

CITY OF PHILADELPHIA  
OFFICE OF THE INSPECTOR GENERAL



Policy Recommendations:  
Philadelphia Department of Prisons' Sunshine Clubs

July 10, 2019

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## OIG INVESTIGATION BACKGROUND AND RESULTS

On January 29, 2019, two complaints originally sent to Philadelphia Department of Prisons (PDP) were forwarded to the Office of the Inspector General (OIG). Both alleged inappropriate activities related to the management of the Curran-Fromhold Correctional Facility's (CFCF) Sunshine Club (the Club). The anonymous reporters alleged that the CFCF Club's funds were being used to personally benefit staff in a manner inconsistent with the Club's purpose.

The OIG conducted a review and audit of CFCF's Sunshine Club to address these allegations of fraud and mismanagement. After a thorough analysis of bank records and internal financial reports, and interviews with staff involved in the CFC Club's operations, the OIG identified numerous and repeated failures by the CFCF Club to file mandatory financial reports, comply with specific guidelines related to CFCF Club spending, and administer the Club's funds consistent with their purpose. Further, the CFCF Club failed to accurately document how the Club accounted for cash income it generated in an accurate and transparent manner. Prison staff charged with overseeing the CFCF Club also abdicated supervisory responsibilities related to the Club and their essentially willful lack of oversight allowed for continued unfettered mismanagement. During this investigation, the OIG also documented failures throughout the PDP's sunshine club system to accurately comply with financial reporting requirements which permitted these entities to generate funds without proper authorization or guidance.

On July 10, 2019 the OIG submitted these findings to the Mayor's Office, Managing Director's Office, Law Department and the Department of Prisons in a Report of Investigation (ROI). The ROI provided a basis for discipline against CFCF Club officials as well as senior administrators charged with oversight of the Club's activities. The ROI also included recommendations for improved management of all PDP sunshine clubs moving forward.

Consistent with OIG policy, information regarding specific disciplinary action related to City employees, remains confidential. However, the following is an excerpted portion of the ROI submitted to the City outlining specific policy recommendations related to the PDP's administration of their sunshine clubs.

### PDP SUNSHINE CLUB OVERVIEW

The purpose of the sunshine clubs within the PDP system is to contribute to the enrichment of the staffs' experience while on the PDP campus. Primarily, funds raised by these clubs support events during Correctional Employees Week, parties and presents during the holiday season, and providing flowers to bereaving employee families. Historically the club's funds were sustained

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through proceeds from vending machine sales; however, in recent years, due to decreasing returns, the clubs have sought to supplement these funds in other ways. Fundraisers ranging from raffles to food sales now generate much of the income. The clubs are governed by both PDP policy,<sup>1</sup> as well as bylaws approved by each club. A Committee made up of volunteer staff representing different units of the jail (the Club Committee) operates the club and it is administered by an executive committee of officers. Monthly financial reports are produced by the clubs and submitted to each jail's Warden. Upon approval, the documents are sent to a Deputy Commissioner who has final say on behalf of the Commissioner.

### OIG ANALYSIS & RECOMMENDATIONS

#### A. Updating Governing Language of Sunshine Club Bylaws and PDP Policies

Investigators were informed that the PDP is discussing updating the policies related to sunshine club operations. However, we suggest the PPD pay special attention to address the following areas:

##### 1. Vending Machines

Within the PDP Policies and Procedures, a section entitled "Collection of Vending Machine Monies" outlines specific steps by which vending machine funds are to be collected in the presence of a Committee member and the amount is verified with the vendor company. This is not occurring. Not a single individual interviewed knew of anyone within PDP monitoring the collection of vending machine funds. PDP should review the procedure by which their vendors collect funds from machines and determine if having a sunshine club committee member participate is even viable. If not, at the very least, there should be language requiring random audits to verify the veracity of these transactions.

##### 2. Fundraisers

There is no language in the Policies and Procedures authorizing fundraisers, even though they are regularly being held in CFCF and other facilities and driving several of the sunshine clubs' funding. While it appears that at some period during the tenure of the previous Commissioner there was a moratorium on fundraisers, by and-large all those interviewed said that the fundraisers increased morale at PDP. Rather than have a blanket ban, language should specify what types of events are permissible and how frequently they can be held. There should also be clear guidance regarding how much time can be approved for off-campus shopping and preparation for the event. The

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<sup>1</sup> PDP Policies and Procedures 1.B.2 "Fund and Payroll Accounting."

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individual organizing the event should also be required to provide a staffing plan that ensures no overtime will be required to cover posts of those volunteering. Most important, since all transactions are being conducted in cash at these events, there should be specific requirements as follows:

- The club must account for the total amount in expenditures in preparation for the event.
- The club must provide a complete accounting for funds earned, including a record of each transaction and how much money was collected. A total tally should follow at the conclusion. This record should be verified and signed by two members of the club committee.
- A copy of this record, along with a copy of the bank record indicating that the funds were deposited within one business day should be submitted with the club's monthly report.

### 3. Cash / Debit Cards

PDP should authorize the use of debit cards. Debit cards provide greater security and accountability over cash and are also more flexible than checks. Cash transactions should be restricted to only the most exceptional circumstances, since almost every retail business will accept a debit card. However, the PDP should provide guidance for debit card use, including instructions that the card is to remain securely held on PDP grounds when not in use.

### 4. Cash-in-Hand

Specific guidance should be provided for how much cash-in-hand a sunshine club may keep available at any given time. The policy should also provide parameters for how and where the cash is stored on PDP grounds. It should also require that total be included in the monthly club reporting. If PDP authorizes a club to maintain more than a de minimis amount, we recommend that PDP require a specific running record of the amount held by the club. Further, when cash is removed or added to these funds, a second individual should witness and sign the record.

## B. Require Justification of Expenditures

Committee members are currently required to provide a statement on their disbursement form explaining what the expense is for. PDP should require a specific explanation be included and provide notice to club staff that general one-word and two-word descriptions are insufficient. There should also be a requirement to specifically explain how the expenditure supports the purpose of the club. If disbursements are made that are not consistent with the club's purpose,

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there should be an explanation as to when the club’s committee approved deviating from those requirements and why. The practice of purchasing “supplies” which primarily go to the benefit of a small group of individuals who work in administrative areas that are visited infrequently by most staff and often inaccessible during lengthy portions of the day should not be permitted without authorization and approval by the club committee and documented as such in monthly reports to provide for transparency. Additionally, if specific individuals are receiving a direct benefit, their names should be recorded on the document as well.<sup>2</sup>

C. Re-envision Reporting, Administration and Auditing for PDP Sunshine Clubs

A common excuse provided for the gaps in supervision of club financial reporting was that the individual responsible was too busy. While investigators are not able to understand the specific duties and time allocations for administrators, there does appear to be a need for a person to have an appropriate amount of time to work in this area. We understand that several administrative positions within PDP have recently been consolidated due the continuing reduction in the prison population. This may prove an opportune time to allocate duties and time related to sunshine club administration at PDP.

Rather than having senior staff who do not deal in financials “rubber-stamping” monthly reports, assigning this duty specifically to one person will provide a greater assurance that a meaningful review will take place and that if there is a problem, it will be brought to administrators’ attention immediately. Allocating even a single day each month will provide enough time to review these documents and make follow-up inquiries. Such a step will ensure that all clubs are being operated fairly and correctly and provide assurances to PDP personnel that the clubs are running in their best interest. Additional duties for this individual would include:

1. Training for Sunshine Club Executive Committee Staff

A consistent theme reiterated by individuals interviewed as part of this investigation was that the actions they typically took were what someone had done before them. Rather than reading the bylaws or PDP policy and procedures, staff relied upon word of mouth from predecessors. Several Club Committee members and administration staff expressed a total lack of knowledge that the PDP had any guiding documents on sunshine clubs. Others stated that they had only become aware of documents like club bylaws after audits were conducted months after the person became involved in the club. It would be a benefit to the PDP to host a training session for PDP sunshine club volunteers, particularly the leadership and those involved in finances to understand the

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<sup>2</sup> For example, employee of the month winners, convalescing or bereaving staff, recipients of tickets, etc.

expectations of the PDP as it relates to accurate accounting and reporting.<sup>3</sup> There should also be a mandatory review of PDP policies at the start of each fiscal year and at that meeting each club should be required to submit a fiscal plan.

## 2. Annual Review and Approval of Club Bylaws

Each club is permitted to establish its own governing bylaws and while they have some commonality, they also vary in how they operate. Having an individual dedicated to the Clubs will help ensure that these requirements are being met by each facility and help further discussions on what works well and what does not.

## 3. Audits

Several staff interviewed pointed to audits that PDP previously conducted as being an impetus for gaining more knowledge about club requirements and rules and organizing financials to make sure they were up-to-date. OIG Investigators conducted two multi-year reviews of sunshine clubs as part of this investigation. Though time-consuming, the results provided the basis for much of this report. If club members were aware that random audits will take place – even over a several months period as opposed to years - we believe the response would be more attention and accountability to document retention and submission.

### D. Provide Greater Transparency to PDP Staff

The complaints that drove this investigation ultimately centered around a lack of understanding about how much money was being raised, how it was being accounted for and who was deciding how it was spent. While we do not believe every decision of a club’s committee should be analyzed and second guessed, there appears to be room for greater transparency of club activities back to the PDP facilities’ employees. The OIG recommends providing all jail staff with a quarterly accounting statement of total revenue generated by each sunshine club, including the source of the funds, as well as disbursements paid<sup>4</sup> and current bank balances. There should be language in the document that advertises how staff can get involved with each club and informs them that monthly reports are reviewed, and random audits are conducted, for accuracy by whichever senior staff is responsible.

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<sup>3</sup> Comparing the reports and process by the different clubs showed that there was no consistency amongst what was ultimately submitted. By way of example, one club never submitted any bank records, but included reports. Another did not use individual disbursement forms, but rather tallied all their disbursements onto a single form each month. Use of confirmation signatures on documents wildly varied as well.

<sup>4</sup> Possibly by categories to be determined as opposed to each individual expense.

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