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Audit Report

**DEPARTMENT OF  
CORRECTIONS-INMATE  
PERSONAL PROPERTY  
ACCOUNT**

As of May 31, 2018

**Office of the Controller  
County of Northampton  
Pennsylvania**



**RICHARD J. SZULBORSKI**

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August 10, 2018

Members of the Northampton County Council  
Lamont G. McClure, Jr., County Executive  
County of Northampton, Pennsylvania

We have completed an audit of the Department of Corrections – Inmate Personal Property Account as of May 31, 2018.

The Executive Summary on page 1 summarizes the audit results, while the Audit Results section provides a detailed explanation.

We acknowledge the cooperation and assistance we received from the Department of Corrections Staff, especially the Jail Accountant and the Clerical Specialist. Their help was essential to the performance of this audit.

Very truly yours,

Richard J. Szulborski  
County Controller

Gary M. Krall, CMA  
Auditor

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## **EXECUTIVE SUMMARY**

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The Department of Corrections (Jail) is charged in their fiduciary capacity with ensuring that inmate funds are properly safeguarded and accounted for. This is accomplished through written policies and procedures, adequate internal controls, and effective supervisory oversight. Our audit demonstrated that these dynamics are in place and are robust. Inmate funds are properly secured and are accounted for.

Additional information on this audit is available in the remainder of this report.

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## INTRODUCTION

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The Jail maintains an Inmate Personal Property Account (IPP) for funds belonging to incarcerated inmates. The process starts in the inmate intake area in central booking where an inmate has an account established in the Jail's computer system called the Offender Management System (also referred to as Jail Management System or DSI) from Digital Solutions Inc. (DSI). Any funds that an inmate has on their person when they are booked go into the IPP account. Funds that an inmate receives from people on the outside (money orders, credit & debit card payments, and certified or cashier's checks), and money they may earn while working a job within the Jail (inmate payroll) are also deposited into their account. Inmates may use funds in their account to make purchases from the commissary, to send money to designated family members and to pay cost recovery items such as medical visits, haircuts or room and board. Upon release, checks are mailed to inmates for any funds remaining in their account after cost recovery fees are paid. If a check is returned to the Jail as undeliverable, the money goes back into the inmate's account and the account is charged a monthly administrative fee (\$5) until the account balance is zero or the funds are eligible to be turned over to the Pennsylvania Department of Revenue after three years – whichever condition occurs first.

The Inmate Personal Property Account funds are maintained in a separate bank account and are accounted for on the County's financial system as an Agency Fund. An Agency Fund is used to account for assets held by a government on behalf of individuals, other governments or other agencies. As of May 31, 2018 the checking account at Lafayette Ambassador Bank had a balance of \$43,652.32.

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## **PURPOSE AND SCOPE**

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The audit was conducted as part of our routine rotation of audits involving Jail operations.

The purpose of the audit was:

- ◆ To determine if internal controls over the processing of financial transactions are adequate.
- ◆ To determine compliance with policies and procedures, laws and regulations.
- ◆ To determine if processes are efficient and effective.

Our scope included receipts and disbursements to the Inmate Personal Property Account that occurred between June 1, 2017 and May 31, 2018, and the reconciliation of inmate funds to the County's financial records as of May 31, 2018.

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## **METHODOLOGY**

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Our methodology included:

- ◆ Interviews with Jail personnel.
- ◆ Review of applicable policies and procedures.
- ◆ Testing receipts, disbursements and activity to inactive accounts.
- ◆ Reviewing monthly bank reconciliations and reconciliation to DSI.

We relied on computer-processed data contained in DSI to research the history of inmate accounts, test receipts and disbursements, and reconcile the bank balance to DSI. The reliability of the application controls over DSI was evaluated using a computer controls questionnaire completed by the DSI system users in the Jail. The controls were found to be adequate and effective.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal controls are included in the Audit Results section of the report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## **AUDIT RESULTS**

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No major audit findings were discovered during the testing of the Department of Corrections. We did note three minor exceptions which were addressed and corrected by management during fieldwork. Internal controls over cash receipts, disbursements and cash accounting are functioning as intended.

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## **ISSUES RESOLVED DURING FIELDWORK**

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Throughout the audit process it was apparent that the Jail staff was committed to making their fiscal operations run as efficiently and effectively as possible. The recently hired Jail accountant has a good command of systems and procedures, and accommodated all of our requests for information and questions we had. The new Jail management team is supportive of the Jail fiscal group and realizes the important role they play in the operation of the Jail. Management was genuinely interested in our process and findings and was eager to correct any deficiencies we noted.

The areas where immediate attention was directed include the following:

- The clerical specialist who prepares checks no longer runs the DSI report that determines which inmates were released and are owed funds. The Jail accountant will run the report when needed.
- On four occasions it took 2 or more business days for manual checks payable to the County to be received in Revenue Division. The delays were attributed to the absence of an authorized signer. The Department of Corrections has recently requested that the number of authorized signers in the department be increased from two to five adding 3 individuals to the authorization list.
- A journal entry for May bank account activity was unposted due to an input error during our review of the bank reconciliation. Consequently, the book cash balance did not agree with the IFAS account balance. The entry was posted by fiscal affairs correcting the imbalance in the bank reconciliation.