

**Berks County Jail System
Inmate Welfare Fund Accounts
County of Berks, Pennsylvania**

Jeffrey R. Smith, Warden

Annual Financial Statement Audit

For the Year Ended December 31, 2022



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Tony Distasio, Esq., Solicitor

Internal Auditor's Report

Jeffrey R. Smith, Warden
Berks County Jail System
County of Berks, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Change in Cash Balance of Berks County Jail System - Inmate Welfare Fund Accounts as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Berks County Jail System - Inmate Welfare Fund Accounts' basic financial statements as listed in the table of contents.

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, 2022 in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Berks County Jail System - Inmate Welfare Fund Accounts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement. 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Berks County Jail System - Inmate Welfare Fund Accounts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Internal Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to annually audit the accounts of every magistrate or district judge within the County and to report the results of such audits to the Berks County Commissioners, the Berks County President Judge, the Auditor General of Pennsylvania, and to the governing body of each political subdivision which is entitled to receive funds collected on its behalf by the District Court.

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Berks County Jail System - Inmate Welfare Fund Accounts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Berks County Jail System - Inmate Welfare Fund Accounts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

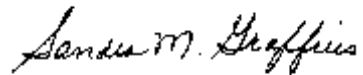
We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not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

Management has omitted the management's discussion and analysis. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023, on our consideration of Berks County Jail System - Inmate Welfare Fund Accounts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the

scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Berks County Jail System - Inmate Welfare Fund Accounts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berks County Jail System - Inmate Welfare Fund Accounts' internal control over financial reporting and compliance.

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
September 14, 2023

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, 2022

Receipts

| | |
|------------------------------------|-------------------------|
| Commissary Sales | 571,391 |
| ITI Debit Charges | 297,342 |
| Commissions from Telephone Service | 222,858 |
| Tablet Commission | 214,642 |
| Securepak Commission | 38,678 |
| Commissary Restitution | 11,837 |
| COB General Fund Reimbursement | 10,906 |
| Newspaper Sales | 10,290 |
| Interest Income | 9,258 |
| Welfare Bag Sales | 5,268 |
| Hair Care | 4,356 |
| Postage | 4,344 |
| Refunds | 1,373 |
| Transportation | 1,120 |
| Quarterly Interest Transfer IA | 355 |
| Postal Packs | 64 |
| Forfeit of Funds | 60 |
| Photocopy Fees | 25 |
| Total Receipts | <u>1,404,168</u> |

Disbursements

| | |
|------------------------------------|-----------------------|
| Commissary purchases | 348,077 |
| Inmate telephone services | 285,525 |
| Special Ops Program | 68,566 |
| Indigent kits | 66,605 |
| Education supplies and services | 43,496 |
| Miscellaneous other | 36,691 |
| Law library | 25,077 |
| Hygiene supplies | 13,526 |
| Newspaper purchases | 11,949 |
| Transportation - Inmates | 9,882 |
| Commitment Kits | 9,230 |
| Recreational supplies and services | 8,040 |
| Postage, including equipment lease | 6,823 |
| Barber services | 5,945 |
| Treatment supplies and services | 3,731 |
| Equipment purchases | 3,544 |
| Disbursement to Inmate Accounts | 238 |
| Reimbursement | 195 |
| Total Disbursements | <u>947,138</u> |

| | |
|--|-----------|
| Cash receipts in excess of disbursements | 457,030 |
| Cash account balance as of January 1 | 1,379,459 |
| Cash account balance as of December 31 | 1,836,489 |

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, 2022

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 | 1,201,912 | 1,184,023 |
| Vist | Savings | 652,466 | 652,466 |
| | | <u>1,854,378</u> | <u>1,836,489</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, 2022**

Note 3: Legal Matters

Our audit disclosed no pending litigation involving the Berks County Jail System Inmate Welfare Fund Accounts or Warden Jeffery Smith that would affect the financial statement for the year ended December 31, 2022.

Note 4: Subsequent Events

Management has evaluated subsequent events through September 14, 2023, 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

Jeffrey R. Smith, 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, 2022, 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.

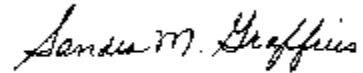
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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 September 14, 2023.

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
September 14, 2023