



**Performance Audit**

***State Correctional Institution at Pine Grove***

**Commonwealth of Pennsylvania  
Department of Corrections**

**December 2011**

December 13, 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 Pine Grove for the period July 1, 2007, to February 12, 2010. The audit was conducted under authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report details our audit objectives, scope, methodology, findings, and recommendations. The report identified that SCI Pine Grove did not effectively monitor its pharmacy contract. Also, Fire Emergency Response Team members still did not receive all required training.

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

Sincerely,

**JACK WAGNER**  
Auditor General

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

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## **Background Information**

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

### **Department of Corrections**

The Pennsylvania General Assembly created the Bureau of Corrections under the authority of the former Department of Justice with the passage of Act 408 of 1953. Act 164 of 1980, known as the Commonwealth Attorneys Act, then transferred responsibility for the Bureau of Corrections from the Department of Justice to the Office of General Counsel under the Governor. On December 30, 1984, the Governor signed Act 245 of 1984,<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 or more years. As of February 1, 2011, the Department of Corrections operated 26 correctional institutions, one motivational boot camp, one 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.<sup>3</sup>

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<sup>1</sup> 71 P.S. § 310-1.

<sup>2</sup> [http://www.cor.state.pa.us/portal/server.pt/community/department\\_of\\_corrections/4604/our\\_mission/716263](http://www.cor.state.pa.us/portal/server.pt/community/department_of_corrections/4604/our_mission/716263), viewed February 2, 2011, verified November 22, 2011.

<sup>3</sup> Ibid.

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**State Correctional Institution at Pine Grove.**

The State Correctional Institution at Pine Grove, referred to as SCI Pine Grove or the institution within this report, is a maximum security prison for young adult male offenders. The institution is located in White Township, Indiana County, which is approximately 60 miles northeast of Pittsburgh.

SCI Pine Grove is accredited by the American Correctional Association's Commission on Accreditation for Corrections. SCI Pine Grove's mission is to maintain a safe, secure environment for the community within, as well as the community outside the institution. It is designed to provide opportunities for young adult offenders to learn to develop responsible behaviors towards themselves, their victims, and society.

SCI Pine Grove is located on approximately 112 acres of land, with 29.5 acres located inside a perimeter fence. The physical plant consists of five permanent housing units, one temporary modular housing unit, an infirmary, and an education/activities complex, as well as maintenance, dietary, and religious facilities—all located inside the perimeter fence. A warehouse and an auto shop are also located on SCI Pine Grove's grounds.<sup>4</sup>

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

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<sup>4</sup> Commonwealth of Pennsylvania, Department of Corrections, State Correctional Institution at Pine Grove, 2008-2009 Facility Narrative Summary.

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	Using rounding		
	2007	2008	2009
<b>Operating expenditures<sup>5</sup></b>			
State share	\$31,197,565	\$32,860,067	\$34,798,859
Federal share	<u>93,694</u>	<u>41,368</u>	<u>103,477</u>
<b>Total operating expenditures</b>	<u><u>\$31,291,259</u></u>	<u><u>\$32,901,435</u></u>	<u><u>\$34,902,336</u></u>
Inmate population at year-end	701	755	946
Inmate capacity at year-end	659	659	786
Percentage of capacity at year-end	106.4%	114.6%	120.4%
Average monthly inmate population	671	714	850
Average cost per inmate per year <sup>6</sup>	\$46,634	\$46,080	\$41,062

<sup>5</sup> Operating expenditures were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. In addition, regional level and indirect charges were not allocated to the totals reported here.

<sup>6</sup> Average cost per inmate per year was calculated by dividing total operating expenses by the average monthly inmate population.

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**Audit  
Objectives, Scope  
and Methodology**

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**Audit  
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, inventory management, personnel management, and expense management. Our specific audit objectives were:

- One To assess whether SCI Pine Grove effectively monitored its service contracts.
- Two To determine if SCI Pine Grove's significant expenditures were appropriate and met the objectives of the Department of Corrections' mission statement.
- Three To assess the adequacy of SCI Pine Grove's management of its automotive fleet.
- Four To review SCI Pine Grove's employee complaints and suggestions, and evaluate the efforts to respond to them.
- Five To analyze SCI Pine Grove's hiring practices pursuant to Commonwealth law and policy.
- Six To determine the propriety and use of bonuses and other pay incentives for SCI Pine Grove's employees.

The scope of the audit covered the period from July 1, 2007, to February 12, 2010, unless indicated otherwise.

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

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Objectives, Scope  
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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 a recommendation made during our prior audit related to the training of members of SCI Pine Grove's Corrections Emergency Response Team and its Fire Emergency Response Team.

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**Audit  
Results**

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**Audit Results**

In the pages that follow, we have organized our audit results into the following sections, which are organized as follows under each objective:

- Statement of the objective
- Audit scope in terms of period covered, types of transactions reviewed, and other parameters that define the boundaries of our audit
- Relevant laws, policies, and agreements
- Methodologies used to gather sufficient evidence to meet the objective
- Finding(s) and conclusion(s) where applicable
- Recommendations, where applicable
- Response by the State Correctional Institution at Pine Grove management, where applicable
- Our evaluation of State Correctional Institution at Pine Grove management's response, where applicable

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**Audit Results  
for  
Objective  
One**

**The objective**

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

*Contracts*

**Scope of our audit work**

The scope of our audit was to examine eight contracts drawn from 50 service contracts open during the period from July 2007 to January 2010.

**Relevant policies**

SCI Pine Grove contracts with various vendors to provide a variety of goods and services. Institution management is responsible for ensuring that adequate services are provided and expenditures are incurred according to contract specifications.

The Commonwealth has created a manual that contains the policies and procedures to be followed for procurement activities. The manual, known as the Field Procurement Handbook, also requires contract monitoring. The Field Procurement Handbook states as follows:

*Monitoring and control are essential to ensure the contractor uses and manages its resources in a manner that will provide the agency exactly what it has contracted for in terms of quality, timeliness, and economy of cost.<sup>7</sup>*

Field Procurement Handbook also defines the person responsible for contract monitoring as follows:

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<sup>7</sup> The Commonwealth of Pennsylvania, Governor's Office, Manual Number M215.3, "Field Procurement Handbook," Chapter 54 – Contact Person Responsibilities, (A) Contract Management. This manual undergoes continuous updates. [http://www.portal.state.pa.us/portal/server.pt/community/procurement\\_handbook/14304](http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304). Verified November 28, 2011.

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**Audit Results:  
Contracts**

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*The contact person designated in the contract performs the key role in managing the contract and monitoring the contractor's performance.<sup>8</sup>*

In addition, the Department of Corrections has established a fiscal policy that covers contracting for services and contract monitoring. According to that policy,

*Contract Management ensures that the services specified in a contract are delivered and ensures the contractor is properly compensated. Contract Management is a joint responsibility of the employee who oversees the program area to which services are being delivered and the Business Office.<sup>9</sup>*

The Department of Corrections has also established a manual for pharmacy operations.<sup>10</sup> This manual contains policies for ordering, safeguarding and distributing medications. It also establishes requirements for the proper disposal of unused medications.

**Methodologies to meet our objective**

In order to accomplish this objective, we obtained and reviewed applicable Commonwealth and Department contracting policies.

We interviewed SCI Pine Grove's business manager, corrections health care administrator, facility maintenance manager II, storekeeper, stock clerk, and the safety manager.

We randomly selected and tested eight of 50 service contracts and reviewed the contracts, bids, and purchase order documentation. The eight contracts were for telephone system maintenance, pest control,

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<sup>8</sup> The Commonwealth of Pennsylvania, Governor's Office Manual, Field Procurement Handbook Number M215.3, Part I, Chapter 54 – Contact Person Responsibilities, (B) Review of Reports. This manual undergoes continuous updates. [http://www.portal.state.pa.us/portal/server.pt/community/procurement\\_handbook/14304](http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304). Verified November 28, 2011.

<sup>9</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy No. 3.1.1 - Fiscal Administration, Section IV G – “Contracting for Services,” issued November 13, 2007, and revised January 27, 2009.

<sup>10</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy No. 13.2.1 – Access to Health Care Procedures Manual, Section 12 – Pharmacy Guidelines, effective June 28, 2004.

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Contracts**

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dietary grease removal, generator software maintenance, supplemental power preventative maintenance, shoe repair, laundry, and pharmacy services.

Finally, we compared charges on selected invoices to expenditure ledger entries for the eight contracts.

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**Finding 1**

**SCI Pine Grove incorporated effective practices in its oversight of the telephone maintenance, pest control, dietary grease removal, generator software maintenance, supplemental power preventative maintenance, shoe repair, and laundry contracts.**

Our review of the telephone maintenance, pest control, dietary grease removal, generator software maintenance, supplemental power preventative maintenance, shoe repair, and laundry contracts revealed that SCI Pine Grove complied with Commonwealth and Department of Corrections' policies and procedures for monitoring these seven contracts. The internal controls in place at SCI Pine Grove were sufficient to ensure that services billed were actually provided and that invoices were accurate and approved before payment. The seven contracts did not duplicate, overlap, or conflict with institution efforts to provide similar or related goods and services.

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**Finding 2**

**SCI Pine Grove did not effectively monitor its pharmacy contract.**

SCI Pine Grove's pharmacy costs for contracted pharmacy services and medications totaled approximately \$390,700 for the fiscal years ended June 30, 2008, and June 30, 2009. The pharmacy contract included a provision for the return of certain unused medications for credit. Credits for returned medications totaled approximately \$11,700 during the same period.

The Department of Corrections' policy entitled Pharmacy Guidelines specifies what to do with unused medications. The policy states as follows:

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Contracts**

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*All unused or expired medications, except Schedule II, shall be returned to the pharmacy for destruction. The facility must maintain a list of all medications sent back to the pharmacy.*

*Schedule II medications must be disposed of in the facility by the vendor pharmacist.<sup>11</sup>*

SCI Pine Grove contracted with an outside vendor for pharmaceutical services. The vendor utilized a bar code workflow verification system, which was designed to reduce the risk of medication errors and missing orders. At the end of each month, the vendor submitted an invoice listing the medications issued to SCI Pine Grove and a credit report for medications returned by SCI Pine Grove for credit. Medications designated by federal policy as controlled substances (Schedule II medications) were not subject to credit.

The pharmacy contract stipulated that credits would be issued on full or partial cards at 100 percent of the actual acquisition cost less a \$1.00 processing fee for each return. A card, also known as a blister card or blister pack, is a sheet of card stock containing a series of storage pockets or blisters that are designed to hold a measured portion of the medication. Credit would only be issued on returned non-controlled tablets or capsules remaining in the original blister packaging, provided the medication was within three months of expiration and it had not been issued to the inmate population. Medications with a remaining value of less than \$2.95 would not be credited.<sup>12</sup>

SCI Pine Grove's contracted nursing staff was responsible for completing a bar code return form for all medications returned. The nursing staff was required to sign the form and indicate whether the medications were issued to the inmate population. The contract allowed the vendor to reissue returned medications that were not previously issued to the inmate population.

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<sup>11</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy No. 13.2.1 – Access to Health Care Procedures Manual, Section 12 – Pharmacy Guidelines, effective June 28, 2004. Schedule II medications are controlled substances.

<sup>12</sup> Pharmacy Services Agreement between Commonwealth of Pennsylvania, Department of Corrections and Diamond Pharmacy Services; September 1, 2003, to June 30, 2008, extended to December 31, 2009; Attachment 3 – Cost Proposal.

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We reviewed 24 bar code return forms completed by SCI Pine Grove's contracted nurses. The forms listed 541 prescriptions returned to the vendor. We compared the return forms with the monthly vendor invoices and vendor credit reports from July 2008 to June 2009. As part of our review, we identified the following discrepancies between the return forms, vendor invoices and credit reports:

**SCI Pine Grove discrepancies**

- 23 of 24 return forms were not signed by the SCI Pine Grove nursing staff.
- 18 of 24 return forms were blank—in other words, the return forms were not properly completed to indicate whether the returned medications were issued to the inmate population. The remaining six return forms were completed properly.
- 113 medications listed on the vendor's credit reports were not listed on the return forms.

**Pharmacy vendor discrepancies**

- 203 of 541 medications listed on the 24 return forms were not listed on the vendor's credit reports.
- 23 medications on the vendor's credit statements had quantities that were less than what SCI Pine Grove had reported on the bar code return forms, and of these 23 medications, 7 had monetary credits due. Regarding these 7 medications:
  - ✓ The vendor's credit statements listed total quantities of 617 units<sup>13</sup> with a total value of \$2,073.
  - ✓ The SCI Pine Grove bar code return forms listed total quantities of 991 units with a total value of \$2,820.
  - ✓ The difference between the vendor's credit statements and the bar code return forms was \$747.

SCI Pine Grove's corrections health care administrator was the person designated as the contract monitor for the pharmacy contract. The

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<sup>13</sup> A unit refers to the measurement portion for the medication and could be pills, capsules, packages, and other forms of measurement.

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contract monitor explained that some of the discrepancies may have been due to medications being returned to the vendor without being properly recorded by SCI Pine Grove nursing staff on the return forms. The contract monitor also stated that copies of the medication return forms may have been lost or misplaced by the SCI Pine Grove nursing staff, after the forms were submitted to the vendor.

Other possible reasons for the discrepancies provided to us by the contract monitor were that the vendor did not have written procedures for medication returns, and that the vendor did not process returns in a consistent manner. The monitor also said that he was informed by the vendor that its employees do not consistently scan all returned medications returned for credit.

As a result of SCI Pine Grove's failure to complete and maintain medication return forms, its management was unable to determine why its count of returned medications and the vendor's count of returned medications differed. SCI Pine Grove management also could not confirm that the total credit due from the vendor was correct because of the incomplete forms.

**Recommendations  
for Finding 2**

1. SCI Pine Grove management should develop and enforce policies and procedures to ensure that all credits due are received. The policies should include procedures for accurate completion of return forms, verifying returns and credits due, and investigating/resolving any discrepancies.

*Response of SCI Pine Grove management to Finding 2:*

*The Department of Corrections agrees with the recommendation. The Contract Nursing Staff are required to follow written procedures for returned medication inclusive of proper completion of Bar Code Return Forms. The Contract Director of Nursing will ensure written procedures are followed and the CHCA [Corrections Health Care Administrator] receives copies of Bar Code Return Forms. Medications will be clearly marked to identify credit or no-credit. Nurse Administered Medications with 90 + days expiration date will receive credit. Nurse Administered Medications with less than 90-day expiration will not receive credit.*

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*Medications that were issued to the inmates will receive no credit.  
Assigning a Pharmacy Nurse to monitor pharmacy procedures has  
ensured written procedures are followed.*

*The Bureau of Health Care Services has requested that Diamond  
Pharmacy add credits into the weekly CD that is sent to the institutions.  
This will allow closer monitoring of credits due. Policy changes will be  
looked at by the Bureau of Healthcare Services to eliminate the need to  
send "no credit" medications back to the pharmacy.*

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**Audit Results:  
Significant  
Expenditures**

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**Audit Results  
for  
Objective  
Two**

**The objective**

Objective two for our performance audit was to determine if SCI Pine Grove's significant expenditures were appropriate and met the objectives of the Department of Corrections' mission statement.

**Scope of our audit work**

*Significant  
Expenditures*

The scope of our audit was to examine a sample of 48 expenditure transactions from the fiscal years ended June 30, 2008, and June 30, 2009.

**Relevant laws, policies, or agreements**

The mission of the Department of Corrections states 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>14</sup>*

To fulfill this mission, SCI Pine Grove receives funding through state appropriations. Expenditures for the fiscal years ended June 30, 2008, and June 30, 2009, totaled approximately \$33.5 and \$35.4 million, respectively. These expenditures included ordinary transactions such as salaries, utilities, office supplies, and equipment expenses, as well as transactions that were non-ordinary in nature such as medical, dental, or drug transactions; one-time vendor purchases; and miscellaneous transactions. The actual expenditures follow:

<b>Expenditures</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>
Personnel services	\$24,154,341	\$26,351,179
Operational expenses	8,745,577	8,549,744
Fixed assets and equipment	561,218	473,972
Grants	1,517	1,413
Total expenditures	<u>\$33,462,653</u>	<u>\$35,376,308</u>

<sup>14</sup> [http://www.cor.state.pa.us/portal/server.pt/community/department\\_of\\_corrections/4604/our\\_mission/716263](http://www.cor.state.pa.us/portal/server.pt/community/department_of_corrections/4604/our_mission/716263), viewed February 2, 2011, verified November 22, 2011.

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**Audit Results:  
Significant  
Expenditures**

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**Methodologies to meet our objective**

In order to accomplish this objective, we reviewed the institution's accounting system summaries.

We randomly selected and tested 24 transactions for each of the fiscal years ended June 30, 2008, and June 30, 2009, and reviewed the supporting documentation to determine if the expenses were appropriate and met the objectives of the Department's mission statement.

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**Finding 3**

**SCI Pine Grove's expenditures were reasonable for the institution's mission.**

SCI Pine Grove expended approximately \$33.5 million and \$35.4 million for operations during the fiscal years ended June 30, 2008, and June 30, 2009, respectively. Our review of these expenditures revealed that approximately \$24.2 million, or 74 percent, and \$26.4 million, or 76 percent, for 2008 and 2009, respectively, were payroll-related transactions. The remaining \$9.3 million of expenditures for 2008 and \$9.0 million for 2009 consisted of expenditures for supplies, services, and purchases of fixed assets and equipment.

We considered the following categories of expenditures to be non-ordinary: medical, dental, or medication transactions; one-time vendor purchases; and miscellaneous transactions. We also focused our review of expenditures on unusually large or small dollar value transactions. Our unusual large and small expenditure determination was based on the history of expenditures paid by SCI Pine Grove involving a particular vendor. Collectively, we considered the non-ordinary transactions and unusually large or small dollar value transactions to be significant and worthy of additional analysis. We selected 24 transactions valued at \$620,400 from the remaining \$9.3 million for 2008 and 24 transactions valued at \$605,600 from the remaining \$9 million for 2009, and reviewed supporting documentation such as the purchase order, invoice and evidence of receipt.

Based on our review of supporting documentation for the 48 expenditure transactions, we concluded that the selected expenditure transactions were

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**Audit Results:  
Significant  
Expenditures**

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reasonable (i.e. within the budgeted allowances, supported operations, and were consistent with the Department of Corrections' mission). The selected transactions were for items such as dietary inventory goods, computers and software for the educational program, maintenance services and repairs, housekeeping supplies, a new touch-screen alarm system in the main control of the prison, construction of a modular housing unit, fencing around the new modular housing unit, security cameras, metal detectors, and a new dishwasher in the dietary area.

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**Audit Results:  
Automotive  
Fleet  
Management**

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**Audit Results  
for  
Objective  
Three**

**The objective**

Objective three for our performance audit was to assess the adequacy of SCI Pine Grove's management of its automotive fleet.

**Scope of our audit work**

*Automotive Fleet  
Management*

The scope of our audit was to examine automotive fleet activity from July 1, 2007, to March 31, 2009, and personal mileage reimbursements from July 1, 2007, to June 30, 2009.

**Relevant policies**

The Department of Corrections has established a policy for administering vehicles.<sup>15</sup> Department of Corrections' policy requires that all facilities are operated in an efficient and effective manner pursuant to applicable federal and state laws and the direction of the Commonwealth's Office of Budget and other central agencies. SCI Pine Grove's maintenance department is responsible for the maintenance of the automotive equipment assigned to the institution. SCI Pine Grove has 21 fleet vehicles.

**Methodologies to meet our objective**

We reviewed the Department of Corrections' policy for fiscal administration and the section on vehicles.

We interviewed the SCI Pine Grove automotive mechanic trades instructor, who was the person responsible for the oversight of the automotive fleet, and we also interviewed the institution's business manager.

We reviewed the condition, usage, and associated expenses of all 21 fleet vehicles assigned to SCI Pine Grove by examining mileage logs, driver usage forms, fuel consumption receipts, and monthly summary reports from July 1, 2007, to March 31, 2009.

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<sup>15</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 3.1.1 – Fiscal Administration, Section 8 – Vehicles; Commonwealth of Pennsylvania, Department of Corrections, Policy Number 6.3.1 – Facility Security, Section 11 – Vehicles.

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**Audit Results:  
Automotive Fleet  
Activity**

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We also reviewed receipts for fuel purchased from January 2008 to November 2008.

Finally, we reviewed all 32 personal mileage reimbursements valued at \$4,197.12 for 20 individuals from July 1, 2007, to June 30, 2009.

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**Finding 4**

**SCI Pine Grove maintained its automotive fleet efficiently and according to policies and procedures.**

We determined that SCI Pine Grove maintained an automotive fleet appropriate for the size of the institution. We base this determination on SCI Pine Grove's limited need for automobiles and for the low dollar value of the personal mileage expenses incurred during the audit period. Our review of institution records showed that all vehicles' licenses and inspections were valid, and vehicle mileage and vehicle usage was monitored daily. We also determined that all vehicle repairs and preventative maintenance, including parts and supplies, were recorded and monitored.

We concluded that SCI Pine Grove maintained its vehicles in a cost-efficient manner by implementing policies and procedures that minimized unnecessary personal mileage reimbursement. We reviewed 32 personal mileage reimbursements totaling \$4,197 and found that the use of personal cars was necessary since institutional vehicles were unavailable for these particular trips.

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**Audit Results:  
Employee  
Complaints**

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**Audit Results  
for  
Objective  
Four**

**The objective**

Objective four for our performance audit was to review SCI Pine Grove's employee complaints and suggestions, and evaluate the efforts to respond to them.

**Scope of our audit work**

*Employee  
Complaints*

The scope of our audit was to examine all grievances/complaints filed between July 1, 2007, and June 30, 2009.

**Relevant policies or agreements**

Over 390 individuals are employed at SCI Pine Grove. Approximately 90 percent of employees are classified as bargaining unit employees. There are seven different labor unions that cover bargaining unit employees and membership is based on the type of position held. Each contractual agreement includes specific procedures that are to be used when handling employee complaints.<sup>16</sup>

The Commonwealth of Pennsylvania has also established policy for handling grievances.<sup>17</sup> In addition, the Department of Corrections has a policy for human resources and labor relations.<sup>18</sup>

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<sup>16</sup> Memorandum of Understanding between Commonwealth of Pennsylvania and OPEIU Healthcare Pennsylvania, Local 112, July 1, 2007, to June 30, 2011;

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

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

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

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

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

<sup>17</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive No. 590.7 – Labor Relations – Grievance Administration, June 8, 2006.

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**Audit Results:  
Employee  
Complaints**

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**Methodologies to meet our objective**

We reviewed the Commonwealth and Department of Corrections' policies and procedures and the labor agreements.

We interviewed the human resources officer to obtain an understanding of employee grievance/complaint procedures.

We selected and reviewed all 51 grievances/complaints filed by SCI Pine Grove personnel between July 1, 2007, and June 30, 2009, to evaluate management's efforts to respond to them.

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**Finding 5**

**SCI Pine Grove's employee grievances/complaints were processed timely.**

SCI Pine Grove's human resources office is responsible for processing all equal employment opportunity and sexual harassment complaints. A labor relations specialist in that office processes all union grievances. Our audit found that all 51 grievances/complaints were filed with the employee's applicable union. Our review of documentation showed that SCI Pine Grove human resources staff and applicable management processed complaints in accordance with the terms in the contractual agreements and the Commonwealth and Department of Corrections policies:

- All initial meetings were held within a month of the initial grievance/complaint filing.
- All grievances/complaints that we reviewed were investigated by SCI Pine Grove management.
- The investigations conducted were also documented by SCI Pine Grove management.

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<sup>18</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 4.1.1 – Human Resources and Labor Relations, Section 8 – Standardized Grievance Tracking and Handling, February 25, 2002.

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**Audit Results  
for  
Objective  
Five**

**The objective**

Objective five for our performance audit was to analyze SCI Pine Grove's hiring practices pursuant to Commonwealth law and policy.

**Scope of our audit work**

*Hiring Practices*

The scope of our audit was to test hiring procedures for 20 of the 70 civil service new hires from July 1, 2007, through November 9, 2009.

**Relevant laws or policies**

The State Civil Service Commission was created to enhance governmental efficiency by attracting qualified employees and by hiring, retaining, and promoting them based on their ability to do their job. The Civil Service Act further established the commission as the independent administrator of the state's employment merit system.<sup>19</sup> 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.

The Commonwealth of Pennsylvania has established policy for the State Civil Service Commission including hiring policy for veterans' preference.<sup>20</sup> In addition, the Department of Corrections has created policy for the recruitment, selection, placement, reinstatement for civil service positions.<sup>21</sup>

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<sup>19</sup> Act of August 5, 1941, P.L. 752, as amended.

<sup>20</sup> Commonwealth of Pennsylvania, Governor's Office, State Civil Service Commission, Management Directive Number 580.10 – Rights of Certified Eligibles in the Classified Service, May 16, 1986; Commonwealth of Pennsylvania, Governor's Office, Management Directive Number 580.2 – Civil Service Availability Survey/Interview Notice, July 5, 1994; Commonwealth of Pennsylvania, Governor's Office, Management Directive Number 580.21 – Veterans' Preference on Classified Service Employment Lists, May 5, 2008; Commonwealth of Pennsylvania, State Civil Service Commission, Rules Of The Civil Service Commission, Title 4, Part IV, Subpart A and Subpart B.

<sup>21</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy Number 4.1.1 – Human Resources and Labor Relations Procedure Manual, Section 39 – Recruitment, Selection, Placement, Reinstatement for Civil Service Positions, effective February 25, 2002.

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**Audit Results:  
Hiring Practices**

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**Methodologies to meet our objective**

In order to accomplish this objective, we obtained and reviewed applicable Commonwealth and Department of Corrections' hiring policies.

We interviewed the human resources director.

We reviewed the list of new hires from July 1, 2007, through November 9, 2009, and selected and tested 20 of 70 civil service new hires.

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**Finding 6**

**SCI Pine Grove complied with civil service guidelines.**

The State Civil Service Commission maintains lists of applicants who have met the requirements for the civil service position. SCI Pine Grove filled civil service positions by requesting one or more employment lists from the State Civil Service Commission and then sending Availability Survey/Interview Notice forms to the candidates listed. The candidates who responded to the notice with interest were interviewed and a selection was made by SCI Pine Grove based on the State Civil Service Commission's Rule-of-Three. The Rule-of-Three requires that the agency must hire one of the three highest scoring available candidates. If a veteran is among the Rule-of-Three then mandatory preference is granted to qualified veterans over non-veterans. Also, State Civil Service Commission policy allows the selection of a qualified veteran over any other eligible applicant on the list regardless of where the qualified veteran ranks on the list. The selected candidate for the position of correction officer is only hired after passing a pre-employment physical, criminal background check, and check of references as required by the hiring policies of the Department of Corrections.

We tested 20 correction officer positions and found that all 20 were hired according to State Civil Service Commission policies. All available veterans were given preference over non-veterans and the Rule-of-Three was used for selecting candidates for all applicable positions. In addition, all candidates passed the physical examination, criminal background check, and check of references as required by the hiring policies of the Department of Corrections.

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**Audit Results  
for  
Objective Six**

**The objective**

Objective six for our performance audit was to determine the propriety and use of bonuses and other pay incentives for SCI Pine Grove's employees.

*Employee Pay  
Incentives*

**Scope of our audit work**

The scope of our audit was to examine bonuses and other cash payments made to employees during the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009.

**Relevant policies or agreements**

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

The Quality Assurance Program provides monetary incentives based on years of service to attract, retain, and reward the medical professionals.<sup>22</sup> Also, a physician who has one or more specialty board certifications is eligible for additional compensation.<sup>23</sup> Nursing employees who obtain certification receive an annual incentive as stipulated in their union contract.

Also, several union contracts had a one-time signing bonus for all active employees as of July 1, 2007.<sup>24</sup> Full time employees received a one-time

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<sup>22</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16 – Physicians and Related Occupations Quality Assurance Program, dated February 14, 2006;

<sup>23</sup> Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2 – Physicians and Related Occupations Specialty Board Certification Payments, February 21, 2006.

<sup>24</sup> Memorandum of Understanding between Commonwealth of Pennsylvania and OPEIU Healthcare Pennsylvania, Local 112, July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and the Service Employees International District 1199P, CTW, CLC, July 1, 2007, to June 30, 2011;  
Agreement between Commonwealth of Pennsylvania and Local 668 SEIU Pennsylvania Social Services Union, July 1, 2007, to June 30, 2011;  
Master Agreement between the Commonwealth of Pennsylvania and Council 13, American Federation of State, County and Municipal Employees, AFL-CIO, July 1, 2007, to June 30, 2011;

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Employee Pay  
Incentives**

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payment of \$1,250 and part time employees received a one-time payment of \$625. The one-time \$1,250 payment for full-time employees and \$625 payment for part-time employees was also extended to select management employees in active pay status at July 1, 2007, or if inactive at that date, returned to active status before December 31, 2007.<sup>25</sup> Also, management employees in the Physician Management Unit, who were compensated on January 1, 2007, and in active pay status on July 1, 2007, were eligible for a \$1,250 cash payment if full-time and \$625 if part-time.<sup>26</sup> Finally, management employees, in active pay status as of January 26, 2008, also received a \$1,600 one-time payment.<sup>27</sup> This final incentive payment was made to aid in the retention of managers during a period of rapid increase in inmate population and expansion of facilities.

**Methodologies to meet our objective**

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

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

We reviewed bonuses and other cash payments made by SCI Pine Grove to its employees during the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009.

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

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

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

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

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

<sup>26</sup> Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-137, June 4, 2007.

<sup>27</sup> Commonwealth of Pennsylvania, Governor's Office, Executive Board Resolution Number CN-07-170, June 25, 2007.

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**Finding 7**

**SCI Pine Grove properly calculated monetary incentives and one-time signing bonuses.**

Our review of pay incentives awarded to SCI Pine Grove employees revealed that its dentist received a total of \$24,000 for the annual monetary incentive based on years of service stipulated in the union contract. Also, our review of nurses' records revealed that one individual obtained the specific certification that would make the nurse eligible for the annual \$200 incentive available through the union contract. Additionally, all payments were accurately calculated and processed by SCI Pine Grove in accordance with contract requirements.

SCI Pine Grove made the \$1,250 one-time bonus payment to full-time employees and the \$625 payment to part-time employees that were on active pay status as of July 1, 2007, or who were inactive but returned to active status prior to December 31, 2007. We determined that 95 employees were in active pay status as of July 1, 2007, and received the \$1,250 one-time payment totaling \$118,750. Our review of payroll data for the 95 individuals found that these payments were accurately processed.

We also determined that 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<sup>28</sup> developed by the Department of Corrections. Our review of payroll data for the 32 individuals found that these payments were accurately processed.

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<sup>28</sup> Commonwealth of Pennsylvania, Office of Administration, Executive Board Resolution No. CN-07-170, June 25, 2007.

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**Status of  
Prior Audit**

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**Status of  
Prior Audit**

Our prior audit report of SCI Pine Grove covered the period of July 1, 2004, to February 16, 2007, and contained six findings. Five of the findings (Findings 1, 3, 4, 5 and 6) were positive and thus had no recommendations. The status of the remaining finding (Finding 2) and its accompanying recommendation is presented below.

**Scope and Methodologies of our audit work**

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

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**Prior Finding 2    Not all Corrections Emergency Response Team and Fire Emergency Response Team members met mandatory training requirements. (Not resolved)**

Our prior audit reported the following mandatory annual training issues:

- All five Corrections Emergency Response Team members did not receive the required 16 hours of annual chemical munitions training.
- Six of the 16 Fire Emergency Response Team members tested did not receive all of the required training, and three of the 16 did not receive any of the required training.

We recommended that SCI Pine Grove management enforce Department of Corrections' training guidelines to ensure that all Corrections Emergency Response Team and Fire Emergency Response Team members receive the required training.

**Status of Prior Finding 2**

To determine the status of the deficiencies noted in the prior report, we reviewed applicable department policy,<sup>29</sup> interviewed the human resources director, and the training coordinator, and selected and tested the training

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<sup>29</sup> Commonwealth of Pennsylvania, Department of Corrections, Policy 5.1.1, Staff Development and Training, effective December 15, 2003; revised June 2007.

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records of all 19 Corrections Emergency Response Team members and all 10 Fire Emergency Response Team members.

Our current audit found that 7 of the 19 Corrections Emergency Response Team members were identified as chemical munitions specialists. All seven specialists received their required 16 hours of annual chemical munitions training. However, testing of the ten Fire Emergency Response Team members revealed that none of the ten received the required 16 hours of annual training. All ten members received only 12 hours of training.

The Fire Emergency Response Team coordinator stated that he thought that training was based on a calendar year instead of a fiscal year. Therefore, he only scheduled three training sessions of four hours each instead of four sessions.

**Recommendations  
for Prior Finding**

2

2. SCI Pine Grove management should enforce Department of Corrections' training requirements to ensure that all Fire Emergency Response Team members receive the required training.

*Response of the SCI Pine Grove Management:*

*The Department of Corrections agrees with the recommendation. The Fire Emergency Response Team Coordinator was under the mistaken belief that the training was on a calendar year basis instead of a fiscal year basis. He will ensure that 16 hours of training will be completed during the fiscal year. For [f]iscal year 2010/2011, twelve hours have been completed with the remaining four to be completed in June 2011.*

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