

# PERFORMANCE AUDIT REPORT

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## Pennsylvania Commission on Crime and Delinquency

Education and Training Accounts  
First Chance Trust Fund

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December 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

December 2, 2021

The Honorable Tom Wolf  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

Dear Governor Wolf:

This report contains the results of the Department of the Auditor General's performance audit of the Pennsylvania Commission on Crime and Delinquency (PCCD) as it relates to the Education and Training Accounts for Sheriffs/Deputy Sheriffs and Constables, and the First Chance Trust Fund (Trust Fund).

The audit was conducted under the authority of the Sheriff and Deputy Sheriff Education and Training Act, 44 Pa.C.S. § 7421 *et seq.* (formerly 71 P.S. § 2101 *et seq.*, repealed effective January 1, 2021) and the Chapter on Constables, Subchapter E on Training, 44 Pa.C.S. § 7141 *et seq.*<sup>1</sup> More specifically, 44 Pa.C.S. § 7430(e) and 44 Pa.C.S. § 7149(e) give the Auditor General authority to conduct an audit of the sheriff and constable training accounts as he may deem necessary and advisable, from time to time, but no less often than every three years. In addition, the audit was conducted pursuant to the First Chance Trust Fund Act, 72 P.S. § 1753-A.1 *et seq.* (see specifically, Section 1754-A.1(g)) and our Department's primary audit authority under Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403.

The audit was conducted in accordance with applicable *Government Auditing Standards*, issued by the Comptroller General of the United States.<sup>2</sup> Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

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<sup>1</sup> Effective January 1, 2021, Act 134 of 2020, enacted November 25, 2020, recodifies and continues the Repealed Sheriff and Deputy Sheriff Education and Training Act into the consolidated 44 Pa.C.S. Chapter 74, Subchapter C relating to Education and Training, 44 Pa.C.S. § 7421 *et seq.* (see Section 7430(e)).

<sup>2</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision.

Our performance audit covers the period July 1, 2019, through June 30, 2020, with updates through the report date, and includes the following two audit objectives:

- Determine whether the Education and Training accounts for Sheriffs and Deputy Sheriffs, as last amended by Act 34 of 2020, effective January 1, 2021 and Constables under Act 49 of 2009 are in compliance with applicable laws and regulations.
- Determine whether revenues and expenditures of the Trust Fund are in compliance with applicable laws and regulations and any relevant policies, procedures, and guidelines.

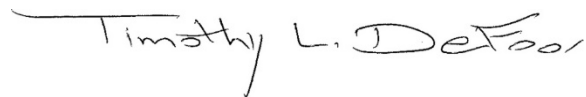
*Appendix A* of this report includes our methodology along with our evaluation of management's internal controls significant to the audit objectives.

Our audit of Sheriffs/Deputy Sheriffs and Constables Training Accounts found that PCCD properly approved and accurately processed the accounts' financial transactions and complied with applicable laws and regulations as it administered the Sheriffs/Deputy Sheriffs and Constables training programs. Our audit of the Trust Fund, however, was limited because there has been no financial activity since it was established in the fall of 2017. Consequently, this report includes a summary description of the Trust Fund and PCCD's preparations to carry out the intent of the enabling legislation as funding becomes available.

We also conducted procedures to determine the status of PCCD's actions taken to correct a control weakness presented in our prior audit report issued in February 2018. We found PCCD adequately implemented our recommendation from that report and resolved the control weakness.

We offer two recommendations, with which PCCD is in agreement, as potential Trust Fund revenue-generating actions to consider. In closing, we would like to thank PCCD for its cooperation and assistance during the audit. We reserve the right to follow up at an appropriate time to determine whether and to what extent our recommendations have been implemented.

Sincerely,



Timothy L. DeFoor  
Auditor General

**A Performance Audit**

**Pennsylvania Commission on Crime and Delinquency  
Education and Training Accounts  
First Chance Trust Fund**

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## A Performance Audit

### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

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#### Introduction and Background

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The Department of the Auditor General conducted this performance audit of the Pennsylvania Commission on Crime and Delinquency (PCCD) to determine whether the Education and Training accounts for sheriffs/deputy sheriffs and constables, as well as revenues and expenditures of the First Chance Trust Fund, are in compliance with applicable laws and regulations. The audit was conducted under the authority of Chapter 74, Subchapter C relating to Education and Training of Sheriffs and Deputy Sheriffs,<sup>3</sup> the Chapter on Constables, Subchapter E on Training,<sup>4</sup> the First Chance Trust Fund Act,<sup>5</sup> and Sections 402 and 403 of The Fiscal Code.<sup>6</sup>

Our performance audit had two objectives and covered the period July 1, 2019 through June 30, 2020. Refer to *Appendix A* of this report for a detailed description of the audit objectives, scope, methodology, data reliability and our evaluation of management's internal controls related to the audit objectives.

In the sections that follow, we present background information on PCCD and the sheriffs/deputy sheriffs and constables' education and training programs, and the restricted accounts maintained within the Commonwealth's General Fund for monies appropriated to PCCD for financing the training programs. Additionally, we describe the history of the First Chance Trust Fund, which was established in the fall of 2017.

#### PCCD and its Mission

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PCCD was established by the Pennsylvania General Assembly in 1978<sup>7</sup> to enhance the quality, coordination and planning within the criminal and juvenile justice systems, to facilitate the delivery of services to victims of crime, and to increase the safety of our communities.<sup>8</sup>

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<sup>3</sup> 44 Pa.C.S. § 7421 *et seq.*; see in particular, Section 7430(e). Effective January 1, 2021, Act 134 of 2020, enacted November 25, 2020, recodified and continues the now Repealed Sheriff and Deputy Sheriff Education and Training Act into the consolidated statutes.

<sup>4</sup> 44 Pa.C.S. § 7101 *et seq.* (Act 49 of 2009); see in particular, Section 7149(e).

<sup>5</sup> 72 P.S. § 1753-A.1 *et seq.* (Act 44 of 2017, effective November 29, 2017; added as Article XVII-a.1. Additional Special Funds and Restricted Accounts, Subchapter F), see in particular, Section 1754-A.1(g).

<sup>6</sup> 72 P.S. §§ 402, 403.

<sup>7</sup> 71 P.S. § 1190.21 *et seq.* (Act 27 of 1978, as last by Act 196 of 2012).

<sup>8</sup> *Ibid.*

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As part of this mission, PCCD, along with the Sheriff and Deputy Sheriff Education and Training Board and the Constables' Education and Training Board (boards), administers the education and training programs for sheriffs, deputy sheriffs, and constables.<sup>9</sup>

In the fall of 2017, the Pennsylvania General Assembly created the First Chance Trust Fund and mandated PCCD administer the fund.<sup>10</sup>

### **Sheriffs/Deputy Sheriffs and Constables Education and Training Programs and Accounts**

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All sheriffs, deputy sheriffs, and constables must complete basic training and continuing education requirements to achieve and maintain certification. Act 2 of 1984, originally titled the "Deputy Sheriffs' Education and Training Act," was amended by Act 114 of 2014, effective September 8, 2014, to include training for the Commonwealth's 67 county sheriffs and their deputies.<sup>11</sup> The present constable training provisions were enacted by Act 49 of 2009.<sup>12</sup>

Within the Commonwealth's General Fund, two separate education and training accounts for sheriffs/deputy sheriffs and constables are used to pay for training program expenses, program administration costs, reimbursements to counties for salaries while attending training, and other costs of the respective boards. The accounts are funded through surcharges assessed by magisterial district judge offices, county courts, and prothonotaries for services rendered by sheriffs/deputy sheriffs and constables.<sup>13</sup> PCCD is responsible for overseeing these accounts and ensuring that account disbursements are following established laws and regulations.

In July 2017, with PCCD's approval, the Sheriffs/Deputy Sheriffs Training Board suspended reimbursements to counties for salaries of sheriffs/deputy sheriffs earned while attending training. This decision resulted from years of diminishing surcharge collections and rising reimbursement costs associated with the provided training, which depleted the Sheriffs/Deputy Sheriffs Education and Training Account.<sup>14</sup> The PCCD intended to resume reimbursing counties for the sheriffs/deputy sheriffs' salaries while they attend training after the account establishes a balance that can support the training expenses and reimbursements. According to the board-members meeting information packet prepared for the Sheriff and Deputy Sheriff Education and Training Board meeting held on October 12, 2021, more than \$5.6 million was owed to counties

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<sup>9</sup> 44 Pa.C.S. §§ 7425 (relating to [Sheriff/Deputy Sheriff's] Training program) and 7426 (relating to Continuing education) and 44 Pa.C.S. § 7144 (relating to [Constables'] Program established).

<sup>10</sup> 72 P.S. §§ 1751-A.1 to 1755-A.1.

<sup>11</sup> 44 Pa.C.S. §§ 7427, 7428 (now consolidated by Act 134 of 2020).

<sup>12</sup> 44 Pa.C.S. § 7141 *et seq.* (Subchapter E. Training).

<sup>13</sup> 44 Pa.C.S. § 7430(b) and (b.1) and 44 Pa.C.S. § 7149(b).

<sup>14</sup> PCCD Sheriff and Deputy Sheriff Education and Training Board 2020 Annual Report.

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for salary reimbursements.<sup>15</sup> PCCD indicated it would consider paying the accumulated reimbursements after January 1, 2021, the effective date of Act 134 of 2020 which increases the sheriffs/deputy sheriffs surcharge amounts each year through 2023.<sup>16</sup> Similarly, PCCD approved a Constables Education and Training Board's Policy Statement amendment in September 2019, requiring all newly elected or appointed constables to register with PCCD and pay in advance for the cost of basic training classes held after January 1, 2020.<sup>17</sup>

### First Chance Trust Fund

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The Pennsylvania General Assembly established the First Chance Trust Fund (Trust Fund) by enacting Act 44 of 2017.<sup>18</sup> The purpose of the Trust Fund is to provide constructive opportunities to at-risk youth who have engaged in or are at risk of engaging in conduct that can be a precursor to dropping out of school, engaging in criminal behavior, acquiring a low-paying job, and being unemployed.<sup>19</sup>

PCCD was mandated to administer the Trust Fund and to achieve its purpose, Act 44 requires a one percent contribution to the Trust Fund from vendors with contracts at the Department of Corrections (DOC) that exceed \$5 million annually. The mandate allows for gifts, donations, and other payments from an individual, but not a government entity. Other Pennsylvania agencies also have the option to include similar contribution provisions in their contracts.<sup>20</sup> PCCD is responsible for allocating the Trust Fund to establish and operate a scholarship program or provide grants to programs for students in those regions of the commonwealth which have higher high school dropout rates, incarceration rates, or high crime rates.<sup>21</sup> When the passage of the Trust Fund Act was announced, legislators touted the program as the first of its kind in the country and described how it would create grants and scholarships to benefit the children of incarcerated family members.

PCCD must submit an annual report of the Trust Fund activities that occurred during the prior fiscal year to the Pennsylvania Senate and House of Representatives Appropriations and Judiciary Committees. The reports include the Trust Fund revenues and expenditures, an

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<sup>15</sup> Sheriff and Deputy Sheriff Education and Training Board meeting information packet, October 5, 2021, pg. 18.

<sup>16</sup> At its October 12, 2021, board meeting, the Sheriff and Deputy Sheriff Education and Training Board approved \$2 million for the payment of 1,656 county reimbursement invoices received for trainings held July 1, 2017 through March 31, 2019, according to PCCD management.

<sup>17</sup> <https://www.pccd.pa.gov/training/Pages/Constables-Basic-Training.aspx> (accessed March 31, 2021). The cost of the basic training and basic firearms training for 2020 is \$1,125 and \$1,485, respectively.

<sup>18</sup> 72 P.S. §§ 1751-A.1 to 1755-A.1.

<sup>19</sup> 72 P.S. §§ 1751-A.1.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.



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### **Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund**

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accounting of the academic scholarships and grants awarded, and the recipients' names and counties of residence.<sup>22</sup>

Initially, officials claimed between \$500,000 and \$1 million would be available annually to benefit children through Trust Fund programs; however, the Trust Fund had no financial activity from its inception through August 2021.<sup>23</sup> Refer to the *Audit Procedures and Results* section of this report for more information.

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<sup>22</sup> Ibid.

<sup>23</sup> <https://www.cor.pa.gov/family-and-friends/Pages/First-Chance-Trust-Fund.aspx> (accessed March 26, 2021).

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### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

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#### **Audit Procedures and Results – PCCD Complied with Laws and Regulations Related to the Sheriffs/Deputy Sheriffs and Constables Education and Training Accounts, and the First Chance Trust Fund. The First Chance Trust Fund Never Received Any Revenue to Benefit At-Risk Children.**

To determine whether PCCD complied with laws and regulations related to the Sheriffs/Deputy Sheriffs Education and Training Account and the Constables Education and Training Account (training accounts), we performed audit procedures on the revenues, expenditures, and commitments of both accounts for the fiscal year ending June 30, 2020.<sup>24</sup> Our procedures related to the First Chance Trust Fund (Trust Fund) were limited due to no financial activity since being established in the fall of 2017. Refer to *Appendix A* of this report for a detailed description of the audit objectives, scope, methodology, our evaluation of management’s internal controls, and data reliability.

#### *Sheriffs/Deputy Sheriffs and Constables Education and Training Accounts*

The following table shows year-end training account balances we audited for compliance with laws and regulations:

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<sup>24</sup> Sheriffs/Deputy Sheriffs’ Account, 44 Pa.C.S. § 7430 and Constables’ Account, 44 Pa.C.S. § 7149.

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### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

#### PCCD Education and Training Accounts (Fiscal Year Ended June 30, 2020)

	<i>SHERIFFS/ DEPUTY SHERIFFS</i>	<i>CONSTABLES</i>
<b>Transaction Class</b>	<b>Fiscal Year End Balance</b>	<b>Fiscal Year End Balance</b>
Revenues	\$3,418,307	\$1,599,176
Expenditures	\$2,230,629	\$1,230,125
Commitments	\$3,310,480	\$1,477,469

*Source: Developed by Department of the Auditor General staff from the Status of Appropriations report for June 30, 2020.<sup>25</sup>*

We confirmed the Sheriffs/Deputy Sheriffs and Constables' revenue balances recorded in the commonwealth's accounting system agreed with either PCCD or Pennsylvania Department of Revenue reports. We additionally verified that all 67 Pennsylvania counties submitted Sheriffs/Deputy Sheriffs' surcharges for the fiscal year ended June 30, 2020. We selected a total of 33 training account revenue transactions submitted from 25 Pennsylvania counties, including 15 Sheriffs/Deputy Sheriffs training account revenue transactions totaling \$1,256,230 and 18 Constables' training account revenue transactions totaling \$3,669.<sup>26</sup> Our review found that expenditure amounts were accurately calculated and recorded, adequately supported, properly reviewed and approved, and complied with the applicable laws and regulations under the associated training vendor contract.

Additionally, we reviewed a judgmental selection of 50 expenditure transactions, 25 transactions from each training account, totaling \$1,020,108 for Sheriffs/Deputy Sheriffs, and \$283,375 for Constables. Our review found that expenditure amounts were accurately calculated under the associated training vendor contract, adequately supported, properly reviewed and approved, accurately recorded, and complied with the applicable laws and regulations.

We also traced the fiscal-year end commitments balances from PCCD's Combined Statement of Cash Receipts, Expenditures, and Commitments to the commonwealth's accounting system. There were seven total contracts active for each training account during the fiscal year ended June 30, 2020. We judgmentally selected four of these contracts for review, including two

<sup>25</sup> <http://www.budget.pa.gov/PublicationsAndReports/StatusofAppropriations/Documents/GeneralFund/2020-06-30-general-fund-status.pdf>, p. 135 (accessed April 15, 2021).

<sup>26</sup> Using auditor's professional judgment, we ensured transactions selected included revenue from the Sheriffs/Deputy Sheriffs and the Constables training accounts and included 25 different counties, including seven counties from the Sheriffs/Deputy Sheriffs account and 18 counties from the Constables account. We also selected Constables revenue transactions to ensure sufficient coverage of the audit period.

## A Performance Audit

### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

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Sheriffs/Deputy Sheriffs training contracts and two Constables' training contracts. For each contract selected, we recalculated year-end commitment balances using the respective contract consumption report used by PCCD to record contract expenditures made throughout the year. We further traced 21 Sheriffs/Deputy Sheriffs and 15 Constables' expenditure transactions selected as part of our procedures described above and associated with these four contracts to the respective consumption reports. We found PCCD properly recorded contract expenditures on the consumption reports and accurately calculated the year-end commitments balances for the four selected contracts.

#### *First Chance Trust Fund*

Four months before the passage of the enabling legislation, Act 44 of 2017 (Act), establishing the Trust Fund, lawmakers and the Pennsylvania Department of Corrections' (DOC) Secretary held a press conference to announce the proposal to create the Trust Fund. At that time, they stated initial Trust Fund revenues were anticipated to be \$500,000 to \$1 million annually.<sup>27</sup> Nearly four years later, we found there has been no financial activity in the Trust Fund.

According to the Act, funding for the Trust Fund is to be generated through required contributions paid by certain DOC contractors. DOC contractors must contribute one percent of the value of any DOC contract exceeding \$5 million annually.<sup>28</sup> This is the Trust Fund's only mandated source of revenue. The Act also permits PCCD to accept voluntary contributions from other state agencies' contractors, or any person or non-government entity in the form of gifts, grants, donations, and other payments; however, according to PCCD management, no voluntary contributions have been received.<sup>29</sup>

PCCD management stated no DOC contracts awarded since the Act became effective had an annual value over \$5 million. We confirmed this fact with DOC officials who also stated that many of DOC's contracted services are obtained through Department of General Services' contracts, which are negotiated as statewide contracts any agency may utilize. A DOC official did state the Trust Fund is expected to receive funding during the current 2021-22 fiscal year from the new DOC food services contract scheduled to begin in November 2021. This contract has an estimated value of \$31 million through June 2022 and between \$52-55 million annually thereafter. The DOC official also informed us two medical services contracts are planned to go into effect during the subsequent 2022-23 fiscal year with a combined estimated cost of \$80 million annually. All three contracts are anticipated to include an initial five-year term with two optional one-year renewals. Based on these assumptions, the DOC contracts are expected to generate approximately \$1.3 million in combined Trust Fund contributions annually during their

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<sup>27</sup> <https://www.cor.pa.gov/family-and-friends/Pages/First-Chance-Trust-Fund.aspx> (accessed March 26, 2021).

<sup>28</sup> 72 P.S. § 1755-A.1(a)(1).

<sup>29</sup> 72 P.S. §§ 1755-A.1(b) and 1754-A.1(a)(2).

## **A Performance Audit**

### **Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund**

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terms. The first contributions to the Trust Fund may not actually be made until June 30, 2022, and limited to approximately \$300,000.<sup>30</sup>

While there was no financial activity in the Trust Fund, we did find that PCCD complied with other requirements in the Act, including:

- PCCD adopted a statement of policy which identifies risk factors that lead to criminal behavior by children and students in the commonwealth.<sup>31</sup>
- PCCD submitted letters to update the Appropriations and Judiciary Committee of the Pennsylvania Senate and House of Representatives on the Trust Fund's annual activity as of July 31, 2018, 2019, 2020, and 2021. All updates indicated no revenues had been deposited into the Trust Fund, and therefore, no expenditures occurred and no academic scholarships and grants were awarded.<sup>32</sup>

Despite not receiving revenue in the Trust Fund, PCCD has taken certain steps to prepare for administering Trust Fund activities whenever funding does become available. PCCD's First Chance Trust Fund Subcommittee under the Juvenile Justice and Delinquency Prevention Committee have met periodically to review data available to determine regions of the state with statistically higher dropout rates, incarceration rates, or crime rates.<sup>33</sup> PCCD also indicated a proposal for a Trust Fund pilot project has been developed which will be presented for PCCD board approval when funding becomes available. If approved, school districts with statistically significant dropout and incarceration rates would be invited to participate.

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<sup>30</sup> 72 P.S. § 1755-A.1(a)(1) states that the selected contractor contribute the equivalent value of 1% of the annual contract amount to the fund no later than June 30 of any fiscal year when the contract is in effect. The \$300,000 estimate is approximately 1% of the estimated food service contract expected to begin in November 2021.

<sup>31</sup> 72 P.S. § 1754-A.1(e)(1)-(3).

<sup>32</sup> 72 P.S. § 1754-A.1(f).

<sup>33</sup> PCCD obtained dropout rates from the PA Department of Education, incarceration rates from the PA Department of Corrections, and crime rates from the PA State Police.

## **A Performance Audit**

### **Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund**

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## **Recommendations**

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Considering the lack of financial activity in the Trust Fund, we offer the following recommendations as potential revenue-generating actions which could allow PCCD to initiate Trust Fund projects to benefit at-risk children as soon as possible.

We recommend that PCCD:

1. Work with the Pennsylvania General Assembly to identify additional Trust Fund funding sources and amend the Act accordingly to require contributions from those sources.
2. Although not mandated by the Act, consider developing low-cost outreach activities to promote the Trust Fund and potentially generate donations, grants, and gifts from non-governmental entities and individuals, as allowed by law. Examples could include having Trust Fund promotional materials handed out at the Pennsylvania State Farm Show or higher education and career fairs held at state-related and state-owned institutions.

## A Performance Audit

### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

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#### **Status of Prior Audit Results and Recommendation – PCCD Complied with Laws and Regulations Related to the Sheriff/Deputy Sheriff and Constables’ Education and Training Accounts, but PCCD Should Correct an Identified Control Weakness. (Resolved)**

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Our prior audit of the Pennsylvania Commission on Crime and Delinquency (PCCD) issued in March 2018 covered the period July 1, 2016, to June 30, 2017. The audit report contained a control weakness and offered one recommendation.

In the prior audit, we identified a control weakness related to PCCD’s invoice processing for training expenditures paid from the Constables Education and Training Account. Specifically, PCCD could not provide documentation verifying that PCCD program and fiscal staff reviewed and approved 3 of the 25 invoices we tested. PCCD used emails to document and communicate the staff’s invoice reviews and approvals. However, management stated the approval emails for these three invoices were inadvertently purged from the program supervisor’s Outlook mailbox. Failure to maintain approval documentation precludes an external party, such as auditors from verifying that invoices were reviewed and approved before payment.

We recommended PCCD ensure documentation is maintained to demonstrate invoices are reviewed and approved by program staff and fiscal staff before payment.

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#### **Status as of this audit**

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During our current audit, we found that PCCD added steps to its invoice review procedures used to process payments for the Sheriffs/Deputy Sheriffs Education and Training Account and the Constables Education and Training Account. The steps require staff to save copies of the approval emails to a specified electronic file location on its network to ensure staff retains the evidence to show that their review and approval of the invoices occurred before payment. Our testing of 25 Sheriffs/Deputy Sheriffs and 25 Constables invoices for our current audit determined all approval e-mails from the program staff and fiscal staff were retained for each invoice paid.<sup>34</sup> PCCD implemented our prior recommendation, resolving the control weakness reported in the prior audit report.

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<sup>34</sup> See our test selection methodology in *Appendix A* of this report.

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**Pennsylvania Commission on Crime and Delinquency's Response and  
Auditor's Conclusion**

We provided copies of our draft audit procedures and results and status of prior audit results and related recommendations to the Pennsylvania Commission on Crime and Delinquency (PCCD) for its review. On the pages that follow, we included PCCD's response in its entirety. Following the agency's response is our auditor's conclusion.



## A Performance Audit

### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

## Audit Response from the Pennsylvania Commission on Crime and Delinquency



November 8, 2021

Scott D. King, CPA  
Director  
Bureau of Performance Audits  
302 Finance Building  
Harrisburg, PA 17120-0018

Dear Mr. King,

Thank you for the opportunity to review and comment on the draft audit report concerning the Sheriff and Deputy Sheriff and Constables education and training accounts along with the First Chance Trust Fund.

We have reviewed the draft report and the two recommendations concerning the First Chance Trust Fund and respectfully offer our comments to each below:

*Recommendation #1: Work with the Pennsylvania General Assembly to identify additional Trust Fund funding sources and amend the Act accordingly to require contributions from those sources.*

PCCD Response: Agree, as opportunities present, PCCD will work with the General Assembly to help inform the decision-making process related to the establishment of a dedicated funding source for this program.

*Recommendation #2: Although not mandated by the Act, consider developing low-cost outreach activities to promote the Trust Fund and potentially generate donations, grants, and gifts from non-governmental entities and individuals, as allowed by law. Examples could include having Trust Fund promotional materials handed out at Pennsylvania State Farm Show or higher education and career fairs held at state-related and state-owned institutions.*

PCCD Response: Agree, PCCD appreciates the potential impact of this program and will consider other opportunities that could generate revenue to support program activities.

As always, we appreciate the professionalism of your staff as they complete the audit process and we do appreciate the interactions we have with them as these interactions contribute to strengthening our systems.

Sincerely,

A handwritten signature in blue ink that reads "Michael D. Pennington".

Michael Pennington  
Executive Director

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**Auditor's Conclusion to the Pennsylvania Commission on Crime and  
Delinquency's Response**

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PCCD management agrees with our audit results and recommendations. We commend PCCD for considering our recommended actions to generate revenue needed to administer the various programs designed to achieve the intent of the First Chance Trust Fund Act by working with the General Assembly and to conduct related outreach, including potentially generating additional private funds to the extent permitted by law. We appreciate PCCD's cooperation throughout the audit process and believe that implementing potential revenue-generating actions may more timely enable PCCD to initiate Trust Fund projects.

## A Performance Audit

### Pennsylvania Commission on Crime and Delinquency Education and Training Accounts First Chance Trust Fund

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#### Appendix A

#### Objectives, Scope, Methodology, and Data Reliability

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The Department of the Auditor General (DAG) conducted this performance audit of the Pennsylvania Commission on Crime and Delinquency (PCCD) in order to provide an independent assessment of PCCD’s administration of the Sheriffs/Deputy Sheriffs Education and Training Account, Constables’ Education and Training Account, and the First Chance Trust Fund. We conducted this audit under the authority of Sections 402 and 403 of The Fiscal Code of the Pennsylvania Statutes and in accordance with applicable *Government Auditing Standards*, issued by the Comptroller General of the United States.<sup>35</sup> Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.<sup>36</sup>

#### Objectives

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1. Determine whether the Education and Training accounts for Sheriffs and Deputy Sheriffs as last amended by Act 114 of 2014,<sup>37</sup> and Constables under Act 49 of 2009 are in compliance with applicable laws and regulations.
2. Determine whether revenues and expenditures of the First Chance Trust Fund are in compliance with applicable laws and regulations and any relevant policies, procedures, and guidelines.

#### Scope

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The audit period was from July 1, 2019, through June 30, 2020, with updates through the report date.

PCCD is responsible for establishing and maintaining effective internal controls, also referred to as management controls, to provide reasonable assurance of compliance with applicable laws and regulations, contracts, grant agreements, and administrative policies and procedures. In conducting our audit, we obtained an understanding of PCCD’s internal controls and information systems controls.

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<sup>35</sup> 72 P.S. §§ 402 and 403.

<sup>36</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision.

<sup>37</sup> Effective January 1, 2021, Act 134 of 2020, enacted November 25, 2020, recodifies and continues the Repealed Sheriff and Deputy Sheriff Education and Training Act into the consolidated 44 Pa. C.S. Chapter 74, Subchapter C relating to Education and Training, 44 Pa. C.S. § 7421 *et seq.* (see Section 7430(e)).

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*Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system.<sup>38</sup> The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. The five components contain 17 related principles, listed in the table below, which are the requirements an entity should follow in establishing an effective system of internal control.

We determined that all internal control components were significant to our first objective. We did not assess PCCD's internal controls for our second objective because the First Chance Trust Fund had no financial activity during the audit period, as previously described in the *Audit Procedures and Results* section of this report. Therefore, internal controls were determined not significant for this second objective.

The table below represents a summary of the level of our internal control assessment in regard to our first objective for effectiveness of design (D); implementation (I); or operating effectiveness (OE), that we performed for each principle with respect to PCCD's administration of the Education and Training accounts for Sheriffs/Deputy Sheriffs and Constables.<sup>39</sup>

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<sup>38</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. U.S. Government Accountability Office. *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014 revision. The Pennsylvania Governor's Office **adopted these federal standards** for all Commonwealth departments, offices, boards, commissions, and councils (collectively referred to as agencies) within Management Directive 325.12 Amended, dated May 15, 2018. [https://www.oa.pa.gov/Policies/and/Documents/325\\_12.pdf](https://www.oa.pa.gov/Policies/and/Documents/325_12.pdf).

<sup>39</sup> The Green Book, Sections OV3.05 and 3.06, states the following regarding the level of assessment of internal controls. Evaluating the design of internal control includes determining if controls individually and in combination with other controls are capable of achieving an objective and addressing related risks. Evaluating implementation includes determining if the control exists and if the entity has placed the control into operation. Evaluating operating effectiveness includes determining if controls were applied at relevant times during the audit period, the consistency with which they were applied, and by whom or by what means they were applied. U.S. Government Accountability Office. *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014 revision, Sections OV3.05 and 3.06.

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Component	Principle		Level of Assessment
<b>Control Environment</b>	1	The oversight body and management should demonstrate a commitment to integrity and ethical values.	D
	2	The oversight body should oversee the entity's internal control system.	D
	3	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.	D, I
	4	Management should demonstrate a commitment to recruit, develop, and retain competent individuals.	D
	5	Management should evaluate performance and hold individuals accountable for their internal control responsibilities.	D
<b>Risk Assessment</b>	6	Management should define objectives clearly to enable the identification of risks and define risk tolerances.	D
	7	Management should identify, analyze, and respond to risks related to achieving the defined objectives.	D
	8	Management should consider the potential for fraud when identifying, analyzing, and responding to risks.	D
	9	Management should identify, analyze, and respond to significant changes that could impact the internal control system.	D
<b>Control Activities</b>	10	Management should design control activities to achieve objectives and respond to risks.	D, I, OE

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Component	Principle		Level of Assessment
	11	Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.	D
	12	Management should implement control activities through policies.	D, I, OE
<b>Information and Communication</b>	13	Management should use quality information to achieve the entity’s objectives.	D, I, OE
	14	Management should internally communicate the necessary quality information to achieve the entity’s objectives.	D, I
	15	Management should externally communicate the necessary quality information to achieve the entity’s objectives	D
<b>Monitoring</b>	16	Management should establish and operate monitoring activities to monitor the internal control system and evaluate results.	D
	17	Management should remediate identified internal control deficiencies on a timely basis.	D, I, OE

*Government Auditing Standards* also require that we consider information systems controls “...to obtain sufficient, appropriate evidence to support the audit findings and conclusions.”<sup>40</sup> This process further involves determining whether the data that supports the audit objectives is reliable. In addition, Publication GAO-20-283G, *Assessing Data Reliability*, provides guidance for evaluating data using various tests of sufficiency and appropriateness when the data is integral to the audit objective(s).<sup>41</sup> See our assessment in the *Data Reliability* section that follows.

<sup>40</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Paragraph 8.59 through 8.67.

<sup>41</sup> U.S. Government Accountability Office. *Assessing Data Reliability*, December 2019.

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Our procedures to assess the design, implementation, and/or operating effectiveness are discussed in the *Methodology* section that follows and note the related principles where applicable.

#### Conclusion:

Our assessment of management's internal controls related to the Education and Training accounts for Sheriffs/Deputy Sheriffs and Constables did not find any issues associated with the 17 principles as to design, implementation, and/or operating effectiveness as noted in the table above.

## **Methodology**

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The following procedures, listed by objective, were performed to address our audit objectives. Items selected for testing within this audit were based on auditor's professional judgment. The results of our testing, therefore, cannot be projected to and are not representative of corresponding populations.

#### Objective 1

- Obtained PCCD's organizational chart, reviewed information published on its website,<sup>42</sup> and interviewed management to gain an understanding of PCCD's overall organizational structure and purpose, as well as at the functional level where the training programs for Sheriffs/Deputy Sheriffs and Constables are administered. [All Principles]
- Reviewed PCCD's Internal Control Green Book Self-Assessment completed by PCCD for the fiscal year ended June 30, 2020, to determine what controls PCCD indicated that it had in place regarding each of the 17 principles within the five components of internal control in order to establish an effective system of internal control. [All Principles]
- Identified the following laws, regulations, and PCCD policies and procedures relevant to the Education and Training accounts for Sheriffs/Deputy Sheriffs and Constables: [Principles 3, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17]
  - Chapter 74, Subchapter C. – Sheriff and Deputy Sheriff Education and Training, Act, Title 44.<sup>43</sup>

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<sup>42</sup> <https://www.pccd.pa.gov/Pages/Default.aspx> (accessed August 11, 2021).

<sup>43</sup> 44 Pa.C.S. §§ 7421 - 7431. Last amended by Act 134 of 2020, effective January 1, 2021.

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- Chapter 74 – Sheriff and Deputy Sheriff Education and Training Board, Title 44.<sup>44</sup>
  - Chapter 71 Constables, Title 44, Part IV Other Officers and Officials.<sup>45</sup>
  - Chapter 431 Constables’ Education and Training Board, Title 37, Part VI Commission.<sup>46</sup>
  - Information for New Constables and Deputy Constables Guide, Constables Education and Training Board of the PCCD (revised January 2017 and April 2020).<sup>47</sup>
  - Sheriff and Deputy Sheriff Education and Training Board Policy (approved December 2020).<sup>48</sup>
  - PCCD Bureau of Training Services and Office of Financial Management and Administration Invoices and Budget Revisions Procedures.
  - Sheriffs/Deputy Sheriffs Invoice Procedures.
  - Constables Invoicing Procedures for Program Staff.
  - 2018 Constables Invoicing Procedures for Contractors.
- Interviewed PCCD personnel to understand and evaluate the design of management controls and obtain documentation to determine whether PCCD implemented the controls considered significant within the context of the audit objective. [Principles 3, 12, 13]
  - Performed analytical procedures of revenues, expenditures, and commitments from the Sheriffs/Deputy Sheriffs Education and Training Account, and Constables Education and Training Account to identify significant fluctuations from year to year and evaluate the causes for potential audit impact.

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<sup>44</sup> 44 Pa.C.S. § 7423, see also 37 Pa. Code Ch. 421.

<sup>45</sup> 44 Pa.C.S. Ch. 71 (Constables).

<sup>46</sup> 37 Pa. Code § 431.

<sup>47</sup> <https://www.pccd.pa.gov/training/Documents/Constable%20Education%20and%20Training/2020%20NEW%20CONSTABLE%20GUIDE.pdf> (accessed February 23, 2021).

<sup>48</sup> <https://www.pccd.pa.gov/training/Documents/Deputy%20Sheriffs%20Education%20and%20Training/SDSETB%20Board%20Policy.pdf> (accessed February 23, 2021).



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- Obtained a report from PCCD listing revenue transactions recorded during the fiscal year in the Sheriffs/Deputy Sheriffs Education and Training Account. They represent counties' submissions of sheriffs/deputy sheriffs' surcharges collected based on services provided. We agreed the revenue total to the Commonwealth's accounting system (SAP).
- Obtained data files from DAG's Bureau of IT Audits (BITA) listing the monthly revenue remitted for the Constables' Education and Training Account throughout the audit period. The revenue submissions from 67 counties' clerks of court (CC) and 515 magisterial district justice offices (MDJ) includes Constables' surcharges collected for services rendered. BITA created the files from the Pennsylvania Department of Revenue (Revenue) Summary of Collections data which it receives each month for use by DAG's Bureau of County Audits (BCA). File totals agreed to SAP. See our assessment of data reliability in the following section of this appendix.
- Met with management from BCA to document their revenue audit procedures used during its attestation engagements and compliance audits of county sheriffs' offices, CCs, and MDJs. We reviewed lists of completed audits of for the calendar year 2019 to reference as we select revenue and expenditures test transactions for the training accounts.
- Determined that a minimum of 25 revenue transactions should be tested in total including coverage of both training accounts based on our assessment of low risk. Procedures to process revenue transactions are the same for both training accounts. Therefore, we judgmentally selected a total of 33 transactions covering 25 counties and magisterial district justice offices as follows:
  - 15 Sheriffs/Deputy Sheriffs Education and Training account revenue transactions totaling \$1,256,230, received from seven counties.<sup>49</sup>
  - 18 Constables' Education and Training account revenue transactions totaling \$3,669, received from four counties' CC and 14 MDJ offices.<sup>50</sup>

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<sup>49</sup> Using auditor's professional judgment, we selected 10% of Pennsylvania's 67 counties, or 7 counties. Our judgment for selection of counties included consideration of dollar amount, geographic coverage, and whether the counties were tested in our prior audit of PCCD. Additionally, while counties typically submit Sheriffs/Deputy Sheriffs Education and Training account revenue semi-annually, we tested a total of 15 revenue transactions because one county submitted revenue three times during FYE 2020.

<sup>50</sup> Using auditor's professional judgment, we tested one Constables' Education and Training account revenue transaction from 18 different counties that were selected considering whether the counties were tested in our prior PCCD audit and ensuring geographic coverage across the commonwealth. For the 18 counties selected, we determined the percentage of transactions submitted by the counties' CC versus MDJ offices and prorated our selections accordingly. To ensure we tested two CC transactions from each half of the fiscal year, we tested a total

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- Obtained and reviewed the Summary of Collections revenue reports with copies of the remittance checks for each test item. We confirmed each CC or MDJ office certified the report when submitted and agreed the amounts and other information from the reports to the Revenue data. [Principles 10, 11, 13]
- Obtained data files from BITA listing PCCD payments for contracted training services provided for sheriffs/deputy sheriffs and constables. BITA created the data files from SAP FM expenditures data that DAG received in conjunction with the Commonwealth's Annual Comprehensive Financial Report (ACFR) audit and the Single Audit of the Commonwealth for the fiscal year ended June 30, 2020. See our assessment of data reliability in the following section of this appendix.
- Determined that a minimum of 25 expenditure transactions should be tested for each training account based on our assessment of low risk and because there are different regulations that impact allowable expenditures made from each training account. Therefore, we judgmentally selected:
  - 25 Sheriffs/Deputy Sheriffs' expenditure transactions totaling \$1,020,108 paid to training vendors according to established contracts.<sup>51</sup>
  - 25 Constables' expenditure transactions totaling \$283,375 paid to training vendors according to established contracts.<sup>52</sup>
- Performed a detailed review of training vendor invoices, contracts, and other supporting documents for each of the 50 expenditure test items to verify the accuracy and propriety of training account expenditures, including verification of PCCD approvals. [Principles 10, 12, 13, 14, 15, 16, 17]
- Judgmentally selected two Sheriffs/Deputy Sheriffs and two Constables' training contracts for which the vendors received combined totals of \$1,221,036 and \$298,077, respectively, to determine whether PCCD properly recorded contract expenditures on contract consumption reports so calculated commitment amounts for each contract were

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of four. Similarly, to ensure sufficient coverage over the audit period, we tested 14 revenue submissions received from MDJ offices.

<sup>51</sup> Using auditor's professional judgment, we selected 25 Sheriffs/Deputy Sheriffs Education and Training account expenditure transactions prorated by training vendor according to the number of payments recorded during the audit period. We selected the eight largest transactions for the training vendor with the most transactions and the remaining 17 to ensure coverage of transactions posted throughout the audit period.

<sup>52</sup> Using auditor's professional judgment, we selected 25 Constables' Education and Training account expenditure transactions prorated by the total amount of payments each training vendor received during the audit period. We selected the 8 largest transactions, plus 17 others to ensure coverage across the audit period.

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accurately reported on the Combined Statements of Cash Receipts, Expenditures, and Commitments.<sup>53</sup> [Principles 11, 13, 14, 16]

- Recalculated the consumption reports for the selected contracts and traced the 50 expenditures test item amounts to each associated consumption report to ensure PCCD accurately accounts for commitments.

#### Objective 2

- Reviewed Act 44 of 2017 (Act), which established the First Chance Trust Fund (Trust Fund), to determine the sources and use of revenue as well as PCCD's responsibilities under the Act.<sup>54</sup>
- Interviewed PCCD personnel to gain an understanding of the Trust Fund's purpose and evaluate whether PCCD has administered the Trust Fund in accordance with the Act, state regulations, and any relevant PCCD policies, procedures, and guidelines.
- Corresponded with Pennsylvania Department of Corrections officials to corroborate PCCD's explanation why the Trust Fund has never had revenue to administer programs that fulfill the objectives of the Act.
- Obtained the Trust Fund Statement of Policy that PCCD developed as required by the Act, to determine the criteria PCCD planned to use for allocating the funds whenever they became available.
- Reviewed a PCCD proposal to establish scholarships and grant programs developed in anticipation of Trust Fund revenue eventually being transferred into the Trust Fund from DOC.
- Verified that PCCD submitted annual reports to the Appropriations and Judiciary Committee of the Pennsylvania Senate and House of Representatives for July 31, 2018, 2019, 2020, and 2021, as required by the Act. The reports are to include the Trust Fund's revenues and expenditures, academic scholarships awarded, and grants awarded, but have not reported any activity due to the absence of revenue transferred into the Trust Fund.

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<sup>53</sup> Using auditor's professional judgment and based on low risk, we selected two out of seven Sheriffs/Deputy Sheriffs training vendor contracts and two out of seven Constables' training vendor contracts with the most expenditures for the audit period.

<sup>54</sup> 72 P.S. §§ 1751-A.1 to 1755-A.1.

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#### Status of Prior Audit Results and Recommendation

To determine the status of prior audit results and recommendation reported in the performance audit report issued in March 2018, we performed the following:

- Interviewed PCCD staff to determine what procedures were put in place to address a control weakness described in the prior audit report and the recommendation offered to correct the weakness.
- Reviewed changes to PCCD's invoice processing procedures at the Bureau of Training Services and Office of Financial Management and Administration. PCCD incorporated the changes to its Invoices and Budget Revisions Procedures; Sheriff/Deputy Sheriff Invoice Procedures; Constables Invoicing Procedures for Program Staff; and 2018 Constables Invoicing Procedures for Contractors.
- Verified the procedure changes were effective by reviewing emails maintained as evidence of PCCD's approval to pay training vendors for the 50 invoices we tested for the Sheriffs/Deputy Sheriffs and Constables training accounts. [Principles 10, 12, 13, 14, 15, 16, 17]

#### **Data Reliability**

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*Government Auditing Standards* require us to assess the sufficiency and appropriateness of computer-processed information that we used to support our conclusions and/or recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes the considerations regarding the completeness and accuracy of the data for the intended purposes.<sup>55</sup>

In performing Objective 1 of our audit, we obtained Sheriffs/Deputy Sheriffs Education and Training Account and Constables' Education Training Account revenues, expenditures, and commitments from the Status of Appropriations report for the state fiscal year ended June 30, 2020, which is compiled from computer-processed data in SAP. Data from SAP was subjected to financial audit standard-related tests of sufficiency and appropriateness of evidence as part of the audits of the Commonwealth's ACFR and the Single Audit of the Commonwealth for the fiscal year ended June 30, 2020.<sup>56</sup> In order to assess the completeness and accuracy of the SAP data, we performed the following additional audit procedures.

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<sup>55</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Paragraph 8.98.

<sup>56</sup> As part of the annual ACFR and Single Audits, the Department of the Auditor General evaluates SAP to gain reasonable assurance that the accounting system is secure and maintains accurate accounting records used to

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#### Revenue:

- Agreed revenue totals recorded for both training accounts on the Status of Appropriations to the SAP Revenue 601 reports.<sup>57</sup>
- For the Sheriffs/Deputy Sheriffs Education and Training Account revenue, we:
  - Agreed the total revenue amount on the PCCD file of revenue transactions extracted from SAP by document number to the account's total revenue on the SAP Revenue 601 Report.
  - Traced 15 revenue transaction amounts from the PCCD SAP revenue extract file to the Sheriff's Semi-Annual Reports and attached checks signed by the respective counties' staff. [Principles 10, 11, 13]
- For the Constables' Education and Training Account revenue, we:
  - Agreed the total revenue amount of the Revenue Summary of Collections data file to the SAP Revenue 601 Report.
  - Traced 4 CC and 14 MDJ monthly revenue submission amounts from the Revenue data to the respective Summary of Collections reports certified by the respective CC or MDJ office staff. [Principles 10, 11, 13]

#### Expenditures:

- Agreed expenditure totals recorded for both training accounts on the Status of Appropriations report to the SAP Funds Management Balances Report.<sup>58</sup>
- For 50 expenditure transactions, we agreed information from the SAP FM expenditures data to the supporting invoices submitted by training contractors and approved by PCCD as described in the *Methodology* section. We verified that each payment was consistent with the terms of its associated contract. [Principles 10, 12, 13, 14, 15, 16, 17]

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produce the Commonwealth's ACFR. We consider the Revenue and SAP data to be a reliable independent source for purposes of our engagement based on the results of our procedures to assess data reliability and procedures conducted at various times in conjunction with the DAG county audits and ACFR/Single audits.

<sup>57</sup> Status of Appropriations, General Fund, BA 81- Executive Offices, Restricted Revenue Ledger, June 2020, page 135 to SAP Reports: *AG – Revenue 601 (FM Based)* for SAP Funds 6013700000 and 6029100000, fiscal year 2019.

<sup>58</sup> SAP Funds Management Balances Report was obtained through the Auditor General's SAP Business Warehouse, *AUD GEN Funds Management Balances* for SAP Funds 6013700000 and 6029100000, fiscal year 2019.

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#### Commitments:

- Traced commitments totals recorded for both accounts on the Status of Appropriations report to the SAP Funds Management Balances report and to PCCD's Combined Statement of Cash Receipts, Expenditures, and Commitments reports for the fiscal year ended June 30, 2020.<sup>59</sup>
- For four training services contracts, we agreed the financial activity recorded on the respective PCCD consumption reports to amounts on PCCD's Combined Statement of Cash Receipts, Expenditures, and Commitments report for the fiscal year ended June 30, 2020. [Principles 11, 13, 14, 16]
- Confirmed the expenditure amounts for the 50 training contractor payments tested as described above, were accurately recorded on the associated contracts' consumption reports. [Principles 10, 12, 13, 16]

Based on the procedures described above, we found no limitations for using the data files obtained for our intended purposes. In accordance with *Government Auditing Standards*, we concluded that the PCCD computer-processed revenue, expenditures, and commitments data were sufficiently reliable for the purposes of this engagement.

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<sup>59</sup> Ibid.

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#### Appendix B

#### Distribution List

This report was distributed to the following Commonwealth officials:

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Pennsylvania Commission on Crime  
and Delinquency

**Mr. Michael Pennington**  
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Pennsylvania Commission on Crime  
and Delinquency

**Mr. Derin Myers**  
Director  
Office of Financial Management and  
Administration  
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House Judiciary Committee

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