



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

**Management Letter  
For the Year Ended  
December 31, 2018**

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*County of Chester  
Prison Canteen Fund*

Management Letter

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Margaret Reif, Controller

## Prison Canteen Fund - Executive Summary

Are there any MAJOR issues that require management's immediate action and/or attention?  
(Sufficient controls are not in place to address the associated risk.) **No**

Are there any LESSER SIGNIFICANT issues that require management's action and/or attention?  
(Process is not critical to the overall operation.) **No**

Are there any MINOR issues that do not require management's action and/or attention?  
(Sufficient controls are in place and issue is strictly a result of human error and oversight.) **Yes**

Recap of Findings Identified	
<b>0</b>	<b>MAJOR FINDINGS</b>
<b>0</b>	<b>LESSER SIGNIFICANT FINDINGS</b>
<b>1</b>	<b>MINOR FINDINGS</b>



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**Margaret Reif, Controller**

## Introduction

On October 16, 2019, Internal Audit completed an audit of the Prison Canteen Fund (*Canteen*) for the year ended December 31, 2018. Carissa M. Petrelia was the auditor-in-charge. Internal Audit is required by 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 the audit included a review of the following:

- Cash
- Cash Deposits
- Cash Disbursements
- Voided Transactions
- 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 issued by the Comptroller General 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 October 16, 2019) should be considered in conjunction with this Management Letter.

## Summary and Opinion

For the year ended December 31, 2018, 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 and by the *Canteen* except as outlined on the pages that follow. These matters have been previously discussed with *Canteen* management and are provided herein for comment and/or corrective action. A final copy of this report will be transmitted electronically to you upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report will be posted on the Controller's webpage within one week of issuance.

## Methodology

*Internal Audit interviewed key personnel, observed operations, reviewed written policies, procedures, system reports and source documents, and tested specific transaction activity where applicable.*

*Cash* is reconciled and reviewed at 100%.

*Cash deposits* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 236 receipts generated in 2018.

*Cash disbursements* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 83 disbursements generated in 2018.

*Voided disbursements* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 8 out of a population of 8 disbursements voided in 2018.

*Compliance* with the Aramark contract is reviewed at 100%.

## Schedule of Findings

### **Finding 1 – Cash Disbursements**

#### **Rating – Minor**

##### Criteria

Per *Canteen* policy, checks are to contain two signatures.

##### Condition

In one instance, a check contained only one signature.

##### Cause

Oversight

##### Effect or potential effect

As a result the check was issued with only one signature. Internal Audit would like to mention that the bank cashed the check containing only one signature.

##### Recommendation

Internal Audit recommends that *Canteen* management take greater care to ensure that all checks contain the required two signatures.

##### Canteen's Response

*Canteen management concurs with the finding and recommendation.*