

No. 210-011-79

68389



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES

AUDIT REPORT
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

68389

ACQUISITIONS Page

Background	1
Financial Statements:	
Opinion of the Auditor General	2
Balance Sheet	3
Status of Appropriations for the Year Ended June 30, 1977	5
Status of Appropriations for the Year Ended June 30, 1976	8
Statement of Receipts	11
Statement of Expenditures - Current Appropriations	15
Notes to Financial Statements	18
Findings and Recommendations:	
Finding No. 1 - Poor Response to Bid Invitations	20
Finding No. 2 - Deficiencies in Lounge Furniture Contract	25
Finding No. 3 - Ineffective Control Over Contract Files	27
Finding No. 4 - Excessive Delay in Depositing Awarded Bidder Securities	28
Finding No. 5 - No Records Concerning Bid Samples	30
Finding No. 6 - Statutory Limit of State Insurance Fund Prevents Economical Commonwealth Insurance Program	31
Finding No. 7 - Employee Files Do Not Include Payroll Deduction Authorizations	33
Finding No. 8 - Failure to Record Fixed Assets in Inventory Records	34
Status of Prior Year's Findings and Recommendations	35

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BACKGROUND

The Department of General Services was established by the Act of July 22, 1975, P.L. _____, (No. 45), which amended the Administrative Code to provide for a merger of the powers and duties of the Department of Property and Supplies and the General State Authority.

The Department serves as the central procurement and property management agency of the Commonwealth. Its responsibilities include the purchasing, leasing, construction, repair, and maintenance of all facilities, equipment, and supplies used by every administrative division in the Commonwealth.

The Department is composed of five organizational units: executive, administrative, procurement, central services, and construction.

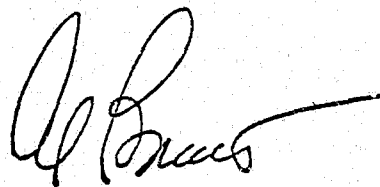
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINANCIAL STATEMENTS

Honorable Richard L. Thornburgh
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

We have examined the balance sheet of the Department of General Services as of June 30, 1977 and 1976 and the related status of appropriations and statements of cash receipts and expenditures - current appropriations for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statements do not include a comparison with the formal budget of the Commonwealth of Pennsylvania as required by generally accepted accounting principles.

In our opinion, except for the omission of the information as mentioned in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the Department of General Services at June 30, 1977 and 1976 and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

A handwritten signature in dark ink, appearing to read "A. Bruce", with a long horizontal flourish extending to the right.

May 19, 1978

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BALANCE SHEET
JUNE 30, 1977 AND 1976

<u>Assets</u>	<u>1977</u>	<u>1976</u>
<u>General Fund</u>		
Petty cash	\$ 3,000	\$ 2,000
Deposit with Purchasing Fund	93,100	93,100
Due from federal government	91,818	-
Undisbursed appropriations	5,308,306	11,091,733
Contingent commitments of future revenue	<u>7,180</u>	<u>-</u>
 Total assets	 <u>6,003,404</u>	 <u>11,186,833</u>
<u>Working Capital Fund</u>		
<u>Purchasing Fund</u>		
Cash with Treasurer	42,843	203,249
Short-term investments	2,445,798	1,678,633
Anticipated revenue	<u>1,405,536</u>	<u>682,516</u>
Total assets	<u>3,894,177</u>	<u>2,564,398</u>
<u>Bond Fund</u>		
<u>Capital Facilities Fund</u>		
Undisbursed appropriations	<u>623,976,117</u>	<u>728,640,533</u>
 Total assets	 <u>623,976,117</u>	 <u>728,640,533</u>
<u>Trust and Agency Fund</u>		
<u>State Insurance Fund</u>		
Cash with Treasurer	86,292	84,699
Short-term investments	<u>1,516,775</u>	<u>1,342,985</u>
 Total assets	 <u>1,603,067</u>	 <u>1,427,684</u>

<u>Liabilities, Reserves, and Fund Balance</u>		<u>1977</u>	<u>1976</u>
<u>General Fund</u>			
Vouchers payable		\$ 516,800	\$ 605,209
Reserve for encumbrances:			
Current appropriations		2,554,140	3,404,864
Prior appropriations		4,369	-
Continuing appropriations		272,481	174,252
Contingent commitments		7,180	-
Total liabilities and reserves		<u>3,354,970</u>	<u>4,184,325</u>
Continuing appropriation fund balance		118,348	37,416
Restricted receipts fund balance		<u>2,530,086</u>	<u>6,955,092</u>
		<u>2,648,434</u>	<u>7,002,508</u>
Total liabilities, reserves, and fund balance		<u>6,003,404</u>	<u>11,186,833</u>
<u>Working Capital Fund</u>			
<u>Purchasing Fund</u>			
Vouchers payable		51,167	519,470
Reserve for nonbudgeted encumbrances		<u>3,843,010</u>	<u>2,044,928</u>
Total liabilities and reserves		<u>3,894,177</u>	<u>2,564,398</u>
<u>Bond Fund</u>			
<u>Capital Facilities Fund</u>			
Vouchers payable		2,914,219	1,022,415
Reserve for continuing appropriations		<u>96,316,705</u>	<u>112,131,445</u>
Total liabilities and reserves		99,230,924	113,153,860
Continuing appropriation fund balance		<u>524,745,193</u>	<u>615,486,673</u>
Total liabilities, reserves, and fund balance		<u>623,976,117</u>	<u>728,640,533</u>
<u>Trust and Agency Fund</u>			
<u>State Insurance Fund</u>			
Vouchers payable		37,008	-
Reserve for nonbudgeted encumbrances		<u>976,078</u>	<u>558,784</u>
Total liabilities and reserves		1,013,086	558,784
Nonbudgeted fund balance		<u>589,981</u>	<u>868,900</u>
Total liabilities, reserves, and fund balance		<u>1,603,067</u>	<u>1,427,684</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BALANCE SHEET (Continued)
JUNE 30, 1977 AND 1976

<u>Assets</u>	<u>1977</u>	<u>1976</u>
<u>Enterprise Fund</u>		
<u>State Restaurant Fund</u>		
Cash with Treasurer	\$ 60,495	\$ 22,350
Short-term investments	<u>74,035</u>	<u>73,975</u>
 Total assets	 <u>134,530</u>	 <u>96,325</u>
 Total assets - all funds	 <u>\$635,611,295</u>	 <u>\$743,915,773</u>

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

<u>Liabilities, Reserves, and Fund Balance</u>	<u>1977</u>	<u>1976</u>
<u>Enterprise Fund</u>		
<u>State Restaurant Fund</u>		
Vouchers payable	\$ 545	\$ -
Reserve for nonbudgeted encumbrances	<u>437</u>	<u>1,831</u>
Total liabilities and reserves	982	1,831
Nonbudgeted fund balance	<u>133,548</u>	<u>94,494</u>
Total liabilities, reserves, and fund balance	<u>134,530</u>	<u>96,325</u>
Total liabilities, reserves, and fund balance - all funds	<u>\$635,611.295</u>	<u>\$743,915.773</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 1977

Description	Appropriation Symbol Number	Undisbursed Balance at June 30, 1976		
		Encumbered	Unencumbered	Total
<u>General Fund</u>				
<u>Current Appropriations - State</u>				
Utility costs	01-15-03-76	\$ -	\$ -	\$ -
Replacement of fleet vehicles	01-15-04-76	-	-	-
Printing of Pennsylvania Manual	01-15-07-76	-	-	-
General government operations	01-15-81-76	-	-	-
General State Authority rentals	01-15-82-76	-	-	-
Total current appropriations - state		-	-	-
<u>Current Appropriation - Federal</u>				
Public Works Employment Act - general government operations	01-15-50-76	-	-	-
<u>Current Executive Authorizations - Federal</u>				
CETA - Title I	01-15-05-76	-	-	-
CETA - Title II	01-15-06-76	-	-	-
CETA - Title VI	01-15-09-76	-	-	-
Total current executive authorizations - federal		-	-	-
Total current appropriations		-	-	-
<u>Prior Appropriation - State</u>				
General government operations	01-15-81-75	3,404,864	-	3,404,864
<u>Continuing Appropriations - State</u>				
Legislative-judiciary printing expenses	01-15-10-68	-	22,416	22,416
Commonwealth share of utilities:				
Camp Hill	01-15-87-70	113,500	-	113,500
Loysville	01-15-88-70	60,752	-	60,752
Louis I. Kahn Papers	01-15-08-75	-	15,000	15,000
Total continuing appropriations - state		174,252	37,416	211,668
<u>Restricted Receipts - State</u>				
Reimbursement of bid and performance security payments	01-15-91	-	523,357	523,357
Student community buildings	01-15-92	-	2,788,779	2,788,779
Postage due account - Harrisburg	01-15-93	-	33,697	33,697
Group life insurance premiums	01-15-95	-	3,619,259	3,619,259
Total restricted receipts - state		-	6,965,092	6,965,092
<u>Contingent Commitments</u>				
General government operations	01-15-81-77	-	-	-
		3,579,116	7,002,508	10,581,624
Less contingent commitments of future revenue		-	-	-
Total General Fund		3,579,116	7,002,508	10,581,624

Amount or Appropriation Current Year	Augmentations and Restricted Receipts	Due from Federal Government	Total Funds Available	Disbursements	Expenses	Undisbursed Balance at June 30, 1977		
						Encumbered	Unencumbered	Total
\$ 3,600,000	\$ -	\$ -	\$ 3,600,000	\$ 3,475,792	\$ -	\$ 124,208	\$ -	\$ 124,208
1,296,000	57,843	-	1,353,843	329,290	-	1,024,553	-	1,024,553
145,000	-	-	145,000	50	-	144,950	-	144,950
22,677,000	21,412,452	-	44,089,452	42,840,163	78	1,249,211	-	1,249,211
54,500,000	3,934,289	-	58,434,289	58,434,289	-	-	-	-
82,218,000	25,404,584	-	107,622,584	105,079,584	78	2,542,922	-	2,542,922
-	1,000,000	-	1,000,000	1,000,000	-	-	-	-
-	49,916	40,929	90,845	87,677	-	3,168	-	3,168
-	12,916	25,171	38,087	34,312	-	3,775	-	3,775
-	13,403	25,718	39,121	34,846	-	4,275	-	4,275
-	76,235	91,818	168,053	156,835	-	11,218	-	11,218
82,218,000	25,480,819	91,818	108,790,637	106,236,419	-	2,554,140	-	2,554,140
-	10,000	-	3,414,864	3,397,136	13,359	4,369	-	4,369
-	346,942	-	369,358	152,781	-	98,229	118,348	216,577
-	-	-	113,500	-	-	113,500	-	113,500
-	-	-	60,752	-	-	60,752	-	60,752
-	-	-	15,000	1,767	13,233	-	-	-
-	346,942	-	558,610	154,543	13,233	272,481	118,348	390,829
-	1,080,339	-	1,603,636	1,078,906	-	-	524,790	524,790
-	1,176,603	-	3,965,382	1,991,427	-	-	1,973,955	1,973,955
-	166,144	-	199,841	168,500	-	-	31,341	31,341
-	-	-	3,619,252	3,619,252	-	-	-	-
-	2,423,086	-	9,388,178	6,858,092	-	-	2,530,086	2,530,086
7,180	-	-	7,180	-	-	7,180	-	7,180
82,225,180	29,260,847	91,818	122,159,469	116,646,195	26,670	2,838,170	2,648,434	5,486,604
(7,180)	-	-	(7,180)	-	-	(7,180)	-	(7,180)
82,218,000	29,260,847	91,818	122,152,289	116,646,195	26,670	2,830,990	2,648,434	5,479,424

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF APPROPRIATIONS (Continued)
FOR THE YEAR ENDED JUNE 30, 1977

Description	Appropriation Symbol Number	Undisbursed Balance at June 30, 1976		
		Encumbered	Unencumbered	Total
<u>Special Revenue Funds</u>				
<u>Motor License Fund</u>				
General State Authority rentals	10-15-03-76	\$ -	\$ -	\$ -
<u>Fish Fund</u>				
General State Authority rentals	12-15-01-76	-	-	-
<u>Boating Fund</u>				
General State Authority rentals	25-15-01-76	-	-	-
Total Special Revenue Funds		-	-	-
<u>Working Capital Fund</u>				
<u>Purchasing Fund</u>				
General government operations	32-15-01-76	2,044,928	(682,516)	1,362,412
<u>Bond Fund</u>				
<u>Capital Facilities Fund</u>				
<u>Current Appropriations</u>				
Public improvement projects - construction and acquisition	38-15-02-75	-	-	-
Public improvement projects - original equipment and furniture	38-15-01-76	-	-	-
Total current appropriations		-	-	-
<u>Continuing Appropriations</u>				
Public improvement projects - original equipment and furniture	38-15-01-68	-	924,504	924,604
Public improvement projects - original equipment and furniture	38-15-01-69	-	367,945	367,945
Public improvement projects - original equipment and furniture	38-15-01-70	5,449	671,238	676,687
Public improvement projects - original equipment and furniture	38-15-01-71	417,268	772,627	1,189,895
Public improvement projects - original equipment and furniture	38-15-01-72	784,139	853,535	1,637,674
Public improvement projects - original equipment and furniture	38-15-01-73	277,072	456,127	733,199
Public improvement projects - original equipment and furniture	38-15-01-74	2,514,770	4,301,793	6,816,563
Public improvement projects - construction and acquisition	38-15-02-74	108,028,512	603,856,439	711,884,951
Public improvement projects - original equipment and furniture	38-15-01-75	104,235	3,282,365	3,386,600
Total continuing appropriations		112,131,445	615,486,673	727,618,118
Total Bond Fund		112,131,445	615,486,673	727,618,118

Amount of Appropriation Current Year	Augmentations and Restricted Receipts	Due from Federal Government	Total Funds Available	Disbursements	Lapses
\$ 1,543,000	\$ -	\$ -	\$ 1,543,000	\$ 1,365,531	\$177,469
75,000	-	-	75,000	62,133	12,867
2,000	-	-	2,000	1,985	15
1,620,000	-	-	1,620,000	1,429,649	190,351
-	13,516,488	-	14,878,900	12,442,426	-
2,869,000	-	-	2,869,000	-	-
7,521,600	-	-	7,521,600	83,241	-
10,390,600	-	-	10,390,600	83,241	-
-	-	-	924,604	-	-
-	-	-	367,945	-	-
-	-	-	676,687	-	-
-	-	-	1,189,895	366,374	-
-	-	-	1,637,674	1,045,585	-
-	-	-	733,199	347,227	-
-	-	-	6,816,563	2,925,093	-
-	4,752,599	-	716,637,550	115,846,068	-
-	-	-	3,386,600	1,085,831	-
-	4,752,599	-	732,370,717	121,616,178	-
10,390,600	4,752,599	-	742,761,317	121,699,419	-

Undisbursed Balance at June 30, 1977		
Encumbered	Unencumbered	Total
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
3,843,010	(1,405,536)	2,437,474
-	2,869,000	2,869,000
2,404,543	5,033,816	7,438,359
2,404,543	7,902,816	10,307,359
-	924,604	924,604
-	367,945	367,945
5,449	671,238	676,687
147,552	675,969	823,521
502,996	89,093	592,089
125,563	260,409	385,972
791,083	3,100,387	3,891,470
91,007,014	509,784,468	600,791,482
1,332,505	968,264	2,300,769
93,912,162	516,842,377	610,754,539
96,316,705	524,745,193	621,061,898

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF APPROPRIATIONS (Continued)
FOR THE YEAR ENDED JUNE 30, 1977

<u>Description</u>	<u>Appropriation Symbol Number</u>	<u>Undisbursed Balance at June 30, 1976</u>		<u>Total</u>
		<u>Encumbered</u>	<u>Unencumbered</u>	
<u>Trust and Agency Fund</u>				
<u>State Insurance Fund</u>				
General government operations	58-15-01-76	\$ 558,784	\$ 868,900	\$ 1,427,684
<u>Enterprise Fund</u>				
<u>State Restaurant Fund</u>				
Department of General Services	81-15-01-75	1,831	94,494	96,325
<u>Total - all funds</u>		<u>\$118,316,104</u>	<u>\$622,770,059</u>	<u>\$741,086,163</u>

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

<u>Amount of Appropriation Current Year</u>	<u>Augmentations and Restricted Receipts</u>	<u>Due from Federal Government</u>	<u>Total Funds Available</u>	<u>Disbursements</u>	<u>Losses</u>
\$ -	\$ 515,187	\$ -	\$ 1,942,871	\$ 376,812	\$ -
-	41,364	-	137,689	3,704	-
<u>\$44,228,600</u>	<u>\$48,086,485</u>	<u>\$91,818</u>	<u>\$883,493,056</u>	<u>\$252,597,205</u>	<u>\$217,021</u>

<u>Undisbursed Balance at June 30, 1977</u>		
<u>Encumbered</u>	<u>Unencumbered</u>	<u>Total</u>
\$ 976,078	\$ 589,981	\$ 1,566,059
437	133,548	133,985
<u>\$103,967,220</u>	<u>\$526,711,620</u>	<u>\$630,678,840</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 1976

Description	Appropriation Symbol Number	Undisbursed Balance at June 30, 1975		
		encumbered	Unencumbered	Total
<u>General Fund</u>				
<u>Current Appropriations</u>				
Louis I. Kahn Papers	01-15-08-75	\$ -	\$ -	\$ -
General government operations	01-15-81-75	-	-	-
General State Authority rentals	01-15-82-75	-	-	-
Total current appropriations		-	-	-
<u>Prior Appropriations</u>				
Capital improvements	01-15-63-73	15,836	-	15,836
General government operations	01-15-81-73	10,684	-	10,684
Printing of the Pennsylvania Manual	01-15-07-74	139,568	-	139,568
General government operations	01-15-81-74	3,325,028	-	3,325,028
Total prior appropriations		3,491,116	-	3,491,116
<u>Continuing Appropriations</u>				
Legislative-judiciary printing expenses	01-15-10-68	-	42,228	42,228
Commonwealth share of utilities:				
Indiana	01-15-78-69	188,649	-	188,649
Camp Hill	01-15-87-70	113,500	-	113,500
Loysville	01-15-88-70	60,752	-	60,752
Emergency and disaster relief	01-15-13-72	-	3,591	3,591
Total continuing appropriations		362,901	45,819	408,720
<u>Restricted Receipts Fund Balances</u>				
Reimbursement of bid and performance security payments	01-15-91	-	459,103	459,103
Student community buildings	01-15-92	-	1,664,142	1,664,142
Postage due account - Harrisburg	01-15-93	-	24,080	24,080
Group life insurance premiums	01-15-95	-	2,299,679	2,299,679
Total restricted receipts fund balances		-	4,447,004	4,447,004
Total General Fund		3,854,017	4,492,823	8,346,840
<u>Special Revenue Funds</u>				
<u>Motor License Fund</u>				
General State Authority rentals	10-15-03-74	46,226	-	46,226
General State Authority rentals	10-15-03-75	-	-	-
Total Motor License Fund		46,226	-	46,226
<u>Fish Fund</u>				
General State Authority rentals	12-15-01-74	8,037	-	8,037
General State Authority rentals	12-15-01-75	-	-	-
Total Fish Fund		8,037	-	8,037

Amount of Appropriation Current Year	Augmentations and Restricted Receipts	Total Funds Available	Transfers Out	Disbursements	Lapses	Unexpended Balance at June 30, 1976		
						Encumbered	Unencumbered	Total
\$ 450,000	\$ -	\$ 450,000	\$ -	\$ 435,000	\$ -	\$ -	\$ 15,000	\$ 15,000
23,598,000	16,445,647	40,043,647	-	36,638,783	-	3,404,864	-	3,404,864
56,000,000	1,997,019	57,997,019	-	57,762,642	234,377	-	-	-
80,048,000	18,442,666	98,490,666	-	94,836,425	234,377	3,404,864	15,000	3,419,864
-	-	15,836	-	5,678	10,158	-	-	-
-	-	10,684	-	10,684	-	-	-	-
-	-	139,568	-	121,658	17,910	-	-	-
-	-	3,325,028	-	3,324,148	880	-	-	-
-	-	3,491,116	-	3,462,168	28,948	-	-	-
-	322,056	364,284	-	341,868	-	-	22,416	22,416
-	-	188,649	-	4,857	183,792	-	-	-
-	-	113,500	-	-	-	113,500	-	113,500
-	-	60,752	-	-	-	60,752	-	60,752
-	-	3,591	3,591	-	-	-	-	-
-	322,056	730,776	3,591	346,725	183,792	174,252	22,416	196,668
-	885,141	1,344,244	-	820,887	-	-	523,357	523,357
-	1,124,637	2,788,779	-	-	-	-	2,788,779	2,788,779
-	93,369	117,449	-	83,752	-	-	33,697	33,697
-	12,805,896	15,105,575	-	11,486,316	-	-	3,619,259	3,619,259
-	14,909,043	19,356,047	-	12,390,955	-	-	6,965,092	6,965,092
80,148,000	33,673,765	122,068,605	3,591	111,036,273	447,117	3,579,116	7,002,508	10,581,624
-	-	46,226	-	-	46,226	-	-	-
1,543,000	-	1,543,000	-	1,357,714	185,286	-	-	-
1,543,000	-	1,589,226	-	1,357,714	231,512	-	-	-
-	-	8,037	-	-	8,037	-	-	-
75,000	-	75,000	-	62,133	12,867	-	-	-
75,000	-	83,037	-	62,133	20,904	-	-	-

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF APPROPRIATIONS (Continued)
FOR THE YEAR ENDED JUNE 30, 1976

Description	Appropriation Symbol Number	Undisbursed Balance at June 30, 1975*		
		Encumbered	Unencumbered	Total
<u>Special Revenue Funds (Continued)</u>				
<u>Boating Fund</u>				
General State Authority rentals	25-15-01-75	\$ -	\$ -	\$ -
Total Special Revenue Funds		54,263	-	54,263
<u>Working Capital Fund</u>				
<u>Purchasing Fund</u>				
General government operations	32-15-01-75	900,276	(1,716,691)	(816,415)
<u>Bond Fund</u>				
<u>Capital Facilities Fund</u>				
<u>Current Appropriations</u>				
Public improvement projects - construction and acquisition	38-15-02-74	-	-	-
Public improvement projects - original equipment and furniture	38-15-01-75	-	-	-
Total current appropriations		-	-	-
<u>Continuing Appropriations</u>				
Public improvement projects - original equipment and furniture	38-15-01-68	-	924,604	924,604
Public improvement projects - original equipment and furniture	38-15-01-69	-	367,922	367,922
Public improvement projects - original equipment and furniture	38-15-01-70	239,471	584,462	823,933
Public improvement projects - original equipment and furniture	38-15-01-71	1,018,796	998,780	2,017,576
Public improvement projects - original equipment and furniture	38-15-01-72	1,358,536	1,817,210	3,175,746
Public improvement projects - original equipment and furniture	38-15-01-73	888,067	1,096,688	1,984,755
Public improvement projects - original equipment and furniture	38-15-01-74	1,073,396	7,745,203	8,818,599
Total continuing appropriations		4,578,266	13,534,869	18,113,135
Total Bond Fund		4,578,266	13,534,869	18,113,135
<u>Trust and Agency Fund</u>				
<u>State Insurance Fund</u>				
General government operations	58-15-01-75	468,615	835,683	1,304,298

Amount of Appropriation Current Year	Augmentations and Restricted Receipts	Total Funds Available	Transfers Out	Disbursements	Losses
\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 1,985	\$ 15
<u>1,620,000</u>	<u>-</u>	<u>1,674,263</u>	<u>-</u>	<u>1,421,832</u>	<u>252,431</u>
<u>-</u>	<u>13,306,515</u>	<u>12,490,100</u>	<u>-</u>	<u>11,127,588</u>	<u>-</u>
823,425,548	1,140,978	824,566,526	-	112,681,575	-
<u>3,386,600</u>	<u>-</u>	<u>3,386,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>826,812,148</u>	<u>1,140,978</u>	<u>827,953,126</u>	<u>-</u>	<u>112,681,575</u>	<u>-</u>
-	-	924,604	-	-	-
-	-	367,922	-	(23)	-
-	-	823,933	-	147,246	-
-	-	2,017,576	-	827,681	-
-	-	3,175,746	-	1,538,072	-
-	-	1,984,755	-	1,251,556	-
<u>-</u>	<u>-</u>	<u>8,818,599</u>	<u>-</u>	<u>2,002,036</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>18,113,135</u>	<u>-</u>	<u>5,766,568</u>	<u>-</u>
<u>826,812,148</u>	<u>1,140,978</u>	<u>846,066,261</u>	<u>-</u>	<u>118,448,143</u>	<u>-</u>
<u>-</u>	<u>492,434</u>	<u>1,796,732</u>	<u>-</u>	<u>369,048</u>	<u>-</u>

Undisbursed Balance at June 30, 1975		
Encumbered	Unencumbered	Total
\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,044,928</u>	<u>(682,516)</u>	<u>1,362,412</u>
108,028,512	603,856,439	711,884,951
<u>104,235</u>	<u>3,282,365</u>	<u>3,386,600</u>
<u>108,132,747</u>	<u>607,138,804</u>	<u>715,271,551</u>
-	924,604	924,604
-	367,945	367,945
5,449	671,238	676,687
417,268	772,627	1,189,895
784,139	853,535	1,637,674
277,072	456,127	733,199
<u>2,514,770</u>	<u>4,301,793</u>	<u>6,816,563</u>
<u>3,998,698</u>	<u>8,347,869</u>	<u>12,346,567</u>
<u>112,131,445</u>	<u>615,486,673</u>	<u>727,618,118</u>
<u>558,784</u>	<u>868,900</u>	<u>1,427,684</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF APPROPRIATIONS (Continued)
FOR THE YEAR ENDED JUNE 30, 1976

<u>Description</u>	<u>Appropriation Symbol Number</u>	<u>Undisbursed Balance at June 30, 1975*</u>		
		<u>Encumbered</u>	<u>Unencumbered</u>	<u>Total</u>
<u>Enterprise Fund</u>				
<u>State Restaurant Fund</u>				
Department of General Services	81-15-01-75	\$ 2,004	\$ 65,414	\$ 67,418
<u>Total - all funds</u>		<u>\$9,857,441</u>	<u>\$17,212,098</u>	<u>\$27,069,539</u>

*The contingent commitments of \$278,300 for the year ended June 30, 1975 are not shown on this schedule since they are included in current appropriations - general government operations.

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

<u>Amount of Appropriation Current Year</u>	<u>Augmentations and Restricted Receipts</u>	<u>Total Funds Available</u>	<u>Transfers Out</u>	<u>Disbursements</u>	<u>Lapses</u>
\$ -	\$ 32,507	\$ 99,925	\$ -	\$ 3,600	\$ -
<u>\$908,480,148</u>	<u>\$48,646,199</u>	<u>\$984,195,886</u>	<u>\$3,591</u>	<u>\$242,406,584</u>	<u>\$699,548</u>

<u>Undisbursed Balance at June 30, 1976</u>		
<u>Encumbered</u>	<u>Unencumbered</u>	<u>Total</u>
\$ 1,831	\$ 94,494	\$ 96,325
<u>\$118,316,104</u>	<u>\$622,770,059</u>	<u>\$741,086,163</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF RECEIPTS
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
<u>General Fund</u>		
<u>Revenues Augmenting Current Appropriations - State</u>		
Sale of fleet vehicles - temporarily assigned	\$ 57,843	\$ -
Reimbursement for services rendered by Department of General Services Processing Center	397,431	256,020
Student community building fees	1,991,427	-
Automobile replacement rental plan	5,101,503	3,578,772
Reimbursement to General Fund - capital facilities construction projects	12,301,000	8,608,785
Sale of federal surplus property	381,196	340,577
Group life insurance administration and other expenses	50,000	50,000
Services provided other agencies by the comptroller's office	867,211	792,754
Rentals from state warehouse	100,000	100,000
Sale of fleet vehicles - permanently assigned	415,705	431,561
State colleges - additional dormitory rental fees	1,942,862	1,997,019
Services provided other agencies	1,887	16,793
Repairs for special fund vehicles	33,121	18,318
Services provided other agencies - duplicating	1,763,398	395,067
Employer's retirement credit - general government	-	1,857,000
 Total revenues augmenting current appropriations - state	 <u>25,404,584</u>	 <u>18,442,666</u>
 <u>Revenues Augmenting Current Appropriations - Federal</u>		
Public Works Employment Act - general government operations	<u>1,000,000</u>	<u>-</u>
 <u>Revenues Augmenting Current Executive Authorizations - Federal</u>		
CETA I - auditing services	31,018	-
Interagency subgrants of federal appropriations	<u>45,217</u>	<u>-</u>
 Total revenues augmenting current executive authorizations - federal	 <u>76,235</u>	 <u>-</u>
 Total revenues augmenting current appropriations	 <u>26,480,819</u>	 <u>18,442,666</u>
 <u>Revenues Augmenting Prior Appropriations - State</u>		
Reimbursement to General Fund - National Governors' Conference costs	<u>10,000</u>	<u>-</u>
 <u>Revenues Augmenting Continuing Appropriations - State</u>		
Sale of Pennsylvania Code and related publications	<u>346,942</u>	<u>322,056</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF RECEIPTS (Continued)
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
<u>General Fund (Continued)</u>		
<u>Revenues Augmenting Restricted Receipts - State</u>		
Group life insurance premiums	\$ -	\$12,766,493
Group life insurance premiums - direct billings	-	39,403
Postage due account - Harrisburg Post Office	166,144	93,369
Bid and performance security deposits	1,080,339	885,141
Student community building:		
Bloomsburg	98,948	89,652
California	75,358	80,350
Cheyney	43,689	43,233
Clarion	88,587	90,095
East Stroudsburg	65,953	65,354
Edinboro	106,400	130,000
Kutztown	81,608	86,332
Lock Haven	43,420	46,032
Mansfield	53,024	55,518
Millersville	95,075	96,059
Shippensburg	102,000	87,329
Slippery Rock	112,238	113,860
West Chester	210,303	140,823
Total revenues augmenting restricted receipts - state	<u>2,423,086</u>	<u>14,909,043</u>
Total revenues augmenting the General Fund	<u>29,260,847</u>	<u>33,673,765</u>
<u>Revenues Received Not Credited to Appropriations</u>		
Traffic violation fines	21,653	20,037
Sale of publications	63,903	67,222
Sale of unserviceable property	221,865	220,740
Rental of state property	38,758	12,498
Recovery on insurance and surety bonds	284	284
Mileage of state automobiles	592,740	260,010
Contract forfeitures and damages	1,988	3,626
Allocation of purchasing and property costs	4,414,482	3,796,723
Sale of state property	35,456	21,016
Real estate services	117,703	70,427
Miscellaneous	457,301	1,765,743
Refunds of expenditures not credited to appropriations	131,055	49,891
Total revenues received not credited to appropriations	<u>6,097,188</u>	<u>6,288,217</u>
Total receipts - General Fund	<u>35,358,035</u>	<u>39,961,982</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF RECEIPTS (Continued)
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
<u>Special Revenue Funds</u>		
<u>Motor License Fund</u>		
Sale of unserviceable property	\$ 229,170	\$ 127,647
Rent of state property	222	222
Sale of real estate	<u>45,893</u>	<u>79,250</u>
	<u>275,285</u>	<u>207,119</u>
 <u>Fish Fund</u>		
Sale of unserviceable property	<u>288</u>	<u>25</u>
 <u>Game Fund</u>		
Sale of unserviceable property	<u>7,609</u>	<u>15,011</u>
 <u>Banking Department Fund</u>		
Sale of unserviceable property	<u>37</u>	<u>321</u>
 Total Special Revenue Funds	 <u>283,219</u>	 <u>222,476</u>
 <u>Working Capital Funds</u>		
<u>Purchasing Fund</u>		
Reimbursements	13,437,380	10,679,298
Agency deposits	-	2,540,800
Interest on securities	<u>79,108</u>	<u>86,417</u>
	<u>13,516,488</u>	<u>13,306,515</u>
 <u>Employment Fund for the Blind</u>		
Sale of surplus property	<u>420</u>	<u>200</u>
 <u>Manufacturing Fund</u>		
Recovered damages	4,636	-
Sale of scrap and unserviceable property	<u>16,650</u>	<u>18,490</u>
	<u>21,286</u>	<u>18,490</u>
 Total Working Capital Funds	 <u>13,538,194</u>	 <u>13,325,205</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF RECEIPTS (Continued)
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
<u>Bond Fund</u>		
<u>Capital Facilities Fund</u>		
Federal reimbursement - public improvement projects	\$ 3,476,611	\$ 743,436
Nonfederal reimbursement - public improvement projects	1,069,542	137,296
Sale of vehicles	-	70,725
Rental income - uncompleted construction projects	<u>206,446</u>	<u>189,521</u>
Total Bond Fund	<u>4,752,599</u>	<u>1,140,978</u>
 <u>Trust and Agency Fund</u>		
<u>State Insurance Fund</u>		
Interest on securities	81,475	83,591
Interest on securities of fire insurance tax fund	236,090	236,734
Recovered damages	<u>197,622</u>	<u>172,109</u>
Total Trust and Agency Fund	<u>515,187</u>	<u>492,434</u>
 <u>Enterprise Funds</u>		
<u>State Restaurant Fund</u>		
Interest on securities	3,768	3,458
Receipts from general operations	26,775	21,150
Miscellaneous revenue	<u>10,821</u>	<u>7,899</u>
	<u>41,364</u>	<u>32,507</u>
 <u>State Stores Fund</u>		
Sale of unserviceable property	<u>23,020</u>	<u>1,840</u>
Total Enterprise Funds	<u>64,384</u>	<u>34,347</u>
<u>Total receipts - all funds</u>	<u>\$54,511,618</u>	<u>\$55,177,422</u>

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

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF EXPENDITURES - CURRENT APPROPRIATIONS
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	1977	
	<u>Disbursements</u>	<u>Encumbrances</u>
<u>General Fund</u>		
<u>Current Appropriations - State</u>		
Salaries	\$ 25,715,575	\$ 73,427
Overtime	342,056	-
Shift differential pay	69,045	-
Wages	100,025	-
Health and Welfare Fund	490,349	-
Hospitalization insurance	1,137,191	-
Social security contributions	1,483,421	-
Retirement contributions	3,661,084	-
Workmen's compensation	218,495	-
Group life insurance	180,509	-
Out-service training	5,002	1,578
Unemployment compensation	74,426	-
Maintenance recovered	739	-
Civil Service Commission services	46,408	-
Contracted repairs	98,613	609
Classification and pay services	2,720	-
Purchasing services	1,636	-
Data processing services	132,718	-
Consultant fees	38,558	-
Specialized services	33,802	18,157
Legal fees	942	-
Special conference expenses	3,097	-
Relocation expenses	2,363	-
Contracted personnel services	-	-
Printing	99,581	122,103
Prosthetic appliances	5	-
Advertising	94,442	-
Postage	271,943	-
Freight charges	8,515	61
Telephone and telegraph monthly costs	516,287	-
Long-distance toll charges	45,705	-
Telephone and telegraph equipment installation	10,128	-
Travel	451,518	-
Radio equipment - lease	115	-
Miscellaneous telecommunications equipment - lease	124	-
Water and sewerage	185,245	-
Electricity	2,108,597	-
Heating fuel	1,214,027	3,482
Subscriptions (trade journals, etc.)	6,719	41
Membership dues	1,567	150
Insurance, surety and fidelity bonds	1,674,637	-
Motorized equipment supplies	377,360	1,695
Motorized equipment repairs	682,624	(5,773)
Contracted maintenance service:		
Data processing	14,135	-
Buildings and grounds	671,380	35
Office equipment	60,506	3,383
Other	71,364	-
Rent:		
Real estate	272,564	7,927
EDP equipment	88,511	8,052
Motorized equipment	246,785	-
Other	262,608	9,570
Drugs	1	-
Laboratory supplies	1,844	-
Medical supplies (other than drugs)	677	-

1976

Disbursements	Encumbrances
---------------	--------------

Total

1977	1976
------	------

\$ 21,701,437	\$ 973,823	\$ 25,789,002	\$ 22,675,260
259,639	-	342,056	259,639
45,393	-	69,045	45,393
72,590	-	100,025	72,590
341,963	-	490,349	341,963
860,247	-	1,137,191	860,247
1,138,087	-	1,483,421	1,138,087
2,438,775	748,951	3,661,084	3,187,726
128,087	-	218,495	128,087
156,389	-	180,509	156,389
2,472	285	8,580	2,757
41,886	-	74,426	41,886
-	-	739	-
19,699	-	46,408	19,699
122,916	13,944	99,222	136,860
1,598	-	2,720	1,598
-	-	1,636	-
114,931	1,019	132,718	115,950
82,710	11,128	38,558	93,838
50,185	9,125	51,959	59,310
532	-	942	532
381	123	3,097	504
8,157	-	2,363	8,157
2,560	-	-	2,560
24,101	1,568	221,684	25,669
-	-	5	-
53,403	625	94,442	54,028
172,747	-	271,943	172,747
7,869	192	8,576	8,061
451,928	-	516,287	451,928
41,872	-	45,705	41,872
7,969	-	10,128	7,969
351,167	-	451,518	351,167
207	-	115	207
88	-	124	88
156,808	-	185,245	156,808
2,033,508	-	2,108,597	2,033,508
1,105,561	4,045	1,217,509	1,109,606
4,865	215	6,760	5,080
1,276	25	1,717	1,301
846,579	-	1,674,637	846,579
261,063	10,380	379,055	271,443
521,611	(376)	676,851	521,235
45,848	3,361	14,135	49,209
710,911	3,315	671,415	714,226
41,051	5,047	63,889	46,098
49,545	532	71,364	50,077
199,543	1,977	280,491	201,520
48,861	27,383	96,563	76,244
173,044	-	246,785	173,044
56,086	5,534	272,178	61,620
1	-	1	1
1,698	3,305	1,844	5,003
1,254	-	677	1,254

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF EXPENDITURES - CURRENT APPROPRIATIONS (Continued)
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	1977	
	Disbursements	Encumbrances
<u>General Fund (Continued)</u>		
<u>Current Appropriations - State (Continued)</u>		
Wearing apparel	\$ 13,682	\$ 81
Food	1,449	-
Supplies:		
Housekeeping	154,804	6,434
Office	901,730	10,126
Educational supplies and services	7,110	183
Agricultural supplies and services	7,088	-
Recreational supplies and services	50	-
Maintenance materials and supplies	471,079	3,328
Inventory	355	-
Other services and supplies	89,197	455,514
Motor vehicles	2,802,589	1,800,311
Equipment and machinery	152,906	22,021
Furniture and furnishings	16,184	86
Land acquisition	5,000	-
Buildings and structures	427	341
Authority rentals	57,177,646	-
Total current appropriations - state	105,079,584	2,542,922
<u>Current Appropriation - Federal</u>		
Salaries	1,000,000	-
<u>Current Executive Authorizations - Federal</u>		
Salaries	112,937	4,368
Overtime	174	-
Health and Welfare Fund	1,877	-
Hospitalization insurance	5,373	-
Social security contributions	5,375	-
Retirement contributions	14,870	-
Workmen's compensation	700	-
Group life insurance	783	-
Out-service training	-	525
Travel	11,502	-
Rental of motorized equipment	3,240	-
Other services and supplies	4	3,024
Equipment and machinery	-	1,040
Furniture and furnishings	-	2,261
Total current executive authorizations - federal	156,835	11,218
Total General Fund	106,236,419	2,554,140

1976		Total	
<u>Disbursements</u>	<u>Encumbrances</u>	<u>1977</u>	<u>1976</u>
\$ 5,416	\$ 3,346	\$ 13,763	\$ 8,762
1,918	315	1,449	2,233
124,470	6,186	161,238	130,656
130,994	22,786	911,856	153,780
3,151	501	7,293	3,652
8,973	110	7,088	9,083
-	-	50	-
261,995	65,613	474,407	327,608
-	-	355	-
439,894	291,172	544,711	731,066
1,711,289	1,050,401	4,502,900	2,761,690
57,441	73,362	174,927	140,803
10,095	2,686	16,270	12,781
-	-	5,000	-
11,179	62,860	768	74,039
<u>57,098,512</u>	<u>-</u>	<u>57,177,646</u>	<u>57,098,512</u>
<u>94,836,425</u>	<u>3,404,864</u>	<u>107,622,506</u>	<u>98,241,289</u>
-	-	1,000,000	-
-	-	117,305	-
-	-	174	-
-	-	1,877	-
-	-	5,373	-
-	-	5,375	-
-	-	14,870	-
-	-	700	-
-	-	783	-
-	-	525	-
-	-	11,502	-
-	-	3,240	-
-	-	3,028	-
-	-	1,040	-
-	-	<u>2,261</u>	<u>-</u>
-	-	168,053	-
<u>94,836,425</u>	<u>3,404,864</u>	<u>108,790,559</u>	<u>98,241,289</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATEMENT OF EXPENDITURES - CURRENT APPROPRIATIONS (Continued)
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

	1977	
	<u>Disbursements</u>	<u>Encumbrances</u>
<u>Special Revenue Funds</u>		
<u>Motor License Fund</u>		
Insurance, surety and fidelity bonds	\$ 17,472	\$ -
Authority rentals	1,348,059	-
	<u>1,365,531</u>	<u>-</u>
<u>Fish Fund</u>		
Authority rentals	<u>62,133</u>	<u>-</u>
<u>Boating Fund</u>		
Authority rentals	<u>1,985</u>	<u>-</u>
Total Special Revenue Funds	<u>1,429,649</u>	<u>-</u>
 <u>Bond Fund</u>		
<u>Capital Facilities Fund</u>		
Data processing services	19,065	-
Specialized services	5,663	-
Equipment and machinery	55,393	1,057,093
Radio equipment purchase	-	1,700
Furniture and furnishings	3,120	1,345,750
Land acquisition	-	-
Buildings and structures	-	-
General construction contracts - public improvement	-	-
Heating contracts - public improvement	-	-
Plumbing contracts - public improvement	-	-
Electric contracts - public improvement	-	-
Elevator contracts - public improvement	-	-
Other contracts - public improvement	-	-
Professional fees - public improvement	-	-
Total Bond Fund	<u>83,241</u>	<u>2,404,543</u>
Total expenditures - current appropriations	<u>\$107,749,309</u>	<u>\$4,958,683</u>

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

1976		Total	
<u>Disbursements</u>	<u>Encumbrances</u>	<u>1977</u>	<u>1976</u>
\$ -	\$ -	\$ 17,472	\$ -
<u>1,357,714</u>	<u>-</u>	<u>1,348,059</u>	<u>1,357,714</u>
<u>1,357,714</u>	<u>-</u>	<u>1,365,531</u>	<u>1,357,714</u>
<u>62,133</u>	<u>-</u>	<u>62,133</u>	<u>62,133</u>
<u>1,985</u>	<u>-</u>	<u>1,985</u>	<u>1,985</u>
<u>1,421,832</u>	<u>-</u>	<u>1,429,649</u>	<u>1,421,832</u>
8,608,785	-	19,065	-
-	-	5,663	8,608,785
-	-	1,112,486	-
-	-	1,700	-
-	104,235	1,348,870	104,235
32,630,513	-	-	32,630,513
18,134	110,000	-	128,134
40,820,750	54,290,065	-	95,110,815
10,009,140	16,109,379	-	26,118,519
5,041,769	7,180,487	-	12,222,256
7,658,193	13,534,213	-	21,192,406
1,154,073	1,151,186	-	2,305,259
2,054,473	1,211,098	-	3,265,571
4,685,745	14,442,084	-	19,127,829
<u>112,681,575</u>	<u>108,132,747</u>	<u>2,487,784</u>	<u>220,814,322</u>
<u>\$208,939,832</u>	<u>\$111,537,611</u>	<u>\$112,707,992</u>	<u>\$320,477,443</u>

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounts of the Department of General Services are maintained in accordance with the principles set forth in the Manual of Accounting and Related Financial Procedures of the Commonwealth of Pennsylvania, revised edition, 1967. Augmentations are included on a cash basis, expenditures are included on an accrual basis, and fixed assets are expensed when purchased.

2. Undisbursed Appropriations

These amounts represent funds approved for expenditure by passage of the Department's budget and are presently encumbered, in process of payment, or available for expenditure.

3. Contingent Commitments

During the year ended June 30, 1977, the Department executed certain contracts for goods and services to be delivered during the subsequent year. These commitments were contingent upon eventual passage of appropriations for the contracted goods and services, and money could not be paid out or goods and services delivered until such appropriations had been made. Contingent commitments were \$7,180 for the year ended June 30, 1977.

4. Continuing Appropriation

Continuing appropriation No. 01-15-08-75, Louis I. Kahn Papers, is reflected as a current appropriation on the status of appropriations for the year ended June 30, 1976.

5. Revenues Received Not Credited to Appropriations

Revenues received not credited to appropriations consist primarily of reimbursements from the various Commonwealth agencies for purchasing, property and automotive expenses incurred by the Department of General Services, sales and rentals of state property, traffic violation fines, and sales of publications. The Department of General Services is responsible for the collection of these revenues but may not use them to supplement the appropriations budgeted for its general operations. The monies are remitted to the Treasury Department for deposit in the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Retirement Benefits

Retirement benefits are provided for all employees under a contributory plan administered by the Pennsylvania State Employees' Retirement System.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Poor Response to Bid Invitations

The Bureau of Purchases acts as the Commonwealth's primary purchasing coordinator by enforcing the policies established by the Department of General Services. To assure the awarding of contracts to responsible vendors, the Bureau maintains a list of qualified vendors interested in doing business with the Commonwealth.

Our examination of selected purchase orders and contract files disclosed that vendor response to bid invitations is frequently low. We analyzed the related bid activity for 40 purchase requisitions initiated during the year ended June 30, 1977. We noted that bids were solicited from 1,262 vendors. However, only 179 vendors submitted bids. No response was received from 755 vendors, and 328 vendors responded without bid proposals. A similar situation was found in a review of selected contract files.

We conducted a survey to determine the reasons for such poor vendor response. We sent questionnaires to those vendors who did not respond to the bid invitations, asking their reasons for not responding. We also asked for their suggestions on how to improve the Department's procurement procedures in order to promote competition and to assure that all interested vendors are given equal opportunity to bid on Commonwealth contracts.

Questionnaires were sent to 153 vendors selected from 16 procurement documents. Responses were received from 112 vendors. Of the responses received, 54 stated that they could not provide the particular item, 14 stated that they could not meet the specifications of the bid proposal, and 44 presented other reasons for not submitting a bid. Certain vendors also indicated that the required security deposit, usually 10% of the total bid amount, imposes a burden on them.

Following are some of the vendors' reasons for not bidding:

<u>Item (s) Requested in Bid Invitation</u>	<u>Vendor Response</u>
Portable Trinicon color cameras by Sony, video cassette players, and mobile video cart by Comprehensive Video Supply Corporation	We cannot respond to this specific request because we do not represent the Sony Corporation and cannot supply an exact equivalent. Our equivalent is in a much higher quality bracket than you are requesting. This was explained to your buyer when I first visited Harrisburg. I know that you buy items for your state's

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 (Continued)

Item (s) Requested in Bid Invitation

Vendor Response

education TV system for which we have never had a request. In addition, the security requirements do represent a burden. We do much business with the state of Maryland and have never had a problem. Maryland also does not have the bonding requirements Pennsylvania has.

Our reason for not quoting is because of the catch-all statement: "Items 1 thru 7 to be awarded on total bid basis." This is fine for the larger distributors who have the financial capability of taking on any line of video products. We are an authorized franchised Sony dealer but not a Video Supply Corporation dealer. Since there was no way we could supply this item we declined to bid. I think it would be a boon to the smaller distributor such as ourselves to have this catch-all phrase eliminated from future invitation bid proposals.

When bidding on a number of items (sometimes 15 or 20) the award is made on an all or nothing basis. As some of the items are not available to me I can't possibly put in a bid. If I was (sic) available to bid on the items that I handle I feel that there would possibly be a substantial savings to the state.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 (Continued)

<u>Item (s) Requested in Bid Invitation</u>	<u>Vendor Response</u>
. Liquid steam cleaner compound	<p>We have had difficulty meeting the Commonwealth's specifications in order to bid, yet we are the leading innovator in our industry selling to the federal government and all principal national accounts, as well as many other state governments including New York, Florida, and Minnesota.</p> <p>The dismal pay record of the state- 90 to 120 days. Our terms are 30 days from date of shipment. We are a small business unable to finance the state's operation or anybody else.</p>
. Sledge hammer handles and screwdrivers	<p>No record of receiving this bid. Very frequently, we receive requests for material specified as made by Sears, Roebuck and Company. It is impossible to quote on an equal item with that specification.</p>
. Softball pitching machine and tennis ball throwing machine	<p>We have noted that many of the bid proposals state that all items will be awarded as a group. As a dealer, we are not always able to supply all the items listed on any particular proposal, although we would be able to supply some or most of them. We believe it would be in the interest of competitive bidding to state that items would be awarded in a group or on an item basis whichever was in the best interest of the Commonwealth.</p>

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 (Continued)

<u>Item (s) Requested in Bid Invitation</u>	<u>Vendor Response</u>
	We have no record of receiving this bid. It is our policy to answer all bids received, including "no bids".
. Premier peat moss	We find your bid bond requirements are often more trouble than the potential value of the bid is worth. We are therefore limited to bidding only on very select proposals.
. Emergency printing contract	After considering the requirements for state bidding, we decided not to get into this market because of the complicated procedure involved, the reputation of the state in paying its bills and the amount of paperwork to complete the simplest of tasks.
. Chairs	Due to reorganization, we are unable to handle out-of-state orders efficiently; therefore please remove our name from your bidders list.

Poor vendor participation reduces competition for state contracts and can unnecessarily increase Commonwealth expenditures. Money is wasted by mailing bid invitations to vendors who consistently respond without a bid or fail to respond at all.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 (Continued)

Recommendation

We recommend the following actions to increase competition and reduce the expense of mailing invitations to vendors who are unable or uninterested in bidding for state contracts:

- . Update the vendor list to include only those vendors interested in doing business with the Commonwealth.
- . Refine the vendor bid list commodity categories to determine which vendors are capable of providing the requested item(s).
- . Eliminate contract items awarded as a group when it could be done more economically on an item by item basis.
- . Eliminate certain specifications for selected items when approved equivalents can be substituted.
- . Consider eliminating security requirements against sealed bid proposals and require security only prior to making an award.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - Deficiencies in Lounge Furniture Contract

During our review of selected contracts, we noted that only one vendor had submitted a bid for furniture contract No. 7105-0703, dated December 27, 1977, although 11 invitations had been sent. The estimated annual value of this contract was \$1,000,000.

The Department's mailing list of qualified bidders for lounge furniture includes 45 vendors. Of the 11 bid invitations sent for this contract, four were sent to listed vendors and seven to vendors not on the Department's mailing list. We were informed by personnel of the Bureau of Purchases that they were aware that the other 41 vendors on the list were not interested in bidding on this contract, and thus bid invitations were not sent to them.

We sent a letter of inquiry to the 10 vendors who were solicited but did not submit bids to learn their reasons for not participating. Of the six vendors who replied, four said they were not capable of manufacturing all the items requested and two said they were not interested in bidding. It should be noted that one of these vendors did not originally receive a copy of the bid proposal and another did not receive a copy of the illustrations and specifications necessary to determine the types, sizes, and styles of furniture requested in the bid.

We contacted Correctional Industries of the Department of Justice even though they were not invited to submit a bid. We asked them if the particular types of furniture could have been manufactured by them. We were advised that 78 of the 139 items covered in the contract could have been offered for \$300,635. The vendor who was subsequently awarded the contract submitted a bid of \$351,482 for the same items. Therefore, the Commonwealth could have saved \$50,847 if the furniture had been obtained from the Correctional Industries.

Competitive bidding for this contract was reduced by a stipulation that stated: "Items 1 through 139 will be awarded on a total bid basis." When questioned as to why the contract was let as a group rather than on an item-by-item basis, Bureau personnel said that they had not wanted to change the style of furniture they had already bought through previous contracts.

We believe that this contract could have been awarded more competitively if all interested vendors had been given an opportunity to bid on an item-by-item basis.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2 (Continued)

Recommendation

To assure that the Commonwealth obtains the lowest possible bids, we recommend the following actions be taken when awarding future contracts:

- . Awarding on a total bid basis should be discontinued for contracts consisting of numerous different items. Total bid basis awards should be limited to contracts covering like items.
- . Correctional Industries and all other qualified vendors should be given an equal opportunity to submit bids.
- . Interested vendors should be given all pertinent bid information.
- . The vendor mailing list should be used to invite bid participation. It should also be determined if commodity categories on the vendor mailing list require additional refinement.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 3 - Ineffective Control Over Contract Files

Section 2409 of The Administrative Code, Act No. 175 of April 9, 1929, P.L. 177, as amended, deals with the awarding of contracts for goods and supplies to be used by Commonwealth agencies. Included is the stipulation that "any such bidder to whom a contract shall have been awarded shall, within ten (10) days after such award, file a bond conditioned for the faithful performance of the terms of the contract.

During our review of contract files, we found one case in which the vendor did not post a performance bond of \$200,000 as specified in the contract. This contract for lottery ticket printing was renewed for three subsequent years without proper security. Personnel of the Bureau of Purchases attributed this negligence to an administrative oversight.

This situation arose because contract files are not being reviewed regularly. Contract information is currently available only through manual review of individual files, making it difficult to review the files on a regular basis.

We believe a centralized control system is necessary. This system should list the type of contract, successful vendor, dollar volume and amount of security, and other pertinent information. It would provide better accountability for contract records and assure competition among interested vendors. The system would also enable the staff to regularly review contract files for compliance with security requirements.

Recommendation

We recommend that management establish a centralized control system to provide better control over contract files.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 4 - Excessive Delay in Depositing Awarded Bidder Securities

Established bidding procedures require that security of 10% of the amount of the bid be submitted with the bid in the form of a bid bond, a performance bond, or a certified check or bank cashier's check drawn to the order of the State Treasurer. If a bid bond is used by the bidder awarded the contract, within 10 days after notification of the award the bidder may replace the bid bond with a performance bond, certified check or bank cashier's check.

According to Section 301 of the Fiscal Code, the Act of April 9, 1929, P.L. 343, as amended, money deposited with the Commonwealth as a prerequisite to competitive bidding shall be deposited in authorized state depositories by the State Treasurer as custodian. Bid and performance security deposits are accounted for in a restricted receipt account in the General Fund, that is trust and agency moneys set aside and not used for routine transactions. Bid and performance security deposits of \$1,080,339 were received by the Treasury Department during the year ended June 30, 1977.

During the bidding process, all security deposits submitted with bid proposals, either in the form of bid or performance bonds or certified or bank cashier's checks, are maintained by the Security Unit of the Vendor Services Division in a locked fireproof cabinet. Upon notification that contracts have been awarded the Security Unit releases the security deposits. The original deposits of unsuccessful bidders are returned to them. Check deposits of successful bidders are forwarded to the Comptroller's office for deposit with the State Treasurer; performance bonds are retained by the Security Unit.

We reviewed the procedures of the Security Unit for the transmittal of awarded bidder security deposit checks. Our analysis of randomly selected transmittals disclosed that it took an average of 22 days from the date the Security Unit was advised that the security could be released for deposit until the date it was actually deposited with the Treasury Department. On some occasions, it took over 60 days for a security to be deposited. As a result of this delay, these moneys were not under the control and management of the Treasury Department.

Personnel of the Bureau of Purchases informed us that delays in the transmittal of security deposits are caused by heavy workloads in the Security Unit.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 4 (Continued)

Recommendation

We recommend that management undertake a thorough review of the organization and procedures of the Bureau of Purchases. Improved procedures for the processing of awarded bidder security deposits should be implemented to accelerate transmittal to the Treasury Department.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 5 - No Records Concerning Bid Samples

The Bureau of Standards is responsible for developing contract standards and specifications; reviewing purchase requisitions and bid evaluations; inspecting all deliveries of supplies, materials and equipment; and performing chemical and physical tests of samples submitted with bids to ensure that specifications are being met.

When samples are received they are held in a designated storage area until laboratory personnel are ready to test them. Items from the successful bidders are tested and retained in a separate storage room for the term of the contract. Items from unsuccessful bidders are returned to the initial storage area for disposition. They are either returned to the vendor, forwarded to the requesting agency, or destroyed.

Our review disclosed that the disposition of samples could not be readily determined. We found numerous items in the storage room marked for return, but the Bureau had no records indicating to whom these items belonged or how long they had been on hand.

No records are maintained showing the dates samples were received, tested, or disposed of. It is necessary to review the bid folder maintained in the Standards and Specifications Division to determine if a sample was submitted. In addition, a status check on submitted items requires a review of all disposition records.

Recommendation

We recommend that the Bureau of Standards establish procedures to ensure control over samples. It is essential that records be maintained to verify the proper receipt and disposition of samples.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 6 - Statutory Limit of the State Insurance Fund Prevents
Economical Commonwealth Insurance Program

By means of the State Insurance Fund administered by the Department of General Services, the Commonwealth acts as a self-insurer of its property and equipment. The State Insurance Fund, established by Act 227 of May 14, 1915, P.L. 524, as amended, is used for the rebuilding, restoration, or replacement of Commonwealth-owned buildings, structures, or equipment which have been damaged or destroyed by fire or other casualty. In accordance with the establishing act interest earned on the investments of the Fire Insurance Tax Fund is credited to the State Insurance Fund. Other receipts of the fund are recoveries on losses or damages to Commonwealth property and interest income. The establishing act, however, stipulates that any amount in the fund in excess of \$1,000,000 shall be transferred to the General Fund by December 31 of each year.

Our prior audit commented on the statutory limit of the State Insurance Fund. We contended that the originally established \$1,000,000 maximum balance was unrealistic in light of the current value of Commonwealth-owned buildings and equipment. We stated that if the maximum balance of the State Insurance Fund were increased, the Bureau of Risk and Insurance Management would be able to implement a more economical Commonwealth insurance program. A larger balance would enable the Commonwealth to increase the deductibles on insurance coverages at reduced premium costs. We therefore recommended that the Department of General Services seek legislation to increase the limit of the State Insurance Fund.

In its reply to our audit the Department advised us of a study being made by an outside consultant designed to blueprint a sophisticated risk management program. It was anticipated that as a result of this study the statutory limit of the State Insurance Fund would be increased and the Bureau of Risk and Insurance Management could adopt improved methods for insuring Commonwealth property and equipment.

We reviewed the consultant's report and found that it proposes an amendment to the State Insurance Fund Act which would increase the maximum balance to \$5,000,000 as well as permit the fund to expand into areas not presently covered. The report also suggests techniques by which the Bureau of Risk and Insurance Management may develop specific guidelines to be used by individual agencies in the establishment and coordination of a comprehensive Commonwealth risk management program.

FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 6 (Continued)

We also reviewed the suggested statutory amendment as prepared by the Department of General Services. The amendment increases the maximum balance of the State Insurance Fund to \$3,000,000. It also provides for damage or destruction from boiler explosion, flood and flood-related hazards, or any other major disaster.

Unfortunately, as of May, 1979, this legislation has not yet been introduced, and the established self-insurance program is still inadequate since the limit of the State Insurance Fund is not at a level commensurate to the current replacement values of Commonwealth property and equipment.

For example, we were informed by the Bureau of Risk and Insurance Management that the Commonwealth currently utilizes the State Insurance Fund limit of \$1,000,000 for all owned property with the exception of the Capitol Complex of Buildings (high concentration of values) where excess insurance coverage of \$40,000,000 per occurrence has been purchased above the State Insurance Fund limit to cover the catastrophic-type loss. Because of bond indenture provisions, General State Authority properties have a similar type of self-insurance/excess insurance arrangement.

Recommendation

We urge the Department of General Services to continue its efforts to promote legislation to increase the limit of the State Insurance Fund for implementation of the comprehensive Commonwealth risk program prescribed by the consultant.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 7 - Employee Files Do Not Include Payroll Deduction Authorizations

We reviewed the employee files maintained by the Bureau of Personnel to determine if all payroll deduction authorizations were properly completed and filed. Management Directive 315.11, dated March 5, 1975, stipulates that all payroll deduction authorization documents are to be maintained by the Bureau of Personnel.

Our review disclosed that many employee files did not include deduction authorization forms for federal income tax, united fund, bond, and union dues. We were informed by the Bureau director that most of these authorizations are still being maintained in the comptroller's office.

Recommendation

We recommend that the Department comply with the requirements of Management Directive 315.11. All payroll deduction forms should be centrally filed with the Bureau of Personnel.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
FINDINGS AND RECOMMENDATIONS

Finding No. 8 - Failure to Record Fixed Assets in Inventory Records

Our review of the centralized inventory control system for fixed assets disclosed that certain items of equipment, machinery, and furniture purchased during the 1976-77 fiscal year and valued at \$32,000 were not included on the Department's inventory listing. We were advised that the Management Methods Division of the Bureau of Management Services is frequently not notified when fixed assets are acquired by the various bureaus of the Department.

The Department has established a centralized inventory control system for the acquisition, disposition, and transfer of fixed assets so that all items are readily identified and located. Pertinent instructions, procedures, and forms have been developed. It is imperative that the established inventory control policies and procedures are followed throughout the Department so that the fixed asset records are accurate and up-to-date.

Recommendation

We recommend that the Department enforce compliance with the established inventory control policies and procedures so that the Management Methods Division is properly advised of all fixed asset transactions to update the pertinent inventory listing.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS

The following is a brief summary of the more important findings and recommendations contained in our audit report for the years ended June 30, 1975 and 1974, along with a description of the Department's action taken regarding each recommendation. The status of each recommendation was determined by either one or a combination of the following procedures:

- . Review of the Department's written reply to the June 30, 1975 and 1974 audit report.
- . Tests performed as part of, or in conjunction with, the June 30, 1977 and 1976 audit.
- . Interviews with appropriate Department personnel regarding specific prior year's findings and recommendations.

BUREAU OF RISK AND INSURANCE MANAGEMENT

Insurance Premium Payments

Our prior audit tests disclosed a lack of adequate control over remitting premium payments through brokers. We recommended the Bureau implement appropriate procedures to improve control over the handling of premium payments.

Our current review indicates that the Bureau now purchases insurance on a direct basis when possible.

BUREAU OF REAL ESTATE

Elimination of Field Representatives

Our prior review of the functions performed by the field representatives did not justify the need to maintain a staff of seven employees. Accordingly, we recommended a reduction in the number of field representatives.

Our current examination revealed that the workload is now being handled by two field representatives.

STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS (Continued)

BUREAU OF REAL ESTATE (Continued)

Continuation of Expired Leases

During our prior audit we questioned the policy of allowing leases for office space outside the capital area to continue on a month-to-month basis. We recommended a determination be made on whether the Commonwealth would benefit from the stability afforded by a long-term lease.

Our current review revealed that in many cases month-to-month leases are being eliminated in favor of long-term leases.

BUREAU OF GROUNDS AND BUILDINGS

Fire Drills

Our prior examination disclosed that fire drills were not being conducted at the various state office buildings. We recommended the establishment of specific policies requiring periodic fire drills in all state buildings.

The Department's reply stated that a fire drill program for all Commonwealth buildings had been implemented in accordance with the codes and standards established by the National Fire Protection Association. Our current review revealed that the fire safety program was instituted in January 1977.

Fire Extinguisher Tests

Prior review of fire extinguisher reports disclosed sporadic testing of these safety devices. We suggested regular testing to ensure proper operation.

Our current review noted regular testing of fire extinguishers.

COMMONWEALTH CAFETERIAS

Inventory of Facilities and Equipment

Our prior audit recommended that ARA Services, Inc. take a complete physical inventory of facilities and equipment and a monthly inventory of all glassware, flatware, and chinaware to ensure adequate control over inventory items as required by the food service contract.

Our current audit revealed that the inventory control provisions of the contract are being enforced.

STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS (Continued)

COMMONWEALTH CAFETERIAS (Continued)

Bacteria Reports

We noted that monthly bacteria count reports were not being made. We recommended that this be enforced to ensure that established sanitation standards are being met at all cafeterias.

Current information indicates that monthly bacteria count reports are being prepared and forwarded to the restaurant officer.

BUREAU OF VEHICLE MANAGEMENT

Automotive Officers

In our prior audit we noted that the various automotive officers are employees of their respective agencies. Rule II of Executive Board Resolution No. AU-4-95, Rules and Regulations Governing the Commonwealth Automotive Fleet, approved April 17, 1974, specified that all automotive officers be assigned to the Department of General Services to centralize and strengthen control over Commonwealth vehicles. Accordingly, we recommended that the Department implement Rule II.

The Department's reply stated that a study was in process to reorganize the administrative process of the Bureau of Vehicle Management, including possible modification or deletion of Rule II. Our current audit indicated that Rule II has not been amended or repealed, and the automotive officers still report directly to their respective agencies. Officials of the Department contend that with the increased computerization of automotive records and the upgrading of the responsibilities of the Bureau of Vehicle Management the intent of Rule II is accomplished.

Inventory Control

Our prior examination revealed that inadequate control was being exercised over the Bureau's parts and supplies inventory and that security over inventoried items was virtually nonexistent. We recommended that the Bureau conduct periodic physical inventories and institute safeguards to protect inventory items.

Currently, a new vehicle parts supply stockroom has been established and the Bureau has shown improvement in maintaining an accurate inventory count.

STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS (Continued)

BUREAU OF VEHICLE MANAGEMENT (Continued)

Temporary Transportation

Our prior audit disclosed a lack of control over short-term assignments of vehicles to the various Commonwealth agencies, particularly the failure of the Department to ensure the propriety of temporary vehicle assignments.

In order for an agency to obtain a vehicle, Form OA-540, Request for Temporary Transportation, must be submitted to the Bureau of Vehicle Management. Our review of 100 forms submitted during September 1977 disclosed that the established policies and procedures for temporary vehicle assignments are still not being enforced by the Bureau of Vehicle Management. We noted the following irregularities:

<u>Irregularity</u>	<u>Frequency</u>
Form OA-540 not approved by agency automotive officer.	21
Vehicle driven an average of less than 10 miles a day.	6
Form OA-540 did not contain any justification for use of vehicle.	54

As a result of the inadequate control over temporary vehicle assignments, the available Commonwealth fleet is not being used effectively and unnecessary expenses are incurred.

Recommendation

We again recommend that the Bureau of Vehicle Management institute the necessary measures to ensure that all Forms OA-540 submitted by Commonwealth agencies are properly completed and all vehicle assignments are justifiable.



END