



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

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

County of Chester
Prison Canteen Fund

Management Letter

Norman MacQueen, Controller

To: D. Edward McFadden, Warden

Introduction

On December 22, 2017, Internal Audit completed an audit of the Prison Canteen Fund (*Canteen*) for the year ended December 31, 2016. Carissa Petrelia 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 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 *Canteen'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
- Transactions and events are properly recorded in a timely manner
- Reconciliations of internal records with bank statements occur monthly

In addition, the *Canteen* 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 *Canteen* 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 stylized flourish at the end.

Norman MacQueen
Controller

December 22, 2017

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

Cash

Cash is 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:

Deposits

The sample size tested for the year ended 12/31/16 was 20 out of a population of 215 deposits in 2016.

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

Cash Disbursements

The sample size tested for the year ended 12/31/16 was 20 out of a population of 37 disbursements generated in 2016.

Finding 1: Cash Disbursements

In one instance a check contained only one signature.

Cause

Oversight

Recommendation

Internal Audit recommends that *Canteen* management take greater care to ensure that all checks contain the required two signatures.

Auditee Response

Prison Management concurs with the findings and recommendations.

COUNTY OF CHESTER

PRISON CANTEEN FUND

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

Voided Disbursements

The sample size for the year ended 12/31/16 was determined to be 10; however there were only 3 checks voided in 2016.

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

Compliance

Compliance testing reviews the annual contract with Aramark for Commissary. Transactions with Aramark were tested at 100% to ensure compliance with the terms of the contract.

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, 2016

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