

**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, 2017



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Office of the Controller



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Tony Distasio, Esq., Solicitor

Internal Auditor's Report

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

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements and the Changes in Cash Balance of the Berks County Jail System Inmate Welfare Fund Accounts for the year ending December 31, 2017.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

Internal Auditor's Responsibility

Our responsibility is to annually audit the account of the Inmate Welfare Fund Accounts and to report the results of the audit to the Berks County Commissioners, the Berks County Prison Board and to the Prison administration.

Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinion

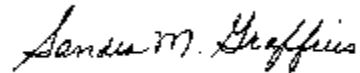
In our opinion, the financial statement referred to above presents fairly, in all material respects, its cash receipts, disbursements and cash balance for the year ending December 31, 2017 in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is 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 November 30, 2018 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
November 30, 2018

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, 2017

Receipts

Commissary sales	\$ 789,966
Inmate telephone services	294,584
Commissions from telephone service	137,910
Newspaper sales	21,216
Welfare bag sales	12,692
Haircut sales	7,793
Reimbursement from County of Berks	6,925
Miscellaneous other	5,890
Postage reimbursements	4,093
Kiosk services	2,077
Interest income	1,319
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Total Receipts	\$ 1,284,465

Disbursements

Commissary purchases	\$ 661,144
Inmate telephone services	283,305
Special Ops Program	55,009
Transportation - Inmates	25,932
Indigent kits	24,051
Newspaper purchases	22,650
Law library	22,296
Recreational supplies and services	18,913
Education supplies and services	17,125
Hygiene supplies	14,190
Commitment supplies	14,093
Treatment supplies and services	12,688
Barber services	11,256
Kiosk expenses	10,096
Miscellaneous other	5,729
Disbursement to Inmate Accounts	5,327
Postage, including equipment lease	5,197
Equipment purchases	337
	<hr/>
Total Disbursements	\$ 1,209,338

Cash receipts in excess of disbursements	75,127
Cash account balance as of January 1	442,500
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Cash account balance as of December 31	\$ 517,627

The accompanying notes are an integral part of the financial statement.

Berks County Jail System Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Notes to Financial Statement
For the Year Ended December 31, 2017

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. The purpose of the Welfare Fund Accounts is to use its funds exclusively for the betterment of the inmates.

Administrative costs and expenses incurred by the Berks County Jail System Inmate Welfare Fund Accounts are reflected on the books and records of the County of Berks and not on the financial statement.

Basis of accounting:

The books and records of the Berks County Jail System Inmate Welfare Fund Accounts are maintained on the cash basis of accounting; therefore, the financial statement presented herein does not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

Note 2: Cash

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	\$ 244,268	\$ 243,592
VIST	Savings	<u>274,035</u>	<u>274,035</u>
		<u>\$ 518,303</u>	<u>\$ 517,627</u>

Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

Berks County Jail System Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Notes to Financial Statement - Continued
December 31, 2017

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 statement for the year ended December 31, 2017.

Note 4: Subsequent Events

Management has evaluated subsequent events through November 30, 2018, which is the date the financial statement was available to be issued.

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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 statement of Berks County Jail System Inmate Welfare Fund Accounts for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered 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 statement, but not for the purpose of expressing an opinion on the effectiveness of Berks County Jail System Inmate Welfare Fund Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 statement 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 Berks County Jail System Inmate Welfare Fund Accounts' financial statement is 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 the management of Berks County Jail System Inmate Welfare Fund Accounts in a separate letter dated November 30, 2018.

This report is intended solely for the information and use by the management of Berks County Jail System Inmate Welfare Fund Accounts and other affected county offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is 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
November 30, 2018