

Lancaster County Prison Audit Report

For the period of January 1, 2015 through December 31, 2015



Brian K. Hurter, CPA
Lancaster County Controller

Lancaster County Prison Audit
For the period of January 1, 2015 through December 31, 2015

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Controller
Brian K. Hurter, CPA

September 13, 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, 2015 through December 31, 2015, which covers the 2015 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 also selected a sample of current and previously released inmate records to test and audit, to ensure that inmates were not released at a time that was not according to their term length. This additional testing that occurred for the 2015 Prison audit is described in detail in the report. We hope to provide recommendations for improvement to internal control, as well as continued efficiency over the Prison's operations. Additionally, we hope our recommendations can help the processes for storage, filing, and review of the documents located at the Prison. 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 it 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
mw

cc: Lancaster County Board of Commissioners
Lancaster County Prison Board



Lancaster County Prison
Relevant Audit Notes
For the period January 1, 2015 through December 31, 2015

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 the 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, 2015 through December 31, 2015

Note C – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2015 through December 31, 2015, which covers the 2015 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 2015 year and a number of procedures were performed to test the accuracy, proper approval, account coding, and allowability of those transactions.

There was additional procedural testing completed for the 2015 Lancaster County Prison audit that is further explained in **Note E** of the audit report.

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 – ADDITIONAL TESTING

It was discovered during May 2016 that an inmate had been detained at the Lancaster County Prison for an additional seventeen months longer than the inmate's required sentence. A special audit of the inmate records was requested to be conducted at the Prison. A sample of current inmates and inmates previously released from the Prison were selected and the term length documentation was audited and reviewed for each inmate. Any findings, observations, and recommendations that resulted from those additional procedures are detailed in this report. We hope with our recommendations that we can help the processes for storage, filing, and review of the documents located at the Prison.

Prior to the release of any findings, observations, and recommendations in this audit report, the Prison has already begun working on corrective action to ensure this issue does not occur again. Immediately after the discovery, an internal review of inmate records was conducted by staff in the Records Department of the Prison. The internal review was conducted to ensure there were not any additional issues regarding inmates and their Prison term lengths that required immediate attention. Prison officials have also implemented a Unified Case Management System ("UCM"), to track inmate releases and ensure that court dockets and orders are attached to the correct inmate. Additionally, the Prison has begun scanning the court orders entered into the UCM system for reference. This replaces the previous electronic system used by the Prison.

Lancaster County Prison
Relevant Audit Notes (*Continued*)
For the period January 1, 2015 through December 31, 2015

Note F – STATUS OF PREVIOUS AUDIT FINDINGS, OBSERVATIONS, AND RECOMMENDATIONS

On August 5th, 2016, the Lancaster County Controller issued an audit report to the Warden of the Lancaster County Prison. This audit report was for the period of January 1, 2014 to December 31, 2014. The audit report noted two findings along with three recommendations. Please refer to that audit report for a description of the prior findings, observations, and recommendations. The Lancaster County Controller will review the status of both the 2014 and 2015 audit findings, observations, and recommendations during the 2016 audit.

Note G – 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. Additionally, the Controller reported observations, findings, and recommendations for improvement as a result of the examination performed regarding the inmate records. 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, 2015 through December 31, 2015

This section of the report presents the findings and observations that resulted from our annual examination. 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 2015 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 two of the twenty-five expenditures that were not distinctly listed as an approved expenditure according to the IGWF Policy. These two expenditures were both listed as miscellaneous expenditures for the Prison. This finding was also noted in the 2014 audit report, which was dated August 5th, 2016.

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 Projects 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.

Lancaster County Prison
Audit Findings and Observations (*Continued*)
For the period January 1, 2015 through December 31, 2015

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

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. Six 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 for the six projects 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. Additionally, there were two projects where the actual expenses were more than the money transferred in for the purchase order. For these two projects, the Prison did not request a transfer of additional money into the Capital Projects Account to cover the excess expenses. For the 2015 audit year, there was a net amount of \$7,197.25 that was transferred to the General Fund from those projects. These funds could have been utilized for other capital projects at the Prison. This finding was also noted in the 2014 audit report, which was dated August 5th, 2016.

Finding 3 – Double Accounting discovered on County's Financial Management Software:

Background:

The Prison receipts funds that are received from the Inmate Store ("Commissary"), and the inmate phone usage. Each day these funds are collected, the financial staff at the Prison will record the amounts on an Interdepartmental Receipt Form ("IDRF"), which is sent to the County to be recorded on PeopleSoft, the County's financial management software. The IDRFs help the County to track receipts that are received for County purposes. The actual deposit of these funds into Prison bank accounts is separate.

Description:

On September 23, 2015, there were receipts totaling \$4,049.36 in Commissary and \$1,494.44 in inmate phone charges, and these amounts were included on an IDRF. On September 28, 2015, it was discovered by a Prison employee who works in the Financial Department, that those two receipt lines were previously included on another IDRF, so essentially they were receipted and accounted for twice.

Lancaster County Prison
Audit Findings and Observations (*Continued*)
For the period January 1, 2015 through December 31, 2015

Finding 3 – Double Accounting discovered on County’s Financial Management Software (*Continued*):

Description (*Continued*):

The same Prison employee netted the receipts from September 23, 2015 against the Commissary receipts from September 28, 2015 to adjust for the double accounting that had occurred. The employee did not net the \$1,494.44 separately against the inmate phone charges account because the inmate phone charges for September 28, 2015 were not high enough to net against. The Controller’s Office, upon discovering this in the audit sample, made an adjusting journal entry to account for the inmate phone charges into the correct receipt account. While this finding did not affect any Prison funds, it did require an adjusting journal entry on the County’s financial software to correct the error.

Finding 4 - Unable to locate previously released Inmate Folder at Prison:

Background:

The audit team from the Lancaster County Controller’s Office completed testing in the Prison’s Records Department on current and prior inmate folders to verify the sampled inmates were released according to the documentation in their folder. For the prior inmate testing, this required pulling the inmate folders from boxes of released inmates that are stored alphabetically by inmate last name. The Prison Records Department keeps the current inmate folders in a separate location than where the prior inmate folders are kept.

Description:

While conducting the testing of the prior Lancaster County Prison inmates, the audit team was not able to locate one inmate folder. Upon searching several boxes of released inmates, the audit team inquired with the staff of the Records Department. The Records Department staff also searched numerous places where they thought the inmate folder would be, but the staff was also not able to locate the inmate folder.

Lancaster County Prison
Audit Findings and Observations (*Continued*)
For the period January 1, 2015 through December 31, 2015

Finding 5 – Numerous occasions when Inmate record information was inconsistent between data sources:

Background:

The Records Department of the Prison utilizes three different data sources to track information regarding Prison inmates. The Records Department uses a paper inmate folder, “L Drive” (which lists an inmate’s good time, minimum, and maximum dates), and UCM. When the inmate is released from the Prison, the inmate will be removed from the “L Drive”, as the “L Drive” only lists the release dates of an inmate. Additionally, the inmate folder will be moved to a separate location once the inmate has been released. UCM will keep record of the inmate’s history at the Lancaster County Prison. Prior to the implementation of UCM in early 2016, the Prison used a different system that went by the name “OMS”. All three of these data sources are used by the Prison in different ways to track items like the behavioral and legal aspects of the inmate’s detainment at the Prison.

Description:

The audit team from the Lancaster County Controller’s Office completed the inmate record testing on two days, both on location at the Prison’s Records Department. The audit team selected a sample and compared the inmate sentence dates, term length information, and other miscellaneous information from the inmate folder to the “L Drive” and to UCM/OMS. There were numerous occasions where the inmate sentence dates and term length information did not agree between the three sources. There were times when the inmate sentence dates and term length information agreed between two sources, but not the third source. None of these occasions from our sample indicated that an inmate that is currently being held at the Prison should have been previously released. Additionally, none of these occasions from our sample indicated that an inmate that was previously released from the Prison was released too soon or held past their term length. All of the occasions did indicate that using three different data sources, all of which require information to be input (“hard-keyed”) by a staff member of the Records Department of the Prison, could result in three different times when human error could occur and the incorrect inmate sentence dates and/or term length information could be entered into any three of the systems.

Lancaster County Prison
Audit Recommendations
For the period January 1, 2015 through December 31, 2015

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 Projects 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 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.
4. Create/Update Store (Commissary) Account Policy which will describe approved and allowable receipts and expenditures from the Store Account.
5. Prison management should conduct a study of similar sized county prisons and survey the records systems those prisons use. Depending on the results of the study, consider visiting other prisons to review their records department processes.
6. The Prison should work to reduce the amount of paper files within the Records Department with a goal of eliminating paper files. This recommendation is ultimately dependent on the results of the study conducted of similar sized county prisons.
7. In conjunction with recommendations 5 and 6, install an electronic system to track inmate folders and where the current and prior inmates can be tracked by their inmate number. This system would be installed to eliminate the inmate folders and excess paperwork. All legal documents should be scanned into the system. If a system like this is available (research would need to be completed by the Prison officials), it could provide the staff with easier access to data and less inconsistencies between the two or three sources. An ideal system would link to UCM.
8. Consider using only one source to record term length, minimum and maximum dates as compared to using multiple sources to record this information. This recommendation is also dependent on the result of the study that is conducted, per recommendation 5.

Lancaster County Prison
Audit Recommendations (*Continued*)
For the period January 1, 2015 through December 31, 2015

9. The Prison staff in the Records Department should systemically review every inmate folder twice a year and reconcile to the “L Drive” and UCM to verify all data is correct and consistent between the three data sources. Prison staff could complete the review based on the chart listed below. These individuals can also document the reconciliation and any findings should be provided to the Prison Administration, if warranted.

Month	First letter of last name
January/July	A, B, C, D
February/August	E, F, G, H
March/September	I, J, K, L, M
April/October	N, O, P, Q, R
May/November	S, T, U, V
June/December	W, X, Y, Z

Lancaster County Prison
Audit Summary of Facts
For the period January 1, 2015 through December 31, 2015

We have performed specific procedures to assist in evaluating internal control and continued effectiveness of the Lancaster County Prison for the 2015 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.

Additionally during this audit we sampled and tested the current and prior inmate records located at the Lancaster County Prison. The inmate records detail the length of their prison term, as well as any behavioral issues that may have occurred during their stay at the Prison. The inmate records were tested due to the discovery of an inmate being held for seventeen months longer than their sentenced prison term. More information about this special procedural audit is located in **Note E** of this audit report.

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, and also haphazardly sampled current and prior Prison inmates to ensure the samples were executed in accordance with management's standards. Inherent limitations in any internal control structure can cause errors or irregularities that may occur and not be detected. 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 create and update policies, as well as a need to review procedures regarding record maintenance. 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 also conducted our audit to ensure that the inmate records located at the Lancaster County Prison were adequate and to ensure there is not an on-going issue with inmates being detained for a period of time that is not in accordance with their sentence. 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 – September 12th, 2016
For the period January 1, 2015 through December 31, 2015

This section of the report presents responses from the Lancaster County Controller's Office to the responses received from the Warden on September 11, 2016 in regards to the Lancaster County Prison draft audit, which was sent to the Prison on August 29, 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 Projects Account.

- D. In response to recommendation #4: The Warden and Prison Administration agree with the Controller's Office recommendation and will work to begin creating a policy to govern the use of the Store (Commissary) Account.

Controller's Office Response: The Controller's Office re-affirms our recommendation. Once created, this policy should be presented to the Prison Board for approval.

- E. In response to recommendation #5: Per the Warden, Prison staff have already begun reaching out to other county correctional facilities regarding their records system. The Prison will continue to gather additional information to improve the records department processes.

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

Lancaster County Prison
Audit Responses – September 12th, 2016 (*Continued*)
For the period January 1, 2015 through December 31, 2015

- F. In response to recommendation #6: Per the Warden, the Prison implemented Unified Case Management (“UCM”), in April 2016. One of the Prison’s goals from the implementation of UCM is to drastically reduce the amount of paper files currently utilized in the records department.

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

- G. In response to recommendation #7: Per the Warden, it is the intent of the Prison staff to use UCM to house scanned copies of critical legal documents so that all necessary information regarding the inmate’s charges and sentences are found in one location. The Prison has additionally purchased several scanners to help with this implementation. The Prison is required to maintain copies of legal documents so by scanning the legal documents to UCM, there will be a large reduction in the amount of paper files maintained by the Prison.

Controller’s Office Response: The Controller’s Office re-affirms our recommendation. Based on the study conducted regarding the records processes of other county correctional facilities, the Prison should still work to implement an additional electronic file to scan documentation that cannot/will not be scanned to UCM.

- H. In response to recommendation #8: Per the Warden, the Prison’s end goal from the implementation of UCM is to only use UCM as the inmate’s legal file, and no longer use the “L Drive” and paper folders. As of the issuance of this report, the Prison staff is still working with UCM to ensure the correct information is being pulled from the database and issued onto reports. Once the reporting process is perfected, and some dual entry is completed to ensure the data is correct, UCM will be the singular official record for the Records Department of the Prison.

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

- I. In response to recommendation #9: The Prison believes that once recommendation #8 is implemented by way of UCM being the only source used, this recommendation will not be necessary. However, until recommendation #8 is accomplished, the Prison is willing to reconcile the separate data sources. The Prison is currently working with CCAP to reach the end goal of only using UCM as the inmate’s legal file.

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

Lancaster County Prison
Audit Responses – September 12th, 2016 (*Continued*)
For the period January 1, 2015 through December 31, 2015

Controller's Office Summary:

We believe that the Prison operations and records maintenance will be more efficient and effective 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.