



County of Berks, Office of the Controller

Sandra M. Graffius, County Controller
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Berks County Services Center
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September 21, 2015

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

Re: Internal Auditor's Audit Report

Dear Ms. Quigley:

We have completed our audit of the financial statements of the Berks County Jail System inmate welfare fund 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, 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

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 Statement of Receipts, Disbursements and Changes in Cash Balance—Cash Basis for the year ended December 31, 2014 for the Berks County Jail System inmate welfare fund accounts. The financial statement is the responsibility of the Berks County Jail System inmate welfare fund accounts' management. Our responsibility is to express an opinion on the financial statement 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 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 that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accounts of the Berks County Jail System inmate welfare fund accounts are maintained, and the accompanying financial statement is prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the Berks County Jail System inmate welfare fund 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 welfare fund accounts' management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
September 21, 2015

**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, 2014**

Receipts	
Commissary sales	\$ 741,376
Inmate telephone services	390,566
Commissions from telephone services	156,987
Kiosk services	47,450
Newspaper sales	20,352
Postage reimbursements	9,277
Miscellaneous other	27,490
Welfare bag sales	11,652
Haircut sales	5,623
Interest income	<u>577</u>
Total receipts	<u>\$ 1,411,350</u>
Disbursements	
Commissary purchases	582,367
Inmate telephone services	350,129
Indigent kits	76,006
Kiosk expenses	49,488
Commitment supplies	35,310
Cab fare – Bus ticket	25,377
Education supplies and services	22,522
Law library, including copier lease	23,376
Recreational supplies and services	22,615
Newspaper purchases	20,696
Hygiene supplies	12,879
Equipment purchases	9,335
Postage, including equipment lease	13,065
Special Ops Program	54,000
Miscellaneous other	9,024
Barber services	9,936
Treatment supplies and services	5,880
Caller IQ System	<u>27,083</u>
Total disbursements	<u>1,349,088</u>
Cash receipts in excess of disbursements	62,262
Cash account balance as of January 1	<u>213,023</u>
Cash account balance as of December 31	<u><u>\$ 275,285</u></u>

The accompanying notes are an integral part of these financial statements.

**Berks County Jail System
Inmate Welfare Fund 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 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, 2014

Note 2: Cash and equivalents, continued

Bank	Account Type	Bank Balance	Carrying Value
VIST	Checking	\$ 252,096	\$ 202,005
VIST	Savings	<u>73,280</u>	<u>73,280</u>
		<u>\$ 325,376</u>	<u>\$ 275,285</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.



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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 the Berks County Jail System inmate welfare fund 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 welfare fund 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Berks County Jail System inmate welfare fund accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Berks County Jail System inmate welfare fund 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 statements 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 welfare fund accounts' management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
September 21, 2015