

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

MEMORANDUM

By Dale S. Thompson

Date April 25, 1974

FILE: Governor's Justice Commission

On April 25, 1974, Mr. LOUIS A. PETRUCCIO, Comptroller, Department of Justice, was interviewed at his office in the old Administration Building, just outside the main gate of the State Correctional Institution, Camp Hill. His telephone number is 787-9008.

Mr. Petruccio said that he is actually an employee of the Bureau of Financial Management, Office of Administration, but that he functions as Comptroller of the Department of Justice. He is answerable to Mr. JOSEPH YAKOBOSKI, Director of the Bureau, who, in turn, is answerable to FRANK BEAL, Secretary of Administration. He is a civil servant of the State. The Department of Justice reimburses the Office of Administration for the salaries of Mr. Petruccio and his staff.

Mr. Petruccio has been in the Comptroller's Office of the Department of Justice for ten years, the last five as Comptroller. He was with the Department of Revenue of the State prior to that time.

The Comptroller's Office performs the official accounting for the entire Department of Justice, including the Governor's Justice Commission. Funds are made available from LEAA to the State Treasury by the letter of credit process. These funds are credited by the Comptroller as being available to the Justice Commission for appropriate expenditure.

Mr. Petruccio's office is furnished with copies of approved grants made by the Commission and related correspondence pertaining to the fiscal aspects of these grants. When the Commission desires the grantee to receive money, a general invoice is prepared and sent to Mr. Petruccio's office. If it meets all fiscal requirements, he sends it on to the State Treasurer for payment. Grants are usually paid on a 4-step basis. The initial check is usually returned to the Commission for delivery to the grantee. Subsequent checks are usually sent directly to the grantee.

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The Comptroller's responsibilities in connection with grant and related payments are basically related to financial aspects. He does not concern himself with the purposes of the grant as such.

In the event the Department of Justice receives a grant from the Justice Commission for a particular project, then the Comptroller's Office does the accounting for that grant for the recipient of the grant and reviews expenditures from grant monies the same as he reviews all other expenditures of the Department.

The Comptroller also serves in an audit role for grants made by the Commission. An agreement was entered into between the Attorney General and the Secretary of Administration whereby the Comptroller's Office conducts an audit of all Commission grants prior to the time the grant is "closed out." In connection with these audits, the Comptroller points out the facts that funds may be unexpended or takes exception to certain expenditures. The audit report is then sent to the Commission for final adjustment in relation to audit exceptions. The Commission has final authority in settling the exceptions.

Mr. Petruccio has four full-time field auditors and an auditor by the name of DAVID MYER in his immediate office who handles LEAA grants. Reimbursement for these five auditors and their travel expenses are paid for by the Justice Commission. The Comptroller is supposed to audit all grants prior to the time they are closed out. The Auditor General is supposed to audit LEAA grants on a spot check basis.

The Governor's Justice Commission has what it calls "financial monitors" that are supposed to work with the grantee on a day-to-day basis in connection with fiscal policies, procedures and problems which the grantee may have. Mr. Petruccio does not believe these financial monitors work too closely with the grantee at the very inception of the grant and, accordingly, the grantee often gets in trouble from a financial standpoint prior to the time he is given assistance.

Mr. Petruccio is of the opinion that BERARD is really trying to take over the audit responsibilities from the Comptroller and building his own little kingdom. Petruccio is of the opinion that Berard is not now sending all grants to the Comptroller's Office for audit. He will provide a summary of the number of grants received from the Commission for audit.

Mr. Petruccio had in his possession a memorandum, dated December 8, 1971, from Mr. Berard to all Justice Commission officials which outlined the responsibilities of Berard's office. It is entitled "Instructions and Guidelines of the Grant Application Process." A copy of this should be obtained.

The Bureau of Financial Management, Office of Administration, is responsible for issuing fiscal policies and procedures on a statewide basis. They are applicable to all Department of Justice operations. The various fiscal offices at the various Department of Justice institutions are responsible for implementation of such policies and procedures. The Deputy Attorney General for Management Services within the Department of Justice has certain fiscal, personnel and general services responsibilities. Mr. RICHARD MALOY now occupies that position which was formerly occupied by A. B. ZERFOSS.

In Mr. Petruccio's opinion, one of the problems with the Justice Commission's program is that it has had numerous Directors. Mr. Berard is the only one that has furnished the program continuity and thus the various Directors have leaned upon him very heavily in the past. Berard wants to be completely independent in his own right. He does not want to accept State regulations. His answer is that "it is federal money" and, accordingly, does not feel that State regulations concerning the expenditure of such funds are applicable, at least he doesn't want to think so.

One of the first efforts of the Commission was to get the money out where it would do some good. Consequently, adequate guidelines and monitoring were not furnished. Infractions of guidelines and other irregularities were overlooked. It is Mr. Petruccio's feeling that even though the audit reports point out deficiencies and irregularities, the Justice Commission becomes very lenient in settling these matters. It is Mr. Petruccio's position that he is not responsible for following up on the audits to determine specifically what action has been taken by the Justice Commission.

During the past two years, the fiscal staff at the Commission has been increased considerably and they now have adequate staff and are doing a better job. The staff is now so large that there may be duplication in regard to accounting work and auditing.

Mr. Petruccio described Mr. Berard as a very capable individual, however, he is very antagonistic towards others who want to criticize his program. He wants no interference. Berard is very aggressive and "comes on strong." Reportedly, some Commission employees cannot stand Berard. He is very jealous of his responsibilities.

Mr. Petruccio will furnish material and correspondence relating to placing the audit responsibilities for Commission subgrants with the Comptroller. He will also identify and furnish copies of audit reports pertaining to subgrants which, in their opinion, identify significant deficiencies within the Justice Commission and the operation of its program.

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

On April 22, 1974, Mr. JOHN CURLEY, Auditor General's staff, was interviewed. He said that he had conducted this particular audit almost by himself. In connection with the audit, he did not talk to the two architects, BRUCE MALLARD and THOMAS FORD, nor did he ask anyone concerning the suspicious invoices submitted by these individuals.

He said that the audit had been performed at Comptroller PETRUCCIO's office at Camp Hill. The headquarters for the project was at the Bureau of Correction Institution at Greensburg.

A HARRY MILLER, Administrative Officer, Bureau of Securities, Receipts and Deposits, was contacted in an effort to trace the four checks relating to payments to Mallard and Ford back into the State Treasury. He referred the writer to Mr. RAYMOND RUSSELL, in charge of the Bureau's old files which are stored on the 6th floor of the Finance Building. An employee of Mr. Russell's made the files available and they reflected the following:

1. Mr. Petruccio prepared "Refund of Expenditures," Form OA-419, dated January 11, 1972, No. TC 35 213. This reflects a deposit into the State Treasury of check No. 448441, made payable to Bruce Mallard in the amount of \$175.00, and check No. 448444, payable to Thomas Ford in the amount of \$175.00.

The deposit went into the General Fund and was credited to Account No. 01-11-03-71-1-281, this being the State correctional facility at Greensburg.

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The explanation for the deposit was that the amount of which was in error. It was deposited by the Treasurer on January 18, 1972. The Revenue code number was 19-1011.

2. "Refund of Expenditures," Form OA-419, dated June 29, 1972, No. TC 35 427, reflects that check No. 533909, payable to Thomas Ford in the amount of \$900.00, and check No. 533910, payable to Bruce Mallard in the like amount, were credited to the same General Fund account, No. 01-11-03-71-1-281. The explanation for this deposit was shown as duplicate payments. The checks were deposited by the Treasurer on June 30, 1972. The Revenue code number was 19-1011.

Mr. Curley was thereafter contacted and advised that Revenue code No. 19-1011 is entitled "Refund of Expenditures Credited to Appropriation" for the Department of Justice.

He said it would appear that the funds were credited to the Department of Justice, but not credited specifically to this particular grant. Accordingly, the expenditures for this grant would be \$2150.00 too high.

Mr. Curley also made available copies of his work papers, such copies are attached. They refer to Service Purchase Contracts, letters of correspondence, and checks concerning payments to Mallard and Ford.