



COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER  
17 SOUTH SEVENTH STREET  
ALLENTOWN, PA 18101-2400  
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Glenn Eckhart, County Controller *G.E.*  
**DATE:** April 6, 2016  
**RE:** Department of Corrections Inmate Accounts

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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, 2015 to September 30, 2015. Our audit report number 16-10 is attached.

The results of our audit are:

- The *Statement of Receipts and Disbursements and Changes in Fund Balance* for the period January 1, 2015 to September 30, 2015 presents fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections – Inmate Accounts.

Attachment

AUDITS/DOC - INMATE ACCOUNTS

COUNTY OF LEHIGH, PENNSYLVANIA

DEPARTMENT OF CORRECTIONS

INMATE ACCOUNTS

*Financial Audit for the Period January 1, 2015 to September 30, 2015*

REPORT NO. 16-10

COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

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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, restitution, and distribution of account balances upon release or transfer to another facility. Inmate accounts management is the responsibility of the Department of Corrections.



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Edward G. Sweeney, Director  
Department of Corrections  
Lehigh County Prison  
38 North Fourth Street  
Allentown, PA 18101-2400

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, 2015 to September 30, 2015 as listed in the Table of Contents. The financial statements are the responsibility of the Department of Corrections - Inmate Accounts' management. Our responsibility is to express an opinion on the *Statement of Receipts and Disbursements and Changes in Fund Balance* based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as 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 period January 1, 2015 to September 30, 2015 in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the *Statement of Receipts and Disbursements and Changes in Fund Balance* referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections – Inmate Accounts for the period January 1, 2015 to September 30, 2015, on the basis of accounting described in Note 1. However, we noted control deficiencies or other management issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*."



In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of the Department of Corrections – Inmate Accounts’ internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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* and should be considered in assessing the results of our audit.



Glenn Eckhart  
County Controller

March 31, 2016  
Allentown, Pennsylvania

xc: Board of Commissioners  
Cindy Egizio, Assistant Director of Corrections  
Janine Donate, Warden, Department of Corrections  
Daniel McCarthy, Director of Administration  
Christopher Miller, Jail Accountant  
Thomas Muller, County Executive  
Timothy Reeves, County Fiscal Officer

COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

Statement of Receipts, Disbursements, and Changes in Fund Balance  
For the Period January 1, 2015 - September 30, 2015  
(Note 1)

Receipts:	
Cash Receipts	\$ 859,581
Inmate Payroll	59,204
Other Receipts (Note 2)	<u>862</u>
Total Receipts	919,647
Disbursements:	
Commissary Sales	637,810
Disbursements	263,401
Other Disbursements (Note 2)	10,253
Medical Fees	7,100
Restitution	<u>463</u>
Total Disbursements	919,027
Excess Receipts Over/(Under) Disbursements	620
Beginning Fund Balance - January 1, 2015	59,621
Ending Fund Balance - September 30, 2015	\$ 60,241

COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

*Notes to Financial Statements*  
*For the period January 1, 2015 to September 30, 2015*

**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.





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We have audited the *Statement of Receipts and Disbursements and Changes in Fund Balance* of the Department of Corrections – Inmate Accounts for the period January 1, 2015 to September 30, 2015 and have issued our report thereon dated March 31, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered the Department of Corrections – Inmate Accounts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the *Statement of Receipts and Disbursements and Changes in Fund Balance*, but not for the purpose of expressing an opinion on the effectiveness of the Department of Corrections – Inmate Accounts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department of Corrections – Inmate Accounts' internal control over financial reporting.

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 misstatements 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 by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such as 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As part of obtaining reasonable assurance about whether the Department of Corrections – Inmate Accounts’ 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* and which are described in the accompanying “*Schedule of Audit Findings and Recommendations*.”

We noted certain matters that we reported to management of the Department of Corrections – Inmate Accounts noted in the accompanying “*Schedule of Audit Findings and Recommendations*.”

This report is intended solely for the information and use of management and other affected county offices 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.



Glenn Eckhart  
County Controller

March 31, 2016  
Allentown, PA

COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

*Schedule of Audit Findings and Recommendations*

1. Gaps Identified in Sequential Cash Receipts

Condition: Using auditing software to test the population of receipts issued from January through September 2015, we identified 15 omitted receipt numbers out of the 14,475 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.

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 Jail Accountant review the cash receipt sequence on a daily basis and investigate any discrepancies.

2. Incomplete Cash Receipt Documentation for Inmate's Re-booked into the Jail

Condition: Supporting documentation was incomplete for 4 of the 25 cash receipt transactions tested relating to the booking process. Individuals booked into the jail are required to relinquish their personal property. We noted that all 4 instances were associated to inmates being re-booked into the jail. Improper documentation could result in mishandling inmate personal property.

Recommendation: The management of the Department of Corrections should evaluate the process used to re-book an inmate into the jail. Cash receipt documentation for inmates who are re-booked into the jail should include the date of the transaction, a sequential receipt number, the amount of cash received, and proper sign-off by the inmate and corrections officer.