



County of Berks, Office of the Controller

Berks County Services Center

633 Court Street, 12th Floor

Reading, PA 19601-4311

Phone (610) 478-6150

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Sandra M. Graffius, County Controller

Jack A. Linton, Esq., Solicitor

October 1, 2015

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

Re: Internal Auditor's Report

Dear Ms. Quigley:

We have completed our audit of the financial statements of the Berks County Jail System inmate accounts for the year ended December 31, 2014, 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**

Janine L. Quigley, Warden

Financial Audit

For the Period January 1, 2014 to December 31, 2014

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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

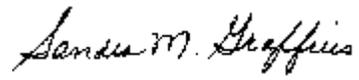
We have audited the accompanying statement of receipts, disbursements and changes in cash balance – cash basis for the Berks County Jail System inmate accounts for the year ended December 31, 2014. The financial statement is the responsibility of the Berks County Jail System inmate accounts' management. Our responsibility is to express an opinion on the statement of receipts, disbursements and changes in cash balance based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

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.

In our opinion, the statement of receipts, disbursements and changes in cash balance referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the Berks County Jail System inmate accounts for the period ending December 31, 2014, on the basis of accounting described in Note 1.

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

A handwritten signature in black ink that reads "Sandra M. Graffius". The signature is written in a cursive style with a large initial 'S'.

Sandra M. Graffius, Controller
October 1, 2015

**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, 2014**

Receipts

Commitment cash & funds from family	\$ 1,531,027
Work Release Program	271,074
Inmate Pay Program	63,085
Miscellaneous other	13,680
Interest income	<u>255</u>
Total receipts	<u>1,879,121</u>

Disbursements

Inmate Welfare Fund – commissary purchases	740,585
Inmate Welfare Fund – telephone services	403,675
Refunds to inmates	237,115
Processing fee	136,500
County of Berks – room & board	62,560
Unpaid processing fee	52,223
Petty Cash	41,157
Release of funds to inmates' relatives	71,944
Kiosk fees	32,118
Central Collections Bureau	23,548
Inmate Welfare Fund – newspaper sales	20,056
PA Support Collection & Disbursement Unit	12,004
County of Berks – drug & alcohol testing	11,437
Escheats	4,284
Inmate Welfare Fund – welfare bags	11,542
Miscellaneous – other	5,504
County of Berks – restitution	4,746
Inmate Welfare Fund – hair care	5,527
Medical	4,872
Postage	<u>4,340</u>
Total disbursements	<u>1,885,737</u>

Cash disbursements in excess of receipts	(6,616)
Cash account balance as of January 1	<u>78,598</u>
Cash account balance as of December 31	<u>\$ 71,982</u>

The accompanying notes are an integral part of this financial statement.

**Berks County Jail System
Inmate Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2014**

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.

Cash accounts:

The financial statements compiled for the Berks County Jail System inmate accounts reflect primarily 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, 2014**

Note 2: Cash and equivalents, continued

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
VIST	Inmate checking	\$ 104,992	\$ 63,476
VIST	Work Release checking	9,530	5,004
VIST	Inmate Pay checking	<u>3,502</u>	<u>3,502</u>
		<u>\$ 118,024</u>	<u>\$ 71,982</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.



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Internal Auditor's Report on Compliance and Internal Controls

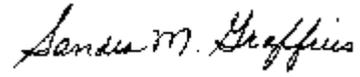
Janine L. Quigley, Warden
Berks County Jail System
County of Berks, Pennsylvania

In planning and performing our audit of the financial statement of Berks County Jail System inmate accounts as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Berks County Jail System inmate accounts' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Berks County Jail System inmate accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Berks County Jail System inmate accounts' 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 statement will not be prevented, or detected and corrected on a timely basis.

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

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

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Sandra M. Graffius, Controller
October 1, 2015