

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

MEMORANDUM

By Dale S. Thompson

Date April 16, 1974

FILE: Governor's Justice Commission

Department of Justice
Bureau of Corrections
Audit of LEAA Subgrant DA-104-71
For the Period February 1, 1971 to August 31, 1972

A review of the audit reports issued April 25, 1973 by LEAA and issued July 26, 1973 by the Pennsylvania Auditor General (copy attached) reveals:

1. The purpose of the subgrant was to: (i) develop a Community Treatment Services Division within the Bureau of Corrections; (ii) establish three pre-release centers throughout the State (Philadelphia, Scranton and Johnstown); and (iii) establish six Community Treatment Services regional offices (Southeast, Northeast, Southcentral, Central, Southwest and Northwest). Thus, the project's goal was to serve the entire State by the establishment of the pre-release centers and regional offices throughout the State.
2. The approved application provided that funding would be provided as follows:

Federal funds	\$470,007
State in-kind contributions	<u>197,748</u>
	<u>\$667,755</u>

Expenditures consisted primarily of salaries and wages in the amount of \$499,204, which included those of in-kind staff employees.

3. Audit exceptions were as follows:
 - A. The State failed to maintain records to adequately substantiate the income or disbursement of the State's in-kind contribution and the matching contributions, in the amount of \$156,669, were unrelated to the project goals.

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April 16, 1974

B. Unallowable costs according to LEAA were as follows:

Postage	\$ 761
Travel	8,793
Printing	13
Motor Vehicles	<u>4,371</u>
	<u>\$13,938</u>

The budget did not provide for expenditures for postage, travel and printing, and the expenditure for motor vehicles exceeded the budget by the allowable 10%.

The State audit reported unallowable costs of \$12,630, which amount did not include the motor vehicle amount, but did include a \$3,671 rental unallowable cost for a Philadelphia Community Treatment Center.

- C. The fiscal records for this subgrant prepared by the Office of Comptroller, Department of Justice were inadequate. The State audit report described them as "vague, hard to comprehend and are difficult to handle." This is a violation of LEAA financial guidelines and not in accordance with good accounting practices. The State audit report further said "Our examination of quarterly reports which were submitted revealed that they were misleading and could not be relied upon to reflect the fair financial status of the subgrant" - - both LEAA and State audit deficiencies.
- D. Adequate inventory controls over equipment and furniture purchased with grant funds were not established as required by LEAA and, as a result, the subgrantee was not able to properly administer or control these assets.
- E. The LEAA audit report (not the State) stated that the subgrantee did not submit the required programmatic progress reports to the Governor's Justice Commission and, accordingly, the latter was not informed as to progress and accomplishments of the project. Neither could any correspondence be located which reminded the subgrantee of the lack of periodic reports.

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April 16, 1974

- F. The State audit report (not the Federal) indicated that costs, in the amount of \$1,086, were properly incurred and encumbered but not liquidated by November 30, 1972 (90 days of end of grant period) in accordance with LEAA guidelines.
- G. The State audit report (not the LEAA) indicated the Justice Department transferred on June 30, 1972 available Federal funds, in the amount of \$92,417, to the next fiscal year operations and then discovered \$16,645 was needed for prior rental expenses which had to be paid out of State funds.
- H. The State audit report (not the LEAA) indicated that service purchase contracts were prepared subsequent to the effective and termination contract dates.
- I. The State audit report (not the LEAA) advised in regard to record storage that "The historical and financial records of the Comptroller's Office of the Department of Justice are located in a rodent infested, fire prone, dilapidated building approximately two miles from the Correctional Institute in Camp Hill. The building is also unlocked and, therefore, allows easy access by children or unauthorized persons to these highly confidential and important records. Some of the records are stored in stacked cardboard boxes which have no systematic filing sequence and, in some instances, are crushed. These historical and financial records are needed for reference because they are tied in with information needed for auditing and governmental purposes and for long range program planning."

All of the audit exceptions pertain to fiscal matters or closely related thereto. They indicate very serious fiscal and administrative deficiencies at the Department of Justice level and at two lower levels: the Governor's Justice Commission and the Bureau of Corrections. The staff of the Auditor General had an "exit interview" with Justice officials prior to issuing the report and strong opposition was not taken. In addition, the Auditor General stated that in view of the first listed deficiency that it is not possible to express an opinion as to fairness of the statement of income and expense for the nineteen month period. Two of the most interesting items are described in more detail hereinafter.

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The State was to provide \$156,669 of in-kind salaries and employees' benefits of 18 employees as follows:

1	Correction Officer III		\$ 9,057
2	Correction Officers II	@ 8,304	16,608
12	Correction Officers I	@ 7,532	90,384
3	Stewards I	@ 7,532	<u>22,596</u>
			138,645
	Employee Benefits 13%		<u>18,024</u>
			\$156,669

Name

C. W. Markle	Correctional Officer III
C. Meyer, Jr.	Correctional Officer II
J. H. Wilson	Correctional Officer II
C. B. Lynch, Jr.	Correctional Officer I
G. L. Ash	"
D. J. Finnelli, Jr.	"
P. Calandrella	"
G. Colaianni	"
D. N. Ferrari	"
R. D. Brinker	"
R. C. Henry	"
D. Duke	"
R. A. Golkesky	"
W. J. Holt	"
P. J. Calandrella	"
C. F. Mayger	Steward I
J. J. Timko	Steward I
R. Solomon	Steward I

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April 16, 1974

The LEAA audit stated: "However, the Greensburg institution which supplies all of the match for this subgrant does not have a pre-release center or a Community Treatment Services regional office. Also, according to project personnel, the services provided by the 16 employees at Greensburg, whose salaries were used as in-kind State match, were not, in any way, related to the project goals. Therefore, the services of this institution are unrelated to the goals of the subgrant and cannot be considered as allowable matching contributions."

In connection with deficiency "H." above, as reported by the State audit, the audit work papers reflect the following:

Date of Invoice	Payee	Amount
11/9/71	Thomas Ford	\$ 175.00
12/15/71	Thomas Ford	900.00
1/3/72	Thomas Ford	900.00
11/5/71	Bruce Millard	175.00
12/15/71	Bruce Millard	900.00
1/3/72	Bruce Millard	900.00

Each one of the amounts listed above can be traced to a warrant number and therefore payment. On 5/24/71, both Mr. Millard and Mr. Ford presented a two-weeks architectural study of the existing structure of 1503-1505 N. 15th Street, Philadelphia, for a community treatment center. Work drawings were completed 7/30/71 and were presented to the Bureau of Correction. On 11/9/71, Thomas Ford requested payment of \$175 for his services here and on 11/5/71 Bruce Millard did likewise. Each invoice consists of plain typewriter paper with no letterhead. Each was signed by the individual. Note the format of the letters - similar. On 12/15/71 the same people submitted two separate invoices of \$900 each for the same services. But notice the handwriting as compared to the signatures of the two previous letters - drastically different. Two more checks were issued. And finally on 1/3/72 two more invoices are shown, each indicating \$900 is due them for the services they rendered on the same building. Notice the format of the invoices. Two more checks were issued to these people - each \$900. Could not locate in 71-72 revenue transmittal any refunds for such monies.

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April 16, 1974

The audit report went on to state that there were four different contracts made for "consulting architectural services for renovation of a building located at 1503-05 North 15th Street, Philadelphia, Pennsylvania, to be used as a community treatment center."

In addition to the very "suspicious" invoices, the audit report indicates that the two checks for \$175 each and two of the \$900 checks were redeposited into the State Treasury according to the endorsements on the checks. However, the auditors could not trace these checks through the Comptroller's Office of Justice indicating that the State received credit for them.

In order to "round-out" the story on this audit report, it is recommended that we examine the subgrant file at the Governor's Justice Commission and also determine exactly how LEAA officials have finally settled these audit exceptions.

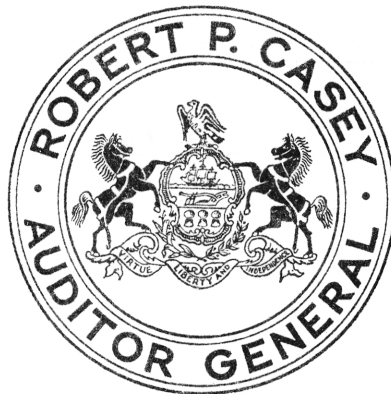
It would appear that perhaps more inquiry is needed on the payments to Thomas Ford and Bruce Millard.

It is doubtful that further inquiry about the other deficiencies will be very fruitful.

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS

L.E.A.A. SUBGRANT DA-104-71

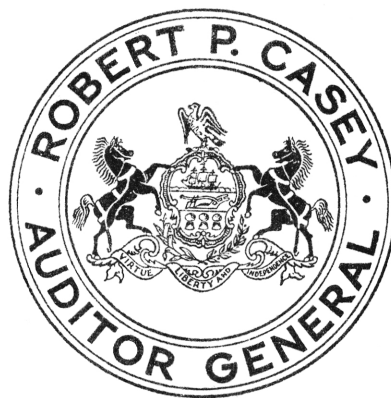
FOR THE PERIOD FEBRUARY 1, 1971 TO AUGUST 31, 1972



COMMONWEALTH OF PENNSYLVANIA

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COMMONWEALTH OF PENNSYLVANIA



ROBERT P. CASEY
AUDITOR GENERAL

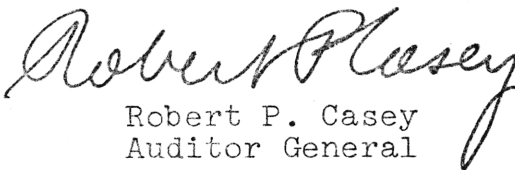
Commonwealth of Pennsylvania
Office of the Auditor General
Harrisburg 17120

Honorable Israel Packel
Attorney General
Department of Justice
Room 1 - Capitol Annex
Harrisburg, Pennsylvania

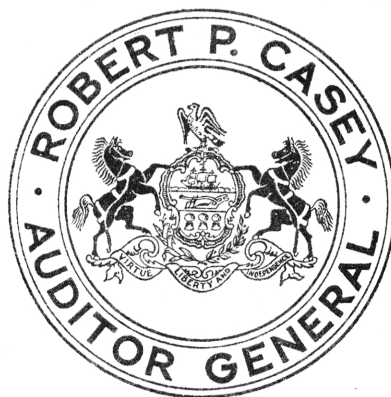
We have examined the available records of Subgrant DA-104-71 between the Governor's Justice Commission and the Bureau of Corrections for the period February 1, 1971 to August 31, 1972, and have prepared from such records a Statement of Income and Expenditures for the period then ended. Our examination 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 except as stated in the following paragraph.

We were unable to satisfy ourselves as to the accuracy of the state matching funds represented by salaries and employee benefits charged to this grant. This was due to the fact that no separate records were maintained for these items and it was not otherwise possible to establish adequate accountability for such payroll and benefits.

Due to the materiality of the items previously mentioned it is not possible for us to express an opinion as to the fairness of the statement of income and expenditures for the nineteen month period ended August 31, 1972.


Robert P. Casey
Auditor General

July 26, 1973



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
STATEMENT OF INCOME AND EXPENDITURES
FEBRUARY 1, 1971 to AUGUST 31, 1972

INCOME

Federal subgrant funds Title I of the Omnibus Crime Control Act of 1968, as amended	\$ 470,007.00
In-kind contributions - (state employees' salaries and benefits) - Note 1	<u>197,747.71</u>
Total income	<u>\$ 667,754.71</u>

EXPENDITURES

Salaries and wages	\$ 499,203.73
Payroll benefits	47,809.09
Travel	8,157.21
Rent	5,217.00
Telephones	911.71
Motorized equipment - Note 2	35,871.30
Equipment and machinery - Note 2	4,401.53
Furniture and furnishings - Note 2	15,812.72
Specialized services	676.09
Miscellaneous expenditures	1,651.22
Office supplies	1,405.13
Contracted services	4,831.50
Housekeeping supplies	<u>2,053.05</u>
Total expenditures	<u>\$ 628,001.28</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 39,753.43</u>

See notes to financial statements.



COMMONWEALTH OF PENNSYLVANIA

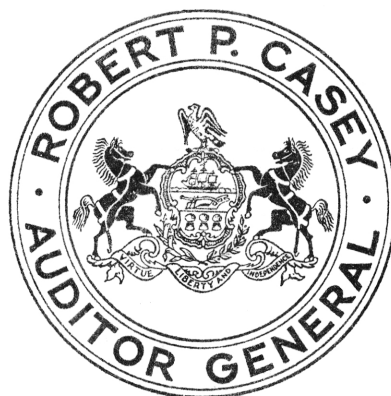
DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1972

NOTE 1

In-kind contributions represent the salaries and benefits of state employees. Offsetting charges are included in the expense classification.

NOTE 2

Equipment and fixtures are recorded at cost of acquisition. To conform with governmental accounting practices, no provision has been made for depreciation of such expenditures made in connection with subgrant DA-104-71.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONSL.E.A.A. SUBGRANT DA-104-71BACKGROUND

In accordance with the provisions of the Omnibus Crime Control and Safe Streets Act of 1968, the purpose of which was to "assist state and local governments in reducing the incidence of crime, to increase the effectiveness, fairness, and coordination of law enforcement and criminal justice systems at all levels of government, and for other purposes", we undertook the examination of subgrant DA-104-71 to the Pennsylvania Department of Justice - Bureau of Corrections.

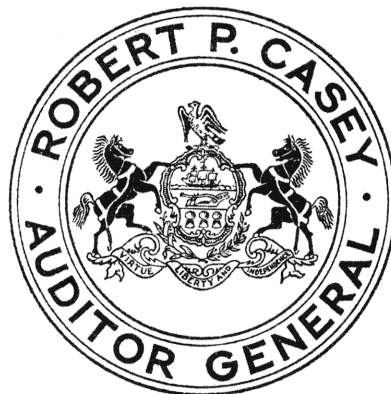
The primary objective of the program was to bring about a state-wide operational community based treatment service for criminal offenders which would yield a series of alternatives for the individual, as compared to institutional confinement. The alternatives, it was hoped, would restore the criminal offender's role as a participating member of the community and, thus, the underlying basis of crime would be relieved.

Due to the lack of personnel and resources necessary to implement this program, an Office of Community Treatment Services was established within the Bureau of Correction, Department of Justice. The first year of operations saw the establishment and staffing of six Human Service Regions, the director's office and three Community Treatment Centers.

The project was to be bilaterally funded by using monies provided by the federal government and the state government from monies of the general fund of the Department of Justice budget. In accordance with the approved application for subgrant, federal funds, totaling \$470,007.00, were to be used for salaries and wages, payroll benefits and all operating expenses. The state's matching contribution, totaling \$156,669.00, was to be used solely for the salaries of eighteen individuals listed in the approved application who were to be assigned to the operation of this project. The original term of the grant was February 1971 to February 1972.

During February, 1972, a revised application was submitted to the Pennsylvania Criminal Justice Planning Board for approval. The request was for an extension of the grant period to August 1972, with no requirement for additional funds.

The following observations and recommendations, where applicable, are based on our examination of various books and records made available to us by the Comptroller's Office, Department of Justice, and are presented as constructive suggestions in the interest of improving operating procedure and strengthening the system of internal control. Many of the observations are a result of deviations from conditions set forth in the subgrant application, which state that the applicant must comply with the standardized rules and regulations concerning the use and accounting of federal monies as well as existing state regulations.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Unsupported Matching Contribution

There were no records maintained to indicate the amount and timing of the State's matching contribution. The Financial Guide for Administration of Planning and Action Grants, Section II, Subsection B, Paragraph (i) states "Accounting records should provide the information needed to adequately identify the receipt of funds under each grant awarded and the expenditure of funds for each grant, for each action program covered by a State's grants and for each subgrant awarded by the State."

The State's matching contribution is required for the achievement of project goals. The matching contribution is comprised of the salary and fringe benefits of eighteen state employees whose employment is considered to be an in-kind contribution.

However, although fourteen correctional officers, one labor foreman and three stewards could be considered necessary for project goals, the fact that they were all located at the Greensburg institution does not justify their contribution as being necessary for a state-wide project. Also, the Greensburg institution was not one of the pre-release centers originally submitted to achieve project goals and, therefore, the contributory services of these employees does not, in our opinion, qualify them as necessary staff support for the treatment services described. "

RECOMMENDATION

We recommend that (1) separate records be maintained to adequately substantiate the income or disbursement of the State's in-kind contribution; (2) the contributory services provided as a matching contribution should be disallowed.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

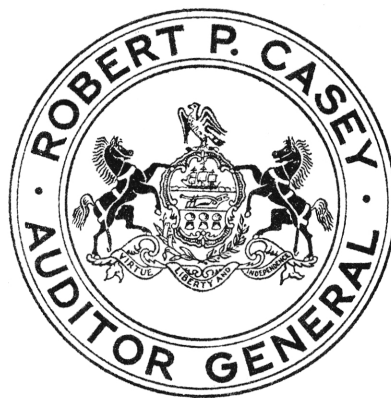
Finding No. 2 - Unallowable Costs

The subgrantee did not obtain prior written approval from the Pennsylvania Criminal Justice Planning Board (PCJPB), authorizing expenditures in excess of 10% over the amount budgeted for line items. Item 14 of the application for Subgrant titled Standard Subgrant Conditions Part (9) Expenses Not Allowable states, "Subgrant funds may not be expended for (a) items not part of the approved budget or separately approved by PCJPB... ..(e)...Expenditure of funds in excess of the submitted total cost estimate for any major budget category will be permitted only with PCJPB approval where this involves an increase of more than 10% in the total category cost estimate. Such increases will be deemed, in effect, to constitute an amendment of the subgrant application and award requiring subgrantor concurrence." Part (10) "Subgrantees must obtain prior written approval from PCJPB for ... (c) changes in the approved budget..." The following instances are in violation of these requirements: (1) \$8,198.23 was charged for travel expenditures and no amount was budgeted for this account; nor was permission requested or granted. (2) Rental expense for a Philadelphia Community Treatment Center exceeded LEAA guidelines by an unbudgeted amount of \$3,670.88. (3) \$760.88 was spent for postage without prior approval.

No prior written approval was presented to substantiate the above expenditures.

RECOMMENDATION

We recommend that (1) \$12,629.99 be disallowed as unauthorized program expenditures; (2) future budgets be prepared with enough foresight to include a reasonable amount of expenditures for budget line items necessary to the accomplishment of project objectives and goals.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

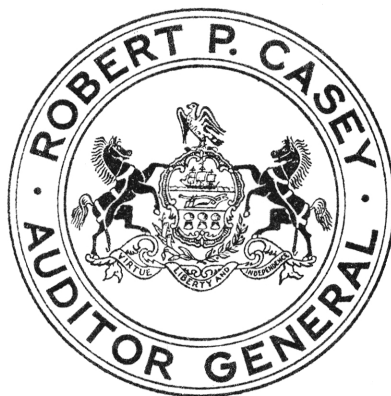
Finding No. 3 - Liquidation of Encumbrances

All obligations for disbursements were not liquidated within the time specified for such liquidations. Commonwealth regulations provide that encumbrances must be liquidated within 90 days of the close of the accounting period. However, encumbrances amounting to \$1,086.28 were not liquidated prior to November 30, 1972.

<u>Encumbered Date</u>	<u>Payee</u>	<u>Amount</u>
6/16/72	J.A. Wilbik	\$ 370.00
8/24/72	J.A. Wilbik	104.00
5/31/72	Dept. of Property & Supplies	2.73
5/31/72	Dept. of Property & Supplies	22.06
5/31/72	Dept. of Property & Supplies	443.74
5/24/72	Middle Atlantic	<u>143.75</u>
		<u>\$1,086.28</u>

RECOMMENDATION

We recommend that the amount detailed above be disallowed as a proper project cost.



COMMONWEALTH OF PENNSYLVANIA

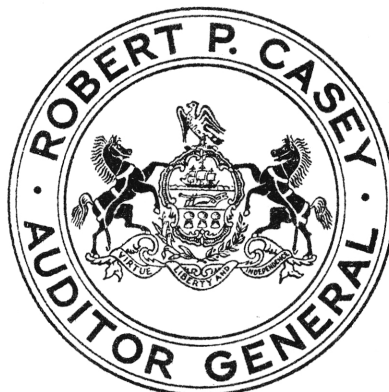
DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

Finding No. 4 - Transfer and Rollover of Funds

Our examination revealed that certain funds were transferred from a state cost center to a federal cost center. A letter dated August 14, 1972, requested that a total of \$16,645.00, be used to cover rent expenses for two community based treatment centers. Prior to this date \$92,417.24, of federal monies was carried forward to the next fiscal year operations.

RECOMMENDATION

We recommend that (1) requests for transfer of funds be disallowed when a large cash balance exists in the account to which funds are being transferred and (2) the transfer of \$92,417.24 be disallowed as a violation of LEAA guidelines.



COMMONWEALTH OF PENNSYLVANIA

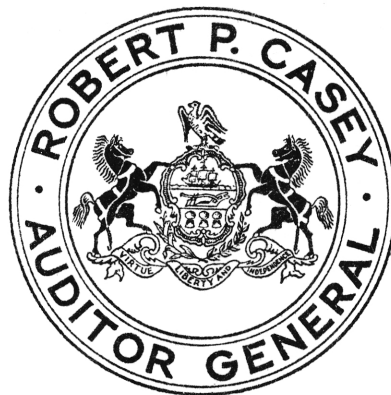
DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

Finding No. 5 - Service Purchase Contracts

Service purchase contracts were prepared subsequent to the effective and termination dates indicated on the contract.

RECOMMENDATION

We recommend that all future contracts should be made in an orderly and planned manner prior to their effective date and that a control ledger be maintained which will effectively show the liquidation of contract agreements so that duplicate payment for contracted services are eliminated.



COMMONWEALTH OF PENNSYLVANIA

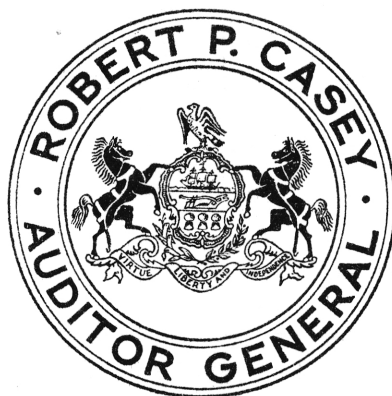
DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

Finding No. 6 - Personnel, Payroll and Benefits

- A) The employee positions actually filled for the program did not conform with budgetary approval. A total of thirty-six (36) salaried employees were listed on the budget. However, one year from the inception of the project, a total of only twenty-four (24) salaried positions were filled, including a position not approved in the budget.
- B) Although the project was initiated in February, 1971 we found that one center did not begin operations until May, 1972 and two did not begin until December, 1971.
- C) Non-salaried employees were not paid the specified rate as indicated in the approved budget. House managers and their alternates for the three Community Treatment Centers were to receive a rate of \$1.80 per hour. However, the lowest rate paid was \$2.70 per hour.
- D) The Comptroller's office did not request any verification of employee payroll deductions. Since this office is the payroll recording and disbursement center, authorization for payroll deductions should be maintained in the employee personnel records.

RECOMMENDATION

We recommend a payroll reporting and recording system be established to provide adequate labor records for each employee; labor costs by subgrant and by each center within that subgrant.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

Finding No. 7 - Books and Records

The computer generated financial transactions for this subgrant are vague, hard to comprehend and are difficult to handle. An adequate accounting system should (1) provide management with necessary information to make meaningful and timely decisions; (2) provide an adequate control over the receipt and disbursement of project funds; (3) aid in the preparation of financial reports; and (4) establish a means of classifying and analyzing costs for budget purposes.

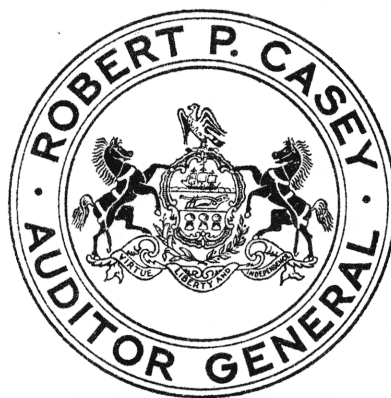
The fiscal records are prepared by the Office of the Comptroller, Department of Justice. The fiscal office of the subgrantee located in Greensburg, Pennsylvania, is provided with monthly status of allotment reports number 10 and 27 which are the only records supplied the subgrantee. In our opinion these reports do not provide an adequate accounting system, for this subgrant, as outlined above. In one instance the lack of accounting control for financial recording was found in service purchase contracts where a total of \$2,150.00 was recorded as expense when in reality the money was later redeposited into the Treasury. No record of the deposit was found.

There were no formal project records maintained at the subgrantee's fiscal office located at Greensburg. This is not only a violation of LEAA financial guidelines but is not in accordance with good accounting practices.

An adequate system of the accounting for equipment and fixtures was not maintained by the subgrantee. The purposes and objectives of proper control of permanent assets are (1) to account for expenditures and (2) to provide an accountability for inventory purposes.

RECOMMENDATION

We recommend that the Comptroller's office of the Department of Justice (1) segregate each subgrant by cost centers where federal monies are to be applied and those cost centers where the State matching share is to be applied; (2) the creation of a new filing system which will alleviate the problem of manually handling the bulky computer reports; (3) correct the problem of confusing and misleading information caused by having the computer generate reports which are based strictly on the State's fiscal year ending June 30, as contrasted to the grant period ending on another date.



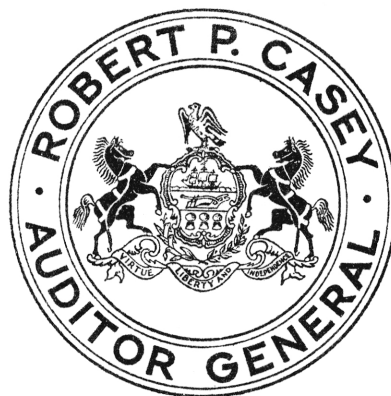
COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 7 - Books and Records (Continued)

RECOMMENDATION (Continued)

In addition, we also recommend that the subgrantee (1) maintain formal project books and records which will reflect the proper financial status of the subgrant at all times; (2) maintain an adequate system of accountability for equipment and fixtures purchases.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONS
L.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONS

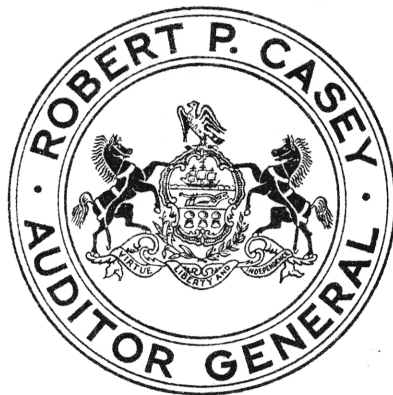
Finding No. 8 - Reports

The subgrantee did not submit timely reports as prescribed by the Pennsylvania Criminal Justice Planning Board. PCJPB required the submission of the "Cumulative Action Grant Fiscal Report" for each quarterly period of project operations. Failure to submit this report could delay future draw downs of grant funds for the project operations. Various letters were mailed to the subgrantee by PCJPB concerning the tardiness of such reports.

Our examination of the quarterly reports which were submitted revealed that they were misleading and could not be relied upon to reflect the fair financial status of the subgrant.

RECOMMENDATION

We recommend that the fiscal officer of the project devise a timely and controlled system of accounting for subgrant receipts and disbursements. This system should provide for accurate, up-to-date financial information for the creation of meaningful management reports as required by PCJPB. A coordinated liason should be established between the Comptroller and other fiscal officers for the transfer and recording of financial data.



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF JUSTICE - BUREAU OF CORRECTIONSL.E.A.A. SUBGRANT DA-104-71
FINDINGS AND RECOMMENDATIONSFinding No. 9 - Record Storage

The historical and financial records of the Comptroller's Office of the Department of Justice are located in a rodent infested, fire prone, dilapidated building approximately two miles from the Correctional Institution in Camp Hill. The building is also unlocked and therefore, allows easy access by children or unauthorized persons to these highly confidential and important records. Some of the records are stored in stacked cardboard boxes which have no systematic filing sequence and, in some instances, are crushed. These historical and financial records are needed for reference because they are tied in with information needed for auditing and governmental purposes and for long range program planning.

RECOMMENDATION

We recommend adequate measures be taken to correct the deplorable conditions listed above. These measures should include a filing system for easy record access, the installation of a record retention schedule to include an adequate system of internal control, and that the storage area be security-proof and fire proof as much as physically possible. The filing equipment in the storage area should consist of fire-proof, inter-locking metal cabinets. The area should also include a suitable work area for employees.



COMMONWEALTH OF PENNSYLVANIA