

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



*Management Letter
Chester County Prison Inmate Fund
For the year ended December 31, 2009*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Warden D. Edward McFadden

Introduction

On March 26, 2010, Internal Audit completed an audit of the *Chester County Prison Inmate Fund (Inmate Fund)* for the year ended December 31, 2009. Sharon Kaye Jones, CIA, 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 and Petty Cash
- Accounts Receivable
- Accounts Payable
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Compliance – 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 compliance and Internal Control over Financial Reporting concurrent with this management letter. Disclosures and other information in this report (also dated March 26, 2010) should be considered in conjunction with this management letter.

Executive Summary

The management and staff of the *Inmate Fund* are, in all material respects, in compliance with policies and procedures imposed by the County of Chester, and by prison management. There were no matters of a significant nature in the overall internal control structure or in the area of compliance. The audit did however identify several instances of a lesser significance regarding non-compliance with County and office policies and procedures. These matters are included herein.

Internal Audit would like to thank the management and staff of the Chester County Prison for their cooperation and assistance during the course for this audit. A copy of our "Audit Findings" and "Recommendations" are included within this management letter for your review and comment.

Please feel free to contact our office at 610-344-5913 should you have any questions or concerns.

COUNTY OF CHESTER
CHESTER COUNTY PRISON INMATE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Voided Transactions

Internal Audit noted the following:

- In 3 instances, the reason for voiding the receipt was not documented.
- In 5 instances, the replacement receipt was not referenced.
- In 7 instances, the office check copy was not marked “void”.

Recommendation

Since hard copies of receipts are no longer kept by the Prison bookkeeping department, it is necessary for the staff to remember to enter information related to a voided receipt within the reversing receipt’s *transaction notes*. At the very least, the staff should detail the reason for the void and reference any and all replacement receipts. This will provide an acceptable audit trail for the monies related to the original cash receipt.

Office copies of voided checks should be properly marked “void” regardless of whether they originated in a previous or current year.

Auditee Response

Management of the Chester County Prison has accepted the recommendation.

Finding 2: Stale Dated Checks

Stale dated checks are not voided in a timely manner. There were 141 outstanding checks issued in February through May 2009 that were not voided as of 12/31/09.

COUNTY OF CHESTER
CHESTER COUNTY PRISON INMATE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2 (continued)

Recommendation

Prison Inmate Fund checks are void after 180 days. Internal Audit recommends that a listing of outstanding checks be reviewed each month along with the bank reconciliation process and any checks that are aged over 180 days be researched. Once the Prison has performed the necessary “due diligence”, the checks should either be considered unclaimed and applied to the inmate’s unpaid IFR, restitution balance or held for future escheatment to the Commonwealth of Pennsylvania.

Auditee Response

Management of the Chester County Prison has accepted the recommendation.

COUNTY OF CHESTER
CHESTER COUNTY PRISON INMATE FUND
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2009

Management of the Chester County Prison waived the option for an exit conference and has chosen to accept the report as presented.