



# County of Berks, Office of the Controller

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**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

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 25, 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 Welfare Fund 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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July 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 Berks County Jail System Inmate Welfare Fund Accounts for the year ended December 31, 2015, and have attached the report for your review and consideration.

Since there was no material weakness/significant deficiency 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 Berks County Jail System Inmate Welfare Fund 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 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 Welfare Fund 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 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, Leshner 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 Berks County Jail System Inmate Welfare Fund 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*

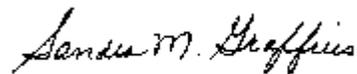
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Berks County Jail System Inmate Welfare Fund Accounts as of December 31, 2015, and its cash receipts, disbursements and cash balance for 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 Welfare Fund 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  
July 7, 2016

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

**Assets**

Cash - Checking	\$ 191,050
Cash - Savings	73,427
Loan to Work Release Account	5,000
Loan to Inmate Pay Account	3,500
Loan to BOJE	<u>300</u>
<b>Total Assets</b>	<b><u><u>\$ 273,277</u></u></b>

**Liabilities**

Reserve monies for inmates' betterment	\$ 171,768
Due to Oasis Management Systems	64,202
Due to DSI-ITI LLC	31,308
Due to Reading Eagle	2,364
Due to LexisNexis	858
Due to Comcast	1,812
Due to Tompkins Credit	470
Due to Carl R. Bieber	244
Due to US Postal Service	192
Due to Office Depot	52
Due to Inmate Reimbursement	<u>7</u>
<b>Total Liabilities</b>	<b><u><u>\$ 273,277</u></u></b>

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

**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, 2015**

**Receipts**

Commissary sales	\$ 699,584
Inmate telephone services	427,384
Commissions from telephone service	174,944
Kiosk services	54,753
Newspaper sales	21,826
Welfare bag sales	13,563
Miscellaneous other	12,124
Haircut sales	9,544
Postage reimbursements	8,059
Reimbursement from County of Berks	4,952
Interest income	732
<b>Total Receipts</b>	<b>\$ 1,427,465</b>

**Disbursements**

Commissary purchases	\$ 549,256
Inmate telephone services	471,736
Indigent kits	84,905
Special Ops Program	59,420
Kiosk expenses	56,975
Commitment supplies	35,607
Education supplies and services	26,710
Law library, including copier lease	24,859
Transportation - Inmates	24,646
Newspaper purchases	23,868
Recreational supplies and services	16,079
Barber services	15,204
Hygiene supplies	13,583
Miscellaneous other	12,551
Postage, including equipment lease	10,555
Treatment supplies and services	9,920
Equipment purchases	2,399
<b>Total Disbursements</b>	<b>\$ 1,438,273</b>

<b>Cash disbursements in excess of receipts</b>	<b>(10,808)</b>
Cash account balance as of January 1	275,285
<b>Cash account balance as of December 31</b>	<b>\$ 264,477</b>

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**  
**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 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 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.

**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:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
VIST	Checking	\$ 207,383	\$ 191,050
VIST	Savings	73,427	73,427
		<u>\$ 280,810</u>	<u>\$ 264,477</u>

These funds are considered cash equivalents for financial statement purposes.

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

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 Welfare Fund Accounts or Warden Janine Quigley 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 Berks County Jail System Inmate Welfare Fund 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 Berks County Jail System Inmate Welfare Fund Account's 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 Account's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berks County Jail System Inmate Welfare Fund Account's 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.

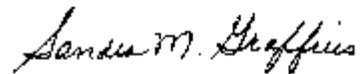
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify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

As part of obtaining reasonable assurance about whether the Berks County Jail System Inmate Welfare Fund Account's 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 Welfare Fund Accounts in a separate letter dated July 7, 2016, regarding voided checks and escheats.

This report is intended for the information and use of the County of Berks Board of Commissioners and Berks County Jail System Inmate Welfare Fund Account's management. This report is, however, 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  
July 7, 2016