

**Performance Audit**

**State Correctional Institution at Laurel Highlands**

**Commonwealth of Pennsylvania  
Department of Corrections**

**July 1, 2007, to June 4, 2010**





**Performance Audit**

***State Correctional Institution at Laurel Highlands***

**Commonwealth of Pennsylvania  
Department of Corrections**

**July 1, 2007, to June 4, 2010**



January 13, 2011

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 Laurel Highlands for the period from July 1, 2007, to June 4, 2010. The audit was conducted under authority provided in Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States.

The report details our audit objectives, scope, methodology, findings, and recommendations. The report notes that SCI Laurel Highlands did not effectively monitor its pharmacy contract. In addition, the prior audit's findings on the collection of restitution, fines, or costs for some court orders issued after October 16, 1998, the administration of the maintenance work order system, and the completion of training for members of the fire emergency response team were still unresolved. The contents of the report were discussed with officials of the institution and all appropriate comments are reflected in the report.

We appreciate the cooperation extended to us by management and staff of the State Correctional Institution at Laurel Highlands and by others who provided assistance during the audit.

Sincerely,

**JACK WAGNER**  
Auditor General



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## **Background Information**

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### **Background Information**

#### **Department of Corrections**

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

The mission of the Department of Corrections is as follows:

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

The Department of Corrections is responsible for all adult offenders serving sentences of two years or more. As of June 30, 2009, it operated 25 correctional institutions, 1 regional correctional facility, 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 38 contracted facilities, all part of the community corrections program.

#### **State Correctional Institution at Laurel Highlands**

The State Correctional Institution at Laurel Highlands is located in the borough of Somerset, Somerset County, approximately 65 miles southeast of Pittsburgh. It is designated as a medium-security facility for adult male offenders.

SCI Laurel Highlands is situated on 169 acres of land with 52 acres located inside a double fence topped with razor wire.

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<sup>1</sup> 71 P.S. § 310.1.

<sup>2</sup> [www.cor.state.pa.us](http://www.cor.state.pa.us), accessed February 2, 2010; verified November 15, 2010.

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

	Using rounding			
	2006	2007	2008	2009
<b>Operating expenses<sup>3</sup></b>				
State share	\$41,361,687	\$43,349,797	\$49,084,655	\$53,262,239
Federal share	<u>2,147,100</u>	<u>8,891,241</u>	<u>0</u>	<u>0</u>
<b>Total operating expenses</b>	<u>\$43,508,787</u>	<u>\$52,241,038</u>	<u>\$49,084,655</u>	<u>\$53,262,239</u>
Inmate population at year-end	870	990	1,063	1,217
Inmate capacity at year-end	889	939	1,050	1,190
Percentage of capacity at year-end	97.9%	105.4%	101.2%	102.3%
Average monthly inmate population	885	975	1,014	1,152
Average cost per inmate per year <sup>4</sup>	\$49,162	\$53,581	\$48,407	\$46,235

<sup>3</sup> Operating expenses were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. In addition, regional level and indirect charges were not allocated to the totals reported here.

<sup>4</sup> Average cost per inmate per year was calculated by dividing total operating expenses by the average monthly inmate population.

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

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

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

We selected the audit objectives from the following general areas: contract management; expense management, including significant expenses; and personnel management, including hiring practices, employee incentives, and employee training. The specific audit objectives were as follows:

- To complete an assessment of the key controls governing the pharmacy contract including contract monitoring. (Finding 1)
- To determine if the significant expenses were appropriate and met the objectives of the institution's mission statement. (Finding 2)
- To analyze hiring practices pursuant to federal and state guidelines and regulations. (Finding 3)
- To determine the propriety and use of pay incentives for employees. (Finding 4)

We also performed tests as part of, or in conjunction with, the current audit to determine the status of the implementation of the recommendations made during the prior audit regarding inmate restitution, fines, or costs for some court orders issued after October 16, 1998, travel expenses, maintenance work orders, and employee training.

The scope of the audit covered the period from July 1, 2007, to June 4, 2010, unless indicated otherwise in the individual findings.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent regulations, policies, and guidelines, including the Commonwealth and Department of

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**Objectives, Scope, and Methodology**

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Corrections' policies for contract management,<sup>5</sup> hiring practices,<sup>6</sup> use of employee pay incentives,<sup>7</sup> and applicable union contracts.<sup>8</sup>

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<sup>5</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1, "Fiscal Administration," effective January 27, 2009;  
Commonwealth of Pennsylvania, Department of Corrections, Policy Number DC-ADM 820, "Co-Payment for Medical Services," effective May 29, 2008;  
Commonwealth of Pennsylvania, Department of Corrections, Policy Number 13.2.1, "Access to Health Care," effective June 28, 2004.

<sup>6</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive 580.2, "Civil Service Availability Survey/Interview Notice," dated January 1, 2009;  
Commonwealth of Pennsylvania, Governor's Office, Management Directive 580.10, "Rights of Certified Eligibles in the Classified Service," dated April 7, 1997;  
Commonwealth of Pennsylvania, Governor's Office, Management Directive 580.21, "Veterans' Preference on Classified Service Employment Lists," dated May 5, 2008;  
Commonwealth of Pennsylvania, State Civil Service Commission, "Rules of the Civil Service Commission," Title 4, Part IV, Subparts A and B, effective March 13, 2004;  
Commonwealth of Pennsylvania, Department of Corrections, Policy Number 4.1.1, "Human Resources and Labor Relations," Section 39, "Recruitment, Selection, Placement, Reinstatement for Civil Service Positions," effective February 25, 2002.

<sup>7</sup> Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-122, dated May 21, 2007;  
Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-170, dated June 25, 2007.

<sup>8</sup> Memorandum of Understanding between Commonwealth of Pennsylvania and OPEIU Healthcare Pennsylvania, Local 112, effective July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, effective July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and Local 668 SEIU Pennsylvania Social Services Union, effective July 1, 2007, to June 30, 2011;  
Master Agreement between the Commonwealth of Pennsylvania and Council 13, American Federation of State, County and Municipal Employees, AFL-CIO, 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;  
Agreement between the Commonwealth of Pennsylvania and Pennsylvania State Corrections Officers 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 the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, effective July 1, 2005, to June 30, 2009.

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**Objectives, Scope, and Methodology**

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During the course of our audit work, we interviewed various facility management and staff, including the corrections health care administrator, the human resources director, the business manager, a facility maintenance manager, and the training coordinator.

To complete an assessment of the key controls governing the pharmacy contract, we reviewed the pharmacy services contract, reviewed vendor invoices from June 2008 through January 2010, compared SCI Laurel Highlands' return medication reports to the vendor's credit statements for the months of November and December 2009, and verified returned medication credits received from the vendor for November 2009.

To determine if the significant expenses were appropriate and met the objectives of the Department of Corrections' mission statement, we reviewed the institution's SAP Business Warehouse module expenditure summaries, and randomly selected and tested 41 transactions for the fiscal year ended June 30, 2007, 21 transactions for the fiscal year ended June 30, 2008, and 16 transactions for the fiscal year ended June 30, 2009. We also reviewed supporting documentation for the selected transactions.

To analyze hiring practices pursuant to federal and state guidelines and regulations, we reviewed the list of new hires from July 1, 2007, through February 1, 2010, and randomly selected and tested 25 of 96 civil service new hires for compliance with federal and state guidelines and regulations.

To determine the propriety and use of pay incentives for employees, we reviewed the June 2007 detailed employee complement reports and reviewed incentive payments made during the fiscal years ended June 30, 2008, and 2009.

To determine the status of the implementation of the recommendation made during the prior audit, we reviewed the Department of Corrections' written response dated January 31, 2007, replying to the Auditor General's report from July 1, 2003, through March 2, 2006, and performed interviews and tests as part of, or in conjunction with, the current audit.

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## **Audit Results**

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### **Audit Results**

#### **Pharmacy Contract Management**

SCI Laurel Highlands obtains pharmacy services through a statewide contract. Institution management is responsible to ensure that adequate services are provided and expenditures are incurred according to contract stipulations.

SCI Laurel Highlands contracts with an outside vendor for pharmaceutical services. The vendor utilizes a bar code workflow verification system designed to reduce the risk of medication errors and missing orders. At the end of each month, the vendor submits an invoice listing the medications issued and a credit report for drugs returned for credit. The contract stipulates that credits will be issued on full or partial cards (i.e., packages) at 100 percent of the actual acquisition cost less a \$1.00 processing fee. Credit will be issued only on returned non-controlled tablets or capsules (i.e., medications) remaining in the original blister packaging provided they are within 3 months of expiration and have not been released to the inmate population. Medications with a value of less than \$2.95 will not be credited.<sup>9</sup>

#### **Finding 1 – SCI Laurel Highlands did not effectively monitor its pharmacy contract.**

SCI Laurel Highlands' nursing staff is responsible for completing a bar code return form for all medications returned. The nursing staff is required to sign the form and indicate whether the medications were released to the inmate population. The vendor can reissue returned medications that were not released to the inmate population.

Commonwealth policy states that:

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

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<sup>9</sup> Pharmacy Services Agreement between Commonwealth of Pennsylvania, Department of Corrections and Diamond Pharmacy Services, Attachment 3, "Cost Proposal," effective September 1, 2003, to June 30, 2008, extended to December 31, 2009.

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*contact person designated in the contract performs the key role in managing the contract and monitoring the contractor's performance.*<sup>10</sup>

We reviewed the bar code return forms and the monthly vendor invoices and credit reports for November and December of 2009 and noted the following deficiencies:

- We found 227 of 625 medications — more than a third — listed on the November 2009 return forms that were not listed on the vendor's credit reports. At the same time, there were 25 medications listed on the vendor's credit reports that were not listed on the institution's return forms. Therefore, there were 650 unlisted medications in total.

Based on our inquiries, we realized that the differences in medication counts were caused by both institution and vendor personnel omissions, as explained more fully in the next few paragraphs.

- We found a list of 14 medications on the vendor's credit statements that had item counts lower than SCI Laurel Highlands personnel reported on the bar code return forms. We determined that all 14 medications had monetary credits due to the institution. The vendor's credit statements listed 928 returned items valued at \$649.45. The bar code return forms listed 1,817 items with a value of \$1,318.98 for the same 14 medications, for a difference of 889 items and \$669.53.

Based on our inquiries, we realized that there was disagreement over the amount of refund due the institution. For example, SCI Laurel Highlands' staff might have included medications with a variety of different expiration dates, or medications that qualified for either no refund or a partial one. All these factors could have affected the amount of refund due to SCI Laurel Highlands. Unfortunately, the institution record-keeping was insufficient to discern the actual cause of the refund difference; accordingly, the \$669.53 may not be an accurate estimate of the amount due to the institution.

- We found that SCI Laurel Highlands returned 1,329 prescription medications during November and December 2009. The quantity ordered and returned was

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<sup>10</sup> Commonwealth of Pennsylvania, Department of General Services, Field Procurement Handbook, M215.3, Part I, "Policies and Guidelines," Chapter 54, "Contact Person Responsibilities," dated May 2010.

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the same for 605 of the 1,329 returned medications, or over 45 percent. The total purchase price for the 605 prescription medications was \$8,613, yet the credit for the returns amounted to only \$2,594. The difference of \$6,019 was a cost to the institution.

Based on our observation, it appears that the 605 prescription medications were not used. Again, the insufficient institution record-keeping prevented us from determining why so many prescription medications were ordered and then not used, and why the institution did not receive all or part of the \$6,019 as an additional refund.

SCI Laurel Highlands' correctional health care administrator is the contract monitor for the pharmacy contract. As part of the explanation why there were so many differences between the institution return forms and the vendor's credit reports, the contract monitor said that (1) the vendor does not have written procedures for medication returns, (2) the vendor acknowledged that returns are not handled consistently, and (3) the vendor also noted that some vendor employees will scan all returned medications while others will scan only items that have a credit due to the institution.

To explain why institution records were not accurate, the contract monitor said that some medications may have been returned to the vendor by institution personnel without being recorded on the return forms.

The contract monitor also offered several reasons why unused medication is returned by institution personnel to the vendor. For example, the physician may have changed the medication after the original order was submitted to the vendor, the inmate may have refused to pick up the medication, the prescription medications may have been refilled too soon, or institution staff may not have looked at the pharmacy's overflow bin for medications already on hand for an inmate. In some of those cases, SCI Laurel Highlands is forced to return the prescription medications to the vendor because the institution's pharmacy has such limited storage space.

Recommendations:

1. SCI Laurel Highlands management should develop and enforce policies and procedures to ensure that only prescriptions actually needed are purchased and that all credits are received.



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2. The policies referenced in the preceding recommendation should ensure that prescriptions are ordered only after verifying that an extra prescription is not in the pharmacy's supply.
3. The procedures referenced in the preceding recommendation should include accurate completion of return forms, verifying returns and credits due, and investigating/resolving any discrepancies.

*Comments of SCI Laurel Highlands Management:*

*[SCI] Laurel Highlands' management staff did not agree that it would be an acceptable medical practice for nursing staff to forego bringing in prescriptions ordered for inmates. In addition to occupational and personal liability issues for nursing staff, the Department [of Corrections] would subject the Commonwealth to unnecessary inmate litigation by not promptly providing prescriptions as ordered for inmates. Also, management said that a co-payment is collected from inmates to offset the cost of these prescriptions. Management did agree that the current pharmacy system is driven by manual processes and involves a myriad of voluminous paperwork that results in undiscerning errors. Management believes that the Department [of Corrections] intends to implement a complete automation of pharmacy services that should improve on the accuracy of pharmacy ordering, returns, and reporting.*

Department of the Auditor General's Evaluation of the Comments:

SCI Laurel Highlands' first three sentences in the above response do not clearly address the recommendations of our audit report, the intent of which is to ensure that institution management develop and enforce policies and procedures for ordering only the required prescriptions, checking existing prescriptions on hand before placing the orders, and keeping accurate records of prescriptions. Our recommendations do not require (nor would we expect) institution personnel to forego bringing in prescriptions ordered for inmates, or expose the institution and the Department of Corrections to unnecessary inmate litigation.

Again, SCI Laurel Highlands should keep accurate records that include prescriptions on hand and prescriptions returned for credit. Furthermore, when credits are due to the institution but are not paid, institution management should investigate and resolve the discrepancies.

An automated pharmacy system, as mentioned in SCI Laurel Highlands' response, should indeed improve the accuracy of pharmacy ordering, returns, and reporting.

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**Significant Expenditures**

To fulfill the mission of Department of Corrections, which as previously referenced 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, SCI Laurel Highlands incurred expenditures funded through state appropriations.

**Finding 2 – Expenditures were reasonable for the facility’s mission.**

Expenditures for the fiscal years ended June 30, 2007, 2008, and 2009, totaled approximately \$52.4 million, \$49.9 million, and \$53.8 million, respectively. These expenditures included ordinary transactions such as salaries, utilities, office supplies, and equipment expenses, as well as expenditure transactions that were non-ordinary in nature, which we designated as significant, as defined below. The table below illustrates these figures:

Operating Expenditures (rounded in millions)

<i>Fiscal year</i>	2007	2008	2009
Ordinary expenditures	\$48.5	\$44.7	\$48.5
Significant expenditures	<u>3.9</u>	<u>5.2</u>	<u>5.4</u>
<b>Total expenditures</b>	<b><u>\$52.4</u></b>	<b><u>\$49.9</u></b>	<b><u>\$53.8</u></b>

A review of these expenditures revealed that \$48.5 million (93 percent), \$44.7 million (90 percent), and \$48.4 million (90 percent) for 2007, 2008, and 2009, respectively, were for payroll, benefits, medical-related, and travel transactions. These expenditure transactions were considered ordinary and customary for the institution.

We considered the following categories to be significant expenditures: medical, dental, or drug transactions; one-time vendor purchases; and miscellaneous transactions. Based on our professional judgment, we selected expenditure transactions of an unusually large or small dollar value and then reviewed the supporting documentation for those transactions. We selected 41 transactions from the remaining \$3.9 million of expenditures for 2007, 21 transactions from the remaining \$5.2 million for 2008, and 16 transactions from the remaining \$5.4 million for 2009, for a total of 78 transactions.

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Our review of the 78 significant expenditure transactions for various supplies and services did not show any excessive transactions. The transactions included dietary inventory goods, upgrading of the card reader system, vehicle tires and maintenance, inmate furniture, inmate drug and alcohol treatment services, design and installation of a new modular housing unit, parking lots and perimeter road paving, housekeeping supplies, construction of a maintenance storage building, paint supplies, and perimeter fence repairs. In our judgment, the selected transactions were reasonable, supported normal operations, and were consistent with the Department of Corrections' mission.

**Hiring Practices**

The Civil Service Act established the Civil Service Commission as the independent administrator of the state's employment merit system. According to the Act, the Commission was created to enhance governmental efficiency by attracting qualified employees and by hiring, retaining, and promoting them based on their ability to do their job. The Commission also administers the Veterans' Preference Program. The purpose of veterans' preference is to give veterans credit for their military training and service to their country.

**Finding 3 – SCI Laurel Highlands complied with civil service guidelines.**

We randomly selected 25 new hires and based on our review and testing of supporting documentation, we found that all 25 were hired according to Commission policies. All available veterans were given preference over non-veterans, and the rule of three, (as defined in the next paragraph) was used for all applicable positions.

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

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**Employee Pay Incentives**

According to Commonwealth Executive Board resolutions, the Commonwealth has found that it is difficult to attract and retain employees in the medical profession. To address this issue, the Commonwealth has developed certain programs, incentives and union contract stipulations in order to attract, retain, and reward medical professionals. The quality assurance program provides monetary incentives, based on years of service, to attract, retain, and reward the medical professionals. Nursing employees who obtain certification receive an annual incentive through their union contract. In addition, several union contracts had a one-time signing bonus for all active employees as of July 1, 2007.

**Finding 4 – SCI Laurel Highlands properly calculated employee pay incentives.**

SCI Laurel Highlands made a \$1,250 one-time bonus payment to full-time employees and a \$625 bonus payment to part-time employees who were on active pay status as of July 1, 2007, or who were inactive but returned to active status prior to December 31, 2007. We determined that 185 employees were in active pay status as of July 1, 2007, and that those employees received \$1,250 one-time payments totaling \$231,250. An additional 32 management employees, also in active pay status as of January 26, 2008, received \$1,600 one-time payments totaling \$51,200. These payments were part of a management retention program developed by the Commonwealth.<sup>11</sup> The retention program was designed to aid in the retention of managers during a period of rapid increase in inmate population and expansion of facilities. A review of payroll data for the 217 individuals disclosed these payments were accurately processed.

A review of nurses' records revealed that two individuals obtained the specific certifications that would make them eligible for annual \$200 incentives available through the union contract. Additionally, the dentist received the annual \$16,000 monetary incentive based on years of service stipulated in the contract. All payments were accurately calculated and processed in accordance with contract requirements.

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<sup>11</sup> Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-170, dated June 25, 2007.

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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 from July 1, 2003, to March 2, 2006, along with a description of SCI Laurel Highlands' disposition of the recommendations.

### **Inmate Restitution**

#### **Prior Finding 1 – SCI Laurel Highlands still did not collect restitution, fines, or costs for some court orders issued after October 16, 1998. (Unresolved)**

The prior audit reported that SCI Laurel Highlands again failed to collect restitution for some inmate court orders issued after the effective date of Act 84. The institution did not deduct any restitution for the personal accounts of four inmates for four court orders issued after October 1998. In addition, we found a posting error where facility personnel did not record or collect \$228 in restitution associated with one court order.

We recommended that SCI Laurel Highlands management amend its internal policies and procedures for managing the files of transferred inmates and provide copies of all eligible court orders to the business office for inmate accounting. We also recommended that the business office correctly input the court-ordered costs and restitution and correct any errors or discrepancies before additional deductions are made.

#### **Status:**

To follow up on the deficiencies noted in the prior report, we reviewed applicable policies,<sup>12</sup> interviewed the business manager and accountant, and randomly selected and tested 30 inmates' accounts for proper deductions of court ordered obligations.

The 30 inmates' accounts contained 26 court-ordered obligations. Our testing revealed that four court-ordered obligations were not entered into the inmate

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<sup>12</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number DC-ADM 005, "Collection of Inmate Debts," effective October 24, 2007;  
Commonwealth of Pennsylvania, Department of Corrections, Policy Number 11.5.1, "Records Office Operations," effective July 16, 2003.

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**Status of Prior Audit Findings and Recommendations**

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accounting system. The court-ordered obligations included fines and court costs totaling \$2,081. Upon further review of the inmates' records, we discovered that the four court-ordered obligations were received when the inmates were incarcerated at other Department of Corrections facilities and the deductions should have been entered into the inmate accounting system at those facilities.

Nevertheless, SCI Laurel Highlands had access to copies of the inmate files associated with the transferred inmates, and the court-ordered obligations should have been brought to the attention of SCI Laurel Highlands' business office for entry into the inmate accounting system.

Recommendation:

4. SCI Laurel Highlands management should develop procedures to ensure that court-ordered obligations for all inmates are posted to the inmate accounting system.

Comments of SCI Laurel Highlands Management:

*SCI Laurel Highlands management stated that, due to the volume of transfers and staff limitations, they do not have the time to ensure that all court orders for transferred inmates are entered into the system.*

Department of the Auditor General's Evaluation of the Comments:

The comments of SCI Laurel Highlands management are not acceptable. SCI Laurel Highlands must work with the Department of Corrections to ensure that all court orders for transferred inmates are entered into the system.

## **Travel Expenses**

**Prior Finding 4 – Management did not authorize or justify two exceptions to Commonwealth overnight travel expense guidelines properly. (Resolved)**

Our prior audit found that management did not document the required justification for two separate hotel stays less than 50 miles from the employees' official headquarters.

We recommended that management adequately monitor travel expenses to ensure compliance with Commonwealth and Department of Corrections policies and procedures.

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We also recommended that management document the justification for any exceptions to the overnight travel guidelines.

Status:

We randomly selected and tested 28 of 373 overnight transactions from July 1, 2007, through June 30, 2009, and found that all overnight travel was over 50 miles from the employees' headquarters. As a result of our testing, we concluded that SCI Laurel Highlands has complied with our recommendations.

### Maintenance

**Prior Finding 5 – SCI Laurel Highlands did not comply with Department of Corrections maintenance guidelines and did not effectively administer its work order system. (Unresolved)**

The analysis of 40 work orders completed during 2005 disclosed that the completed work orders did not include the following information:

- Thirty-two of the 40 sampled work orders, or 80 percent, did not document a priority level.
- Although 4 work orders listed the materials used and nine work orders documented the number of employee or inmate labor hours, none of the 40 sampled work orders documented the cost of the materials and labor.
- None of the sampled work orders included inspector signatures.
- Four of the 40 sampled work orders, or 10 percent, did not document the completion date.

Our audit also found that management did not monitor open work orders to ensure timely completion. In addition, we found that management did not ensure the accuracy of monthly work order summary reports.

We recommended that SCI Laurel Highlands management enforce policies and procedures that require maintenance employees to document job priorities, completion dates,

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inspections, and labor and material costs. We also recommended that management consistently monitor open work orders to ensure timely completion. In addition, we recommended that management adopt a uniform work order numbering method to facilitate the accuracy of summary maintenance reports, as well as the ease of work order identification and monitoring.

Status:

In order to follow up on the prior audit deficiency, we randomly selected and reviewed 44 of 3,981 work orders from January 1, 2009, through December 31, 2009, reviewed the list of open work orders as of May 11, 2010, and interviewed the facility maintenance manager. We determined that weaknesses still exist in the work order system.

Department of Corrections policy states that:

*As work order assignments are completed, it shall be the responsibility of each maintenance staff member to provide information listing time and materials used. As work order assignments are completed, the work order is to be signed and dated by the maintenance personnel completing the work and returned to his/her immediate supervisor. The supervisor shall inspect the completed work, and forward the work order to the facility maintenance manager's office for review and administrative tracking.<sup>13</sup>*

Department of Corrections policy also states that:

*Maintenance Priority Code Numbers include the following:*

- #1. Emergency – Security repairs – immediate; overtime may be authorized;*
- #2. Immediate – Health and Safety repairs – work that needs to be addressed immediately; overtime may be authorized;*
- #3. Urgent – repairs that need to be addressed the next scheduled work day. Parts or materials may need to be ordered;*
- #4. Routine – general repairs and preventative maintenance.<sup>14</sup>*

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<sup>13</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 10.2.1, "Facility Maintenance," Section 12, Maintenance Work Orders," effective September 3, 2008.

<sup>14</sup> Ibid.



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A well-managed maintenance work order system is necessary to ensure that management maintains a safe, secure, and healthy work environment for staff, inmates, and visitors. The system should track the approval, employees' time, materials used, and timeliness for each project and/or repair.

We tested 44 completed work orders and found the following weaknesses:

- A priority code was not assigned to 37 of the 44 work orders.
- Three work orders did not list a completion date.
- Five work orders did not document the labor hours or material and labor costs.

In addition, we tested 27 open work orders and found that:

- Fifteen of 27 orders were completed but remained in open status.
- Twelve of 27 orders were in open status from 7 to 469 days. The orders were for roof repairs, inoperable cameras, doors, and alarms that were not working properly.

SCI Laurel Highlands maintenance personnel stated that 15 work orders were completed within several days after they were issued, but the paperwork was either not sent back to the maintenance department or the paperwork was received but not yet entered into the computer. In addition, maintenance personnel stated that the reasons for the delays in completing the projects included the need to rent specialized equipment to complete some of the roof repairs and the need for a contractor to fix some of the problems with doors and alarms.

Failure to maintain a proper work order system may cause maintenance workers to miss or avoid completing important repairs that may have security and/or safety ramifications. In addition, delay or failure to complete the necessary work may result in significantly more expensive repairs in the future. The lack of documentation of materials and supplies used may increase the risk of misappropriation of these items or unauthorized use.

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Recommendation:

5. SCI Laurel Highlands management should enforce existing policies to ensure that all work orders include all required information. All outstanding work orders should be reviewed, verified, prioritized, and completed in a timely manner.

Comments of SCI Laurel Highlands Management:

*Management staff agreed with this finding. The [SCI] Laurel Highlands' superintendent will assign a management level employee to review all outstanding work orders to determine their status and resolve outstanding issues. The system will be updated to bring it current and responsible staff will be directed to insure that it is being maintained consistent with Department [of Corrections] policy.*

## **Employee Training**

**Prior Finding 7 – SCI Laurel Highlands did not comply with Department of Corrections training requirements for contact employees and members of its Fire Emergency Response Team. (Unresolved in part)**

Our prior audit reported that 6 of 38 employees did not receive all required training during the fiscal year ended June 30, 2005. In addition, the institution did not conduct all special team training required for the five Fire Emergency Response Team members selected for testing.

We recommended that SCI Laurel Highlands' management enforce Department of Corrections training guidelines to ensure that all contact employees and members of its Fire Emergency Response Team receive the required training.

Status:

To follow up on deficiencies noted in the prior report, we reviewed the applicable department policy,<sup>15</sup> interviewed the training coordinator, randomly selected and tested 32 of 476 contact employee training records, and reviewed the training records

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<sup>15</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number: 5.1.1, "Staff Development and Training," effective December 15, 2003.

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of all 27 Fire Emergency Response Team members for the fiscal year ended June 30, 2009.

Our current audit found that all 32 employees tested received the minimum of 40 hours of annual training. These same 32 employees were required to complete specific training courses based on their job designations. Testing found that the 32 employees completed 97 percent of the required classes. Therefore, we found that SCI Laurel Highlands has substantially complied with our prior audit recommendation concerning contact employees.

Regarding the Fire Emergency Response Team, we tested all 27 team members and found that only 3 of the 27 members (18 percent) received all 16 hours of the required annual training. In addition, only 15 of the 27 members (56 percent) received the required annual respiratory training. The training coordinator stated that he strives to obtain a 100 percent completion rate for the team but that scheduling and overtime concerns hinder SCI Laurel Highlands from reaching this goal. Therefore, we concluded that SCI Laurel Highlands has not resolved the prior finding and that training for the Fire Emergency Response Team remains an issue.

Recommendation:

6. SCI Laurel Highlands management should enforce the Department of Corrections training policy to ensure that its Fire Emergency Response Team members receive all required training.

Comments of SCI Laurel Highlands Management:

*Management said this is a statewide problem and compliance is not likely to be attained because the Fire Emergency Response Team (FERT) is composed of volunteers and you cannot realistically mandate a volunteer to attend required training. For the year audited, the institution made available 9 hours more of FERT training opportunities than the required 16 hours. [SCI] Laurel Highlands will continue to make these training hours available to staff who sign on as FERT members but is not in a standing position to require a volunteer to attend that training, which is made available.*

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