



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

**Audit Report
For the Year Ended
December 31, 2016**

County of Chester
Prison Correctional Center

Annual Financial Statement
Audit

Norman MacQueen, Controller

COUNTY OF CHESTER
CORRECTION CENTER
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2016

George Roberts, Manager
Chester County Prison Correction Center
503 S. Wawaset Road
West Chester, PA 19382

COUNTY OF CHESTER
PRISON CORRECTION CENTER
FOR THE YEAR ENDED DECEMBER 31, 2016
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NORMAN MACQUEEN
Controller

Internal Auditor's Report

George Roberts, Manager
Chester County Prison Correctional Center
503 S. Wawaset Road
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Report on the Financial Statements

We have audited the accompanying financial statements of Prison Correction Center (*Center*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2016, and the related statements of cash receipts, disbursements and cash balances for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to annually audit the accounts of the *Center* and to report the results of such audits to the Chester County Commissioners and the Chester County Prison Board.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the *Center* as of December 31, 2016, and its cash receipts, disbursements and cash balances for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated March 6, 2017, on our evaluation of the *Center's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of our audit.



Norman MacQueen
Controller

March 6, 2017

COUNTY OF CHESTER

PRISON CORRECTIONAL CENTER

STATEMENT OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2016

2016

Assets

Cash - Inmate Welfare Fund	\$	15,232
Cash - Operating		8,273
Due from County of Chester		1,543
Due from Inmate Welfare Fund		357
Due from Inhouse Residents		316
Due from Discharged Residents		<u>231</u>
Total Assets	\$	<u><u>25,952</u></u>

Liabilities

Due to County of Chester	\$	6,176
Due to Inhouse Residents		2,723
Due to Chester County Prison		420
Due to Discharged Residents		376
Due to Inmate Welfare Fund		160
Restricted Funds - Inmate Welfare Fund		<u>16,097</u>
Total Liabilities	\$	<u><u>25,952</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
OPERATING ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>
<u>Receipts</u>	
Inmate Receipts	\$ 127,631
Interest Income	<u>4</u>
Total Receipts	127,635
 <u>Disbursements</u>	
County of Chester	64,335
Inmate Allowances	54,929
Discharged Payouts	4,104
Inmate Welfare Fund	1,680
GPS Monitoring	978
Other	<u>128</u>
Total Disbursements	<u>126,154</u>
Cash Increase	1,481
Cash, Beginning of Year	<u>6,792</u>
Cash, End of Year	<u><u>\$ 8,273</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
INMATE WELFARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>
<u>Receipts</u>	
Payroll Reimbursements	\$ 34,616
Vending Machine Commission	6,336
Inmate Activity Fee	1,660
Picture Money	429
Other	30
Interest Income	<u>12</u>
Total Receipts	43,083
 <u>Disbursements</u>	
Inmate Wages	32,904
Barber & Hair Supplies	6,446
Other	1,474
Appliances & Repairs	<u>1,354</u>
Total Disbursements	<u>42,178</u>
Cash Increase	905
Cash, Beginning of Year	<u>14,327</u>
Cash, End of Year	<u><u>\$ 15,232</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
PRISON CORRECTION CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1 - Summary of Significant Accounting Principles

Background and Reporting Entity

The *Center's* checking account serves as an escrow account for all inmates (residents) on work release assignment. As monies are earned, the monies are deposited into individual sub-accounts, which in aggregate comprise the overall checking account balance. Each week administrative fees (i.e. activity fees, room and board fees, fines and costs, urinalysis fees, job fees) are deducted from each resident's account and at month-end these administrative fees are disbursed to the County of Chester, Adult Probation, and/or the Inmate Welfare Fund. Remaining funds may be disbursed to the residents, disbursed to the families of the residents to maintain household expenditures, disbursed to a Global Positioning System (GPS) monitoring service when invoiced, or may remain in escrow. Consequently, any undisbursed funds held in escrow represent a liability of the *Center*.

Basis of Accounting

The books and records of the *Center* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and undisbursed funds in accordance with generally accepted accounting principles (GAAP).

Note 2 –Legal Matters

Our audit disclosed no pending litigation that would affect the financial statements involving the *Center* or its Manager (George Roberts) for the year ended December 31, 2016.



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NORMAN MACQUEEN
Controller

March 6, 2017

George Roberts, Manager
Chester County Prison Correctional Center
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of Prison Correction Center (*Center*) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the *Center's* internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *Center's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Center's* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the *Center's* financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the *Center's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

We noted a certain matter that we reported to management of the *Center* in a separate letter dated March 6, 2017, regarding cash disbursements.

This report is intended for the information of the Chester County Commissioners and the Chester County Prison Board. This report is, however, a matter of public record, and its distribution is not limited.



Norman MacQueen
Controller

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2016

An exit conference was not warranted for the audit of the Prison Correctional Center. Manager, George Roberts has accepted the report as presented.