

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



Services Center, 12th Floor
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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

September 26, 2011

Mr. George Wagner
Warden
Berks County Jail System
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Mr. Wagner:

We have completed our compilation of the financial statements of the Berks County Jail System inmate accounts for the year ended December 31, 2010, and have attached the report for your review and consideration.

Since there was no significant finding or instance of non-compliance noted during the audit 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 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 during the course of our audit. 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 Accounts
County of Berks, Pennsylvania**

George Wagner, Warden

Annual Financial Report

As of December 31, 2010

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Report Distribution List

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2. Mark C. Scott, Berks County Jail System Board Member and County Commissioner Chair
3. Kevin S. Barnhardt, Berks County Jail System Board President and County Commissioner
4. Christian Leinbach, Berks County Jail System Board Vice President 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. Jack Wagner, Pennsylvania Auditor General
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12. Audit File

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Internal Auditor's Report

Mr. George Wagner
Warden
Berks County Jail System
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets, liabilities and fund balance – cash basis as of December 31, 2010 for the Berks County Jail System inmate 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 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 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
July 26, 2011

**Berks County Jail System
 Inmate Accounts
 County of Berks, Pennsylvania
 Statement of Assets, Liabilities and Fund Balance – Cash Basis
 As of December 31, 2010**

Assets	
Cash in bank	\$ 122,084
Petty Cash Fund	<u>400</u>
Total assets	<u>\$ 122,484</u>
Liabilities and Fund Balance	
Liabilities	
Inmates' personal funds	<u>\$ 113,568</u>
Total liabilities	<u>113,568</u>
Fund balance	<u>8,916</u>
Total liabilities and fund balance	<u>\$ 122,484</u>

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

**Berks County Jail System
Inmate Accounts
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2010**

Receipts

Commitment cash & funds from family	\$ 1,353,535
Work Release Program	277,262
Inmate Pay Program	60,002
Miscellaneous other	18,231
Interest income	<u>988</u>
Total receipts	<u>1,710,018</u>

Disbursements

Inmate Welfare Fund – commissary purchases	566,717
Inmate Welfare Fund – telephone services	435,252
Refunds to inmates	222,158
Processing fee	140,399
Release of funds to inmate’s relatives	67,945
County of Berks – room and board	62,096
Unpaid processing fee	32,519
Central Collections Bureau	30,037
Kiosk fees	29,725
Petty cash	25,322
PA Support Collection & Disbursement Unit	20,064
Inmate Welfare Fund – newspaper sales	18,698
Miscellaneous - other	11,154
County of Berks – drug & alcohol testing	10,823
Inmate Welfare Fund – welfare bags	8,449
Escheats	7,232
Inmate Welfare Fund – hair care	5,124
Medical	3,982
Postage	3,875
County of Berks - restitution	3,568
Act 27	<u>960</u>

Total disbursements 1,706,099

Cash receipts in excess of disbursements 3,919

Cash account balance as of January 1 118,165

Cash account balance as of December 31 \$ 122,084

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

**Berks County Jail System
Inmate Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2010**

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 accounts maintain the personal funds of the inmates during incarceration. The Berks County Jail System staff disburses monies when authorized by inmates, and deposits monies received from inmates at commitment or from family members.

Basis of accounting:

The books and records of the Berks County Jail System inmate 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 another 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.

Trust and agency accounts:

The financial statements prepared for the Berks County Jail System inmate accounts by the Office of the Controller reflect only the trust and agency account activity. These accounts are maintained and reconciled by the Berks County Jail System. Administrative costs and expenses incurred by the Berks County Jail System are reflected on the books and records of the County of Berks and not on these financial statements.

Note 2: Cash and equivalents

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

**Berks County Jail System
Inmate Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2010**

Note 2: Cash and equivalents, continued

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
VIST	Inmate checking	\$ 171,895	\$ 113,568
VIST	Work Release checking	8,353	5,011
VIST	Inmate Pay checking	3,505	3,505
Petty Cash	Cash	400	400
		<u>\$ 184,153</u>	<u>\$ 122,484</u>

These accounts hold funds received by the Berks County Jail System in a trust and agency capacity and use of these funds, by the Berks County Jail System, is restricted. 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: Inmates' personal funds

These funds represent the balance in the individual inmate accounts. Receipts include commitment cash, amounts paid by relatives and amounts earned from work release or inmate pay. Expenses include fines, costs, restitution, child support, room & board and commissary purchases.

Note 4: Fund balance

The fund balance is comprised of \$5,011 in the work release checking account, \$3,505 in the inmate pay checking account and \$400 in petty cash.

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Internal Auditor's Report on Compliance and Internal Controls

Mr. George Wagner
Warden
Berks County Jail System
County of Berks, Pennsylvania

In completing our internal audit of the Berks County Jail System inmate accounts for the year ended December 31, 2010, 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 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 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 accounts' management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
July 26, 2011

**Berks County Jail System
Inmate Accounts
County of Berks, Pennsylvania
Report on Internal Controls as of July 26, 2011
December 31, 2010**

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

Berks County Jail System – Inmate Accounts
County of Berks, Pennsylvania
Discussion Item – Current Year
For the Year Ended December 31, 2010

Item #1: Berks County Jail System Intake issued 6,861 manual receipts in 2010. During our review of the manual receipts issued by Intake, we noted the following:

For 18 times in 2010, there was not a notation on the manual receipt log if the funds received were cash or check. It is most worthy to note that this is significantly less than the 237 instances reported in the 2009 audit.

The following range of manual receipts was issued out of sequence:

- 88616 through 88625 (during October 5th to the 6th)
- 87075 was issued on July 31, 2010 (This range was issued during July 19th to the 20th)

Again improvement is noted as there were four ranges of manual receipts issued out of sequence in 2009.

Voided manual receipts 83485 and 83810 could not be not located. There were four instances reported in the 2009 audit.

The following voided manual receipts did not indicate the reason for the void: 83485, 83559, 83810, 84940, 85842, 86143 and 89764. There were ten instances reported in the 2009 audit.

There were three instances where the BCP# on the manual receipt log was inaccurate. There was one instance where the DSI Commit Cash Report could not be located.

Disposition: Discuss at Exit. The use of manual receipts is considered a high risk area throughout the County and has been a means of misappropriation of assets several times in the past. Our observations noted above indicate that significant improvement has been achieved in this area from 2009 to 2010. There is evidence of consistent review and follow-up to correct deficiencies. We recommend that diligence continue in this area.