a total net cost shortfall of \$546.88.

Further inquiries of management determined that warehouse personnel were responsible for performing inventory spot checks. Most systems of internal control rely on assigning certain responsibilities to different individuals, or “segregating” incompatible functions. Allowing warehouse personnel to have access to assets and the responsibility for maintaining the inventory records results in inadequate segregation of duties over warehouse

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<sup>10</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number: 3.1.1, “Fiscal Administration,” Section IV, “Procedures,” Subsection H, “Inventory Management,” Effective date: November 20, 2007.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

---

inventory items. If one individual has responsibility for more than one of these functions, that individual could misappropriate inventory and conceal the misappropriation.

Recommendation:

The warehouse staff, with the assistance of the business office, should conduct an annual inventory. This inventory should include all items in the warehouse to reflect true inventory balances and be reconciled with the reports in the Integrated Enterprise System. Employees independent of the warehouse should conduct periodic spot checks.

Comments of SCI Dallas management:

[SCI Dallas management agrees] *with the recommendations.*

**Radio Communication Equipment – Finding 6**

Clear communications help to establish a safe, secure, and productive environment are essential for efficient institution operations.

**Finding 6 – SCI Dallas maintained and updated the communication equipment according to applicable policies.**

The Department of Corrections developed a Policy and Procedure Manual,<sup>11</sup> which includes guidelines for maintaining and updating communication equipment at a correctional facility. We found that SCI Dallas maintained, monitored, and updated its communication equipment in accordance with policies and procedures. SCI Dallas maintained a radio inventory and assignment report, the radio repair log, and the radio sign in/out logs in accordance with policies. However, our review of radio contracted services noted deficiencies with the radio service maintenance contract as discussed in Finding 2.

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<sup>11</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1, “Facility Security Procedures,” Section 27, “Radio Communications.”



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## **Audit Results**

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### **Accreditation – Finding 7**

The American Correctional Association and the Commission on Accreditation for Corrections are private, non-profit organizations that administer the only national accreditation program for all components of adult and juvenile correction facilities. The purpose of this voluntary accreditation program is to afford participating agencies, such as the Department of Corrections, the opportunity to evaluate their operations against national standards and to identify deficiencies to help upgrade the quality of programs and services.

#### **Finding 7 – SCI Dallas responded appropriately to the deficiencies noted in the most recent accreditation report.**

In January 2006, the American Correctional Association and Commission on Accreditation for Corrections awarded a three-year accreditation to SCI Dallas as a result of the audit conducted in October 2005. According to the visiting committee report, SCI Dallas complied with 100 percent of the 62 applicable mandatory standards and 434 of the 446 applicable non-mandatory standards, or 97.4 percent. The 12 non-mandatory standards the Commission on Accreditation for Corrections cited were the following:

- #4-4129 – The number of inmates exceed the facility’s rated bed capacity.
- #4-4131 – Single cells are required for inmates assigned to maximum custody. All cells, in which inmate confinement exceeds 10 hours per day, need to have at least 80 square feet of total floor space.
- #4-4132 – Single cells and multiple occupancy cells may be used for housing inmates in medium/minimum custody when the amount of unencumbered space is 35 square feet for one occupant and 25 square feet for multiple occupants.
- #4-4139 – Inmates have access to operable showers with temperature-controlled hot and cold running water, at a minimum ratio of one shower for every eight inmates, unless national or state building or health codes specify a different ratio.
- #4-4141 – All cells/rooms in segregation provide a minimum of 80 square feet, of which 35 square feet is unencumbered space.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

---

---

**Audit Results**

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- #4-4146 – Lighting in inmate cells is at least 20 foot-candles<sup>12</sup> at desk level and in personal grooming areas.
- #4-4152 – Circulation is at least ten cubic feet of fresh or recirculated filtered air per minute per occupant for inmate rooms/cells, officer stations, and dining areas, as documented by an independent, qualified source and should be checked not less than once per accreditation cycle.
- #4-4169 – Reasonable accommodation is made to ensure that all parts of the facility that are accessible to the public are also accessible and usable by staff and visitors with disabilities.
- #4-4255 – Inmates held in disciplinary detention for periods exceeding 60 days are provided the same program services and privileges as inmates in administrative segregation and protective custody.
- #4-4372 – Offenders referred for mental health treatment will receive a comprehensive evaluation by a licensed mental health professional. The evaluation is to be completed within fourteen days of the referral request date.
- #4-4422 – The medical program has established measurable goals and objectives that are reviewed at least annually and updated as needed.
- #4-4429-1 – Written policy, procedure, and practice provide for staff and offender access to an appropriately trained and qualified individual who is educated in the problems and challenges faced by offenders with physical and/or mental impairments, programs designed to educate and assist disabled offenders, and all legal requirements for the protection of offenders with disabilities.

In order to be 100 percent compliant, SCI Dallas responded to the 12 non-mandatory standard findings. After reviewing SCI Dallas' responses, the Commission on Accreditation for Corrections granted discretionary compliance to Standards #4-4129, #4-4132, #4-4139, #4-4141, #4-4146, #4-4152, and #4-4255, and agreed to SCI Dallas' plan of action for Standards #4-4169, #4-4372, #4-4422, and #4-4429. The final Standard, #4-4131, was deleted at the 135<sup>th</sup> Congress of Corrections in Baltimore, Maryland, in August 2005 so compliance was not necessary.

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<sup>12</sup> Foot-candle is a non-SI unit for light intensity, where SI refers to the modern form of the metric system.

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## **Audit Results**

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### **Employee Complaints – Finding 8**

SCI Dallas employs over 750 personnel, including corrections officers, clerical staff, teachers, social services workers, and nurses. Eight different unions represent over 650 employees. Job classification determines an employee's union affiliation. Each bargaining unit master agreement contains employee complaint resolution provisions that are specific to that particular bargaining unit.

Effective institution management requires the development of and compliance with a system that documents, responds to, and resolves employee complaints in accordance with applicable policies and procedures.

#### **Finding 8 – SCI Dallas complied with established employee complaint systems.**

The collective bargaining agreements for each of the institution's eight active unions established formal procedures for resolving grievances, including an initial meeting between union representatives and SCI Dallas management personnel. If necessary, the complaint is heard by the Eastern Joint Area Committee, a group composed of an equal number of union and Commonwealth personnel, which renders final and binding decisions. The agreements provide for formal arbitration for those issues unresolved by the Eastern Joint Area Committee.

The review of documentation of 24 of the 120 grievances filed between January 1, 2007, and December 31, 2007, disclosed that the complaint process reasonably and timely addressed grievances. The initial meetings between union representatives and SCI Dallas management were scheduled during the month immediately subsequent to the grievance filing date. Eastern Joint Area Committee meetings were also regularly scheduled, and documentation of exit interviews with employees were present in personnel files.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

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**Audit Results**

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**Staffing Levels – Finding 9**

The Department of Corrections periodically conducts manpower surveys in order to assess each institution's staffing requirements. In addition to the corrections officer manpower survey, which was most recently conducted in 2008, the Department also developed staffing requirements for other areas including maintenance, activities, chaplaincy, psychology, food services, dental, nursing, and corrections counselors in 2006 and 2007.

**Finding 9 – SCI Dallas complied with the Department of Corrections' manpower survey report and maintained adequate staffing levels.**

The audit of staffing levels found that SCI Dallas maintained sufficient staffing levels for corrections officers and other support areas. The levels complied with the Department of Corrections' proposed staffing requirements as reflected in the following table derived from the individual staffing surveys in conjunction with the detailed complement and wage reports dated May 19, 2008, and the vacancy report dated June 17, 2008:

<b>Department</b>	<b>Proposed</b>	<b>Current</b>	<b>Difference</b>
Corrections Officers	451	451	0
Activities	7	6	-1
Maintenance	45	49	4
Chaplaincy	3	3	0
Psychology	6	6	0
Food Services	28	29	1
Dental	5	5	0
Nursing	30	29	-1
Correction Counselors	<u>13</u>	<u>15</u>	<u>2</u>
<b>Net Totals</b>	<b><u>588</u></b>	<b><u>593</u></b>	<b><u>5</u></b>

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**Status of Prior Audit Findings and Recommendations**

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

The following is a summary of the findings and recommendations presented in our audit report for July 1, 2002, to May 6, 2005, along with a description of SCI Dallas' disposition of the recommendations.

### **Prior Finding I-2 – Improvements are necessary to strengthen the fire safety program.**

The prior audit reported the following:

- Not all members of FERT received the required training.
- Fire alarms were not installed in every occupied building throughout the institution.
- Fire drills were not properly documented or were not conducted for every building throughout the prison, each quarter over alternating shifts.
- Monthly safety committee meetings were not always held.

**FERT training.** Our prior audit reported that 25 of the 37 FERT team members did not receive the required training. We recommended that the safety manager monitor training for all FERT members and when individual members have scheduling conflicts, the safety manager should reschedule the classes at alternative times to allow multiple shifts to attend the classes.

Status:

Our follow-up audit revealed that 12 of the 36 current members did not receive the required 16 hours of training. This issue is discussed in Finding 4 of the current audit report.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

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**Status of Prior Audit Findings and Recommendations**

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**Fire Alarms.** Our prior audit reported that only the inmate housing units were provided with fire alarm protection. The safety manager provided assurances during the audit that an approved \$4.1 million Department of General Services project will eventually upgrade the fire alarm system and provide every building with adequate fire protection. We recommended management should take alternative steps, such as installing battery operated smoke alarms in each building that needs to be protected until adequate fire alarm systems are provided.

Status:

Our follow-up audit revealed management did make improvements to strengthen the fire safety program. SCI Dallas is in the process of upgrading the fire notification system at the prison. The \$4.1 million upgrade as of April 7, 2008, was 10 percent completed with an estimated completion date of December 7, 2008. When the upgrade is completed, all buildings will be equipped with fire alarm protection. We will review the status of the fire alarms in the next audit.

**Fire Drills and Safety Committee Meetings.** Our prior audit reported that fire drills were not properly documented or were not conducted in each quarter over alternating shifts in every building throughout the prison.

An examination of fire drill reports showed that 92 of 240 required drills, or approximately 38 percent, were not documented on a standard fire drill report form. We were unable to determine whether these drills had taken place. We recommended that SCI Dallas management ensure that fire drills are conducted timely and properly documented on fire drill report forms.

Our prior audit also reported that safety committee meetings were not held in 15 of the 24 months reviewed. We recommended that management hold monthly safety committee meetings.

Status:

Our follow-up audit found 16 of the required 184 fire drills, or approximately 9 percent, were not documented. Additional information on this topic can be found in Finding 4 of the current audit.

Our current audit showed that from July 2006 through June 2007, the safety committee held meetings once a month to discuss safety issues at the facility. No further action is deemed necessary at this time.

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November 2009  
Pennsylvania Department of the Auditor General  
*Performance Audit of State Correctional Institution at Dallas*  
*Audit Period: July 1, 2005, to July 25, 2008*

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**Status of Prior Audit Findings and Recommendations**

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**Prior Finding III-1 – Incorrect role-mapping negated the segregation of duties control.**

Our prior audit showed that two purchasing agents were improperly role-mapped as receivers of goods. We recommended that SCI Dallas management review employee roles to ensure proper segregation of duties.

Status:

Our current audit of role mapping showed the purchasing agents were no longer role-mapped to receipt items for the warehouse. As a result, no further action is deemed necessary at this time.

**Prior Finding III-2 – SCI Dallas did not conduct an annual physical inventory.**

Our prior audit disclosed that SCI Dallas did not conduct an annual physical inventory as required by the Department of Corrections. We recommended that the warehouse staff, with the assistance of the business office, conduct an annual inventory.

Status:

Our current audit reported that an annual physical inventory still had not been conducted. This issue is again discussed in our current audit report in Finding 5.

**Prior Finding V-2 – Bank reconciliations were not reviewed or approved by management and variances were not investigated.**

Our prior audit reported that bank reconciliations were not reviewed or approved by management and variances were not investigated. We recommended that SCI Dallas management ensure bank reconciliations are reviewed and approved for accuracy each month. Additional information is contained in Finding 1 of the current audit report.

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November 2009  
Pennsylvania Department of the Auditor General  
***Performance Audit of State Correctional Institution at Dallas***  
*Audit Period: July 1, 2005, to July 25, 2008*

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