



COMMONWEALTH OF PENNSYLVANIA

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY
CONSTABLES' EDUCATION AND TRAINING ACCOUNT

HARRISBURG, PENNSYLVANIA

AUDIT REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003

TABLE OF CONTENTS

	<u>Page</u>
<i>Background</i>	1
<i>Independent Auditor's Report</i>	5
 <i>SCHEDULES:</i>	
<hr/>	
<i>Schedule of Revenue, Expenditures, and Changes in Program Balance for the Fiscal Year Ended June 30, 2005</i>	7
<i>Schedule of Revenue, Expenditures, and Changes in Program Balance for the Fiscal Year Ended June 30, 2004</i>	8
<i>Schedule of Revenue, Expenditures, and Changes in Program Balance for the Fiscal Year Ended June 30, 2003</i>	9
<i>Notes to Schedules</i>	11
 <i>COMPLIANCE AND INTERNAL CONTROL SECTION:</i>	
<hr/>	
<i>Report on Internal Control and Compliance Over Financial Reporting</i>	15
 <i>FINDING AND RECOMMENDATION:</i>	
<hr/>	
<i>Introduction</i>	19
<i>Finding - Management Did Not Accurately Account for Commitments Resulting in the Misstatement of Account Balances</i>	20
<i>Recommendation</i>	21
<i>PCCD Response</i>	22
<i>Auditors' Conclusion</i>	22
 <i>Distribution List</i>	 24



CONSTABLES' EDUCATION AND TRAINING ACCOUNT
JUNE 30, 2005, 2004 AND 2003

BACKGROUND

The Constables' Education and Training Act (act), 42 P.S. 29 § 2941-2950, Act 44 of 1994, as amended, established the Constables' Education and Training Board (board). With the approval of the Pennsylvania Commission on Crime and Delinquency (PCCD), the board and PCCD staff administers all aspects of the Constables' Education and Training Program (program). The board advises PCCD on development and implementation of mandated basic training, continuing education, and firearms qualification for constables and deputy constables in the Commonwealth, leading to certification to perform judicial duties and receive payment. Annual training is required to maintain certification. Training and certification is available, without charge, to all elected and appointed constables and deputy constables in the Commonwealth.

The act also established the Constables' Education and Training Account (account), a special restricted revenue account in the General Fund. The account is used to pay for training expenses, activities of the board, and costs to implement and administer the program. The restricted revenue account is funded by a five-dollar surcharge per docket number and five dollars per named defendant in each civil case. The surcharge collections are to be submitted within one week to the Administrative Office of the Pennsylvania Courts (AOPC). The AOPC remits collections to the Department of Revenue for deposit into the restricted revenue account. The act permits PCCD to allocate surplus monies in the restricted account to constables and deputy constables for costs, associated with attendance at continuing education programs.



SCHEDULES



Independent Auditor's Report

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

Dear Governor Rendell:

We have audited the accompanying financial schedules of Revenue, Expenditures, and Changes in Program Balance of the Constables' Education and Training Account for the fiscal years ended June 30, 2005, 2004 and 2003, pursuant to the requirements of 42 P.S. 29 § 2949. The financial schedules are the responsibility of the Pennsylvania Commission on Crime and Delinquency's management. Our responsibility is to express an opinion on the financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Constables' Education and Training Account's financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Constables' Education and Training Account's financial schedules are on a prescribed basis of accounting that demonstrates compliance with the budget laws of the Commonwealth of Pennsylvania, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial schedules of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. As further discussed in Note A, the financial schedules of the Constables' Education and Training Account are intended to present the Revenue, Expenditures, and Changes in Program Balance of only that portion of the funds of the Commonwealth of Pennsylvania attributable to the transactions of the Constables' Education and Training Account.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial schedules referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Constables' Education and Training Account as of June 30, 2005, 2004 and 2003, or changes in financial position or, where applicable, its cash flows for the years then ended.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the Revenue, Expenditures, and Changes in Program Balance of the Constables' Education and Training Account for the fiscal years ended June 30, 2005, 2004 and 2003, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2006, on our consideration of the Constables' Education and Training Account's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management of the Pennsylvania Commission on Crime and Delinquency, the Pennsylvania Senate, and the Pennsylvania House of Representatives, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

June 2, 2006

JACK WAGNER
Auditor General

**PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY
 CONSTABLES' EDUCATION AND TRAINING ACCOUNT
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN PROGRAM BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

PROGRAM ACTIVITY

REVENUE:

Fee Collections		\$ 2,016,854
-----------------	--	--------------

EXPENDITURES:

Administrative		\$ 375,056
Education:		
Harrisburg Area Community College	\$ 191,500	
Lackawanna Junior College	151,148	
Mansfield University	115,753	
Mercyhurst College	328,280	
Penn State University – Fayette	465,058	
Temple University	<u>349,644</u>	
Total Education Expenditures		1,601,383
Curriculum Development:		
Penn State University – Fayette	\$ 101,538	
Temple University	<u>23,671</u>	
Total Curriculum Development Expenditures		<u>125,209</u>
Total Expenditures		<u>2,101,648</u>
Revenue Under Expenditures		\$ (84,794)

PROGRAM BALANCE

Program Balance at July 1, 2004		<u>8,534,702</u>
Program Balance at June 30, 2005		
Reserved for Commitments	\$ 5,232,697	
Unreserved	<u>3,217,211</u>	<u>\$ 8,449,908</u>

-The notes to the financial schedules are an integral part of this schedule.-

**PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY
 CONSTABLES' EDUCATION AND TRAINING ACCOUNT
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN PROGRAM BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

PROGRAM ACTIVITY

REVENUE:

Fee Collections	\$ 1,924,652
-----------------	--------------

EXPENDITURES:

Administrative		\$ 356,135	
Education:			
Harrisburg Area Community College	\$ 121,520		
Lackawanna Junior College	144,542		
Mansfield University	115,521		
Mercyhurst College	206,935		
Penn State University – Fayette	293,273		
Temple University	<u>224,338</u>		
Total Education Expenditures		1,106,129	
Curriculum Development:			
Penn State University – Fayette	\$ 58,577		
Temple University	<u>97,623</u>		
Total Curriculum Development Expenditures		<u>156,200</u>	
Total Expenditures			<u>1,618,464</u>
Revenue Over Expenditures			\$ 306,188

PROGRAM BALANCE

Program Balance at July 1, 2003	<u>8,228,514</u>
Program Balance at June 30, 2004	
Reserved for Commitments	\$ 3,607,776
Unreserved	<u>4,926,926</u>
	<u>\$ 8,534,702</u>

-The notes to the financial schedules are an integral part of this schedule.-

**PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY
 CONSTABLES' EDUCATION AND TRAINING ACCOUNT
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN PROGRAM BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

PROGRAM ACTIVITY

REVENUE:

Fee Collections		\$ 1,928,859
-----------------	--	--------------

EXPENDITURES:

Administrative		\$ 335,984
Education:		
Harrisburg Area Community College	\$ 93,917	
Lackawanna Junior College	155,601	
Mansfield University	105,693	
Mercyhurst College	256,458	
Penn State University – Fayette	276,286	
Temple University	<u>281,984</u>	
Total Education Expenditures		1,169,939
Curriculum Development:		
Temple University		<u>238,214</u>
Total Expenditures		<u>1,744,137</u>
Revenue Over Expenditures		\$ 184,722

PROGRAM BALANCE

Program Balance at July 1, 2002		<u>8,043,792</u>
Program Balance at June 30, 2003		
Reserved for Commitments	\$ 4,871,618	
Unreserved	<u>3,356,896</u>	<u>\$ 8,228,514</u>

-The notes to the financial schedules are an integral part of this schedule.-



**NOTES TO SCHEDULES
JUNE 30, 2005, 2004 AND 2003**

CONSTABLES' EDUCATION AND TRAINING ACCOUNT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying schedules report the budgetary operations and conditions at the account level which differs significantly from the reporting model required by accounting principles generally accepted in the United States applicable to governments. The Constables' Education and Training Account (account) is a restricted revenue account. It is funded mostly by a surcharge on constable services. The balance in this restricted revenue account is carried forward into the next fiscal year.

Basis of Accounting: The restricted revenue account operates on a prescribed basis of accounting that demonstrates compliance with the budget laws of the Commonwealth of Pennsylvania, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Generally, the revenue and receipts are recorded when received and expenditures are recorded when the invoice is received. Commitment accounting is employed as an extension of formal budgetary integration in the accounting system. Purchase orders and contracts are recorded as commitments in order to reserve that portion of the restricted revenue account balance for subsequent expenditure.

Fixed Assets and Depreciation: Fixed assets are recorded as expenditures when purchased and depreciation is not recorded.



COMPLIANCE AND INTERNAL CONTROL SECTION



**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

Dear Governor Rendell:

We have audited the financial schedules of the Constables' Education and Training Account for the fiscal years ended June 30, 2005, 2004 and 2003, and have issued our report thereon dated June 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Constables' Education and Training Account's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Constables' Education and Training Account's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial schedules. The reportable condition is described in the accompanying finding – *Management Did Not Accurately Account for Commitments Resulting in the Misstatement of Account Balances*.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in the amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Constables' Education and Training Account's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed, with respect to the items tested, instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are reported in the finding – *Management Did Not Accurately Account for Commitments Resulting in the Misstatement of Account Balances*.

This report is intended solely for the information and use of management of the Pennsylvania Commission on Crime and Delinquency, the Pennsylvania Senate, and the Pennsylvania House of Representatives, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

June 2, 2006

JACK WAGNER
Auditor General

FINDING AND RECOMMENDATION



FINDING AND RECOMMENDATION
JUNE 30, 2005, 2004 AND 2003

CONSTABLES' EDUCATION AND TRAINING ACCOUNT

INTRODUCTION

We have audited the budgetary basis financial schedules of the Constables' Education and Training Account (account) for the fiscal years ended June 30, 2005, 2004 and 2003, and have issued our report thereon dated June 2, 2006. The account is the responsibility of the Pennsylvania Commission on Crime and Delinquency (PCCD) under the Central Services Comptroller's Office.

In planning and performing the audit, we considered PCCD's internal control over financial reporting to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial schedules and not to provide assurance on the internal control over financial reporting. As part of obtaining reasonable assurance about whether PCCD's financial schedules are free of material misstatement, we performed tests of PCCD's compliance with certain provisions of laws, regulations, and contracts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The accompanying finding and recommendation was discussed with appropriate representatives of PCCD and is submitted to assist in improving internal control and financial reporting. It should be recognized that the area of potential improvement was identified at the time of our audit and has not been reviewed subsequent to the date on our report.

FINDING AND RECOMMENDATION
JUNE 30, 2005, 2004 AND 2003

CONSTABLES' EDUCATION AND TRAINING ACCOUNT

FINDING – Management Did Not Accurately Account for Commitments Resulting in the Misstatement of Account Balances

Our audit of the Pennsylvania Commission on Crime and Delinquency (PCCD), Constables' Education and Training Account (account), disclosed that commitments and available balances for the fiscal years ended June 30, 2005, 2004 and 2003, were materially misstated. Auditor adjustments were necessary to ensure the financial schedules were fairly presented. The following table illustrates the amounts misstated for each fiscal year:

Commitment and Available Balance Misstatements

Fiscal Year Ended June 30,	COMMITMENTS			AVAILABLE BALANCES		
	PCCD	Auditor General	Adjustment: Overstatement	PCCD	Auditor General	Adjustment: Understatement
2005	\$9,088,396	\$5,232,697	\$3,855,699	\$ (638,488)	\$3,217,211	\$3,855,699
2004	4,828,547	3,607,776	1,220,771	3,706,155	4,926,926	1,220,771
2003	6,092,389	4,871,618	1,220,771	2,136,125	3,356,896	1,220,771

PCCD's management contracted with colleges and universities to provide constable training services. In addition to the initial contract periods, these contracts included options to renew for two additional two-year periods. However, when the renewal periods were exercised, management of PCCD and the Central Services Comptroller's Office (Comptroller's Office) rolled the remaining balance of the previous period forward to remain part of the contract-not-to exceed amount rather than liquidate remaining balances. These balances were rolled forward to safeguard against any unanticipated expenditures. As a result of our disclosures and after it was determined that all invoices were paid, the Comptroller's Office performed an analysis of the contract encumbrance balances and worked with PCCD to arrive at appropriate adjustments to reduce the actual account balances in the accounting system. We used this information to affirm for reasonableness our initial disclosures that were used to adjust the balances in the financial schedules as shown in the above table. Our adjustments were made to correct an overstatement of commitment balances of \$3,855,699, \$1,220,771 and \$1,220,771 for the fiscal years ended June 30, 2005, 2004 and 2003, respectively. Likewise, the available balances were adjusted to correct an understatement by like amounts.

FINDING AND RECOMMENDATION
JUNE 30, 2005, 2004 AND 2003

CONSTABLES' EDUCATION AND TRAINING ACCOUNT

FINDING

We disagree with management's accounting procedures of rolling remaining balances of previous periods forward rather than liquidating them. According to the Commonwealth's Accounting Manual, Manual 310.3 amended, by posting a commitment against an existing appropriation, funds are set aside for the payment of services received. After all services received during the contract period are paid for, any remaining uncommitted balance should be liquidated to the account's available balance in order to fairly present the account's financial position. When a contract is renewed for an additional period, the commitment balance should only reflect estimated services to be received during the contract renewal period.

The representation of available balances has a direct effect on the decision making process that occurs in determining whether excess funds are to be used for constables' and deputy constables' reimbursement of costs incurred in association with their continuing education programs.

According to 42 P.S. § 2949 (f) (Title 42), as amended, December 1, 2004, all monies in excess of the amount necessary to cover the costs and expenses of the Constables' Education and Training Program may be used to assist constables and deputy constables with costs associated with attendance at continuing education programs. PCCD management stated that there has not been any additional reimbursements during our audit period. Based on our adjusted available balance of \$3,217,211 for the fiscal year ended June 30, 2005, it appears that executive decisions, that may have been made on whether or not to use surplus monies for costs associated with attendance of constables and deputies at continuing education programs, were based on an incorrect available balance reported by management. Available balances were understated for the fiscal years ended June 30, 2005, 2004 and 2003 by \$3,855,699, \$1,220,771 and \$1,220,771, respectively.

The users of the financial data maintained in the Commonwealth's accounting system must be able to rely on the information reported. Incorrectly stating commitment balances can lead to an inaccurate assessment of the account's financial activity and condition.

RECOMMENDATION

We recommend that PCCD and the Comptroller's Office closely monitor contract commitment balances for training services to ensure that uncommitted balances are liquidated to the account's available balance when contracts expire to allow for the proper disposition of monies collected under Title 42.

**FINDING AND RECOMMENDATION
JUNE 30, 2005, 2004 AND 2003**

CONSTABLES' EDUCATION AND TRAINING ACCOUNT

FINDING

PCCD RESPONSE

In accordance with the Finding and Recommendation for the Pennsylvania Commission on Crime and Delinquency (PCCD) Constables' Education and Training Account for the Fiscal Years Ended June 30, 2005, 2004, and 2003, the Central Services Comptroller's Office and the PCCD are committed to following the Commonwealth's Accounting Manual, Manual 310.3 amended.

During the course of the audit, specifically in May 2006, PCCD and the Central Services Comptroller's Office reviewed each Constables' Education and Training contract to determine that all invoices (including a final invoice) had been processed and posted for payment and we also took into account any rollover that was requested from the prior year budget to the current. Once that determination was made, the outstanding balances that remained from prior fiscal years were liquidated. PCCD will continue to review each individual contract upon receipt of a final invoice to ensure uncommitted balances are liquidated to the account's available balance. In addition, the Central Services Comptroller's Office will continue to closely scrutinize year-end state fiscal year requests to roll forward contract commitment balances.

AUDITORS' CONCLUSION

We agree with the response from PCCD and the Comptroller's Office that they will continue to review each individual contract for training services to ensure uncommitted balances are liquidated to the account's available balance. Based on managements' response, the finding and recommendation remain as stated.

DISTRIBUTION

**CONSTABLES' EDUCATION AND TRAINING ACCOUNT
FOR THE FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
DISTRIBUTION LIST**

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Gibson E. Armstrong
Chair
Senate Appropriations Committee
281 Main Capitol Building
Harrisburg, PA 17120

The Honorable Vincent J. Fumo
Democratic Chair
Senate Appropriations Committee
545 Main Capitol Building
Harrisburg, PA 17120

The Honorable Dwight Evans
Chair
House Appropriations Committee
512-E, Main Capitol Building
Harrisburg, PA 17120

The Honorable Mario Civera
Republican Chair
House Appropriations Committee
245 Main Capitol Building
Harrisburg, PA 17120

The Honorable Robert M. Tomlinson
Chair
Senate Consumer Protection and
Professional Licensure Committee
362 Main Capitol Building
Harrisburg, PA 17120

The Honorable Mark B. Cohen
C/O Leon Czikowsky
House of Representatives
417 Main Capitol Building
Harrisburg, PA 17120

The Honorable Joseph Martz
Secretary of Administration
207 Finance Building
Harrisburg, PA 17120

Mr. Philip R. Durgin, Executive Director
Legislative Budget and Finance Committee
400 Finance Building
Harrisburg, PA 17120

The Honorable Roger A. Madigan
Chair
Joint State Government Commission
108 Finance Building
Harrisburg, PA 17120

The Honorable Donald L. Patterson
Inspector General
Executive House
101 South Second Street, 3rd Floor
Harrisburg, PA 17101

Ms. Sharon Anderson (4)
State Library of Pennsylvania
Serials Records Section
218 Forum Building
Harrisburg, PA 17120

Michael Kane, Esq. (3)
Executive Director
Pennsylvania Commission on Crime and Delinquency
3101 North Front Street
Harrisburg, PA 17108

Mr. John J. Smolock (2)
Comptroller
Pennsylvania Commission on Crime and Delinquency
11th Floor, Strawberry Square
Harrisburg, PA 17128

State Treasurer (2)
129 Finance Building
Harrisburg, PA 17120

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.