



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

**Management Letter
For the Year Ended
December 31, 2018**

*County of Chester
Prison Correctional Center*

Management Letter

Margaret Reif, Controller

Prison Correctional Center - Executive Summary

Are there any MAJOR issues that require management's immediate action and/or attention?
(Sufficient controls are not in place to address the associated risk.) **No**

Are there any LESSER SIGNIFICANT issues that require management's action and/or attention?
(Process is not critical to the overall operation.) **No**

Are there any MINOR issues that do not require management's action and/or attention?
(Sufficient controls are in place and issue is strictly a result of human error and oversight.) **Yes**

Recap of Findings Identified	
0	MAJOR FINDINGS
0	LESSER SIGNIFICANT FINDINGS
1	MINOR FINDINGS

Margaret Reif

Margaret Reif, Controller

Introduction

On February 14, 2019, Internal Audit completed an audit of the Prison Correctional Center (*Center*) for the year ended December 31, 2018. Carissa M. Petrelia was the auditor-in-charge. Internal Audit is required by 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 the audit included a review of the following:

- Cash
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Inmate Welfare Fund
- Escheats

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General 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 February 14, 2019) should be considered in conjunction with this Management Letter.

Summary and Opinion

For the year ended December 31, 2018, Internal Audit has determined that the *Center'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 *Center* was found to be in compliance with policies and procedures mandated by the County of Chester and by the *Center* except as outlined on the pages that follow. These matters have been previously discussed with the *Center* and are provided herein for comment and/or corrective action. A final copy of this report will be transmitted electronically to you upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report will be posted on the Controller's webpage within one week of issuance.

Methodology

Internal Audit interviewed key personnel, observed operations, reviewed written policies, procedures, system reports and source documents, and tested specific transaction activity where applicable.

Cash is reconciled and reviewed at 100%.

Cash receipts are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 368 receipts generated in 2018.

Cash disbursements are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 174 checks issued in 2018.

Voided receipts are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 15 however there were only 6 receipts voided in 2018.

Voided disbursements are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 10 however there were only 4 checks voided in 2018.

Inmate Welfare Fund cash receipts and disbursements are tested at 100%.

Escheats are tested on a sample basis. There were no escheated monies for the year ended 12/31/18.

Schedule of Findings

Finding 1 – Inmate Welfare Fund – Cash Receipts

Rating – Minor

Criteria

Inmate Welfare deposits are made on a monthly basis.

Condition

In one instance, a \$7.00 deposit was not made in a timely manner.

Cause

Oversight

Effect or potential effect

As a result the deposit was not made in accordance to the *Center's* policy.

Recommendation

Internal Audit recommends that the *Center* ensure that deposits are made in a timely manner.

Center's Response

The Center agrees with the finding and recommendation.