



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

**Management Letter
For the Year Ended
December 31, 2017**

County of Chester
Prison Correction Center

Management Letter

Margaret Reif

Margaret Reif, Controller

To: Timothy Mulrooney, Manager

Introduction

On March 12, 2018, Internal Audit completed an audit of the Prison Correction Center (*Center*) for the year ended December 31, 2017. Sharon Kaye Jones, CIA, CFE was the auditor-in-charge. Internal Audit is required by 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 Receipts
- Cash Disbursements
- Voided Transactions
- Inmate Welfare Fund
- Escheats / Unclaimed Property

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 12, 2018) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2017, Internal Audit has determined that the *Center'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 *Center* was found to be in compliance with policies and procedures mandated by the County of Chester and/or Prison Management 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 March 12, 2018, 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 *Center* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-5913 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.



Margaret Reif
Controller

March 12, 2018

COUNTY OF CHESTER
PRISON CORRECTION CENTER
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash

Cash is reconciled and cash adjustments are reviewed at 100%.

There were no internal control or procedural weaknesses noted.

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 – Operating Account

The sample size tested for the year ended 12/31/17 was determined to be 20 out of a population of 425 receipts issued during the year.

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

Cash Disbursements – Operating Account

The sample size tested for the year ended 12/31/17 was determined to be 20 out of a population of 257 checks issued during the year.

Finding 1: Cash Disbursements – Operating Account

In one (1) instance, a weekly check allowance worksheet was not properly signed by the “reviewer” in accordance with the *Center’s* policies and procedures.

Cause

Oversight

Recommendation

Internal Audit recommends that the *Center’s* Manager, or his designee ensure that all worksheets are properly signed by the preparer, the reviewer and the resident in accordance with the *Center’s* policies and procedures.

COUNTY OF CHESTER
PRISON CORRECTION CENTER
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Disbursements – Operating Account (continued)

Finding 1: Cash Disbursements – Operating Account (continued)

Auditee Response

See page 7 for management response.

Voided Receipts – Operating Account

The sample size tested for the year ended 12/31/17 was determined to be 15 however there were only 2 receipts voided during the year.

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

Voided Disbursements – Operating Account

The sample size tested for the year ended 12/31/17 was determined to be 10 out of a population of 10 disbursements voided during the year.

Finding 2: Voided Disbursements – Operating Account

In one (1) instance, a voided Operating Account check was not properly recorded in Quickbooks.

Cause

Clerical Error

Recommendation

Internal Audit recommends that all transactions be properly recorded in the Quickbooks system as they occur.

Auditee Response

See page 7 for management response.

COUNTY OF CHESTER
PRISON CORRECTION CENTER
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Inmate Welfare Fund

Inmate Welfare Fund cash receipts and disbursements are tested at 100%.

Finding 3: Voided Disbursements – Inmate Welfare Fund

In two (2) instances, the signature line of two voided Inmate Welfare Fund checks was not properly removed or defaced.

Cause

Clerical Error

Recommendation

Internal Audit recommends that the signature line of all voided checks be properly removed or defaced.

Auditee Response

See page 7 for management response.

Escheats

Monies that have been escheated to the state are tested on a predetermined sample basis. For the year ended 12/31/16, there were no monies escheated.

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

COUNTY OF CHESTER
PRISON CORRECTION CENTER
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2017

An exit conference was not warranted for the audit of the Prison Correction Center. Timothy Mulrooney, Manager has accepted the report as presented.



CHESTER COUNTY PRISON INTEROFFICE MEMORANDUM



To: Sharon K. Jones
From: Timothy Mulrooney, Manager Correctional Center
Date: March 12, 2018
Subject: Summary of Findings and Recommendations

➤ **Finding 1: Cash Disbursements – Operating Account**

Response: The weekly allowances are properly signed by both the prepared and the reviewer, the sole incidence was merely an oversight and will not occur in the future.

➤ **Finding 2: Voided Disbursements – Operating Account**

Response: The check in question was located within the manual check book and a transaction was recorded in QuickBooks.

➤ **Finding 3: Voided Disbursement – Inmate Welfare Fund**

Response: The two checks in question were located in the manual check book and defaced properly as recommended.