



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

**Audit Report  
For the Years Ended  
December 31, 2013 and 2012**

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*County of Chester  
Prison Correctional Center*

Annual Financial Statement  
Audit

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Norman MacQueen, Controller

**COUNTY OF CHESTER**  
**CORRECTIONAL CENTER**  
**ANNUAL FINANCIAL STATEMENT AUDIT**  
**AS OF DECEMBER 31, 2013 and 2012**

**George Roberts, Manager**  
**Chester County Prison Correctional Center**  
**503 S. Wawaset Road**  
**West Chester, PA 19382**

**COUNTY OF CHESTER**  
**PRISON CORRECTIONAL CENTER**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012**  
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# COUNTY OF CHESTER OFFICE OF THE CONTROLLER

313 WEST MARKET STREET, SUITE 6302, PO BOX 2748, WEST CHESTER, PA 19380-0991  
TELEPHONE: (610) 344-6155 FAX: (610) 344-6750

VALENTINO F. DIGIORGIO, III  
*Controller*

## **Internal Auditor's Report**

George Roberts, Manager  
Chester County Prison Correctional Center  
503 S. Wawaset Road  
West Chester, PA 19382

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

We have audited the accompanying financial statements of Prison Correctional Center (*Center*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2013 and 2012, 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 accounts of every row office within the County and to report the results of such audits to the Chester County Commissioners, the Chester County Court of Common Pleas, the Auditor General of Pennsylvania, and to the governing body of each political subdivision which is entitled to receive funds collected on its behalf.

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 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 principles 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 *Center* as of December 31, 2013 and 2012, 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 2, 2014, on our evaluation of the *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.



Norman MacQueen  
Controller

June 2, 2014

COUNTY OF CHESTER

PRISON CORRECTIONAL CENTER

STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Cash - Operating	\$ 19,120	\$ 18,949
Cash - Inmate Welfare Fund	16,511	23,578
Due from County of Chester	2,998	2,817
Due from American Monitoring Sales Corp	-	992
Due from Inhouse Residents	798	462
Due from Inmate Welfare Fund	240	204
Due from Discharged Residents	150	106
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 39,817</b>	<b>\$ 47,108</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities</u></b>		
Due to County of Chester	\$ 14,157	\$ 14,847
Due to Inhouse Residents	8,065	5,588
Due to American Monitoring Sales	-	2,575
Due to Discharged Residents	810	280
Due to Inmate Welfare Fund	220	240
Due to Chester County Prison (IFR)	54	-
Restricted Funds - Inmate Welfare Fund	16,511	23,578
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 39,817</b>	<b>\$ 47,108</b>
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*The accompanying notes are an integral part of these financial statements.*

COUNTY OF CHESTER

PRISON CORRECTIONAL CENTER

STATEMENTS OF RECEIPTS, DISBURSEMENTS  
AND CASH BALANCES – CASH BASIS  
OPERATING ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b><u>Receipts</u></b>		
Inmate Receipts	\$ 221,700	\$ 250,985
Payroll Reimbursement	32,741	33,793
Other	958	270
Interest Income	7	16
	<hr/>	<hr/>
<b>Total Receipts</b>	255,406	285,064
 <b><u>Disbursements</u></b>		
County of Chester	123,501	120,794
Inmate Allowances	77,847	84,105
Inmate Wages	32,642	34,304
GPS Monitoring	9,055	10,414
Discharged Payouts	7,297	24,147
Inmate Welfare Fund	2,687	2,761
Other	2,206	812
	<hr/>	<hr/>
<b>Total Disbursements</b>	255,235	277,337
Cash Increase	171	7,727
Cash, Beginning of Year	<hr/>	<hr/>
	18,949	11,222
<b>Cash, End of Year</b>	<u>\$ 19,120</u>	<u>\$ 18,949</u>

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

COUNTY OF CHESTER

PRISON CORRECTIONAL CENTER

STATEMENTS OF RECEIPTS, DISBURSEMENTS  
AND CASH BALANCES – CASH BASIS  
INMATE WELFARE FUND

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b><u>Receipts</u></b>		
Vending Machine Commission	\$ 7,053	\$ 7,428
Inmate Activity Fee	2,670	2,730
Picture Money	542	543
Other	381	260
Interest Income	23	58
	<hr/>	<hr/>
<b>Total Receipts</b>	10,669	11,019
<b><u>Disbursements</u></b>		
Office Supplies & Other	9,215	2,300
Barber & Hair Supplies	7,043	8,263
Appliances & Repairs	1,348	3,561
Electronics	130	796
	<hr/>	<hr/>
<b>Total Disbursements</b>	17,736	14,920
Cash Decrease	(7,067)	(3,901)
Cash, Beginning of Year	23,578	27,479
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<b>Cash, End of Year</b>	<u>\$ 16,511</u>	<u>\$ 23,578</u>

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



**COUNTY OF CHESTER**

**PRISON CORRECTIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012**

***Note 1 - Summary of Significant Accounting Principles***

**Background and Reporting Entity**

The *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 of the *Center*.

**Basis of Accounting**

The books and records of the *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 *Center* or its Manager (Fred O. Swanenburg) for the year ended December 31, 2013.



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VALENTINO F. DIGIORGIO, III  
Controller

June 2, 2014

George Roberts, Manager  
Chester County Prison Correctional Center  
503 S. Wawaset Road  
West Chester, PA 19382

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

In planning our audit of the financial statements of Prison Correctional Center (*Center*) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the *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 *Center's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *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 *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 *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 *Correctional Center* or the County of Chester.

This report is intended for the information of the Chester County Commissioners, the Chester County Court of Common Pleas, the Auditor General of Pennsylvania, and all other political affiliates served by the *Center*. This report is, however, a matter of public record, and its distribution is not limited.



Norman MacQueen  
Controller

**COUNTY OF CHESTER**  
**PRISON CORRECTIONAL CENTER**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

An exit conference was not warranted for the audit of the Prison Correctional Center. Manager, George Roberts has accepted the report as presented.