

*The County of Chester
Office of the Controller
Internal Audit Department*



*Management Letter
Chester County Prison Canteen Fund
For the year ended December 31, 2007*

Valentino F. DiGiorgio

Valentino F. DiGiorgio, III, Controller

To: Warden D. Edward McFadden

Introduction

On September 5, 2008, Internal Audit completed an audit of the *Chester County Prison Canteen Fund (Canteen)*. Gretchen W. Sohn, CIA was the auditor-in-charge. Internal Audit is required by the Pennsylvania Department of Corrections to review the *Canteen Fund* annually to ensure compliance with laws and regulations of the Commonwealth and to assess the overall internal control structure. The scope of our audit included a review of the following:

- Cash and Petty Cash
- Cash Disbursements
- Voided Disbursements
- Compliance (KCN Contract).

Executive Summary

The management and staff of the *Canteen* are, in all material respects, in compliance with laws and regulations set forth by the Pennsylvania Department of Corrections. Internal Audit noted no matters of a significant nature in the areas of compliance and the overall internal control structure. Minor findings involving internal controls and compliance are included within this Management Letter.

We would like to thank the staff of the Chester County Prison for their cooperation and assistance during the course of this audit. We have provided herein a copy of our “Audit Findings” and “Recommendations” for your review and comment.

Please feel free to contact our office at (610) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER
CHESTER COUNTY PRISON CANTEEN FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING

Finding 1: Cash Disbursements

Internal Audit noted the following:

- In 5 instances, a Canteen Wages Time Sheet was not on file to support the disbursement.
- In 1 instance, there was no support/documentation for a miscellaneous disbursement reimbursing an inmate.

Recommendation

Internal Audit recommends that Prison staff exercise greater care to ensure that all check disbursements are supported with the appropriate documentation.

Auditee Response

- *Canteen wages time sheets were on file in our office, and copies have been sent to Internal Audit.*
- *Canteen check #4312 was to replace a missing Inmate Processing envelope, at the request of Director Healy. The related incident report is on file in the Treatment Records and will be sent to Internal Audit when it is located.*

RECORDING

Finding 1: Cash Disbursements

Internal Audit noted the following:

- In 1 instance, a check was issued/recorded with a date 10 months subsequent to the actual issue date due to a manual input error. This gives the appearance of the check being issued out of sequence.

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FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING

Finding 1 continued

Recommendation

Internal Audit recommends that all checks be issued and recorded in numeric sequence. The authorized signers should review the checks for accuracy before signing them.

Auditee Response

Prison management concurs with the finding and recommendation.

Finding 2: Voided Disbursements

Internal Audit noted the following:

- In 1 instance, a voided check was not entered in the system.

Recommendation

Internal Audit recommends that all voided check #'s be entered in the system and with the correct information.

Auditee Response

Prison management concurs with the finding and recommendation.

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FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

AUTHORIZATION

Finding 1: Cash Disbursements

Internal Audit noted the following:

- In 2 instances, a Canteen Fund check was signed by only 1 authorized signer when 2 signatures are required.
- In 3 instances, the check request originating in the County Finance Department was not on file with the check copy.

Recommendation

Internal Audit recommends that all check requests originating in the County Finance Department be on file as support for the check issued to the County general fund. Internal Audit also recommends that prison management adhere to the “dual signature” requirement on the Canteen Fund bank account.

Auditee Response

- *Prison management concurs with the finding and recommendation.*
- *Issues relating to the check requests from Finance to transfer Canteen funds to the County operating fund have been resolved between the end of 2007 and the audit.*

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Voided Disbursements

Internal Audit noted the following:

- In 3 instances, the signature line of the original voided check was not defaced and/or cut out.

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FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1 continued

Recommendation

Internal Audit recommends that the signature block of an original voided check either be removed or defaced.

Auditee Response

Prison management concurs with the finding and recommendation.

COUNTY OF CHESTER
CHESTER COUNTY PRISON CANTEEN FUND
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2007

An exit conference was not warranted for the audit of the Prison Canteen Fund. Warden D. Edward McFadden has accepted the Audit Report and Management Letter as presented.