



**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 Inmate Fund*

Management Letter

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Margaret Reif, Controller

## Prison Inmate 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.) **No**

Recap of Findings Identified	
0	MAJOR FINDINGS
0	LESSER SIGNIFICANT FINDINGS
0	MINOR FINDINGS

*Margaret Reif*

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**Margaret Reif, Controller**

## Introduction

On February 4, 2020, Internal Audit completed an audit of the Prison Inmate Fund (*Inmate*) for the year ended December 31, 2018. Christian J. Kriza 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 and Petty Cash
- Liabilities
- Accounts Receivable
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Escheats/Stale Dated Checks

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 February 4, 2020) 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 *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
- Transactions and events are properly recorded in a timely manner
- Reconciliations of internal records with bank statements occur monthly

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

*Petty cash* is counted during the course of the on-site fieldwork. Outstanding vouchers are reviewed.

*Liabilities* are reconciled and reviewed at 100%

*Accounts Receivable* are reconciled and reviewed at 100%.

*Cash receipts* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 33,466 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 2,489 checks.

*Voided receipts* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 15 out of a population of 228 receipts voided in 2018.

*Voided disbursements* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 10 out of a population of 212 disbursements voided in 2018.

*Escheats* are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 10 out of a population of 302 unclaimed property transactions.