



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

**Management Letter  
For the Year Ended  
December 31, 2013**

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*County of Chester*  
*Prison Inmate Fund*  
Management Letter

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A handwritten signature in blue ink, appearing to read "N. MacQueen".

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Norman MacQueen, Controller

**To: D. Edward McFadden, Warden, Prison**

**Introduction**

On July 7, 2014, Internal Audit completed an audit of the Prison Inmate Fund (*Inmate*). Christian J. Kriza was the auditor-in-charge and was assisted by one additional auditor. Internal Audit is required by the Pennsylvania 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
- Due to/Due From
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Compliance Test - 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 Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this Management Letter. Disclosures and other information in that Report (also dated July 7, 2014) should be considered in conjunction with this Management Letter.

**Executive Summary**

The management and staff of the Prison Inmate Fund are in all material respects, in compliance with policies and procedures imposed by the County of Chester and the Prison. Although there were no significant deficiencies or material weaknesses in the overall internal control structure noted, Internal Audit did identify matters of a lesser significance related to the recording of cash transactions and voided receipts. These matters are discussed herein for managements review and comments.

In addition, it should be noted that during a review of cash receipts, Internal Audit discovered that four (4) receipts were omitted from the sequence of receipts issued by the JailView computer system during 2013. Inmate Management and/or DCIS support staff were unable to conclusively explain the omissions; however, there is reasonable assurance that the missing receipts were not the result of fraud. A review of preceding transactions suggests that the receipt gaps may have resulted from improperly processed transactions in Jailview. Since the review of "receipt sequence" is a standard Chester County Internal Audit procedure, future audits will continue to check that all receipts are issued in numerical sequence and that any gaps are researched and explained.

We want to thank the management and staff of the *Inmate Fund* for their cooperation and assistance during the course of this audit. Please feel free to contact our office at (610) 344-5906 should you have any questions or concerns.

**COUNTY OF CHESTER**

**PRISON INMATE FUND**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Cash and Petty Cash**

Cash is reconciled and reviewed at 100%.

Finding 1: Cash

A stop payment fee was debited to the books by *Inmate Management* prior to being debited to the bank account by the bank. The fee was waived by the bank and therefore no entry was required.

Finding 2: Cash

Petty cash fund on hand exceeded the authorized balance on the County's Petty Cash Sub-ledger.

Recommendation

Internal Audit recommends that *Inmate Management* record adjustments both timely and accurately to ensure proper reconciliation and recordkeeping. *Inmate Management* should also transfer the excess petty cash funds to the County for deposit into the General Fund. The *Inmate's* combined change / petty cash fund balance must always reconcile to the amount recorded on the General Ledger.

Auditee Response

*Prison management concurs with the finding and recommendation.*

**Due to/Due From**

Accounts Receivable are reconciled and reviewed at 100%.

There were no internal control or procedural weaknesses noted within our sample.

**COUNTY OF CHESTER**

**PRISON INMATE FUND**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

*For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results:*

**Cash Receipts**

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 31,942 receipts issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

**Cash Disbursements**

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 2,478 checks issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

**Voided Receipts**

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 164 receipts voided during the year.

**Finding 3: Voided Receipts**

Internal Audit noted that in one (1) instance, a voided receipt was not referenced to its replacement receipt.

**Finding 4: Voided Receipts**

Internal Audit noted that in two (2) instances, a receipt was not marked void and did not contain the reason for void.

**COUNTY OF CHESTER**

**PRISON INMATE FUND**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Voided Receipts (continued)**

Recommendation

Internal Audit recommends that all voided receipts are marked “void” and referenced to their replacement, if applicable.

Auditee Response

*Prison management concurs with the finding and recommendation.*

**Voided Disbursements**

The sample size tested for the year ended 12/31/13 was determined to be 10 out of a population of 167 disbursements voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

**Escheats**

The sample size tested for the year ended 12/31/13 was determined to be 15 out of a population of 436 disbursements voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

**COUNTY OF CHESTER**

**PRISON INMATE FUND**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

An exit conference was not warranted for the audit of the Prison Inmate Fund, D. Edward McFadden has accepted the report as presented.