

Lancaster County Prison Audit Report

For the period of January 1, 2014 through December 31, 2014



Brian K. Hurter, CPA
Lancaster County Controller

Lancaster County Prison Audit
For the period of January 1, 2014 through December 31, 2014

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Controller's Office

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Controller
Brian K. Hurter, CPA

August 5, 2016

Cheryl Steberger, Warden
Lancaster County Prison
625 East King Street
Lancaster, PA 17602

Dear Ms. Steberger:

Attached is the audit report for the Lancaster County Prison ("Prison"), prepared by the Lancaster County Controller's Office. Our annual examination procedures were performed covering the period of January 1, 2014 through December 31, 2014, which covers the 2014 fiscal year. We have tested and audited the financial affairs pertaining to the Prison's Inmate General Welfare Fund, Capital Projects Account, and Commissary Store Account, for purposes of satisfying Pennsylvania Code Chapter 95, Regulation 95.239. We hope to provide recommendations for improvement to internal control, as well as continued efficiency over the Prison's operations. It is the responsibility of the Prison's management to ensure the operations and financial affairs are in compliance with applicable laws. We do not express an opinion or provide any assurance on the information examined because the limited procedures executed do not provide us with sufficient evidence to express an opinion. We did, however, note some instances that warrant mention and recommendations for correction and/or improvement, and they are described in the Findings and Observations section of this report.

Our responsibility is to audit the specific Prison accounts listed above, and to report the results of the audit to the Lancaster County Commissioners, the Lancaster County Prison Board, and the Lancaster County Prison Administration.

We acknowledge the cooperation and assistance that we received from the Lancaster County Prison personnel. Their help was instrumental to the performance of this audit.

This report is intended for the information and use of the Lancaster County Prison administration, the Lancaster County Board of Commissioners, and the Lancaster County Prison Board and is not intended and should not be used by anyone other than these specified parties without consent. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
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cc: Lancaster County Board of Commissioners
Lancaster County Prison Board



Lancaster County Prison
Relevant Audit Notes
For the period January 1, 2014 through December 31, 2014

Note A – PRISON MISSION STATEMENT

The mission of the Lancaster County Prison is to provide for the humane and secure care, custody, and control of those individuals who are charged with criminal offenses, while also providing for the protection and safety of the community through the detention of such individuals.¹

Note B – DESCRIPTION OF PRISON

The Prison, located at 625 East King Street in the City of Lancaster, is a County owned and operated facility, and it is governed by the Lancaster County Prison Board, which is comprised of the County Commissioners, President Judge, District Attorney, Sheriff, and Controller. The Warden of the Prison is Cheryl Steberger, the Deputy Warden for Operations is Alex Croci, the Deputy Warden for Inmate Services is Joe Shiffer, the Major is Robert Wolfe, and the Director of Administrative Services is Tammy Moyer. Warden Cheryl Steberger began her new role on March 21, 2016. The Prison acts as the custodian of those being held in custody pending the result of their charges and those who are sentenced to imprisonment for two years or less.

The Prison is a fundamental part of the operations of the County of Lancaster, and it conducts many programs which are necessary to help address the issues, addictions, and the educational needs of the inmates in custody. These programs are adapted based on the needs of the inmates and evolving provisions of the law.

The Warden manages the Prison with the help of her Deputies, Major, and Director of Administrative Services. The Warden oversees the activities of the Prison's staff, including correctional officers, supervisors, unit managers, and administrative and support staff. The Warden indirectly manages all Prison staff to ensure the safety and security at the Prison. It is also the responsibility of the Warden to maintain the proper treatment of inmates, which includes the care, custody, and control of those inmates.

The Prison's management and its Prison Board believe in the rehabilitation of those in custody. It is necessary to identify issues relating to the inmate's criminality and to implement, maintain, and monitor programs that will prepare them to confront these issues in a constructive manner. The Prison attempts to prepare inmates to return to society as contributing and productive members.

¹ Taken directly from Prison's website (<http://www.co.lancaster.pa.us/153/Prison>)

Lancaster County Prison
Relevant Audit Notes (*Continued*)
For the period January 1, 2014 through December 31, 2014

Note C – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2014 through December 31, 2014, which covers the 2014 fiscal year.

A sample of receipts and expenses for the Inmate General Welfare Fund, Capital Projects Account, and Commissary Store Account were selected for the 2014 year and a number of procedures were performed to test the accuracy, proper approval, account coding, and allowability of those transactions.

Note D – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Prison reports on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenses are recognized when the disbursement is made.

Note E – OBSERVATIONS, FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

The Controller reported certain observations and findings along with recommendations for improvement as a result of the examination performed over the transactions of the Inmate General Welfare Fund, Capital Projects Account, and Commissary Store Account. The Warden provided responses to these observations and recommendations. The sections detailing both follow this note.

Lancaster County Prison
Audit Findings and Observations
For the period January 1, 2014 through December 31, 2014

This section of the report presents the findings and observations that resulted from our annual examination of the financial records. Following the findings and observations, we provide recommendations to correct or better the described occurrences.

Finding 1 – Unapproved Inmate General Welfare Fund expenditures according to Policy:

Background:

The Lancaster County Prison adopted an Inmate General Welfare Fund (“IGWF”) Policy, updated February 2013, which states specifications of how to handle the revenue and expenditures of the IGWF account. The Inmate General Welfare Fund is only to be used in ways described under the IGWF Policy. The IGWF Policy describes where the revenue comes from, and which expenditures can be charged from the account. The policy supersedes all other Prison policies and procedures related to the Inmate General Welfare Fund.

Description:

During the audit of the 2014 fiscal year, a sample of twenty-five expenditures were tested from the Inmate General Welfare Fund. A series of procedures were performed to test for accuracy, proper approval, account coding, and allowability of these expenditures. There were four of the twenty-five expenditures tested that were not distinctly listed as an approved expenditure according to the IGWF Policy. These four expenditures were all related to the bar screen cleanout at the Prison.

Finding 2 – Excess Monies Transferred for Capital Projects that went unused:

Background:

On PeopleSoft, the County’s financial management software, departments have accounts that are used to record receipts and expenditures, which in turn assists the County in making their financial statements. The Prison has a specific account designated for capital projects. When capital projects arise, the Prison requests a transfer of monies into the Capital Project Account and purchase orders can be paid from this account. The Prison can continually request transfers of monies into the account, but once the year-end adjustments occur, the Prison cannot request transfers of monies out of the account.

Description:

When testing the Capital Projects Account, we sampled ten projects. During the testing of these projects, we reviewed the monies transferred in for the capital projects and compared that amount against the monies transferred out to pay for the purchase orders for those projects.

Lancaster County Prison
Audit Findings and Observations (*Continued*)
For the period January 1, 2014 through December 31, 2014

Finding 2 – Excess Monies Transferred for Capital Projects that went unused (*Continued*):

Description (*Continued*):

Four of the ten projects transferred the money to cover the purchase order, but the actual expenses were less than total money transferred for the purchase order. The Prison did not request a transfer of the unused monies out of the account after the purchase orders were closed. When this situation occurs and a new fiscal year begins, all year-end adjustments are completed, the Prison will lose the excess money, and it will be transferred to the County's General Fund. For the 2014 audit year, there was \$28,198.68 transferred to the General Fund from those four projects. These funds could have been utilized for other capital projects at the Prison.

Lancaster County Prison
Audit Recommendations
For the period January 1, 2014 through December 31, 2014

In the preceding section of this report, we listed findings and observations from our examination. This section of the report presents the recommendations we have provided to correct or better the described occurrences listed in the Audit Findings and Observations.

1. Update Inmate General Welfare Fund Policy to include all subclass codes on PeopleSoft financial software as approved expenditures.
2. Review Inmate General Welfare Fund Policy regularly to ensure policy is accurately followed and applicable to current Prison activities.
3. The Prison should get approval for the estimated total cost of the capital project at the start of the project and transfer the monies to the Capital Project Account. When a capital project is completed, any remaining balance should be transferred back to the Store Account. When a capital project will go into the next year, the purchase order for the capital project should be closed before the end of the year-end adjustment period (before February). The remaining balance of the capital project should be transferred back to the Store Account for the current budget year. This balance can then be transferred back to the Prison budget for the next year and a new purchase order can be created.

Lancaster County Prison
Audit Summary of Facts
For the period January 1, 2014 through December 31, 2014

We have performed specific procedures to assist in evaluating internal control and continued effectiveness of the Lancaster County Prison for the 2014 fiscal year. Our procedures performed were created to satisfy Pennsylvania Code Chapter 95, Regulation 95.239. The purpose of this audit was to specifically test the transactions of the Prison's Inmate General Welfare Fund, Capital Projects Account, and Commissary Store Account.

Reportable conditions involved issues coming to our attention relating to significant deficiencies or non-compliance that could adversely affect the Prison records. These conditions could adversely affect the Prison's ability to record and report financial data consistent with those standards of management. While conducting our audit, we noted findings, observations, and issues of non-compliance which are described in the Audit Findings and Observations section above. None of the findings or observations led us to believe that significant deficiencies had occurred.

We sampled transactions from specific Prison accounts to ensure they are executed in accordance with management's approval. Inherent limitations in any internal control structure can cause errors or irregularities that may occur and not be detected. We noted no matters involving the internal control structure and its operation that we consider reportable conditions. In future audits, we will continue to re-evaluate the internal control structure to ensure that policies and procedures do not become inadequate or ineffective because of changes in conditions or design.

Our testing would not necessarily disclose all matters in the internal control structure that might be reportable conditions. We did, however, note a need to update the current policies and procedures.

We conducted our audit to obtain a reasonable understanding about whether the Prison accounts tested are free of material misstatement, to adhere to Pennsylvania Code Chapter 95, Regulation 95.239, and to determine the accuracy of specific receipts and expenses. We did not express an opinion or provide any assurance on the information examined because the limited procedures executed do not allow us sufficient evidence to express an opinion.

Lancaster County Prison
Audit Responses – August 4th, 2016
For the period January 1, 2014 through December 31, 2014

This section of the report presents responses from the Lancaster County Controller's Office to the responses received from the Warden on August 3, 2016 in regards to the Lancaster County Prison draft audit, which was sent to the Prison on July 22, 2016.

- A. In response to recommendation #1: The Warden and Prison administration believe the policy should be revised as needed, to include subclass codes.

Controller's Office Response: The Controller's Office re-affirms our recommendation.

- B. In response to recommendation #2: The Warden and Prison administration believe this policy should be reviewed annually and will discuss the review process at a future Prison Board meeting.

Controller's Office Response: The Controller's Office re-affirms our recommendation. This policy should be reviewed annually by Prison administration, and any necessary updates should be presented to the Prison Board.

- C. In response to recommendation #3: The Warden and Prison administration agree with the Controller's Office recommendation and will work to implement these procedures immediately.

Controller's Office Response: The Controller's Office re-affirms our recommendation. The Controller's Office will work with the Prison staff as needed regarding the transfer of funds and will review the activity in the Capital Project Account.

Controller's Office Summary:

We believe that the Prison can continue to run effectively and efficiently with the implementation of the recommendations provided. The willingness of the Warden and her staff, shows their continued dedication to providing the best service to the inmates of the Lancaster County Prison. We will monitor our findings and recommendations in future audits to assure the recommendations are being properly adhered to.