

# COUNTY OF BERKS, PENNSYLVANIA

## Office of the Controller



Services Center, 12th Floor  
633 Court Street  
Reading, PA 19601-4311

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Mark C. Scott, Commissioner Chair  
Christian Y. Leinbach, Commissioner  
Kevin S. Barnhardt, Commissioner

**Sandra M. Graffius, Controller**  
Jack A. Linton, Esq., Solicitor

December 8, 2014

Janine L. Quigley, Warden  
Berks County Jail System  
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Ms. Quigley:

We have completed our compilation of the financial statements of the Berks County Jail System inmate welfare fund accounts for the year ended December 31, 2013, and have attached the report for your review and consideration.

Since there was no significant finding or instance of non-compliance noted, no response is required and the attached report is the final report.

This report is intended for the use of the Berks County Jail System inmate welfare fund accounts' management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions concerning our audit or the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania**

**Janine L. Quigley, Warden**

**Annual Financial Report**

**As of December 31, 2013**

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## **Report Distribution List**

1. Janine L. Quigley, Warden
2. Christian Leinbach, Berks County Jail System Board Vice President and County Commissioner Chair
3. Kevin S. Barnhardt, Berks County Jail System Board President and County Commissioner
4. Mark C. Scott, Berks County Jail System Board Member and County Commissioner
5. Sandra M. Graffius, Berks County Jail System Board Secretary and Controller
6. Eric Weaknecht, Berks County Jail System Board Member and Sheriff
7. John Adams, Berks County Jail System Board Member and District Attorney
8. Scott Lash, Berks County Jail System Board Member and Judge
9. Christine Sadler, Berks County Jail System Board Solicitor
10. Carl Geffken, Chief Operations Officer
11. Eugene A. DePasquale, Pennsylvania Auditor General
12. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
13. Audit File

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### Internal Auditor's Report

Janine L. Quigley, Warden  
Berks County Jail System  
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets and liabilities – cash basis as of December 31, 2013 for the Berks County Jail System inmate welfare fund accounts and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements are the responsibility of the Berks County Jail System management.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 1, the accounts of the Berks County Jail System inmate welfare fund accounts are maintained, and 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.

We have included a report on our consideration of the Berks County Jail System inmate welfare fund accounts' internal control structure and on its compliance with laws and regulations. We have reviewed compliance and internal control matters in accordance with the Commonwealth of Pennsylvania Third Class County Code and County of Berks ordinances and resolutions and have included applicable comments related thereto in the respective report.

Sandra M. Graffius, Controller  
June 30, 2014

**Berks County Jail System  
 Inmate Welfare Fund Accounts  
 County of Berks, Pennsylvania  
 Statement of Assets and Liabilities – Cash Basis  
 As of December 31, 2013**

Assets

Cash in bank	\$ 213,023
Loan to work release account	5,000
Loan to inmate pay account	3,500
Loan to BOJE	<u>6,512</u>
Total assets	<u>\$ 228,035</u>

Liabilities

Reserve monies for inmates' betterment	\$ 144,440
Due to Oasis Management Systems	60,387
Due to County of Berks	5,726
Due to Inmate Telephone, Inc.	3,242
Due to FMD Laundry, Inc.	3,063
Due to Cardmember Service	2,584
Due to US Postal Service	2,000
Due to Grab-A-Cab	1,882
Due to Reading Eagle	1,726
Due to LexisNexis	1,644
Due to Comcast	892
Due to NRSpro.com/GEDscoring.com	232
Due to John Haas	204
Due to Carl R. Bieber	<u>\$ 13</u>
Total Liabilities	<u>\$ 228,035</u>

The accompanying notes are an integral part of these financial statements.  
 See accountant's compilation report.

**Berks County Jail System  
 Inmate Welfare Fund Accounts  
 County of Berks, Pennsylvania  
 Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis  
 For the Year Ended December 31, 2013**

Receipts	
Commissary sales	\$ 699,858
Inmate telephone services	393,488
Commissions from telephone services	169,314
Kiosk services	45,873
Newspaper sales	18,728
Postage reimbursements	10,688
Miscellaneous other	12,291
Welfare bag sales	8,425
Refunds	4,951
Haircut sales	4,295
Interest income	639
Total receipts	<u>\$ 1,368,550</u>
Disbursements	
Commissary purchases	567,088
Inmate telephone services	411,128
UCM project	95,187
Indigent kits	66,321
Kiosk expenses	44,850
Commitment supplies	36,015
Cab fare – Bus ticket	31,184
Education supplies and services	15,215
Law library, including copier lease	23,844
Recreational supplies and services	21,397
Newspaper purchases	20,346
Hygiene supplies	14,328
Security	8,500
Equipment purchases	4,904
Postage, including equipment lease	14,496
Special Ops Program	60,765
Miscellaneous other	16,089
Barber services	7,104
Treatment supplies and services	4,253
Community Reentry Center	<u>7,109</u>
Total disbursements	<u>1,470,123</u>
Cash disbursements in excess of receipts	(101,573)
Cash account balance as of January 1	<u>314,596</u>
Cash account balance as of December 31	<u>\$ 213,023</u>

The accompanying notes are an integral part of these financial statements.  
 See accountant's compilation report.

**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania  
Notes to Financial Statements  
December 31, 2013**

**Note 1: Nature of the Office and Significant Accounting Policies**

**Nature of the office:**

Berks County Jail System is a minimum security institution governed by a board dictated by the Commonwealth to be composed of a judge of the Court of Common Pleas, the district attorney, the sheriff, the controller, and the commissioners. The Board is responsible for the safe-keeping, discipline, and employment of the prisoners, and the government and management of the institution.

The Berks County Jail System inmate welfare fund accounts are primarily operating accounts that receive monies from the inmate accounts for purchases from the commissary and for phone calls made by inmates. Inmate welfare funds are disbursed to various vendors. Commissions on commissary purchases and telephone sales are used for various inmate activities such as recreation and education.

Administrative costs and expenses incurred by the Berks County Jail System inmate welfare fund are reflected on the books and records of the County of Berks and not on these financial statements.

**Basis of accounting:**

The books and records of the Berks County Jail System inmate welfare accounts are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is an other comprehensive basis of accounting.

**Cash and cash equivalents:**

The Berks County Jail System considers cash and equivalents to be cash on hand, cash on deposit, and investments with a maturity of three months or less when purchased.

**Note 2: Cash and equivalents**

The following cash accounts are in the name of Berks County Jail System inmate welfare fund accounts, and are reflected in the County of Berks financial statements:

**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania  
Notes to Financial Statements  
December 31, 2013**

**Note 2: Cash and equivalents, continued**

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
VIST	Checking	\$ 251,691	\$ 139,890
VIST	Savings	<u>73,133</u>	<u>73,133</u>
		<u>\$ 324,824</u>	<u>\$ 213,023</u>

These funds are considered cash equivalents for financial statement purposes.

Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

**Note 3: Loans to Work Release and Inmate Pay accounts**

These are long-term non-interest bearing loans to the Work Release and Inmate Pay accounts to provide an account balance to compensate for delays in cash deposits, which could result in over-drafts to the accounts.

**Note 4: Loan to BOJE (Berks Organization of Jail Employees)**

This is a non-interest bearing loan in the amount of \$16,712.24 to the Berks Organization of Jail Employees for the purpose purchasing uniforms for their newly created color guard. The BOJE repaid \$10,200.00 of the loan through December 31, 2013. The loan is being amortized at \$300.00 per month.

**Note 5: Reserve monies for inmates' betterment**

These are monies that can be spent for the benefit of the inmate population. The source is an accumulation of commissions on commissary and telephone sales.

**Note 6: Due to Oasis Management Systems, Inc.**

Oasis Management Systems, Inc., a Georgia corporation, provides inmate commissary services under a contract with an original expiration date of August of 2004. This contract continues to renew on an annual basis unless terminated by either party. Oasis also provides indigent and admission packages. The Berks County Jail System inmate welfare fund receives a commission of 22% of net sales.

**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania  
Notes to Financial Statements  
December 31, 2013**

**Note 7: Due to County of Berks**

This liability represents the fourth quarter 2013 teacher's salary reimbursement.

**Note 8 Due to Inmate Telephone, Inc.**

Inmate Telephone, Inc. (ITI), a division of Digital Solutions, Inc. (DSI), is located in Altoona, Pennsylvania. DSI is a criminal justice and public safety automation provider. ITI provides inmate phone services under a contract with an expiration date of December 31, 2013. The Berks County Jail System inmate welfare fund receives a commission of 36% of gross billed revenue.

**Note 9: Due to FMD Laundry, Inc.**

This liability represents the purchase of two new washer units and two new dryer units for the Community Re-entry Center (CRC).

**Note 10 Due to Cardmember Service**

This liability represents credit card purchases of various items for the Berks County Jail System.

**Note 10: Due to US Postal Service**

This liability represents postage for the Berks County Jail System's postage meter.

**Note 11: Due to Grab-A-Cab**

This liability represents transportation by cab fare.

**Note 12: Due to Reading Eagle**

The Reading Eagle provides newspapers that are purchased by the inmates.

**Note 13: Due to LexisNexis**

LexisNexis provides legal publications and electronic online law library services.

**Note 12: Due to Comcast**

Comcast provides television cable service at the Berks County Jail System.

**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania  
Notes to Financial Statements  
December 31, 2013**

**Note 13: Due to NRSpro.com/GEDscoring.com**

NRSpro.com/GED Scoring.com provides inmate GED test scoring.

**Note 14: Due to John Haas**

John Haas performs barber services at the Berks County Jail System.

**Note 16: Due to Carl R. Bieber**

This liability represents transportation by bus fare.

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### Internal Auditor's Report on Compliance and Internal Controls

Janine L. Quigley, Warden  
Berks County Jail System  
County of Berks, Pennsylvania

In completing our internal audit of the Berks County Jail System inmate welfare fund accounts for the year ended December 31, 2013, we performed tests for compliance with certain financial provisions of laws, regulations, contracts, grants, and applicable policies. Noncompliance is considered a significant finding when it could have a direct and material effect on related financial information. The results of our tests disclosed no instances of noncompliance.

We also performed tests of the Berks County Jail System inmate welfare fund accounts' internal control over financial information and noted no significant findings in internal controls. Significant findings involve matters coming to our attention relating to deficiencies in the design or operation of the internal control over financial information that, in our judgment, could adversely affect the Berks County Jail System welfare fund inmate accounts' ability to adequately and properly record, process, summarize and report financial data.

This report is intended for the information and use of the County of Berks Board of Commissioners and the Berks County Jail System inmate welfare fund accounts' management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller  
June 30, 2014

**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania  
Report on Internal Controls as of June 30, 2014  
Status of Prior Year Results**

<u>Description of Condition</u>	<u>Corrective Action Implemented</u>
No prior year audit findings	N/A