



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

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

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*County of Chester*  
*Prison Inmate Fund*

Management Letter

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*Margaret Reif*

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Margaret Reif, Controller

**To: D. Edward McFadden, Warden**

### **Introduction**

On November 19, 2018, Internal Audit completed an audit of the Prison Inmate Fund (*Inmate*) for the year ended December 31, 2017. Carissa M. Petrelia was the auditor-in-charge and was assisted by an additional auditor. 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 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 November 19, 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 *Inmate'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

In addition, the *Inmate* was found to be in compliance with policies and procedures mandated by the County of Chester.

We thank the management and staff of the *Inmate* 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 you and the members of the Prison Board 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*

Margaret Reif  
Controller

November 19, 2018

**COUNTY OF CHESTER**

**PRISON INMATE FUND**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Cash and Petty Cash**

Cash is reconciled and cash adjustments are reviewed at 100%. Petty cash is counted during the course of the on-site fieldwork.

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

**Liabilities**

Liability balances are reconciled and reviewed at 100%; specifically to ensure accurate recording of liabilities and the verification of subsequent payments following year end.

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.

*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 12/31/17 was determined to be 20 out of a population of 34,284 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 12/31/17 was determined to be 20 out of a population of 2,527 checks issued 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, 2017**

**Voided Receipts**

The sample size tested for the year ended 12/31/17 was determined to be 15 out of a population of 217 receipts voided during the year.

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

**Voided Disbursements**

The sample size tested for the year ended 12/31/17 was determined to be 10 out of a population of 234 disbursements voided during the year.

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

**Escheats (Unclaimed Property)**

The sample size tested for the year ended 12/31/17 was determined to be 10 out of a population of 254 unclaimed property transactions.

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, 2017**

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