County of Chester
Prison Correctional Center

Management Letter

Management Letter
For the Year Ended
December 31, 2021

Margaret Reif, Controller
In planning and performing the audit of the financial statement of the Prison Correctional Center ("Center") as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Center’s internal control over financial reporting (internal control) as a basis for designing our auditing 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 Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 7, 2022 on the financial statements of the Center. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control, or result in other operating efficiencies. Our comments are summarized as follows:

**Finding 1: Segregation of Duties**

**Condition**

Throughout 2021, the Center had a minimal resident population and suspended all of its work release programs as well as any administrative fees or charges. Accordingly, the Center experienced very limited operational activity, including receipts and disbursements, and operated with a very limited staff and an associated lack of segregation of duties. The financial functions, including making disbursements, reviewing the bank statement, and reconciling the account were performed by the area manager with limited oversight.

**Criteria**

The intent of segregation of duties is to reduce excessive control over a process by one individual thus reducing the risk of error or fraud.
Cause
The limited size of the fiscal and managerial staff as well as the decrease in operational activity resulted in a lack of segregation of duties within the financial functions of the operations.

Effect or Potential Effect
Insufficient segregation of duties controls can increase risk of error and fraud.

Recommendation
Internal audit recommends that additional resources, in some capacity deemed appropriate by senior management, be allocated to the financial functions of the Center to allow for adequate segregation of duties.

Auditee Response
Segregation of duties was implemented. However, due to staffing and logistical issues, the process was not implemented as timely as preferred.

Finding 2: Insufficient Recordkeeping System

Condition
The Center discontinued using QuickBooks for financial recordkeeping in 2020 in anticipation of migrating to another electronic system. However, the migration was not completed and, considering the significant reduction of population and financial activity, recordkeeping for financial transaction was handled manually through 2021.

Criteria
The purpose of using QuickBooks or some other electronic system is to prevent improper recordkeeping and potential errors in the recording, reconciling, and reporting processes.

Cause
The Center experienced very limited activity in 2021 due to the continued suspension of the of the work release program and as a result the Center delayed implementation of an electronic bookkeeping system.

Effect or Potential Effect
Continuing to record transactions manually can contribute to recordkeeping issues and possible errors within their financial statements.

Recommendation
Internal audit recommends that management of the Center assess the electronic recordkeeping systems available to them and finalize a decision. The Center should then complete the conversion to the new system or reimplementation of the prior system as selected.
Auditee Response

Quickbooks was discontinued as recommended based on a new software going live. Unfortunately, the new software was not without multiple issues resulting in a slower than foreseen implementation. However, as of this date, the software appears to be fully operational and barring any unforeseen circumstances the less-than-optimal manual accounting practices, as recommended, are to be discontinued. Internal audit followed up with the Center’s Manager, Ray Rogevich to confirm the Center will be going live on the new system no later than November 18, 2022.

We believe that implementation of these recommendations will provide the Center with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations further with you at your convenience.

This management letter is intended for the information of the Chester County Commissioners, the Chester County Prison Board, the Auditor General of Pennsylvania, and all other political affiliates served by the Center. This report is, however, a matter of public record, and distribution is not limited.

Margaret Reif

Controller