

Performance Audit

State Correctional Institution at Fayette

**Commonwealth of Pennsylvania
Department of Corrections**

July 1, 2005, to August 31, 2009



Performance Audit

State Correctional Institution at Fayette

**Commonwealth of Pennsylvania
Department of Corrections**

July 1, 2005, to August 31, 2009

May 18, 2011

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

Dear Governor Corbett:

This report contains the results of a performance audit of the State Correctional Institution at Fayette of the Department of Corrections from July 1, 2005, to August 31, 2009. We conducted our audit under authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report contains six audit objectives along with an audit scope and methodology for each objective. Where appropriate, the audit report contains findings, conclusions, and recommendations. The report noted that the institution's vehicle reports and credit card documentation were deficient. Our audit also found that the institution did not provide all required training to its employees. Finally, once again the institution did not submit extraordinary occurrence reports timely as discussed in the preceding audit report. This report deficiency must be corrected.

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

Sincerely,

JACK WAGNER
Auditor General

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Table of Contents

Page i

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

**Table of
Contents**

Background Information.....	1
<i>History, mission, and operating statistics</i>	
Department of Corrections	1
State Correctional Institution at Fayette	2
Audit Objectives.....	3
Audit Results	5
<i>This section contains what our audit found for each objective.</i>	
Objective 1: Maintenance Operations	5
Finding 1 – SCI Fayette effectively controlled its maintenance expenditures and work order system.	6
Objective 2: General Expenses	7
Finding 2 - The SCI Fayette expenditures that we sampled were reasonable and consistent with the Department of Corrections’ mission.....	8
Objective 3: Automotive Fleet Management	9
Finding 3 – SCI Fayette minimized the use of personal mileage reimbursement.....	11
Finding 4 – SCI Fayette did not comply with policies and procedures for completing vehicle reports and credit card documentation, thus hindering the ability of institution management to monitor and manage its automotive fleet effectively.	12
Recommendations for Finding 4	13
Objective 4: Staff Training.....	14
Finding 5 – Training instructors were certified properly.....	15
Finding 6 – SCI Fayette did not provide all required training to its employees, including training for its corrections emergency response team members.....	15

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page ii

Table of Contents

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Recommendation for Finding 6	17
Objective 5: Hiring Practices.....	17
Finding 7 – SCI Fayette complied with hiring guidelines for civil service employees.	19
Objective 6: Employee Pay Incentives.....	20
Finding 8 – SCI Fayette awarded and processed employee incentive payments in accordance with applicable procedures.....	22
Status of Prior Audit Findings and Recommendations.....	23
Safety and Security	23
Prior Finding I-2 – SCI Fayette did not submit extraordinary occurrence reports timely. (Unresolved)	23
Status.....	24
Recommendation for Prior Finding I-2.....	25
Materials Management	26
Prior Finding II-2 – Purchasing card credit limits exceeded operational requirements. (Resolved)	26
Status.....	26
Employee Payroll	27
Prior Finding II-3 – SCI Fayette did not review advancement account payments. (Resolved)	27
Status.....	27
Audit Report Distribution List	29

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Background Information

Page 1

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

**Background
Information**

This section contains information about the Department of Corrections and the State Correctional Institution at Fayette.

**History,
mission, and
operating
statistics**

Department of Corrections

The Pennsylvania General Assembly created the Pennsylvania Bureau of Corrections under the authority of the Pennsylvania Department of Justice with the passage of Act 408 of July 29, 1953, P.L. 1428 Section I. In December 1980, responsibility moved from the Pennsylvania Department of Justice to the Office of the General Counsel under the Governor. On December 30, 1984, the Governor signed Act 245 of 1984,¹ elevating the Bureau of Corrections to cabinet level status as the Department of Corrections.

The mission of the Department of Corrections is as follows:

Our mission is to protect the public by confining persons committed to our custody in safe, secure facilities, and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens; while respecting the rights of crime victims.²

The Department of Corrections is responsible for all adult offenders serving sentences of two years or more. As of February 1, 2011, it operated 26 correctional institutions, 1 motivational boot camp, 1 training academy, and 14 community pre-release centers throughout the Commonwealth of Pennsylvania. In addition to the 14 community pre-release centers, the Department of Corrections also had oversight for 39 contracted facilities, all part of the community corrections program.³

¹ 71 P.S. § 310.1.

² www.cor.state.pa.us, accessed February 2, 2010; verified February 8, 2011.

³ Ibid.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 2

Background Information

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

State Correctional Institution at Fayette

The State Correctional Institution at Fayette, referred to as SCI Fayette within this report, is a maximum-security prison located in Luzerne Township, Fayette County. SCI Fayette encompasses about 258 acres of land, with approximately 53 acres inside a perimeter fence. The physical plant includes 11 housing units, an administration building, a facilities management complex, a visiting complex, and separate buildings for health services, dietary services, maintenance shops, correctional industries, and program services.

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

	Using Rounding			
	2006	2007	2008	2009
Operating expenses⁴				
State share	\$59,446,286	\$62,849,150	\$63,184,497	\$66,621,732
Federal share	<u>4,659</u>	<u>6,073</u>	<u>9,026</u>	<u>12,848</u>
Total operating expenses	<u>\$59,450,945</u>	<u>\$62,855,223</u>	<u>\$63,193,523</u>	<u>\$66,634,580</u>
 Inmate population at year-end	 1,964	 2,017	 1,966	 2,067
 Inmate capacity at year-end	 1,914	 1,914	 1,914	 2,018
 Percentage of capacity at year-end	 102.6%	 105.4%	 102.7%	 102.4%
 Average monthly inmate population	 1,925	 2,017	 2,016	 2,052
 Average cost per inmate per year ⁵	 \$30,884	 \$31,163	 \$31,346	 \$32,473

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

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

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Objectives

Page 3

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

**Audit
Objectives**

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

Our performance audit of SCI Fayette contains six objectives. We selected the audit objectives from the following areas: maintenance operations; automotive fleet management; and personnel management, including SCI Fayette's compliance with Department of Corrections training requirements, Commonwealth hiring guidelines, and employee pay incentives. The specific audit objectives were as follows:

1. To assess the adequacy of controls over maintenance expenditures, and to determine the economy and efficiency of maintenance operations and work order administration. (Finding 1)
2. To determine if the significant general expenses were appropriate and met the objectives of the Department of Corrections' mission statement. (Finding 2)
3. To assess the adequacy of SCI Fayette's management of its automotive fleet and to evaluate compliance with Department of Corrections policies and procedures. (Findings 3 and 4)
4. To assess SCI Fayette's overall compliance with Department of Corrections' training guidelines during the fiscal year ended June 30, 2008. (Findings 5 and 6)
5. To analyze hiring practices pursuant to federal and state guidelines and regulations. (Finding 7)
6. To determine the propriety and use of pay incentives for employees. (Finding 8)

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 4

Audit Objectives

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

The scope of the audit was from July 1, 2005, to August 31, 2009, unless indicated otherwise. The scope included the earliest period selected for audit and continued through the end of our analysis.

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

We also performed inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations made during our prior audit related to extraordinary occurrence reports, purchasing card credit limits, and the advancement account.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 5

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Audit Results

Under each objective, we have listed the relevant laws, policies, and other agreements, and the audit scope in terms of period, type of transaction, and other parameters that define the limits of our audit.

**This section
contains what
our audit found
for each
objective.**

We have included the specific audit methodologies for gathering sufficient evidence to complete our audit objective. We have also included our findings and conclusions, and when necessary, our recommendations related to our audit findings. Finally, we have included SCI Fayette management's responses to our audit findings and recommendations.

Objective 1: Maintenance Operations

The objective for our audit of maintenance operations was to assess the adequacy of controls over maintenance expenditures, and to determine the economy and efficiency of maintenance operations and work order administration. (Finding 1)

**What SCI Fayette
was required to
follow**

The Department of Corrections has established policies for facility maintenance⁶ and facility security.⁷

In addition, the maintenance department must comply with the established Commonwealth policies and procedures for credit card purchases.

SCI Fayette houses more than 2,000 inmates and employs more than 690 workers, including 39 employees in its maintenance department. SCI Fayette's maintenance department is responsible for maintaining the buildings, grounds, equipment, and motor vehicles. The department has 16 specialty trade shops, including the electrical, carpentry, automotive, and paint shops. Between July 1, 2006, and June 30, 2008, SCI Fayette expended approximately \$14,871,000 for maintenance, including about \$13,009,000 for maintenance salaries, benefits, and utilities.

⁶ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," effective September 3, 2008.

⁷ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1, "Facility Security," effective April 20, 2006.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 6

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

SCI Fayette also uses computer software to administer its work order system. The software enables institution employees to request, prioritize, assign, log, and track work orders electronically.

Our scope and methodology for this objective

To establish our understanding of maintenance operations, we reviewed the Department of Corrections' policy statements for facility maintenance and facility security and credit card usage as referenced in the above summary of Commonwealth and Department of Corrections requirements.

We interviewed the SCI Fayette facility maintenance manager to establish our understanding of SCI Fayette's implementation of the Commonwealth and Department of Corrections maintenance policies and credit card use policies.

To assess the adequacy of controls over maintenance expenditures and to assess the economy and efficiency of operations, we analyzed the documentation associated with 51 of 15,953 work orders completed between January 1, 2008, and April 30, 2009.

We also examined the documentation associated with 20 of 494 work orders identified as open on June 10, 2009.

Finally, we examined the supporting documentation for 37 maintenance credit card purchases transacted between July 1, 2007, and May 27, 2009.

Finding 1 – SCI Fayette effectively controlled its maintenance expenditures and work order system.

SCI Fayette adequately controlled its maintenance expenditures and effectively administered its work order system. Our review of 37 purchasing card disbursements and 51 processed work orders did not identify any maintenance expenditures that, based on our professional judgment, appeared unnecessary or too costly. Additionally, management approvals, receiving documents, invoices, and documented justifications accompanied the 37 sampled purchasing card disbursements.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 7

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Our examination of the 51 processed work orders also showed that the maintenance department was timely in completing its maintenance work – i.e., an average of three days and a median of one day after request. The maintenance department documented the labor and material costs for the 51 sampled work orders. Finally, our review of open work orders did not reveal any incomplete work orders that involved emergency, safety, or security issues.

Our conclusion for maintenance operations	We concluded that SCI Fayette effectively controlled its maintenance expenditures and work order system.
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Objective 2: General Expenses

The objective for our audit of general expenses was to determine if significant general expenses were appropriate and met the objectives of the Department of Corrections' mission statement. (Finding 2)

What SCI Fayette was required to follow	As noted on page 1 of this report, the mission of the Department of Corrections is “to protect the public by confining persons committed to our custody in safe, secure facilities, and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens; while respecting the rights of crime victims.” ⁸ To assist in accomplishing that mission, SCI Fayette provides various maintenance, nursing, chaplaincy, education, counseling, and administrative services.
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During the fiscal year ended June 30, 2007, SCI Fayette expended approximately \$62.8 million for its operations, including about \$47.3 million for employee salaries and benefits. During the fiscal year ended June 30, 2008, SCI Fayette expended approximately \$63.2 million, including about \$46.9 million for salaries and benefits. The remaining expenditures were designated by us as significant and were subject to more detailed review. The following table summarizes the institution’s expenditures for the fiscal years ended June 30, 2007, and June 30, 2008.

⁸http://www.cor.state.pa.us/portal/server.pt/community/departments_of_corrections/4604/our_mission/716263, accessed February 8, 2011.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Operating Expenditures (rounded in millions)

<i>Fiscal year</i>	2007	2008
Ordinary expenditures	\$47.3	\$46.9
Significant expenditures	<u>15.5</u>	<u>16.3</u>
Total expenditures	<u>\$62.8</u>	<u>\$63.2</u>

Our scope and methodology for this objective

To establish our understanding of the Commonwealth of Pennsylvania's policies for procurement of goods and services, we reviewed the Department of Corrections' mission statement as referenced in the above summary of Commonwealth and Department of Corrections requirements.

We interviewed the business manager and the accountant to determine what procedures were involved in the procurement of goods and services.

To determine whether expenditures were reasonable and appropriate for the Department of Corrections' mission, using our professional judgment, we selected 73 transactions from 14 different vendors during the fiscal year ended June 30, 2007, and 32 transactions from 17 different vendors during the fiscal year ended June 30, 2008, for detailed review.

Finding 2 - The SCI Fayette expenditures that we sampled were reasonable and consistent with the Department of Corrections' mission.

The 73 transactions selected for testing from the fiscal year ended June 30, 2007, included food supplies, housekeeping supplies, chaplaincy services, and lease payments for facility vehicles. The 32 transactions selected for testing from the fiscal year ended June 30, 2008, included educational equipment, food supplies, inmate dental care, maintenance services for dietary equipment, and telephone equipment.

Our review of the documentation supporting the 105 transactions did not identify any expenditures that appeared to be excessive in terms of cost. In addition, the supporting documentation for the sampled expenditures, which totaled approximately \$378,000 in the

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 9

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

earlier year and \$299,000 in the latter year, showed that all expenditures were approved by management, were reasonable and necessary for operations, and were consistent with the facility's mission.

Our conclusion for general expenses Based on our review of the supporting documentation, we concluded that SCI Fayette's expenditures were reasonable and consistent with the facility's mission.

Objective 3: Automotive Fleet Management

The objective for our audit of the automotive fleet was to assess the adequacy of SCI Fayette's management of its automotive fleet and to evaluate compliance with Department of Corrections policies and procedures. (Findings 3 and 4)

What SCI Fayette was required to follow The Department of Corrections has established policies and procedures regarding the security⁹ and the assignment and use of Commonwealth vehicles.¹⁰

The policies restrict Commonwealth vehicle usage to official business and limit reimbursements for the use of personal vehicles. The policies also address general operational procedures, including those regarding the documentation of vehicle mileage, fuel purchases, credit card expenditures, and repair costs.

The specific policy requirements follow. Section 8.C.1 of the Department of Corrections' fiscal administration procedures manual states, in part:

...Sales slips and/or invoices received as a result of credit card purchases shall be initially turned into the facility's Maintenance Department and then forwarded to the facility business office as soon as possible after the purchase...

⁹ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1, "Facility Security," effective April 20, 2006.

¹⁰ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1, "Fiscal Administration," effective November 20, 2007.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 10

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

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

...At the end of each month, the facility Automotive Officer shall complete a summary report to be forwarded to the Central Office Automotive Officer... The report shall include Month/Year of report, equipment number, ending odometer reading, days used, miles driven, total in-house fuel used, cost of in-house fuel, total credit card cost, total monthly repair costs and total accident repair costs.¹¹

SCI Fayette owns/leases and operates 28 licensed motor vehicles, including those for maintenance, security, and business travel. The institution's automotive fleet consists of 6 central pool vehicles and 22 vehicles assigned to various departments. SCI Fayette's maintenance department is responsible for the maintenance and repair of the 28 vehicles, as well as scheduling and use of the 6 central pool vehicles.

Our scope and methodology for this objective

To establish our understanding of automotive fleet operations, we interviewed the automotive mechanic trade instructor. We reviewed the policies as referenced in the above summary of Department of Corrections requirements.

To establish our population of automotive fleet vehicles, and to determine vehicle location, we examined the institution's list of vehicle assignments and inspections as of April 1, 2009.

To determine vehicle usage including a comparison of vehicle fleet availability when personal mileage was approved, we examined the travel request/authorization forms, weekly schedules for pool vehicles, and expenditure ledger entries associated with 51 of the 257 personal mileage reimbursements paid between July 1, 2006, and February 28, 2009.

¹¹ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1, "Fiscal Administration," effective November 20, 2007.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 11

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

We also reviewed the 279 monthly activity reports for the 28 institution vehicles from January 1, 2008, through December 31, 2008.

Finally, we reviewed automotive fleet credit card statements and receipts for transactions from January 1, 2008, through December 31, 2008, to corroborate where the vehicles were used.

Finding 3 – SCI Fayette minimized the use of personal mileage reimbursement.

Our review of the monthly activity reports from January 1, 2008, to December 31, 2008, revealed that the institution's central pool vehicles were driven an average of approximately 21,400 miles during the calendar year. Overall, institution vehicles (including those vehicles assigned to support services such as maintenance and security) were driven an average of about 10,400 miles during the same year. Additionally, our review of pool vehicle schedules also noted that the institution scheduled fleet vehicle usage for official business only.

Our review of documentation associated with personal mileage reimbursements paid between July 1, 2006, and February 28, 2009, revealed that SCI Fayette management approved requests for personal vehicle travel/reimbursement when institution vehicles were not available for 49 of the 51 sampled reimbursements.

The institution could not locate the documentation for one of the two discrepancies in the sample. Pool vehicles were available for the second discrepancy. In both cases, personal mileage was authorized for corrections officers attending mandatory training at other state correctional institutions. The two discrepancies occurred in late 2006 and early 2007 and, according to institution management, the institution has since adopted tighter controls over reimbursements for personal vehicle mileage. We did not identify personal mileage reimbursement when pool cars were available in 2008.

**Our conclusions
for the use of
personal mileage**

We concluded that SCI Fayette enforced the Department of Corrections' policy for minimizing personal mileage reimbursements.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 12

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Finding 4 – SCI Fayette did not comply with policies and procedures for completing vehicle reports and credit card documentation, thus hindering the ability of institution management to monitor and manage its automotive fleet effectively.

Section 8.C.1 of the Department of Corrections' fiscal administration procedures manual requires the use of monthly automotive activity reports for each vehicle. Information maintained on this form should consist of the daily driver, mileage, travel locations, gas, oil, and maintenance costs. SCI Fayette's automotive fleet reports were incomplete. SCI Fayette improperly prepared the standard monthly activity reports (STD-554) for its 28 licensed vehicles. Our review of the 279 monthly activity reports for the 2008 calendar year revealed that the institution did not complete the report sections for maintenance, accident, and credit card costs for any of its 28 vehicles as required by Department of Corrections policy.

In addition, Section 8.C.1 of the Department of Corrections' fiscal administration procedures manual requires each facility's automotive officer to complete a summary report to be forwarded to the central office automotive officer at the end of each month. The report is supposed to include month/year of report, equipment number, ending odometer reading, days used, miles driven, total in-house fuel used, cost of in-house fuel, total credit card cost, total monthly repair costs and total accident repair costs. We determined that 91 of the 279 activity reports did not identify the driver or include the daily odometer readings, travel destinations, or in-house gasoline usage. These 91 reports included only the beginning and ending odometer readings for the month.

We did note that the institution's automotive shop recorded the labor and material costs for vehicle preventive maintenance and repairs on individual work orders, but SCI Fayette did not prepare or analyze comprehensive summaries of vehicle maintenance and repair costs in order to manage its fleet.

Finally, Section 8.C.1 of the Department of Corrections' fiscal administration procedures manual requires that sales slips and/or invoices received as a result of credit card purchases should be initially turned into the facility's maintenance department and then forwarded to the facility business office as soon as possible after the purchase. Our examination of fleet credit card statements and receipts for the 2008 calendar year showed that SCI Fayette did not retain receipts for \$1,745 of the \$2,313 of the credit card expenditures.

In summary, SCI Fayette management had not established procedures to review monthly activity reports for completeness, to routinely summarize or analyze automotive cost data,

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 13

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

and to retain fleet credit card purchase receipts in order to enforce Department of Corrections policies.

**Our conclusions
for compliance
with Department
of Corrections
policies**

We concluded that SCI Fayette management could not effectively assess or monitor the efficiency of the institution's automotive operations. Furthermore, receipts were necessary to document the actual amounts and allowable nature of fleet credit card purchases. Management's failure to adopt controls over fleet credit card purchases increased the risk of misuse of the credit cards.

**Recommendations
for Finding 4**

1. To ensure efficient and effective automotive operations, SCI Fayette management should develop and enforce procedures to summarize and analyze automotive cost and usage data and to review the standard monthly automotive activity reports for completeness.
2. SCI Fayette management should also adopt and enforce procedures regarding the retention of fleet credit card purchase receipts.

Comments of SCI Fayette Management:

All staff have been instructed to submit all receipts for gas service, etc., to the Institutional Business Manager immediately upon returning the vehicle to the institution. Instruction was also given regarding the completion of the mileage logs, which are available in all [Department of Corrections] vehicles. Management will continue to monitor the STD-554's for accuracy.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 14

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Objective 4: Staff Training

The objective for our audit of staff training was to assess SCI Fayette's overall compliance with Department of Corrections' training guidelines during the fiscal year ended June 30, 2008. (Findings 5 and 6)

What SCI Fayette was required to follow

The Department of Corrections has established guidelines regarding the content and frequency of training courses for institution management, supervisory staff, contact employees, and special team participants.¹² These guidelines also specify the minimum number of annual in-service training hours required for the various classifications of employees. Furthermore, the training guidelines address the required certification for instructors.

Our scope and methodology for this objective

To establish our understanding of training efforts at SCI Fayette, we reviewed the Department of Corrections' staff development and training policy, as referenced in the above summary of Department of Corrections requirements.

We interviewed the training coordinator to determine how and what training was offered at the institution.

To assess SCI Fayette's overall compliance with Department of Corrections training guidelines during the fiscal year ended June 30, 2008, we examined the certification and associated training files for 35 of the institution's 177 instructors.

We examined the training records for 35 of the institution's 698 employees, including 10 recently hired corrections officers and 25 long-term contact employees for the fiscal year ended June 30, 2008.

We also reviewed the training records for the 38 corrections emergency response team members for the fiscal year ended June 30, 2008.

¹² Commonwealth of Pennsylvania, Department of Corrections, Policy Number 5.1.1, "Staff Development and Training," effective December 15, 2003.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 15

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Finding 5 – Training instructors were certified properly.

Department of Corrections training policy states that only properly certified instructors should conduct training to ensure that employees receive appropriate and effective training. Our review of certification and training files for 35 of the institution's 177 instructors revealed that each of the 35 instructors possessed the certification required in Section 9 of the training policy.

Our conclusion for training instructors We concluded that SCI Fayette was providing training by properly certified instructors.

Finding 6 – SCI Fayette did not provide all required training to its employees, including training for its corrections emergency response team members.

According to Section 2 of the Department of Corrections training policy, each employee must receive the minimum training hours and course content specified for his/her job classification and duties. Section 2 of the training policy also establishes duties for the training coordinator. The policy requires the following duty:

A Training Coordinator is responsible for supervising the planning, coordinating, and monitoring of on-site training. He/She is also responsible for maintaining facility... training records.¹³

In addition, Section 12 of the policy outlines the training requirements for the institution's special teams, including the corrections emergency response team.

Annual training requirements Our review of training records for 35 full-time employees showed that SCI Fayette did not provide all required training to the sampled employees during the fiscal year ended June 30, 2008. Seventeen of the sampled employees, or 48.5 percent, did not receive the required minimum of 40 hours of annual in-service training.

In addition, 24 of the 35 full-time employees, or 68.5 percent, did not receive all the specific courses required for their job classifications. The ten recently hired corrections officers in

¹³ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 5.1.1, "Staff Development and Training," effective December 15, 2003.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 16

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

the sample received the required training during basic training, but only one of the long-term contact employees received all the required specific courses. Collectively, the 25 long-term contact employees completed 557 of the 693 required courses, or 80.4 percent. The missed courses included training in CPR, hostage survival, fire safety, key and tool control, and mental health issues.

Our conclusion for annual training Institution employees must attend mandated training to ensure effective discharge of their duties. A facility workforce trained in CPR, hostage survival, fire safety, key and tool control, and mental health issues is essential to ensure the safety of the institution's inmates, employees, and visitors, as well as to safeguard the facility's assets. The facility's training coordinator did not ensure that Department of Corrections training requirements were met.

Corrections emergency response team training Corrections emergency response team members were required to take 58 hours of specialized training during the fiscal year ended June 30, 2008. Our review of the training records for the 38-member corrections emergency response team revealed that 36 team members received at least 58 required hours of training. The remaining two members completed 48 and 56 of the 58 required hours, respectively. Collectively, the team completed 2,192 of the 2,204 training hours requirement for a 99.5 percent completion rate.

Corrections emergency response team members are also required to complete annual training in respiratory protection in addition to the 58 hours of specialized training. However, only one team member received the required 1.5 hours of annual training in respiratory protection.

Our conclusion for corrections emergency response team training Corrections emergency response team members must be properly trained in courses such as respiratory protection to effectively carry out their duties. The facility's training coordinator did not ensure that Department of Corrections training requirements were met.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 17

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

- Recommendation for Finding 6** 3. SCI Fayette management should enforce Department of Corrections training guidelines to ensure that all employees receive the required training. More specifically, the training coordinator should supervise the planning, coordinating, and monitoring of on-site training to ensure that all institution employees attend all mandated training.

Comments of SCI Fayette Management:

The Training Coordinator will schedule mandatory training to afford all staff an opportunity to complete their mandatory training. This will be ongoing and monitored by the Training Coordinator. The Training Coordinator along with pertinent administrative staff will meet with supervisors if she believes staff are not completing their required training. For staff that are required to have 40 hours of training per year, we will continue to offer elective local training for staff to complete. As far as out-service training, we will offer what the Academy has on their schedule, but with the current travel restrictions it is difficult for staff to receive their 40 hours of training. In response to the Auditor’s findings regarding mandatory Respiratory Protection for our [corrections emergency response] team, SCI Fayette has made changes and have improved the amount of [corrections emergency response] team members participating in this mandatory training since the auditing period.

Objective 5: Hiring Practices

The objective for our audit of hiring practices was to analyze hiring practices pursuant to federal and state guidelines and regulations. (Finding 7)

What SCI Fayette was required to follow

The Civil Service Act provides for the “establishment of conditions of service, which will attract to the service of the Commonwealth qualified persons of character and ability and their appointment and promotion on the basis of merit and fitness....”¹⁴

The Pennsylvania State Civil Service Commission has prescribed policies and procedures for the recruitment, eligibility assessment,

¹⁴ Act of August 5, 1941, P.L. 752, as amended.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 18

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

interview, and selection of candidates for positions classified as civil service positions.¹⁵ The Commonwealth has also issued a management directive regarding the use of veterans' preference for classified service employment.¹⁶

The Commission provides information to potential applicants, recruits and tests them, and then sends lists of qualified applicants to agencies seeking to fill jobs. The Commission ranks qualified applicants for specific job classifications based on the scores for written or oral examinations, demonstrations of skill, evaluations of experience and education, or a combination of these. If a vacant position is filled from an employment list, the agency must select a person who is among the three highest-ranking available persons.¹⁷

Section 5b of the Commonwealth's management directive regarding the use of veterans' preference for employment states, as follows:

Eligible veterans, spouses of disabled veterans, and widows or widowers of veterans:

- 1) Receive 10 additional points on their final earned ratings, provided they pass the examination.*
- 2) Have mandatory appointment preference over non-veterans when their names appear together within the Rule of Three certifications covered by this policy.*
- 3) May be given preference for selection from certifications covered by this policy regardless of their rank on the list.¹⁸*

¹⁵ Commonwealth of Pennsylvania, Governor's Office, Manual M580.1, "Certification of Eligibles for the Classified Service," April 7, 1997.

¹⁶ Commonwealth of Pennsylvania, Governor's Office, Management Directive 580.21, "Veterans' Preference on Classified Service Employment Lists," dated May 5, 2008.

¹⁷ Commonwealth of Pennsylvania, Governor's Office, Manual M580.1, "Certification of Eligibles for the Classified Service," April 7, 1997.

¹⁸ Commonwealth of Pennsylvania, Governor's Office, Management Directive 580.21, "Veterans' Preference on Classified Service Employment Lists," dated May 5, 2008.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 19

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Our scope and methodology for this objective

To establish our understanding of SCI Fayette’s hiring practices, we reviewed the policies and procedures specified in the Commission’s hiring manual and in the Commonwealth’s management directive regarding veterans’ preference for employment as referenced in the above summary of Commonwealth and Department of Corrections requirements.

We interviewed the human resources director, and the human resources assistant to obtain an understanding of hiring practices at SCI Fayette.

To analyze hiring practices pursuant to federal and state guidelines and regulations, we randomly selected and analyzed the documentation associated with SCI Fayette’s hiring of 31 of 172 civil service employees between January 1, 2007, and December 31, 2008.

Finding 7 – SCI Fayette complied with hiring guidelines for civil service employees.

SCI Fayette hired 205 employees (including 172 civil service employees) between January 1, 2007, and December 31, 2008. Our review of documentation for 31 of the civil service hires showed that the facility hired employees in compliance with Commonwealth policies and procedures. SCI Fayette interviewed candidates and properly applied the “rule of three” and veterans’ preference in its sampled hiring of 19 veterans and 12 non-veterans for corrections officer, drug and alcohol treatment, and licensed practical nurse positions. The facility gave veterans preference for appointment regardless of their rank on the relevant employment lists.

Our conclusion for hiring practices

We concluded that SCI Fayette complied with hiring guidelines for civil service employees.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 20

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Objective 6: Employee Pay Incentives

The objective for our audit of employee pay incentives was to determine the propriety and use of pay incentives for employees. (Finding 8)

What SCI Fayette was required to follow

The Commonwealth has developed certain programs, monetary incentives, and union contract terms to attract, retain, and reward medical and dental professionals. The Commonwealth has also developed policies regarding the quality assurance program for physicians and dentists.¹⁹ When it was in effect, the agreement between the Commonwealth and the Pennsylvania Doctors Alliance²⁰ provided for a quality assurance program that awarded monetary incentives to medical and dental professionals based on their years of service with the Commonwealth. The awards ranged from \$5,000 for one year of service to \$16,000 for twelve or more years of service.

In addition, two consecutive agreements between the Commonwealth and the Service Employees International Union²¹ provided for payments to Commonwealth nurses who attain one or more of the certifications specified in the contract. Each qualifying nurse receives a \$200 payment in each contract year that the employee meets the criteria.

Separate agreements between the Commonwealth and several different unions²² provided each permanent full-time or part-time employee in active pay status on July 1, 2007, a one-

¹⁹ Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16, "Physicians and Related Occupations Quality Assurance Program," dated February 14, 2006.

²⁰ Agreement between Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, effective July 1, 2005, to June 30, 2009.

²¹ Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, effective July 1, 2007, to June 30, 2011.

²² Master Memorandum between Commonwealth of Pennsylvania and Council 13, American Federation of State, County and Municipal Employees, AFL-CIO, effective July 1, 2007, to June 30, 2011;

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

Collective Bargaining Agreement for Educational and Cultural Employees between the Commonwealth of Pennsylvania and the Federation of State Cultural and Educational Professionals Local 2382, American Federation of Teachers Pennsylvania AFL-CIO, effective July 1, 2007, to June 30, 2011;

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

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Results

Page 21

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

time lump sum payment of \$1,250, or \$625, respectively. Additionally, the executive board of the Office of Administration issued a resolution that extended the \$1,250 lump sum payment to select corrections management employees.²³

Moreover, “to aid in the retention of managers in the Department of Corrections during a period of rapid increase in inmate population and expansion in facilities,” the executive board resolution also provided a \$1,600 retention payment to the same group of permanent full-time managers who were in active pay status on January 26, 2008.

Finally, the executive board of the Office of Administration adopted a resolution to reward management performance on March 3, 2008.²⁴

Our scope and methodology for this objective

To establish our understanding of SCI Fayette’s use of employee pay incentives, we reviewed the directive and agreements referenced in the above summary of Commonwealth and Department of Corrections requirements.

To determine the propriety and use of pay incentives for employees, we examined expenditure and payroll reports that detailed incentive payments for the fiscal years ended June 30, 2006, 2007, and 2008.

We examined the certification and employment documentation associated with the one nurse who received the nurse certification and two dentists who received quality assurance payments during the fiscal years ended June 30, 2006, 2007, and 2008.

In addition, we reviewed the June 29, 2007, and February 8, 2008, employee complement reports and verified the accuracy of the \$1,250 lump sum and the \$1,600 retention payments made during the fiscal year ended June 30, 2008.

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

²³ Commonwealth of Pennsylvania, Governor’s Office, Executive Board Resolution Number CN-07-170, dated June 25, 2007.

²⁴ Commonwealth of Pennsylvania, Governor’s Office, Executive Board Resolution Number CN-08-063, dated March 3, 2008.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 22

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Finding 8 – SCI Fayette awarded and processed employee incentive payments in accordance with applicable procedures.

For the fiscal years ended June 30, 2006, 2007, and 2008, SCI Fayette paid \$200 in certification payments each year to one nurse, for a total of \$600, and \$60,000 in quality assurance payments to two dentists. During the same period, SCI Fayette paid a total of \$229,375 in one-time lump sum payments to 183 permanent full-time employees and one permanent part-time employee in active pay status on July 1, 2007. Additionally, SCI Fayette paid \$1,600 retention payments to 56 management employees in active pay status on January 26, 2008, for a total of \$89,600. SCI Fayette accurately processed all payments in accordance with the relevant contractual terms.

On April 4, 2008, in accordance with the Office of Administration executive board resolution adopted on March 3, 2008, SCI Fayette paid its superintendent a one-time \$1,000 award for recidivism reduction at the institution.

Please note that we reviewed employee incentive payments to determine if they complied with applicable procedures. We do not opine on the merits of any such incentive payments.

Our conclusion for employee pay incentives We concluded that SCI Fayette awarded and processed employee incentive payments in accordance with applicable Commonwealth policy and labor agreements.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

*Status of Prior Audit Findings
and Recommendations*

Page 23

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

**Status of Prior
Audit Findings and
Recommendations**

The following is a summary of the findings and recommendations presented in our audit report for December 1, 2002, to June 10, 2005, along with a description of SCI Fayette's disposition of each recommendation.

**Our scope and
methodology for
the status**

To determine the status of the implementation of the recommendation made during the prior audit, we reviewed the Department of Corrections' written response dated July 28, 2006, replying to the Auditor General's report from December 1, 2002, to June 10, 2005. We also held discussions with appropriate institution personnel and performed tests as part of, or in conjunction with, the current audit.

Safety and Security

Prior Finding I-2 – SCI Fayette did not submit extraordinary occurrence reports timely. (Unresolved)

Section 17 of the Department of Corrections facility security policy defines an extraordinary occurrence as “any occurrence that has a significant impact, or potential for a significant impact, upon the public, staff, inmates, physical plant, operation of the facility and/or state owned property under the jurisdiction of the Department of Corrections, that requires staff action or response....”²⁵

Section 17 also specifies the required timelines for the submission of facility reports of extraordinary occurrences to Department of Corrections officials. Facilities must report the following extraordinary occurrences to the appropriate regional deputy secretary (during business hours) or to the Department of Corrections duty officer (after business hours) by phone within one hour of occurrence: the activation of an emergency plan, the death of an inmate, the job-related death of a staff member, the assault of a staff member or inmate that requires treatment at an outside hospital, an inmate escape, or the use of a firearm by a staff member. The facility must report most other extraordinary occurrences “by fax to the

²⁵ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1, “Facility Security,” effective April 20, 2006.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 24

*Status of Prior Audit Findings
and Recommendations*

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

appropriate Deputy Secretary and the Press Secretary no later than 10:00 a.m. the next working day.”²⁶

During the prior audit, we reported that SCI Fayette did not timely submit 21 of 51 extraordinary occurrence reports between December 2002 and March 2005. The facility exceeded Department of Corrections reporting timelines by an average of approximately 16 hours. Moreover, SCI Fayette did not provide transmission receipts or any other evidence that it reported four additional extraordinary occurrences to the appropriate deputy secretary or press secretary.

We recommended that SCI Fayette management enforce Department of Corrections timeline requirements for the submission of extraordinary occurrence reports.

Status

To follow up on the deficiencies noted in the prior report, we interviewed the facility’s major of the guard, reviewed Department of Corrections policy and procedures regarding facility security,²⁷ and reviewed 50 of 825 extraordinary occurrence reports from January 1, 2006, through May 17, 2009.

SCI Fayette management did not enforce the required timelines for report submission. SCI Fayette timely submitted only 9 of the 50 sampled extraordinary occurrence reports. The facility did not timely submit 5 of 8 reports required to be transmitted within 1 hour, and 36 of 42 reports required to be transmitted to the Department of Corrections’ central office by 10:00 a.m. the next working day. SCI Fayette submitted the 5 reports that required a one-hour submission an average of 4.6 hours late. SCI Fayette exceeded Department of Corrections reporting timelines for 29 late reports by an average of 5.2 hours. Finally, SCI Fayette did not provide transmission receipts or any other evidence that indicated when it reported 7 of the 50 sampled extraordinary occurrences.

²⁶ Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1, “Facility Security,” effective April 20, 2006.

²⁷ Ibid.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

*Status of Prior Audit Findings
and Recommendations*

Page 25

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

**Our conclusion for
extraordinary
occurrence reports**

Based on our review of the 50 extraordinary occurrence reports, we concluded that SCI Fayette did not implement our prior report's recommendation. The failure of SCI Fayette personnel to notify the Department of Corrections' central office of extraordinary occurrences in a timely manner could delay central office review and follow-up to critical events at the facility. This delay could hinder the arrival of necessary assistance or oversight to the institution. The failure to timely report extraordinary occurrences to the Department of Corrections press secretary could result in ill-informed decisions or public comments.

**Recommendation
for Prior Finding
I-2**

4. We again recommend that SCI Fayette management enforce the Department of Corrections timeline requirements for the submission of extraordinary occurrence reports.

Comments of SCI Fayette Management:

This issue will be reviewed with the commissioned officer staff involved in the initial preparation of these reports to ensure they are submitted to the clerical staff in a timely manner. There has also been a change in the clerical staff assigned for the submission of these reports, which should result in a more timely submission of the reports. A narrative of all reports is emailed to Central Office staff immediately upon receipt of the extraordinary report in the [Deputy Superintendent for Facilities Management's] office. A copy of that email is attached to the final report in the event of any questions concerning notification of Central Office staff. All staff involved in the submission process has been made aware of the timeliness requirements and will make every effort to improve in this area.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 26

*Status of Prior Audit Findings
and Recommendations*

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Materials Management

Prior Finding II-2 – Purchasing card credit limits exceeded operational requirements. (Resolved)

The prior audit reported that SCI Fayette's purchasing cards had monthly expenditure limits substantially greater than the actual monthly expenditures. The five cards had a credit limit of \$150,000. However, the highest amount of purchases processed in any one month between July 2004 and March 2005 was far below the limit. Although our testing of purchasing card transactions did not reveal any evidence of card misuse, our report concluded that excessive credit limits might encourage inappropriate use of the purchasing cards.

We recommended that institution management evaluate the credit limits of SCI Fayette's five purchasing cards and make any necessary reductions.

Status

To follow up on the recommendation in the prior report, we interviewed SCI Fayette's business manager and analyzed SCI Fayette's purchasing card statements and activity from July 15, 2008, through June 15, 2009.

The current audit discovered that as of August 2007, SCI Fayette only had two purchasing cards with a combined monthly credit limit of \$300,000. Actual monthly expenditures continued to be lower than the \$300,000 total monthly credit limit. In fact, total monthly purchases from both cards averaged approximately \$58,000 between July 15, 2008, and June 15, 2009. During the same period, the highest amount of purchases processed for any one month on a single card was about \$89,000.

However, the Department of Corrections and SCI Fayette implemented controls to safeguard against the unauthorized use of the purchasing cards. Accounting personnel reconciled purchasing card statements to receipts, invoices, and purchase requisitions on a monthly basis. Additionally, since August 2007, SCI Fayette's purchasing agents electronically coded and posted card purchases to the appropriate cost center daily.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

*Status of Prior Audit Findings
and Recommendations*

Page 27

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

Our conclusion for purchasing card credit limits	Based on the implementation of the above controls, the reduction of the number of cards, and the reduction of the overall credit limit, we concluded that SCI Fayette implemented our recommendation.
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Employee Payroll

Prior Finding II-3 – SCI Fayette did not review advancement account payments. (Resolved)

The prior audit reported that SCI Fayette did not adequately review the institution's advancement account payments. Normally, the institution's budget analyst received the vendor invoice, reviewed the supporting documentation and approvals, entered the invoice data into the procurement system, and then printed the resultant check. Institution management did not reconcile the advancement account check register with the supporting documentation for purchases. Since SCI Fayette management did not oversee the check writing process, any staff member with authorization to enter the check request could have written a check for personal use without detection. Although our audit testing did not find any exceptions, adequate management review was necessary to reduce the potential for misuse of the advance account.

We recommended that institution management periodically compare the advancement account check register to the associated supporting documentation.

Status	To follow up on the internal control weakness noted in the prior report, we interviewed SCI Fayette's accountant and examined the advancement account check registers and supporting documentation for each of the 129 advancement account checks issued during the fiscal year ended June 30, 2009.
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Our review of the advancement account check registers and supporting documentation for expenditures during the fiscal year ended June 30, 2009, revealed that the accountant and business manager reconciled the advancement account check register with the supporting documentation monthly. SCI Fayette attached the appropriate approvals, purchasing and receiving documents, and

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Page 28

*Status of Prior Audit Findings
and Recommendations*

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

invoices for each of the fiscal year's 129 disbursements to the corresponding monthly check register.

**Our conclusion for
advancement
account payments**

Based on the use of a monthly reconciliation process, we concluded that SCI Fayette management implemented the recommendation of our prior report.

**A Performance Audit of the
State Correctional Institution at Fayette
Audit Period: July 1, 2005, to August 31, 2009**

Audit Report Distribution List

Page 29

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
May 2011*

**Audit Report
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