



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

**Management Letter
For the Year Ended
December 31, 2014**

County of Chester
Prison Canteen Fund

Management Letter

Norman MacQueen, Controller

To: D. Edward McFadden, Warden, Prison

Introduction

On December 8, 2015, Internal Audit completed an audit of the Prison Canteen Fund (*Canteen*). Pat Lenzi was the auditor-in-charge. Internal Audit is required by the Pennsylvania County Code to review county offices annually to ensure compliance with policies and procedures and to assess their overall internal control structure. The scope of our audit included a review of the following:

- Cash
- Cash Deposits
- Cash Disbursements
- Voided Disbursements
- Compliance (Aramark Contract)

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards* published by the Comptroller of the United States. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this Management Letter. Disclosures and other information in that Report (also dated December 8, 2015) should be considered in conjunction with this Management Letter.

Executive Summary

The management and staff of the *Canteen* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by the *Canteen*. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within this management letter. Based on Internal Audit's testing and observations, it is our opinion that these deficiencies are not the result of negligence or deliberate misconduct, but are instead the consequence of one or more of the following:

- Oversight
- Human error

We want to thank the management and staff of the *Canteen Fund* 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

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Cash

Cash is reconciled and reviewed at 100%.

Finding 1: Cash

On June 5, 2014, a CD account held by the *Canteen Fund* had matured. Upon maturity, this account was rolled into a new CD account and interest was recognized at that time. This interest however, went unrecorded on the *Canteen's* books (Jailview). Because of this, the book balance of the client's bank reconciliation was understated by the amount of the unrecorded interest.

Recommendation

Internal Audit recommends that *Canteen* management record recognized interest both timely and accurately to ensure proper reconciliation and recordkeeping. The balance per books figure on the bank reconciliation should always reflect the balances of the *Canteen's* bank accounts and vice versa.

Auditee Response

Prison Management concurs with the findings and recommendations.

Finding 2: Cash

In three (3) instances, transfers were made out of the *Canteen* fund in error and were subsequently reversed. These transactions, however, were not reflected on the client's books.

Recommendation

Despite the fact that these transactions netted out to zero, all transactions should be reflected on the client's books (Jailview). Recording every transaction is necessary to provide a clear audit trail.

Auditee Response

Prison Management concurs with the findings and recommendations.

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Finding 3: Cash (continued)

In three (3) instances money paid out of the *Canteen Fund* for inmate purchases was not reimbursed by the *Inmate Fund* in a timely manner.

Recommendation

To ensure that the General Fund is properly reimbursed for inmate purchases, money should be transferred from the *Inmate Fund* to the *Canteen Fund* as soon as purchases are made.

Auditee Response

Prison Management concurs with the findings and recommendations.

For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results:

Deposits

The sample size tested for the year ended 12/31/14 was 20 out of a population of 199 deposits in 2014.

There were no internal control or procedural weaknesses noted within our sample.

Cash Disbursements

The sample size tested for the year ended 12/31/14 was 20 out of a population of 45 disbursements generated in 2014.

Finding 4: Cash Disbursements

In one (1) instance, a check did not contain two authorized signatures per *Canteen* policy.

Recommendation

To ensure authentication, all checks must contain two (2) authorized signatures.

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Finding 4: Cash Disbursements (continued)

Auditee Response

Prison Management concurs with the findings and recommendations.

Voided Disbursements

The sample size tested for the year ended 12/31/14 was 10; however there were only 7 disbursements voided in 2014.

There were no internal control or procedural weaknesses noted within our sample.

Compliance

Compliance testing reviews the annual contract with Aramark for Commissary and iCare Services. Transactions with Aramark were tested at 100% to ensure compliance with the terms of the contract.

There were no internal control or procedural weaknesses noted within our sample.

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2014

An exit conference was not warranted for the audit of the Prison Canteen Fund, D. Edward McFadden has accepted the report as presented.