

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



*Management Letter
Chester County Prison Inmate Fund*

For the year ended December 31, 2008

Valentino F. DiGiorgio

Valentino F. DiGiorgio, III, Controller

To: Warden D. Edward McFadden

Introduction

On May 13, 2009, Internal Audit completed an audit of the *Chester County Prison Inmate Fund (Inmate Fund)* for the year ended December 31, 2008. Robert Pinkos, CIA, was the auditor-in-charge and was assisted by 2 additional auditors. 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 May 13, 2009) 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, by the Commonwealth regarding escheats, and by prison management. Internal Audit noted no matters of a significant nature in the overall internal control structure or in the area of compliance.

Internal Audit did however note minor weaknesses in the overall internal control structure as well as several instances of a lesser significance regarding non-compliance with County and office policies and procedures. These matters are covered within this Management Letter.

Internal Audit would like to thank the management and staff of the Chester County Prison for their time and assistance during the course for this audit. We have provided herein a copy of our "Audit Findings" and "Recommendations" for your review and comment.

Please feel free to contact our office at 610-344-5906 should you have any questions or concerns.

COUNTY OF CHESTER
CHESTER COUNTY PRISON INMATE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 1: Accounts Payable / Balance Sheet

As in prior year audits, Internal Audit could not reconcile the *Inmate Fund's* assets and liabilities. The *Inmate Fund* assets are insufficient to cover the liabilities "due to the inmates" as of 12/31/08. Total assets are under funded by \$5,879.90.

Recommendation

Internal Audit recommends that the accounting staff continue to prepare monthly cash rollforwards with the bank reconciliations and to reconcile the month-end asset balance to the appropriate month-end "due to inmate" report. This will lead to the timely detection and correction of any new differences in the reconciliation of the assets and liabilities. The accounting staff should also continue their investigation of the current difference between assets and liabilities. Any amounts that have been and can be identified should be corrected to the appropriate inmate's account in the JailView computer system. Once the identified amounts have been adjusted and the accounting staff has exhausted all resources in their investigation, Internal Audit suggests that management of the Prison consider transferring an equivalent sum from the Prison Canteen fund to offset this unresolved deficiency.

Auditee Response

Management concurs with the audit finding and recommendation.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Disbursements

Internal Audit noted that a voided check was reissued using the same check number.

Recommendation

Internal Audit recommends that when reissuing voided checks, a different check number should be used. A check number should only be used once in the computer system.

Auditee Response

Management concurs with the audit finding and recommendation.

Finding 2: Voided Receipts

Internal Audit noted 2 instances, where a voided receipt was not properly marked “void.”

Recommendation

Internal Audit recommends that the accounting staff exercise greater care to ensure that all voided receipts are properly marked void.

Auditee Response

Management concurs with the audit finding and recommendation.

COUNTY OF CHESTER
CHESTER COUNTY PRISON INMATE FUND
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

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