



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

**Management Letter
For the Year Ended
December 31, 2015**

County of Chester
Prison Inmate Fund

Management Letter

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

Norman MacQueen, Controller

To: D. Edward McFadden, Warden

Introduction

On March 1, 2017, Internal Audit completed an audit of the Prison Inmate Fund (*Inmate*) for the year ended December 31, 2015. Carissa M. Petrelia was the auditor-in-charge and was assisted by an additional auditor. Internal Audit is required by 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
- Liabilities
- Accounts Receivable
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- 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 March 1, 2017) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2015, Internal Audit has determined that the *Inmate's* system of internal controls is adequately *designed, in-place* and *operative*. The results of this audit indicate that, in all material respects:

- Assets are properly safeguarded from employee theft, robbery and unauthorized use
- Responsibility / Authority is established and assigned to specific individuals
- Duties (specifically authorization, custody and recordkeeping) are properly segregated
- Documents are available to provide evidence that transactions and events have occurred

In addition, the *Inmate* was found to be in compliance with policies and procedures mandated by the County of Chester except as outlined on the pages that follow. ***Audit Findings*** and ***Recommendations*** are provided herein for your review, comment and corrective action. The courtesy of a response is requested by February 27, 2017, otherwise in accordance with Internal Audit Policy, the absence of a response by the due date will be inferred as management's acceptance of the finding(s) and recommendation(s).

We thank the management and staff of the *Inmate* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns or if you wish to schedule an exit conference. An exit conference is

held at the request of the auditee to discuss specific concerns that were not resolved during the closing conference.

A final copy of this management letter and the corresponding Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters will be transmitted electronically to your attention upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report and management letter will be posted on the Controller's webpage within one week of issuance.

A handwritten signature in blue ink, appearing to read 'N MacQueen', with a large circular flourish at the end.

Norman MacQueen
Controller

March 1, 2017

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

General Finding

Internal Audit feels that the current *Jailview* system being used by the Prison is not a proper accounting system. Internal Audit recommends that the Prison look into replacing the current *Jailview* system with a more robust accounting system.

Cash and Petty Cash

Cash is reconciled and cash adjustments are reviewed at 100%. Petty cash is counted during the course of the on-site fieldwork.

Finding 1: Cash

A number of monthly adjustments to the bank reconciliations were not researched and/or corrected in a timely manner.

Cause

Oversight and new fiscal coordinator who was not provided sufficient/adequate training on the *Jailview* system.

Recommendation

Internal Audit recommends that *Inmate* management record monthly adjustments both timely and accurately to ensure proper reconciliation and recordkeeping.

Auditee Response

Please see page 7 for Auditee Response.

Liabilities

Liability balances are reconciled and reviewed at 100%; specifically to ensure accurate recording of liabilities and the verification of subsequent payments following year end.

There were no internal control or procedural weaknesses noted.

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Accounts Receivable

Accounts Receivable are reconciled and reviewed at 100%.

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

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 12/31/15 was determined to be 20 out of a population of 34,301 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 12/31/15 was determined to be 20 out of a population of 2,812 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 12/31/15 was determined to be 20 out of a population of 213 receipts voided in 2015.

Finding 2: Voided Receipts

In two (2) instances receipts were not marked void, didn't contain a reason for the void, and weren't referenced to the replacement receipt which prohibited Internal Audit to verify whether the replacement receipt was appropriate.

Cause

Oversight

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Voided Receipts (continued)

Finding 2: Voided Receipts (continued)

Recommendation

Internal Audit recommends that Inmate management take greater care to ensure that voided receipts are marked as such, contain a reason for the void, and that they are referenced to the replacement receipt.

Auditee Response

Please see page 7 for Auditee Response.

Escheats

The sample size tested for the year ended 12/31/15 was determined to be 15 out of a population of 1,063 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, 2015

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



THE COUNTY OF CHESTER



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D. EDWARD McFADDEN
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WALTER K. REED
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DEPUTY WARDEN OF TREATMENT

February 27, 2017

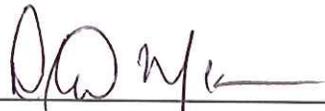
County of Chester
Internal Audit Department
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The purpose of this letter is to provide Prison Management's response to a finding of the 2015 audit of the Prison Inmate Fund.

Response to Cash and Petty Cash Finding 1:

"Prison management concurs with the finding and recommendation, and the issue of the finding has since been addressed."

No additional edits are requested.

Signed: 
Title: Warden

Date: 2-27-17