



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

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

*County of Chester
Prison Canteen Fund*

Management Letter

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

Norman MacQueen, Controller

To: D. Edward McFadden, Warden, Prison

Introduction

On July 7, 2014, Internal Audit completed an audit of the Prison Canteen Fund (*Canteen*). Pat Lenzi was the auditor-in-charge. 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
- Cash Deposits
- Cash Disbursements
- Voided Disbursements
- Compliance (Aramark Contract)

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 *Canteen* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by the *Canteen*. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within this management letter. Based on Internal Audit's testing and observations, it is our opinion that these deficiencies are not the result of negligence or deliberate misconduct, but are instead the consequence of one or more of the following:

- Oversight
- Human error

We want to thank the management and staff of the *Canteen Fund* for their cooperation and assistance during the course of 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) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER
PRISON CANTEEN FUND
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash

Cash is reconciled and reviewed at 100%.

Finding 1: Cash

Canteen fund interest earned in December 2013 was not recorded in Jailview until January 2014 when the bank statement was received by the Prison. Despite this fact, the *Canteen* Supervisor opted not to show the \$151 (approximate interest total) as a reconciling item on the December bank reconciliation, but instead adjusted the month's beginning book balance to include it. Since the monies were not recorded in Jailview until 2014, the December beginning book balance as recorded on the bank reconciliation was improperly overstated.

Recommendation

The balance per books figure on the bank reconciliation should always reflect what is actually recorded on the *Canteen's* books (Jailview). Interest earned in the current/reconciling period should be properly shown as an adjustment to the book balance.

Auditee Response

Prison Management concurs with the finding and recommendation.

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:

Deposits

The sample size tested for the year ended 12/31/13 was 20 out of a population of 202 deposits in 2013.

Finding 2: Deposits

In one (1) instance, funds were not deposited within one business day of the receipt.

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

Finding 2: Deposits (continued)

Recommendation

Money received by the *Canteen Fund* should be deposited within one business day. The corresponding deposit slip should be prepared and dated the same day as the deposit.

Auditee Response

Prison Management concurs with the finding and recommendation.

Cash Disbursements

The sample size tested for the year ended 12/31/13 was 20 out of a population of 21 disbursements generated in 2013.

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

Voided Disbursements

There was 1 disbursement voided and tested for the year ended 12/31/13.

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

Compliance

Compliance testing reviews the annual contract with Aramark for Commissary and iCare Services.

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

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2013

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