



Lehigh County
Pennsylvania


OFFICE OF THE CONTROLLER

Mark Pinsley, MBA

COUNTY CONTROLLER

Nanton John, CIA, CFE

DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Mark Pinsley, County Controller 
DATE: December 9, 2025
RE: Department of Corrections Inmate Accounts

The Controller's Office has completed a financial audit of the Department of Corrections - Inmate Accounts, County of Lehigh, Pennsylvania for the period January 1, 2023 to December 31, 2023. Our audit report number **25-28** is attached.

The result of our audit is the *Statement of Receipts and Disbursements and Changes in Fund Balance* for the period January 1, 2023 to December 31, 2023 presents fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections – Inmate Accounts.

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA

DEPARTMENT OF CORRECTIONS

INMATE ACCOUNTS

Financial Audit for the Period January 1, 2023 to December 31, 2023

REPORT NO. 25-28

COUNTY OF LEHIGH, PENNSYLVANIA
DEPARTMENT OF CORRECTIONS
INMATE ACCOUNTS

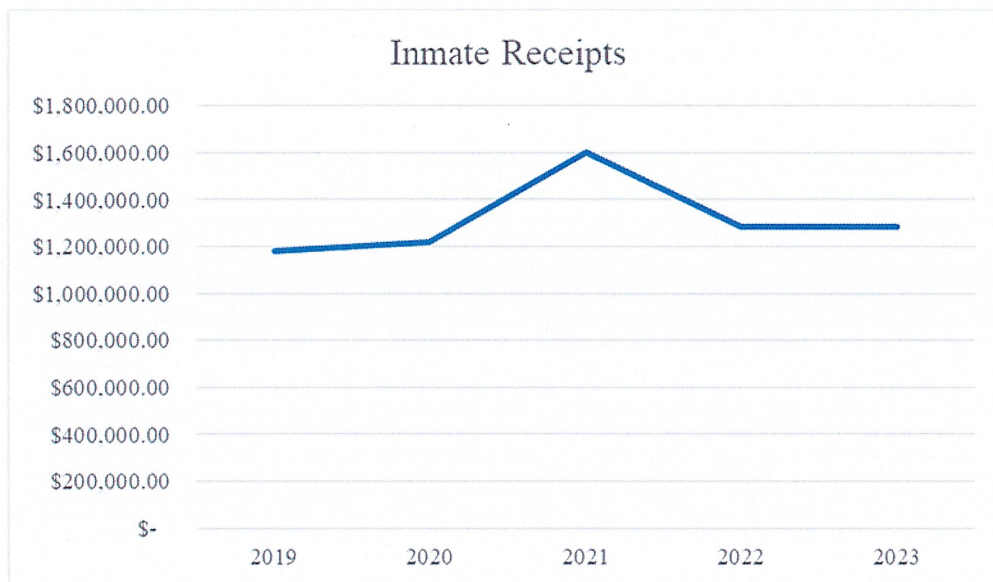
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Director of Corrections' Response	No Response

COUNTY OF LEHIGH, PENNSYLVANIA
DEPARTMENT OF CORRECTIONS
INMATE ACCOUNTS

Background

The Department of Corrections maintains separate transactions ledgers for the purpose of tracking inmate cash receipts and cash disbursements. Transactions include cash taken at time of incarceration, deposits made on inmate's behalf, earnings from prison job (rates range from \$.75 to \$3.00 per day), commissary purchases, third-party payments on behalf of the inmates, dormant account fees, medical fees, inmate processing fees, restitution, and distribution of account balances upon release or transfer to another facility. Inmate accounts management is the responsibility of the Department of Corrections.



Source: Lehigh County Audited Financial Statements



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INDEPENDENT AUDITOR'S REPORT

Janine Donate, Director
Department of Corrections
Lehigh County Prison
38 North Fourth Street
Allentown, PA 18101-2400

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Statement of Receipts and Disbursements and Changes in Fund Balance of the Department of Corrections - Inmate Accounts for the period January 1, 2023 to December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections - Inmate Accounts for the period January 1, 2023 to December 31, 2023 in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Department of Corrections and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements were 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.

Also discussed in Note 1, the financial statements present only the Department of Corrections - Inmate Accounts financial activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of the County of Lehigh for the year ended 2023, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, mis- representations, or the override of certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and GAS, we:

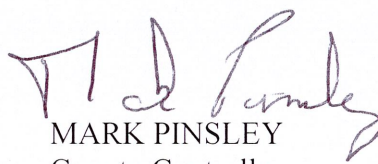
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Department of Corrections-Inmate Account's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Department of Corrections-Inmate Account's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 on our consideration of Department of Corrections-Inmate Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering management's internal control over financial reporting and compliance.



MARK PINSLEY
County Controller

December 9, 2025

Allentown, Pennsylvania

Audited by: Nam Tran

xc: Phillips Armstrong, County Executive
Board of Commissioners
J. Brian Johnson, President Judge
Edward Hozza, Director of Administration
Christopher Miller, Lead Accountant
Timothy Reeves, Chief Fiscal Officer
Carol Sommers, Assistant Director of Corrections

COUNTY OF LEHIGH, PENNSYLVANIA
DEPARTMENT OF CORRECTIONS
INMATE ACCOUNTS

Statement of Receipts, Disbursements, and Changes in Fund Balance
For the Period January 1, 2023 – December 31, 2023
(Note 1)

Receipts:	
Cash Receipts	\$ 1,286,264
Inmate Payroll	64,326
Other Receipts (Note 2)	<u>7,513</u>
Total Receipts	1,358,103
Disbursements:	
Commissary Sales	1,027,493
Disbursements (Note 3)	312,307
Other Disbursements (Note 2)	16,044
Medical Fees	3,040
Restitution	<u>383</u>
Total Disbursements	1,359,267
Excess Receipts Over/(Under) Disbursements	(1,163)
Beginning Fund Balance - January 1, 2023	82,487
Ending Fund Balance – December 31, 2023	\$ 81,323

COUNTY OF LEHIGH, PENNSYLVANIA
DEPARTMENT OF CORRECTIONS
INMATE ACCOUNTS

Notes to Financial Statements
For the period January 1, 2023 to December 31, 2023

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Department of Corrections - Inmate Accounts' financial activity is a part of the County of Lehigh's reporting entity, included in the general fund and is subject to annual financial audit by external auditors. This report is only for internal audit purposes.

B. Basis of Accounting

The accounting records of the County of Lehigh and the Statement of Receipts and disbursements and Changes in Fund Balance are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

2. Other Receipts and Disbursements

Other receipts and disbursements consist of accounting adjustments for the recognition and disposition of dormant account fees and escheatable inmate funds, as well as adjusting entries for inmate processing fees and medical fees reversals.

3. Disbursements

Disbursements consist of check payments and billables (fees charged to inmates for services provided by the Jail) issued from inmates' account balances.



OFFICE OF THE CONTROLLER

Mark Pinsley, MBA

COUNTY CONTROLLER

Nanton John, CIA, CFE

DEPUTY CONTROLLER

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards

Janine Donate, Director
Department of Corrections
Lehigh County Prison
38 North Fourth Street
Allentown, PA 18101-2400

We have audited, in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States; the accompanying Statement of Receipts and Disbursements of Department of Corrections-Inmate Accounts for the year ended 2023 (hereinafter referred to as the Schedules) and have issued our report thereon dated December 9, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Department of Corrections-Inmate Account's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department of Corrections-Inmate Account's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Department of Corrections-Inmate Account's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Our audit also included sufficient and appropriate tests for fraud, waste and abuse and we included in our report any material (either quantitatively or qualitatively) instances we noted however, our audit procedures would not necessarily identify all instances of fraud, waste and abuse that may be reportable.

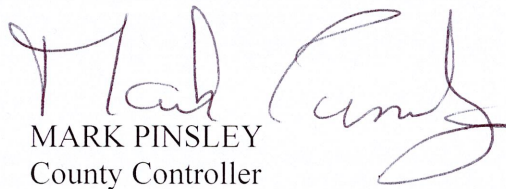
Management's Response to the Audit

If provided, the Department of Correction's response to our audit is included in this report. We did not audit the Department of Correction's response and, accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the entity, and Phillips Armstrong, County Executive; Edward Hozza, Director of Administration; Board of Commissioners; The Honorable J. Brian Johnson, President Judge; Timothy Reeves, Chief Fiscal Officer; and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


MARK PINSLEY
County Controller

December 9, 2025
Allentown, PA

COUNTY OF LEHIGH, PENNSYLVANIA
DEPARTMENT OF CORRECTIONS
INMATE ACCOUNTS

*Schedule of Prior Audit Findings and Recommendations
(Report #23-11 dated May 18, 2023)*

1. Gaps Identified in Sequential Cash Receipts

Condition: Using auditing software to test the population of receipts issued from January through December 2021, we identified 933 omitted receipt numbers out of the 15,190 cash receipts transactions that occurred during the audit period. Internal control best practices require cash receipts be sequential and that management review, identify, and investigate gaps in sequential cash receipts. Auditor inquiry and investigation determined that four of the skipped receipt numbers were generated in the “Booking” or “Admissions/Discharge” area of the Jail. The other 929 receipt numbers that were skipped were due to a file adjustment completed by the Office of Information Technology (IT).

Recommendation:

- The management of the Department of Corrections should review cash receipts on a daily basis to ensure they are sequential. Management should examine gaps in the numbering of cash receipts and attempt to determine the root cause of such instances. Sufficient documentation should be maintained regarding the follow-up. We recommend the review of cash receipt sequences on a daily basis and investigate any discrepancies found.
- Improved communication between “Booking” and “Inmate Account” departments. The four instances of skipped sequences appear to have been generated in the “Booking” area, however Inmate Accounts, on most occasions, was not made aware. Corrections staff should document instances of errors encountered during the booking process that may affect the sequential issuance of cash receipts. This information should then be relayed to the Inmate Accounts department either daily or when they occur, for appropriate review and documentation.
- A thorough review of controls should be completed by Jail management in conjunction with the IT department to ensure that data file adjustments are being completed accurately and proper documentation is retained.

Current Status: During planning, gap testing revealed 4 missing receipts from the 2023 receipts journal which were unable to be explained. Management has agreed to notate and document any skipped receipts on the receipts journal during the preparation of daily deposits.