



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

**Management Letter
For the Year Ended
December 31, 2015**

County of Chester
Prison Canteen Fund

Management Letter

Norman MacQueen, Controller

To: D. Edward McFadden, Warden

Introduction

On March 1, 2017, Internal Audit completed an audit of the Prison Canteen Fund (*Canteen*) for the year ended December 31, 2015. Carissa Petrelia 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 March 1, 2017) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2015, Internal Audit has determined that the *Canteen's* system of internal controls is adequately *designed, in-place and operative*. The results of this audit indicate that, in all material respects:

- Assets are properly safeguarded from employee theft, robbery and unauthorized use
- Responsibility / Authority is established and assigned to specific individuals
- Duties (specifically authorization, custody and recordkeeping) are properly segregated
- Documents are available to provide evidence that transactions and events have occurred
- Transactions and events are properly recorded in a timely manner
- Reconciliations of internal records with bank statements occur monthly

In addition, the *Canteen* was found to be in compliance with policies and procedures mandated by the County of Chester except as outlined on the pages that follow. ***Audit Findings*** and ***Recommendations*** are provided herein for your review, comment and corrective action. The courtesy of a response is requested by February 27, 2017, otherwise in accordance with Internal Audit Policy, the absence of a response by the due date will be inferred as management's acceptance of the finding(s) and recommendation(s).

We thank the management and staff of the *Canteen* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns or if you wish to schedule an exit conference. An exit conference is held at the request of the auditee to discuss specific concerns that were not resolved during the closing conference.

A final copy of this management letter and the corresponding Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters will be transmitted electronically to your attention upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report and management letter will be posted on the Controller's webpage within one week of issuance.

A handwritten signature in blue ink, appearing to read 'N MacQueen', with a large circular flourish at the end.

Norman MacQueen
Controller

March 1, 2017

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash

Cash is reconciled and reviewed at 100%.

Finding 1: Cash

Approximately \$5,000 of interest income earned in 2014 was still not entered on the *Canteen's* books (Jailview) as of 12/31/15. This was a prior year finding that has not been corrected.

Cause

Lack of follow-up on prior year findings.

Recommendation

Internal Audit recommends that *Canteen* management record earned 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. Internal Audit also recommends that *Canteen* management correct the prior year finding.

Auditee Response

Please see page 9 for Auditee Response.

Finding 2: Cash

In three (3) instances, monthly 2015 interest was not recorded on the *Canteen's* books (Jailview) in a timely manner.

Cause

Oversight

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash (continued)

Finding 2: Cash (continued)

Recommendation

Internal Audit recommends that *Canteen* management record earned interest in a timely manner 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. Furthermore, the monthly bank reconciliations should only contain those adjustments that happen during the month. The adjustments should be researched and/or correct prior to the following month's bank reconciliation.

Auditee Response

Please see page 9 for Auditee Response.

Finding 3: Cash

In two (2) instances, 2014 bank fees and interest adjustments were properly recorded on the *Canteen's* books (Jailview). However, in 2015 *Canteen* management reversed the entries in error and failed to correct by 12/31/15.

Cause

New Fiscal Coordinator who was not provided sufficient/adequate training on the Jailview system.

Recommendation

Internal Audit recommends that *Canteen* management record credit adjustments and earned 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.

COUNTY OF CHESTER
PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash (continued)

Finding 3: Cash (continued)

Auditee Response

Please see page 9 for Auditee Response.

Finding 4: Cash

In one (1) instance bank analysis fees were not recorded on the *Canteen's* books (Jailview).

Cause

Oversight

Recommendation

Internal Audit recommends that *Canteen* management record debit adjustments and bank fees 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

Please see page 9 for Auditee Response.

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 12/31/15 was 20 out of a population of 128 deposits in 2015.

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

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Disbursements

The sample size tested for the year ended 12/31/15 was 20 out of a population of 52 disbursements generated in 2015.

Finding 5: Cash Disbursements

In four (4) instances, a check did not contain two authorized signatures per *Canteen* policy.

Cause

Oversight

Recommendation

To ensure that disbursements are properly authorized, all check must contain two (2) signatures from authorized signers.

Auditee Response

Please see page 9 for Auditee Response.

Voided Disbursements

The sample size tested for the year ended 12/31/15 was 10 out of a total population of 14 checks voided in 2015.

Finding 6: Voided Disbursements

In five (5) instances cancelled checks were not properly labeled “void”, the signature line was not cut out or defaced and the office copy also was not labeled “void”.

Cause

Human Error

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Voided Disbursements (continued)

Finding 6: Voided Disbursements (continued)

Recommendation

Internal Audit recommends that *Canteen* management ensure that all checks are labeled as such, signature lines are cut out or defaced and that the check copies are also marked void.

Auditee Response

Please see page 9 for Auditee Response.

Compliance

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

Finding 7: Compliance

In three (3) instances the monthly commission received from Aramark was less than what was due to the *Canteen*.

Cause

Oversight

Recommendation

Internal Audit recommends that *Canteen* management review the monthly commissions received from Aramark to ensure that the correct amount of commission is received.

Auditee Response

Please see page 9 for Auditee Response.

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2015

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



THE COUNTY OF CHESTER



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D. EDWARD McFADDEN
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WALTER K. REED
DEPUTY WARDEN OF SECURITY

RONALD M. PHILLIPS
DEPUTY WARDEN OF TREATMENT

February 27, 2017

County of Chester
Internal Audit Department
313 West Market Street St – Suite 6302
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The purpose of this letter is to provide Prison Management's response to the findings of the 2015 audit of the Prison Canteen Fund.

Response to Cash Findings 1, 2, 3 and 4:

"Prison management concurs with the finding and recommendation, and the issue of the finding has since been addressed."

Response to Cash Disbursements Finding 5:

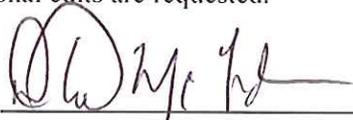
"Prison management concurs with the finding and recommendation, and the issue of the finding has since been addressed."

Response to Compliance Finding 7:

"Prison management concurs with the finding and recommendation, and the issue of the finding has since been, or is currently being addressed."

No additional edits are requested.

Signed:



Title: Warden

Date:

2-27-17