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Audit Report

**CORRECTIONS'
COMMISSARY &
INMATE TELEPHONE
SYSTEM**

Year Ended December 31, 2011

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



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August 13, 2012

Members of the Northampton County Council
John Stoffa, County Executive
County of Northampton, Pennsylvania

We have completed an audit of the Corrections' Commissary and Inmate Telephone System as of December 31, 2011.

Our audit disclosed no reportable audit concerns. A few immaterial issues were discussed with management and resolved.

We acknowledge the cooperation and assistance we received from the Department of Corrections. Their help was essential to the performance of this audit. We commend them for their efforts to properly offer commissary and inmate telephone services to the inmates, and to properly record the financial transactions.

Our report was reviewed with management before its release.

Very truly yours,

Stephen J. Barron, Jr., CFE
County Controller

Paul L. Albert, CIA
Lead Auditor

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INTRODUCTION

The Northampton County Department of Corrections (Jail) provides commissary services to inmates through an outside vendor. Keefe Commissary Network (KCN), the largest supplier of privatized commissary operations in the United States, was awarded the contract effective 5/17/2010. The contract term expires 5/16/2013 and provides the County with a 45.5% commission on commissary items purchased by inmates. Inmates order goods through an automated inmate telephone system which is linked to their inmate personal property account in the Jailhouse Management System (JMS). Orders are placed weekly and individual orders may not exceed \$100. Commissions earned on commissary purchases are classified as revenue for the Jail and are used to offset Jail expenditures. The table below lists the amount of revenue earned by the commissary for the last four years.

Schedule of Profits from Commissary Sales

Year	Commissary Revenue
2008	148,130
2009	159,916
2010	165,795
2011	198,306

Another component of this audit is inmate telephone services. The County contracted with Inmate Telephone Inc. to provide inmates the ability to make outside telephone calls. The contract with the County runs from 12/20/07 through 12/20/12, and Inmate Telephone, Inc. pays the County a 53% commission on all calls made by inmates. Telephone commissions are classified as revenue to the Jail and are used to offset Jail expenditures. The table below shows the telephone commissions that were earned by the Jail over the last four years.

Schedule of Profits from Inmate Telephone Services

Year	Telephone Revenue
2008	238,780
2009	297,038
2010	280,552
2011	269,565

PURPOSE AND SCOPE

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

The purpose of the audit was:

- To determine if controls over the processing of financial transactions are adequate.
- To determine if processes are in compliance with laws and regulations.
- To determine if processes are efficient and effective.

Our tests were conducted on transactions occurring during the period January 1, 2011 through December 31, 2011.

METHODOLOGY

Our methodology included:

- Researching contracts and speaking with individuals in Procurement.
- Interviewing individuals in the commissary and other areas of the Jail to document various processes.
- Reviewing those processes to identify and assess internal controls, and economy and efficiency.
- Identifying applicable policies, procedures, laws and regulations.
- Analyzing commissary and inmate telephone revenue over the last four years.
- Testing transactions for compliance and internal controls.

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.

AUDIT RESULTS

No major findings were discovered during the testing of the commissary and inmate telephone system; however, we did note some minor improvements that could be made to the Jail's Policy Manual. Management stated that they would make the changes we recommended.