



County of Chester  
Office of the Controller  
Internal Audit Department

Independent Auditor's Report  
For the Years Ended  
December 31, 2020 and 2019

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# County of Chester Prison Inmate Fund

## Independent Auditor's Report

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Margaret Reif, Controller

**County of Chester**  
**Prison Inmate Fund**  
**Annual Financial Statement Audit**  
**As of December 31, 2020 and 2019**

**Chester County Prison Board**  
**Ronald Phillips, Warden**  
**Chester County Prison**  
**501 S. Wawaset Road**  
**West Chester, PA 19382**

**County of Chester**

**Prison Inmate Fund**

**For the Years Ended December 31, 2020 and 2019**

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# COUNTY OF CHESTER

## OFFICE OF THE CONTROLLER

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MARGARET REIF  
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Chester County Prison Board  
Ronald Phillips, Warden  
Chester County Prison  
501 S. Wawaset Road  
West Chester, PA 19382

### **Independent Auditor's Report**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Prison Inmate Fund (*Inmate Fund*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2020 and 2019, and the related statements of cash receipts, disbursements and cash balances for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to annually audit the account of the *Inmate Fund* and to report the results of the audit to the Chester County Commissioners, Chester County Prison Board, and to Prison Administration.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the *Inmate Fund* as of December 31, 2020 and 2019, and its cash receipts, disbursements and cash balances for the years then ended in accordance with the cash basis of accounting described in Note 1.

*Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Other Matter*

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated June 8, 2022 on our evaluation of the *Inmate Fund'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.



Margaret Reif  
Controller

June 8, 2022

County of Chester

Prison Inmate Fund

Statements of Assets and Liabilities – Cash Basis

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Cash - Checking Account	\$ 217,792	\$ 119,301
Due from Inmates	8,486	8,082
Due from County - Accrued Payroll	4,418	8,434
Petty Cash - Inmate Fund	500	500
Petty Cash - Change Fund	400	400
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 231,596</b>	<b>\$ 136,717</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities</u></b>		
Due to Inmates	\$ 229,275	\$ 134,638
Due to Commonwealth of Pennsylvania	1,860	1,679
Due to County - Petty Cash / Change	400	-
Due to Canteen Fund	61	400
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 231,596</b>	<b>\$ 136,717</b>
	<hr/> <hr/>	<hr/> <hr/>

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

County of Chester

Prison Inmate Fund

Statements of Receipts, Disbursements  
and Cash Balances – Cash Basis

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>Receipts</u></b>		
Visits	\$ 494,892	\$ 720,640
Mail	469,918	482,112
Collected Inmate Payroll	205,377	180,657
Inmate Processing	179,262	238,887
Miscellaneous Chores	3,288	2,351
Other	13,900	246
	<hr/>	<hr/>
<b>Total Receipts</b>	1,366,637	1,624,893
<b><u>Disbursements</u></b>		
Canteen Sales	841,022	1,009,160
Discharged Inmates	182,652	160,708
Disbursements on Behalf of Inmates	165,745	169,616
Booking Fee	60,625	245,202
Inmate Financial Responsibility Payments	8,215	18,051
Unclaimed Property	7,278	7,907
Miscellaneous Expenses	2,609	1,853
	<hr/>	<hr/>
<b>Total Disbursements</b>	1,268,146	1,612,497
<b>Cash Increase (Decrease)</b>	98,491	12,396
Cash, Beginning of Year	<hr/> 119,301	<hr/> 106,905
<b>Cash, End of Year</b>	<hr/> <u>\$ 217,792</u>	<hr/> <u>\$ 119,301</u>

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

**County of Chester**

**Prison Inmate Fund**

**For the Years Ended December 31, 2020 and 2019**

**Notes to Financial Statements**

*Note 1 - Summary of Significant Accounting Principles*

**Background and Reporting Entity**

The audited financial statements of the *Inmate Fund* include those transactions dealing with funds that belong to the inmates. Each inmate has an account set up for when money is received in his/her name. Receipts stem from money removed from the inmates' possession at the time of commitment (inmate processing), from family and friends during visits and through the mail, from the County of Chester Prison Canteen Fund, and the Correctional Center in the form of payroll for jobs and miscellaneous chores performed by the inmates.

Disbursements include payments to the Prison Canteen Fund for inmate purchases from the prison's in-house store (the canteen), payment of account balances to discharged inmates, payment of the booking fee at inmate processing (\$85.00 in 2020) and payments on behalf of inmates to individuals designated by the inmates. Disbursements on behalf of inmates include checks to family and/or friends, postage, telephone, notary fees, restitution payments, and medical co-pays. Consequently, the cash balance is always representative of the liabilities ultimately due to the inmates upon their discharge.

The actual operating expenses of the Prison are paid for by the County of Chester. These costs include salaries and wages of prison employees, related fringe benefits, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statements of Cash Receipts, Disbursements, and Cash Balance.

**Basis of Accounting**

The books and records of the *Inmate Fund* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and cash balance in accordance with generally accepted accounting principles.

*Note 2 – Management Change*

D. Edward McFadden served as Warden of the Prison for the period October 30, 2004 to September 12, 2020. Beginning September 12, 2020, Ronald M. Phillips has served as Warden of the Prison.



**County of Chester**

**Prison Inmate Fund**

**For the Years Ended December 31, 2020 and 2019**

**Notes to Financial Statements**

***Note 3 – Global Pandemic and Booking Fee***

In March 2020, a global pandemic due to the spread of COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic led to a decrease in inmate population from 711 inmates as of December 31, 2019 to 594 inmates as of December 31, 2020. In addition, the Prison Board suspended the inmate booking fee in March 2020 and reinstated the fee in February 2022 at a lower rate. The result of the overall decrease in population as well as the suspension of the booking fee led to an overall decrease in revenues for 2020.



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June 8, 2022

Chester County Prison Board  
Ronald Phillips, Warden  
Chester County Prison  
501 S. Wawaset Road  
West Chester, PA 19382

## INDEPENDENT AUDITOR'S REPORT

### Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of the Prison Inmate Fund (*Inmate Fund*) as of and for the years ended December 31, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the *Inmate Fund'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 *Inmate Fund's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Inmate Fund'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness.

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 *Inmate Fund's* financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As part of obtaining reasonable assurance about whether the *Inmate Fund'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*.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

We noted matters that we reported to the Prison management in a separate letter dated June 8, 2022, regarding segregation of duties and recordkeeping.

This report is intended for the information of the Chester County Commissioners, the Chester County Prison Board and Prison Administration. This report is, however, a matter of public record, and its distribution is not limited.

*Margaret Reif*

Margaret Reif  
Controller

**County of Chester**

**Prison Inmate Fund**

**For the Years Ended December 31, 2020 and 2019**

**Summary of Exit Conference**

An exit conference was not warranted for the audit of the Prison Inmate Fund. Warden Ronald Phillips has accepted the audit report and management letter as presented.