



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

**Management Letter
For the Year Ended
December 31, 2016**

County of Chester
Prison Inmate Fund

Management Letter

Norman MacQueen, Controller

To: D. Edward McFadden, Warden

Introduction

On December 22, 2017, Internal Audit completed an audit of the Prison Inmate Fund (*Inmate*) for the year ended December 31, 2016. 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 December 22, 2017) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2016, 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 January 3, 2018, 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

December 22, 2017

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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.

Finding 1: Liabilities

In one (1) instance an incorrect amount was sent to the Prison Canteen Fund.

Cause

Human Error

Recommendation

Internal Audit recommends that a transfer be made from the Prison Canteen Fund to *Inmate*.

Auditee Response

Prison management concurs with the finding and recommendation.

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 12/31/16 was determined to be 20 out of a population of 33,921 receipts issued during the year.

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Receipts (continued)

Finding 2: Cash Receipts (continued)

In one (1) instance the intake property form was not signed by the inmate.

Cause

Oversight

Recommendation

Internal Audit recommends that greater care be taken when completing intake property forms to ensure that all necessary information is included.

Auditee Response

Prison management concurs with the finding and recommendation.

Cash Disbursements

The sample size tested for the year ended 12/31/16 was determined to be 20 out of a population of 2,625 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 12/31/16 was determined to be 20 out of a population of 257 receipts voided during the year.

Finding 3: Voided Receipts

In four (4) instances cancelled receipts were not marked void, did not contain a reason for the void, and were not referenced to a replacement receipt. As a result, Internal Audit was unable to verify the validity of the void and to ensure that a replacement receipt was necessary.

COUNTY OF CHESTER

PRISON INMATE FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

Voided Receipts (continued)

Finding 3: 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

Prison management concurs with the finding and recommendation.

Voided Disbursements

The sample size tested for the year ended 12/31/16 was determined to be 15 out of a population of 212 disbursements voided during the year.

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

Escheats (Unclaimed Property)

The sample size tested for the year ended 12/31/16 was determined to be 10 out of a population of 295 unclaimed property transactions.

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, 2016

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