

April 3, 1974

SUBJECT: Attached Audit Reports

TO: Mr. Dale Thompson
House Justice Committee

FROM: C. Paul Brubaker, Jr. *C. Paul Brubaker*
Deputy Auditor General

We are transmitting in answer to your request the following audit reports:

- 1) Allegheny Regional Planning Council, Pittsburgh, Pennsylvania - January 1, 1973 to June 30, 1973, January 1, 1972 to December 31, 1972
- 2) Department of Public Welfare, LEAA Subgrants DA-004-70 and DA-176-71 for the period July 1, 1970 to June 30, 1972
- 3) Department of Justice - Bureau of Corrections LEAA Subgrant DA-104-71 for the period February 1, 1971 to August 31, 1972
- 4) Commonwealth of Pennsylvania, Department of Justice, June 30, 1971 and 1972
- 5) Commonwealth of Pennsylvania, Department of Justice, Pennsylvania Crime Commission, June 30, 1971 and June 30, 1972, except for Supplementary Data which is as of December 31, 1972.

CPB:ps

Attachments

HOUSE OF REPRESENTATIVES
COMMITTEE TO INVESTIGATE THE ADMINISTRATION OF JUSTICE
Commonwealth of Pennsylvania
Harrisburg; Pennsylvania

MEMORANDUM

By Dale S. Thompson

Date April 4, 1974

FILE: Governor's Justice Commission

Allegheny Regional Planning Council Audit Report
January 1, 1973 to June 30, 1973
January 1, 1972 to December 31, 1972

A review of the audit report (copy attached) issued by the Pennsylvania Auditor General on July 6, 1973, pertaining to the Allegheny Regional Planning Council, Governor's Justice Commission, reveals:

1. The audit covers the twelve months ended December 31, 1972 and the six months to June 30, 1973.
2. Funds available and principal expenditures by the Council were:

	<u>Year</u> <u>1972</u>	<u>6 Months</u> <u>1973</u>
Funds available	\$132,600	\$105,900
<u>Principal Expenditures:</u>		
Planning Grants	\$ 82,395	\$ 14,334
Consultants	25,834	51,273

3. The report criticized the Council for not submitting a budget prior to April 1, 1973.
4. The report indicated the Council owes LEAA \$44,927 for improper payments and lapsed funds, thereby resulting in a fund deficit of \$15,436 as of June 30, 1973.
5. The report cited six other deficiencies related to fiscal matters.

HOUSE OF REPRESENTATIVES
COMMITTEE TO INVESTIGATE THE ADMINISTRATION OF JUSTICE
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

MEMORANDUM

By Dale S. Thompson

Date April 5, 1974

FILE: Governor's Justice Commission

After being referred by the Auditor General's Office to Mr. C. PAUL BRUBAKER, JR., I interviewed him in his office, Room 234 Finance Building, Telephone No. 7-2150, on April 2, 1974. He furnished the following information.

Mr. ROBERT P. CASEY, a Democrat and attorney by profession from Scranton, was elected in 1969 to be Auditor General of Pennsylvania. Mr. Casey has taken a strong interest in improving the quality of work performed by the Auditor General's Office which prior to that time had been considered highly political and really had not turned out professional work.

Mr. Brubaker, who is Deputy Attorney General and Director of the Bureau of Audits, advised that he has been in his position about four years, having been recommended by the State Certified Public Accountants Association.

Recruiting began in 1972, and subsequently thereto the office really began to be effective and did a much more thorough and deeper analysis of financial transactions within the State. The office includes some 600 employees, 18 being CPAs, and over 100 young college graduates in accounting.

The office is responsible for the audit of all departments within State Government.

The LEAA program had not previously been audited because of the foregoing described situation. The office participated with LEAA auditors in the LEAA audit, dated April 1973. Really, the office performed minimal work and was just along to assist in making contacts and being helpful wherever they could.

Governor's Justice Commission - 2
April 5, 1974

The office has conducted some audits of the Justice Department, including the Pennsylvania Crime Commission and grants of the Governor's Justice Commission which were made available by Mr. Brubaker.

There are a number of Bureaus under Mr. Brubaker, such as the Bureau of School Audits, the Bureau of Departmental Internal Audits, Bureau of State-Owned Institution Audits, and the Bureau of Audits. The last bureau has 28 very highly professionals in it, which is under the direct supervision of Mr. Brubaker. This Bureau of Audits has initiated an audit of the Governor's Justice Commission and RICHARD KEISER is the staff person in charge of the audit.

The Auditor General can, in accordance with law, examine the books and records of subgrantees and companies which receive State monies. This includes both in- and out-of-state companies.

The Auditor General's Office has made an arrangement with LEAA so that, for a token amount of \$16,000 provided by LEAA, the Auditor General will conduct an audit of the Governor's Justice Commission from April 1973 to December 31, 1973.

The Auditor General's Office has six members of its staff located in Philadelphia and five members located in Pittsburgh.

The Auditor General's Office did get into the Dean V. Sheaffer case and it is reported upon in one of the audit reports.

COMMONWEALTH OF PENNSYLVANIA

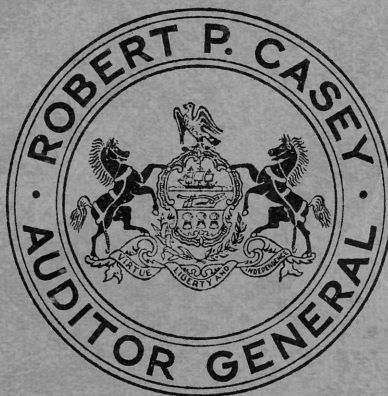
AUDIT REPORT

ALLEGHENY REGIONAL PLANNING COUNCIL

PITTSBURGH, PENNSYLVANIA

JANUARY 1, 1973 TO JUNE 30, 1973

JANUARY 1, 1972 TO DECEMBER 31, 1972



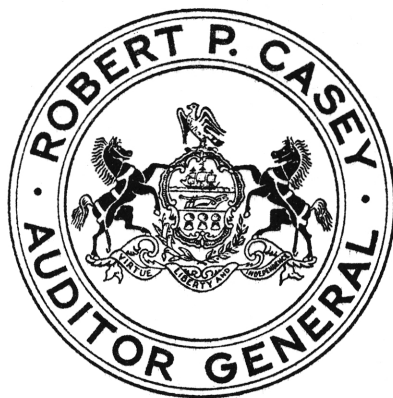
ALLEGHENY REGIONAL PLANNING COUNCIL

PITTSBURGH, PENNSYLVANIA

AUDIT REPORT

JANUARY 1, 1973 TO JUNE 30, 1973

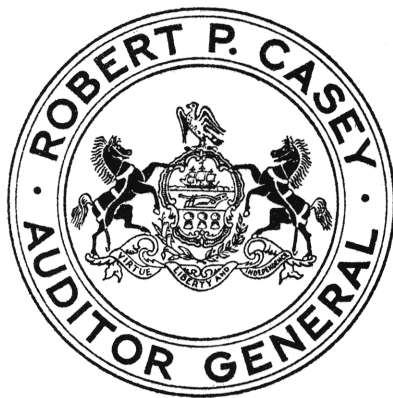
JANUARY 1, 1972 TO DECEMBER 31, 1972



COMMONWEALTH OF PENNSYLVANIA

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COMMONWEALTH OF PENNSYLVANIA



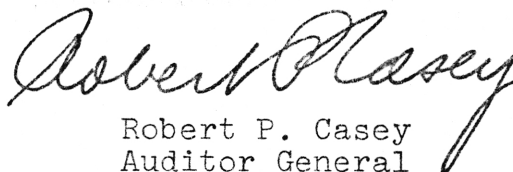
ROBERT P. CASEY
AUDITOR GENERAL

Commonwealth of Pennsylvania
Office of the Auditor General
Harrisburg 17120

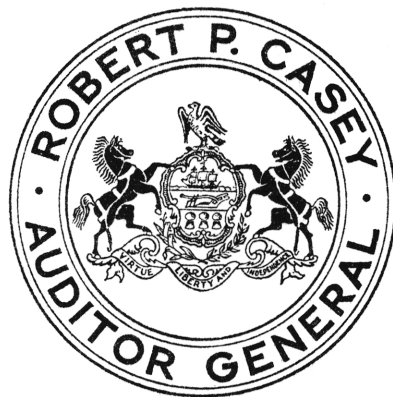
Honorable Milton J. Shapp
Governor of Pennsylvania
Harrisburg, Pennsylvania

We have examined the books and records of account for the Allegheny Regional Planning Council, Pittsburgh, Pennsylvania for the year ended December 31, 1972 and for the period January 1, 1973 to June 30, 1973. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and Statement of Allocation and Expenditures and Fund Balance present fairly the financial position of the Allegheny Regional Planning Council at June 30, 1973, and the results of operations for the periods January 1, to June 30, 1973 and the year ended December 31, 1972.


Robert P. Casey
Auditor General

July 6, 1973



COMMONWEALTH OF PENNSYLVANIA

ALLEGHENY REGIONAL PLANNING COUNCILBALANCE SHEETJUNE 30, 1973ASSETSCurrent Assets

Cash		\$ 46,069
Accounts Receivable:		
Law Enforcement Assistance		
Administration (Note 1)		<u>55,900</u>
Total Assets		<u>\$101,969</u>

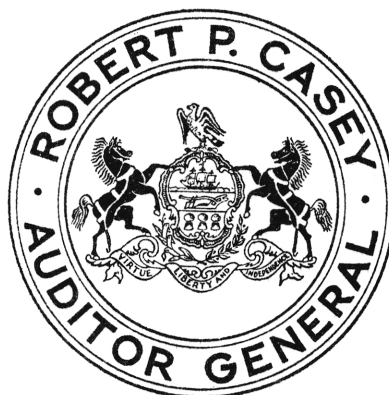
LIABILITIES AND FUND BALANCECurrent Liabilities

Accounts Payable:		
Law Enforcement Assistance		
Administration, Lapsed Funds (Note 2)		\$ 44,927
Other Accounts Payable		2,651
Funds Obligated (Note 3)		<u>69,827</u>
		\$117,405

Fund Balance

1973 Allocation		\$105,900
Expenditures Incurred to Date	\$51,509	
Funds Obligated	<u>69,827</u>	<u>121,336</u>
Fund Deficit		<u>(15,436)</u>
Total Liabilities and Fund Balance		<u>\$101,969</u>

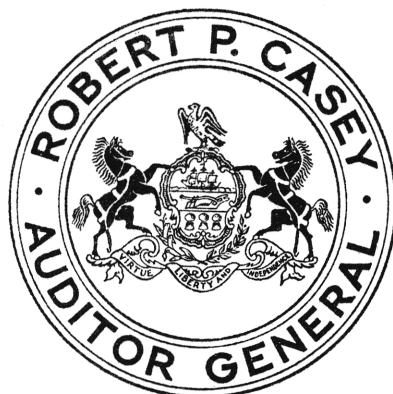
Notes to the financial statements are an integral part of this report.



COMMONWEALTH OF PENNSYLVANIA

ALLEGHENY REGIONAL PLANNING COUNCILSTATEMENT OF ALLOCATION, EXPENSES AND FUND BALANCE

	<u>January 1 to June 30, 1973</u>	<u>January 1 to December 31, 1972</u>
Approved Local Allocation	\$105,900	\$132,600
Expenses:		
Planning Grants	\$82,395	\$14,334
Consultants	25,834	51,273
Rent	5,133	5,294
Reproduction	2,969	4,881
Printing	1,618	4,172
Travel	763	1,993
Telephone	713	694
Computer Expense	542	338
Parking	532	389
Office Supplies	490	2,449
Equipment Rentals	254	553
Equipment Purchased	56	504
Miscellaneous	37	1,233
Conference (Workshop)	<u>121,336</u>	<u>1,087</u>
Excess of Allocation Over (Expenses)	\$(15,436)	\$ 43,306 ⁴
Due to Law Enforcement Assistance Administration	<u> </u>	<u>(43,406)</u>
Fund Balance (Deficit) June 30, 1973	<u>\$(15,436)</u>	<u>\$ -0-</u>



COMMONWEALTH OF PENNSYLVANIA

ALLEGHENY REGIONAL PLANNING COUNCILNOTES TO FINANCIAL STATEMENT

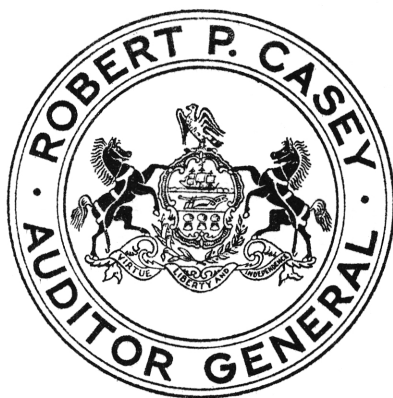
Note 1: Accounts Receivable, Law Enforcement Assistance Administration \$55,900

The unpaid portion of the 1973 allocation due from the Law Enforcement Assistance Administration follows:

Approved Allocation		\$174,774
Less Payments Allocated Directly to:		
City of Pittsburgh	\$30,374	
County of Allegheny	<u>38,500</u>	<u>68,874</u>
Allegheny Regional Planning Council Allocation		\$105,900
Payments Received to Date		<u>50,000</u>
Amount Receivable at June 30, 1973		<u>\$55,900</u>

Note 2: Accounts Payable, Law Enforcement Assistance Administration, Lapsed Funds \$44,927

Balance of 1971 and prior years at January 1, 1972		\$15,326
Improper Payment of 1971 Lapsed Funds (Finding No. 1)		<u>13,805</u>
Lapsed Funds, 1971 and Prior Years		\$ 1,521
1972 Allocations	\$132,600	
Less: Expenditures Applicable to 1972	<u>89,194</u>	
Lapsed Funds, 1972		<u>43,406</u>
Total Lapsed Funds		<u>\$44,927</u>



COMMONWEALTH OF PENNSYLVANIA

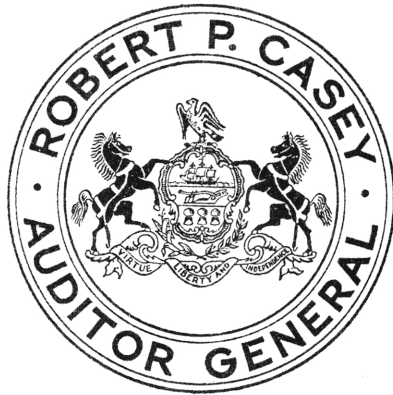
ALLEGHENY REGIONAL PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENT (Continued)

Note 3: Funds Obligated \$69,827

Planning funds were obligated at June 30, 1973 as follows:

Criminal Justice Planning Contracts	\$47,099
Planning Grants	18,216
Computer Analysis	<u>4,512</u>

Total \$69,827



COMMONWEALTH OF PENNSYLVANIA

ALLEGHENY REGIONAL PLANNING COUNCILFINDINGS AND RECOMMENDATIONSFINDING NO. 1 - Improper Payments and Balance of Lapsed Funds

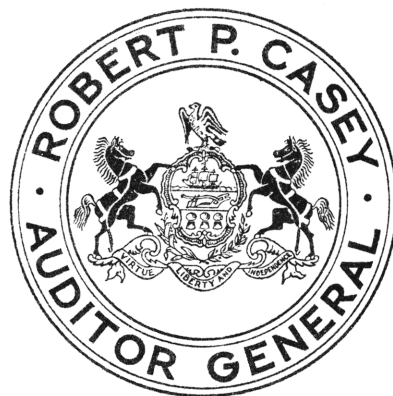
Funds applicable to 1971 lapsed after March 31, 1972, however, the unpaid balance of 1971 Grant Number AG-007 was paid in June, 1972 in the amount of \$13,805 which is contrary to federal Law Enforcement Assistance Administration policy. In addition, the Council is retaining lapsed funds as follows:

	<u>Total</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>
Planning Grant Allocations	\$182,600	\$50,000	\$132,600	
Cash Balance January 1, 1972	19,906			\$19,906
Less: Allocation Expenditures	<u>(142,632)</u>	<u>(48,858)</u>	<u>(89,194)</u>	<u>(4,580)</u>
	\$ 59,874	\$ 1,142	\$ 43,406	\$15,326
Improper Payment of Lapsed Funds	<u>13,805</u>	<u> </u>	<u> </u>	<u>13,805</u>
Cash Balance June 30, 1973	<u>\$ 46,069</u>	<u>\$ 1,142</u>	<u>\$ 43,406</u>	<u>\$ 1,521</u>

As indicated above the cash balance at June 30, 1973 represents the unexpended allocation of \$1,142 for 1973, and lapsed funds of \$43,406 for 1972 and \$1,521 for 1971 and prior years.

RECOMMENDATION:

The Council should immediately remit to the Law Enforcement Assistance Administration the lapsed funds for 1972 and prior years as indicated in the preceding tabulation.



COMMONWEALTH OF PENNSYLVANIA

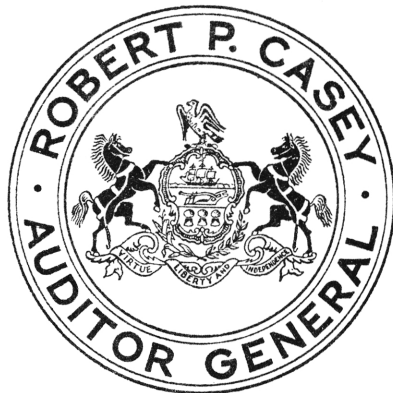
ALLEGHENY REGIONAL PLANNING COUNCILFINDINGS AND RECOMMENDATIONS (Continued)FINDING NO. 2 - Improper Budget Procedures and Internal Control

Our examination revealed the Allegheny Regional Planning Council did not prepare budgets prior to April 1, 1973. We also noted the Council has requested a change from a calendar year to a fiscal year basis. Budgets were submitted for the period of April 1, 1973 to December 31, 1973 and for the period July 1, 1973 to June 30, 1974. At June 30, 1973 the budget was over-expended \$15,436.

RECOMMENDATIONS:

The budget should be revised for 1973 to include the first three months and extended to an eighteen month accounting period from January 1, 1973 to June 30, 1974. The revised budget should provide sufficient funds to eliminate the existing deficit.

The Governor's Justice Commission should require all agencies to submit budgets to the Commission before funds are allocated.



COMMONWEALTH OF PENNSYLVANIA

ALLEGHENY REGIONAL PLANNING COUNCIL
FINDINGS AND RECOMMENDATIONS (Continued) . .

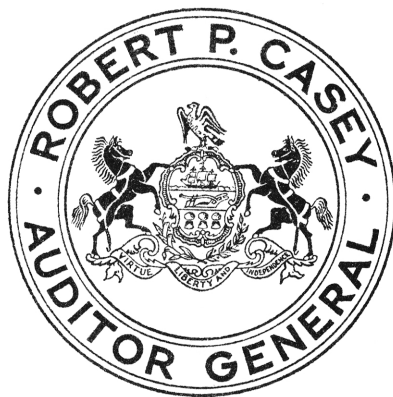
FINDING NO. 3 - Accounting Procedures

Our examination of the accounting procedures disclosed the following:

1. The transactions register is not being balanced monthly.
2. Checks for the bi-weekly pay period ending January 10, 1973 had only one signature.
3. Sales tax exemption is not always utilized.
4. Time and attendance records prior to July 14, 1972 were inadequate.
5. Personnel, who are in reality employees, are paid as independent contractors for services rendered. The Council has not filed Federal annual information returns reporting this expenditure.
6. Checks, together with only a memorandum of expenditures being paid, were submitted to the Chairman for signature and approval.

RECOMMENDATIONS:

1. The transaction register should be balanced monthly and reconciled to the bank balance.
2. The depository should be instructed not to honor checks with only one signature.
3. It should be called to the attention of all personnel of the tax exempt status.
4. Time and attendance records should indicate daily activity, hours worked and hours totaled for each pay period.
5. Federal Forms 1096 and 1099 Annual Information Returns should be filed relating to individuals paid under an employment contract.
6. Supporting documents should be presented with the check for the chairman's approval and signature.



COMMONWEALTH OF PENNSYLVANIA

ALLEGHENY REGIONAL PLANNING COUNCILSUPPLEMENTARY INFORMATION

The Allegheny Regional Planning Council was formed in 1969 for the purpose of preparing annual comprehensive plans to delineate the needs to solve the problems of the criminal justice system in Allegheny County. Planning funds are received from the Law Enforcement Assistance Administration based on priority and expected impact from anticipated programs within the County. Each program is monitored and evaluated to insure compliance of the contract with the Administration. In addition, research and evaluation studies are prepared on a regular basis which are used for their own decision making. These studies are also available to the community and persons involved in the criminal justice system.



COMMONWEALTH OF PENNSYLVANIA

