



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

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

*County of Chester
Prison Inmate 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 Inmate Fund (*Inmate*). Christian J. Kriza was the auditor-in-charge and was assisted by one additional auditor. 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 and Petty Cash
- Liabilities
- Accounts Receivable
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Escheats

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 *Inmate* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by the *Inmate*. 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 *Inmate* 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) 344-5906 should you have any questions or concerns.

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Cash and Petty Cash

Cash is reconciled and reviewed at 100%.

Finding 1: Cash

Monthly account analysis bank fees for June through December 2014 were not properly recorded on the books in a timely manner.

Recommendation

Internal Audit recommends that *Inmate Management* properly record adjustments on the books in a timely manner to ensure that Jailview records are accurate and reconcile to the bank each month.

Auditee Response

Prison management concurs with the finding and recommendation.

Liabilities

Liabilities are reconciled and reviewed at 100%.

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

Accounts Receivable

Accounts Receivable are reconciled and reviewed at 100%.

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

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

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:

Cash Receipts

The sample size tested for the year ended 12/31/14 was determined to be 20 out of a population of 34,742 receipts issued during the year.

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 determined to be 20 out of a population of 2,343 checks issued during the year.

Finding 2: Cash Disbursements

Internal Audit noted that the system (Jailview) check information for a group of 18 checks issued in November 2014 did not match the corresponding physical check. As a result, it appears that the checks were printed out of sequence.

Recommendation

Internal Audit recommends that *Inmate Management* takes steps to ensure that checks are properly loaded into the printer in numerical sequence. Any errors should be voided and reprinted to reflect the correct information and provide for an accurate reconciliation.

Auditee Response

Prison management concurs with the finding and recommendation.

Voided Receipts

The sample size tested for the year ended 12/31/14 was determined to be 15 out of a population of 175 receipts voided during the year.

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

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Voided Disbursements

The sample size tested for the year ended 12/31/14 was determined to be 10 out of a population of 155 disbursements voided during the year.

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

Escheats

The sample size tested for the year ended 12/31/14 was determined to be 10 out of a population of 402 disbursements voided during the year.

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

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2014

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