



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

**Audit Report
For the Year Ended
December 31, 2011**

Prison Correctional Center

**Annual Financial Statement
Audit**

Valentino F. DiGiorgio, III, Controller

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
ANNUAL FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2011

Robert J. Cochlin, Manager
Prison Correctional Center
503 S. Wawaset Road
West Chester, PA 19382

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
FOR THE YEAR ENDED DECEMBER 31, 2011
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COUNTY OF CHESTER

OFFICE OF THE CONTROLLER

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VALENTINO F. DIGIORGIO, III
Controller

April 25, 2012

Robert J. Cochlin, Manager
Prison Correctional Center
503 S. Wawaset Road
West Chester, PA 19382

Internal Audit has audited the accounts of the *Chester County Prison Correctional Center (Correctional Center)* as of December 31, 2011, and has compiled the attached Statement of Assets and Liabilities and the related Statement of Cash Receipts, Disbursements and Cash Balances for the year then ended. It is Internal Audit's responsibility to annually audit the accounts of the *Correctional Center* and to report the results of such audits to the Chester County Prison Board, the Chester County Prison management, and the Correctional Center management. It is management's responsibility to maintain, update, and reconcile these accounts on a continuous basis.

Our audit was conducted in accordance with generally accepted auditing standards and the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit in a manner that will provide *reasonable assurance* that the accounts are free of material misstatement and that amounts are properly supported and approved.

As described in Note 1, the accompanying financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the statements referred to above are not intended to present the financial position and results of operations of the *Correctional Center* in conformity with generally accepted accounting principles.

In our opinion, the accounts of the *Correctional Center* are stated fairly as of December 31, 2011. Consequently, the corresponding financial statements prepared by Internal Audit present fairly, in all material respects, the assets and liabilities of the *Correctional Center* as of December 31, 2011, and the cash receipts, disbursements, and cash balances for the year then ended.

In accordance with *Government Auditing Standards*, Internal Audit has also issued a report dated April 25, 2012 on our evaluation of the *Correctional Center's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is to be read in conjunction with this report in considering the results of our audit.

Valentino F. DiGiorgio, III
Controller

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2011

ASSETS

Cash – Operating Account	\$ 11,222
Cash – Inmate Welfare Fund	27,479
Due from County of Chester	2,863
Due from Discharged Residents	106
Due from Residents	<u>53</u>
 Total Assets	 <u>\$ 41,723</u>

LIABILITIES

Due to County of Chester	\$ 9,641
Due to Residents	2,827
Due to American Monitoring Sales	1,554
Due to Inmate Welfare Fund	222
Restricted Funds (IWF)	<u>27,479</u>
 Total Liabilities	 <u>\$ 41,723</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
REGULAR ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2011

Receipts	
Inmate Receipts	\$ 259,879
Payroll Reimbursement - County of Chester	33,523
Interest Income	25
Other	<u>828</u>
Total Receipts	<u>294,255</u>
Disbursements	
Inmate Allowances	75,036
Inmate Wages	33,474
Inmate Welfare Fund	3,070
County of Chester:	
Room & Board/Urinalysis Fee	106,414
Fines & Costs (APO)	<u>41,761</u>
	148,175
Discharged Payout	15,016
GPS Monitoring	14,278
Bank Service Fees	63
Other	<u>487</u>
Total Disbursements	<u>289,599</u>
Cash Increase/(Decrease)	4,656
Beginning Balance	<u>6,566</u>
Ending Balance	<u>\$ 11,222</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
INMATE WELFARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Receipts	
Inmate Activity Fee	\$ 3,070
Vending Machine Commissions	8,401
Picture Money	730
Interest Income	63
Other	<u>20</u>
Total Receipts	<u>12,284</u>
Disbursements	
Barber Salary & Hair Supplies	8,709
Sports Equipment/Games	10
Electronics	453
Appliances & Repairs	709
Other	<u>2,733</u>
Total Disbursements	<u>12,614</u>
Cash Increase/(Decrease)	(330)
Beginning Balance	<u>27,809</u>
Ending Balance	<u>\$ 27,479</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1 – Summary of Significant Accounting Policies

Background and Reporting Entity

The *Correctional Center's* checking account serves as an escrow account for all inmates (residents) on work release assignment. As monies are earned, the monies are deposited into individual sub-accounts, which in aggregate comprise the overall checking account balance. Each week administrative fees (i.e. activity fees, room and board fees, fines and costs, urinalysis fees, job fees) are deducted from each resident's account and at month-end these administrative fees are disbursed to the County of Chester, Adult Probation, and/or the Inmate Welfare Fund. Remaining funds may be disbursed to the residents, disbursed to the families of the residents to maintain household expenditures, disbursed to a Global Positioning System (GPS) monitoring service when invoiced, or may remain in escrow. Consequently, any undisbursed funds held in escrow represent a liability to the *Correctional Center*.

Basis of Accounting

The books and records of the *Correctional Center* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and undisbursed funds in accordance with generally accepted accounting principles (GAAP).

Note 2 – Legal Matters

Our audit disclosed no pending litigation that would affect the financial statements involving the Correctional Center or its Manager (Robert J. Cochlin) for the year ended December 31, 2011.



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April 25, 2012

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of the Chester County Prison Correctional Center (*Correctional Center*) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the *Correctional Center's* internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *Correctional Center's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Correctional Center's* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the *Correctional Center's* financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the *Correctional Center's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Our audit disclosed no significant deficiencies or material weaknesses that, in our opinion, pose a significant risk to the Prison Correctional Center.

This report is intended for the information of the Chester County Prison Board, Chester County Prison management, and the *Correctional Center's* management. This report is, however, a matter of public record, and its distribution is not limited.



Valentino F. DiGiorgio III
Controller

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2011

On April 25, 2012 Correctional Center Manager, Robert J. Cochlin, indicated through a written confirmation, that an exit conference would be waived for this year. Correctional Center Manager, Robert J. Cochlin, has accepted the report and management letter as presented.