

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



*Audit Report
Chester County Prison Correctional Center
For the year ended December 31, 2009*

Valentino F. DiGiorgio, III, Controller

COUNTY OF CHESTER
AUDIT OF THE CHESTER COUNTY PRISON CORRECTIONAL CENTER
FOR THE YEAR ENDED DECEMBER 31, 2009

Robert J. Cochlin, Manager
Correctional Center
503 S. Wawaset Road
West Chester, PA 19382

COUNTY OF CHESTER
AUDIT OF THE CHESTER COUNTY PRISON CORRECTIONAL CENTER
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COUNTY OF CHESTER OFFICE OF THE CONTROLLER

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VALENTINO F. DIGIORGIO, III
Controller

April 8, 2010

Chester County Prison Board
Chester County Courthouse
West Chester, PA 19382

Internal Audit has audited the accounts of the *Chester County Prison Correctional Center (Center)* as of December 31, 2009, and has compiled the attached Statement of Assets and Liabilities and the related Statement of Cash Receipts, Disbursements and Cash Balances for the year then ended. It is Internal Audit's responsibility to annually audit the accounts of the *Center* and to report the results of such audits to the Chester County Prison Board, the Chester County Prison management, and the Correctional Center management. It is management's responsibility to maintain, update, and reconcile these accounts on a continuous basis.

Our audit was conducted in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit in a manner that will provide *reasonable assurance* that the accounts are free of material misstatement and that amounts are properly supported and approved.

As described in Note 1, the accompanying financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the statements referred to above are not intended to present the financial position and results of operations of the *Center* in conformity with generally accepted accounting principles.

In our opinion, the accounts of the *Center* are stated fairly as of December 31, 2009. Consequently, the corresponding financial statements prepared by Internal Audit present fairly, in all material respects, the assets and liabilities of the *Center* as of December 31, 2009, and the cash receipts, disbursements, and cash balances for the year then ended.

In accordance with Government Auditing Standards, Internal Audit has also issued a report dated April 8, 2010, on our consideration 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.

Valentino F. DiGiorgio, III
Controller

COUNTY OF CHESTER
CHESTER COUNTY PRISON CORRECTIONAL CENTER
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2009

ASSETS

Cash – Operating account	\$ 7,808
Cash – Inmate Welfare Fund	26,640
Due from County of Chester	3,032
Due from discharged residents	<u>628</u>
Total assets	<u>\$ 38,108</u>

LIABILITIES

Due to County of Chester	\$ 9,729
Due to residents	1,560
Due to Inmate Welfare Fund	179
Restricted funds (IWF)	<u>26,640</u>
Total liabilities	<u>\$ 38,108</u>

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

COUNTY OF CHESTER
CHESTER COUNTY PRISON CORRECTIONAL CENTER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
REGULAR ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash balance, January 1, 2009		\$ 12,781
Receipts:		
Inmate receipts	\$ 213,370	
Payroll reimbursement - County of Chester	37,359	
Interest income	94	
Miscellaneous	<u>1,513</u>	
Total receipts		252,336
Disbursements:		
Inmate allowances	\$ 81,528	
Inmate wages	36,915	
Inmate Welfare Fund	2,860	
County of Chester:		
Room & board/urinalysis fee	\$ 94,839	
Fines & costs (APO)	<u>20,890</u>	
	115,729	
Discharged payout	17,772	
Other	2,283	
Bank service fees	<u>222</u>	
Total disbursements		<u>257,309</u>
Excess of disbursements over receipts		<u>(4,973)</u>
Cash balance, December 31, 2009		<u>\$ 7,808</u>

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

COUNTY OF CHESTER
CHESTER COUNTY PRISON CORRECTIONAL CENTER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
INMATE WELFARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash balance, January 1, 2009		\$ 24,623
Receipts:		
Inmate activity fee	\$ 2,860	
Vending machine commissions	8,816	
Picture money	1,034	
Interest income	446	
Miscellaneous	<u>74</u>	
Total receipts		13,230
Disbursements:		
Barber salary & hair supplies	\$ 9,366	
Sports equip/games	60	
Electronics	962	
Appliances	334	
Miscellaneous	<u>491</u>	
Total disbursements		<u>11,213</u>
Excess of receipts over disbursements		<u>2,017</u>
Cash balance, December 31, 2009		<u>\$ 26,640</u>

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

COUNTY OF CHESTER
CHESTER COUNTY PRISON CORRECTIONAL CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1 – Summary of Significant Accounting Policies

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 either 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, or may remain in escrow. Consequently, any undisbursed funds held in escrow represent a liability to 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 3 – Legal Matters

Our audit disclosed no pending litigation involving the Correctional Center or its Manager (Robert J. Cochlin) for the year ended December 31, 2009.



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Report on Compliance and on Internal Controls Over Financial Reporting

In accordance with Government Auditing Standards, the scope of our audit included an examination and evaluation of the adequacy and effectiveness of the *Center's* system of internal control and the *Center's* quality of performance in carrying out its assigned responsibilities. The primary objectives of internal controls include the following:

- Safeguarding of assets.
- Reliability and integrity of information
- Compliance with policies, procedures, laws, and regulations
- Compliance with provisions of contracts and lease agreements.

In addition, generally accepted auditing standards (GAAS) require that auditors obtain an understanding of the internal control process and assess control risk in financial statement audits. For a financial statement audit, internal control is defined as a process that is designed to provide reasonable assurance that objectives regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and the compliance with applicable laws and regulations are achieved. The internal control process consists of five components. They are the *control environment*, *risk assessment*, *information and communication*, *monitoring*, and *control activities*.

The *control environment* sets the tone of the organization and is the foundation for all other components of internal control. The collective effect of various important factors defines the *control environment*, which in turn establishes, enhances, or mitigates the effectiveness of policies and procedures. These important factors include the entity's organizational structure and methods of assigning authority and responsibility.

The *risk assessment* is the entity's identification and analysis of relevant risks to the achievement of its objectives, and forms a basis for determining how the risks should be managed.

Information and communication are the identification, capture, and exchange of information in a form and time frame that enables people to carry out their responsibilities.

Monitoring is a process that assesses the quality of internal control performance over time.

Report on Compliance and on Internal Controls Over Financial Reporting

Control activities are the policies and procedures that help ensure management directives are carried out. These policies and procedures may be classified as:

- Authorization
- Segregation of duties
- Documentation
- Physical safeguards
- Independent checks and balances.

Our audit disclosed no significant deficiencies or material weaknesses that, in our opinion, pose a significant risk to the *Center* or the County of Chester.

This Report is intended for the information of the Chester County Prison Board, Chester County Prison management, and the *Center's* management. This Report is, however, a matter of public record, and its distribution is not limited.



Valentino F. DiGiorgio, III
Controller

COUNTY OF CHESTER
CHESTER COUNTY PRISON CORRECTIONAL CENTER
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2009

The audit disclosed no procedural or internal control findings, therefore an exit conference is not warranted. The Correctional Center Manager, Robert J. Cochlin, has accepted the Report and Management Letter as presented.