



County of Berks, Office of the Controller

Berks County Services Center

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Reading, PA 19601-4311

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Sandra M. Graffius, County Controller

Jack A. Linton, Esq., Solicitor

July 7, 2016

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

Re: Exit Conference Confirmation

Dear Ms. Quigley:

This is to confirm the exit conference scheduled for July 24, 2016, at 10:00 am that will be held at your office.

We have completed our audit of the financial statements for the Berks County Jail System Inmate Accounts for the year ended December 31, 2015 and have attached an advanced draft copy of the report for your review prior to the meeting. At this time we will be discussing findings and other necessary items.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions prior to the exit conference, please contact our office.

Sincerely,

Oliver J. Arthur



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June 7, 2016

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 for the Berks County Jail System Inmate Accounts for the year ended December 31, 2015 and have attached the report for your review and response.

I ask that you respond to me no later than July 15, 2016. For each material weakness/significant deficiency, please state whether or not you agree. If you do not agree, please state why. If you agree, please state:

- ◆ The corrective action to be taken;
- ◆ The anticipated date for implementation;
- ◆ Who will perform and implement the corrective action.

Once we receive your response, we will issue a final report, including your response, to the individuals listed on the distribution list. If we do not receive your response to the report by July 15, 2016, the report will be issued without a response. This report is intended for the Berks County Jail System Inmate Accounts's 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 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

**Annual Financial Statement Audit
For the Year Ended December 31, 2015**

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Report Distribution List

1. Janine L. Quigley, Warden
2. Christian Y. 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. Eugene A. DePasquale, Pennsylvania Auditor General
11. Reinsel, Kuntz, Leshar LLP, Certified Public Accountants
12. Audit File



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Internal Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Berks County Jail System Inmate Accounts, which comprise the statement of assets and liabilities – cash basis as of December 31, 2015, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

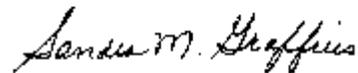
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Berks County Jail System Inmate Accounts as of December 31, 2015, and its cash receipts, disbursements and cash balance for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated July 7, 2016 on our evaluation of the Berks County Jail System Inmate Accounts' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of the audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of the audit.



Sandra M. Graffius, Controller
June 7, 2016

**Berks County Jail System Inmate Accounts
County of Berks, Pennsylvania
Statement of Assets and Liabilities – Cash Basis
As of December 31, 2015**

Assets

Cash in Bank	\$	80,765
Petty Cash Fund		400
		400
Total Assets	\$	81,165
		81,165

Liabilities and Fund Balance

Liabilities		
Inmates' Personal Funds	\$	72,260
		72,260
Total Liabilities	\$	72,260
		72,260
Fund Balance	\$	8,905
		8,905
Total Liabilities and Fund Balance	\$	81,165
		81,165

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

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, 2015

Receipts

Commitment Cash & Funds From Family	\$ 1,590,550
Work Release Program	209,532
Inmate Pay Program	63,609
Miscellaneous Other	31,845
Interest Income	177
	1,895,713
Total Receipts	1,895,713

Disbursements

Inmate Welfare Fund - Commissary Purchases	770,217
Inmate Welfare Fund - Telephone Services	460,139
Refunds to Inmates	217,496
Processing Fee	133,989
Unpaid Processing Fee	53,148
County of Berks - Room & Board	43,690
Release of Funds	33,628
Kiosk Fees	32,478
Petty Cash	29,005
Newspaper	22,837
Fine & Costs	16,103
Welfare Bags	14,014
Haircare	9,780
Support	9,716
Drug & Alcohol Tests	7,877
Escheatables	6,754
Void Check Writing Error	5,309
Miscellaneous Other	4,685
Postage	4,521
Medical	4,061
County Restitution	3,985
Reconciliation Discrepancies	2,544
NSF Checks Returned	954
	1,886,930

Total Disbursements

1,886,930

Cash receipts in excess of disbursements

8,783

Cash account balance as of January 1

71,982

Cash account balance as of December 31

\$ 80,765

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

Berks County Jail System Inmate Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1: Nature of the office and significant accounting policies

Nature of the office:

Berks County Jail System is a County Correctional Institution that holds pre-trial and County sentenced inmates 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.

**Berks County Jail System Inmate Accounts
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
For the Year Ended December 31, 2015**

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:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
VIST	Inmate checking	\$ 140,899	\$ 72,260
VIST	Work Release checking	10,398	5,003
VIST	Inmate Pay checking	3,502	3,502
Cash	Cash on hand	400	400
		<u>\$ 155,199</u>	<u>\$ 81,165</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: Legal Matters

Our audit disclosed no pending litigation involving the Berks County Jail System Inmate Accounts or Janine L. Quigley, Warden that would affect the financial statements for the year ended December 31, 2015.



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Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

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

In planning and performing our audit of the financial statements of the Berks County Jail System Inmate Accounts as of and for the year ended December 31, 2015, 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 statements, 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 statements will not be prevented, or detected and corrected 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material

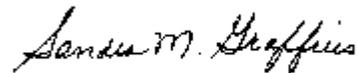
weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Recommendations that we consider to be significant deficiencies.

The Jail System Inmate Accounts management responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Jail System Inmate Account's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the responses.

As part of obtaining reasonable assurance about whether the Berks County Jail System Inmate Accounts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect in 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.

We noted certain matters that we reported to management of the Berks County Jail System Inmate Accounts in a separate letter dated July 7, 2016, regarding voided checks and work release program account transfer calculations.

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. This report is, however, a matter of public record and its distribution is not limited.



Sandra M. Graffius, Controller
July 7, 2016

**Berks County Jail System Inmate Accounts
County of Berks, Pennsylvania
Schedule of Audit Findings and Recommendations**

Significant Deficiency and Management's Response

1. Manual Receipts

Condition: During our review, Internal Audit selected two months (July and November 2015) of receipts (from 6,705 Intake-issued commit cash receipts) for review and noted the following control weaknesses, which were the same or similar to those identified during the prior year:

Eight receipts ("Cash Receipt Memorandums") were not physically located/ maintained with daily files: 2015-3693, 2015-3694, 2015-3698, 2015-3699, 2015-3070, 2015-3799, 2015-3913 and 2015-4053.

Two physical receipts that were maintained with daily files were incorrectly prepared or printed: 2015-2474 and 2015-3387. With respect to 2015-3387 the receipt date was 7/22/2015; however, the Cash Receipts Memorandum listed the date as 6/24/2015.

One receipt, 2015-6063 listed on the Report to the District Attorney – Commitments was duplicated on 11/20/2015 for one inmate and then used on 11/21/2015 for another inmate.

Recommendation: We recommend that Intake ensure that receipts are accurately prepared in sequential order for all inmates, and that physical copies of all receipts are printed and retained.

Management's Response: At this time the management staff of the Berks County Jail System is working with our inmate telephone vendor to provide a kiosk in our Booking Department. This kiosk will have the ability to accept cash and coin while generating a printed receipt in the presence of the inmate; rather than our current process. Our current process involves the correctional officer physically counting all monies before they can start the process of generating a receipt which often leads to human error. Currently the Jail does not have an arrival date of the kiosk. However, until we are able to obtain a kiosk, we will implement the following plan:

The corrective action to be taken: The Booking Lieutenant, Jennifer Sharp, is currently implementing a "check" between the District Attorney's sheet and the Cash Journal Sheet at the end of each shift. This check should ensure that any inmate committed to our facility has a commitment receipt. The Booking Supervisor will review this process on a daily basis. Lastly, the Inmate Accounts clerks will then review this information and present any errors found to the Booking Supervisors through a written report.

The anticipated date for implementation: The start date for this process will begin on July 18, 2016.

Who will perform and implement the corrective action: Jennifer Sharp, Booking Lieutenant & Kaitlin Kowalewski, Business Manager