



The Beaver County Jail

Audit Report

For the period January 2016 through December 2017

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DAVID A. ROSSI
CONTROLLER



WILLIAM CALHOON
CHIEF DEPUTY CONTROLLER
ALBERT A. TORRENCE
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700
FAX: 724-728-1024

December 28, 2018

Mr. William Schouppe, Warden
Beaver County Jail
6000 Woodlawn Boulevard
Aliquippa, PA 15001

Dear Mr. Schouppe:

We have audited the financial records of the Beaver County Jail Commissary and Work Release Programs for the period January 1, 2016 through December 31, 2017. Based upon this audit we have issued our report thereon dated.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following findings and recommendation as detailed in this report.

David A. Rossi
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2016 to December 31, 2017.

AUDIT OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Evaluate the operation of the canteen fund, inmate fund, and work release fund
- Prepare financial statements for the years of reviewed
- Evaluate controls over the checking accounts
- Ensure that funds are secured and deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied properly
- Ensure that void receipts are voided for a valid reason
- Ensure that proper documentation is maintained in the files
- Evaluate the controls over cash
- Evaluate the controls over expenditures and the administration of the budget
- Evaluate controls over general office procedures

Beaver County Correctional Facility
Canteen Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2016

Beginning Cash Balance - January 1, 2016 **\$ 26,726.94**

Receipts:

Inmate Fund Transfers - Canteen Sales	\$	260,476.83
Phone Commissions		56,900.47
Other Inmate Fund Transfers		-
Inmate Fund Transfers - Notary Fees		181.40
Work Release Fund Transfers		-
Refunds and Miscellaneous		737.31
Bank Interest		7.07
		7.07

Total Receipts **318,303.08**

Disbursements:

Commissary Sales	\$	113,586.67
County of Beaver		125,730.53
Inmate Fund Transfers - Inmate Payroll		39,533.17
Jail Maintenance and Supplies		3,182.75
Television Services		4,601.23
Haircuts		4,399.44
Other Inmate Services/Products		7,078.17
Inmate Education		2,449.10
Law Library		8,940.00
Fees for Inmates		580.56
State Audit		
Work Release Fund Transfers		
Miscellaneous		5,720.62
		5,720.62

Total Disbursements **315,802.24**

Adjustments

Check Writing Error	447.34
Electronic Payments	-279.23
Bank Fees	-154.94
	-154.94

13.17

Ending Cash Balance - December 31, 2016 **\$ 29,240.95**

Beaver County Correctional Facility
Canteen Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2017

Beginning Cash Balance - January 1, 2017 \$ 29,240.95

Receipts:

Inmate Fund Transfers - Canteen Sales	\$ 266,569.45
Phone Commissions	14,063.56
Other Inmate Fund Transfers	-
Inmate Fund Transfers - Notary Fees	109.10
Work Release Fund Transfers	-
Refunds and Miscellaneous	510.89
Bank Interest	7.02
	7.02

Total Receipts **281,260.02**

Disbursements:

Commissary Sales	\$ 104,966.84
County of Beaver	-
Inmate Fund Transfers - Inmate Payroll	42,332.15
Jail Maintenance and Supplies	4,994.54
Television Services	7,450.19
Haircuts	4,260.00
Other Inmate Services/Products	3,977.50
Inmate Education	2,089.00
Law Library	8,965.00
Fees for Inmates	804.60
State Audit	
Work Release Fund Transfers	
Miscellaneous	4,770.73
Bank Fees	175.62
	175.62

Total Disbursements **184,786.17**

Adjustments

Check recording error	\$9.00
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\$9.00

Ending Cash Balance - December 31, 2017 **\$ 125,723.80**

Beaver County Correctional Facility
Inmate Account Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2016

Beginning Cash Balance - January 1, 2016		\$ 23,255.75
Receipts :		
Inmate Accounts	\$ 146,914.97	
Inmate Initial Receipts	77,165.50	
Canteen Fund Transfers - Inmate Payroll	38,056.25	
Canteen Fund Transfers - Other	8,780.27	
Work Release Fund Transfers - Commissary	16,226.92	
Miscellaneous	-	
Total Receipts		287,143.91
Disbursements:		
Miscellaneous		
Fines and and Costs	4,358.23	
Post Master	45.38	
Inmate Requests	10,707.05	
BCJ Canteen	4,216.09	
Commissary	182,543.52	
RBC	8,125.97	
Administration	19,012.14	
Permanent Release	70,000.05	
Voids	(2,891.31)	
Bank service charges	1,557.00	
PY adjustment	(180.01)	
Misc Error	(0.34)	
Total Disbursements		297,493.77
Ending Cash Balance - December 31, 2016		<u>\$ 12,905.89</u>

Beaver County Correctional Facility
Inmate Account Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2017

Beginning Cash Balance - January 1, 2017 **\$ 12,905.89**

Receipts :

Inmate Accounts	\$	72,631.68
Inmate Initial Receipts		109,300.52
Inmate Electronic Deposits		115,849.87
Canteen Fund Transfers - Inmate Payroll		35,609.64
Canteen Fund Transfers - Other		7,777.35
Work Release Fund Transfers - Commissary		10,587.41
Miscellaneous		-

Total Receipts

351,756.47

Disbursements:

Fines and and Costs	382.64
Post Master	15.99
Inmate Requests	5,026.37
BCJ Canteen	4,099.75
Commissary	170,255.47
RBC	3,280.94
Administration	55,837.02
Permanent Release	99,988.87
Voids	(4,589.71)
Service Charges	1,110.28
Check Printing Charge	128.89

Total Disbursements

335,536.51

Ending Cash Balance - December 31, 2017

\$ 29,125.85

**Beaver County Correctional Facility
Work Release Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2016**

Beginning Cash Balance - January 1, 2016		\$ 11,004.21
Receipts:		
Inmate Payroll Receipts	\$ 162,542.36	
Deposit Error	<u>(360.00)</u>	
Total Receipts		162,182.36
Disbursements:		
County of Beaver - Room & Board	\$ 79,297.78	
Canteen Fund Transfers - Medical tests	683.00	
Court Costs	5,543.00	
Inmate Fund Transfers - Canteen Sales	16,226.92	
Magistrates		
Court Ordered Support		
Returned to Inmates	57,304.11	
Miscellaneous Adjustments	798.64	
Banking Fees	<u>2,201.61</u>	
Total Disbursements		<u>162,055.06</u>
Ending Cash Balance - December 31, 2016		<u>\$ 11,131.51</u>

Beaver County Correctional Facility
Work Release Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2017

Beginning Cash Balance - January 1, 2017		\$ 11,131.51
Receipts:		
Inmate Payroll Receipts	\$ 132,951.61	
Refunds - Bank fees, other	<u>(327.29)</u>	
Total Receipts		132,624.32
Disbursements:		
County of Beaver - Room & Board	\$ 81,752.04	
Canteen Fund Transfers - Medical tests	566.89	
Court Costs	4,837.72	
Inmate Fund Transfers - Canteen Sales	10,296.43	
Magistrates		
Court Ordered Support		
Returned to Inmates	42,758.02	
Returned Deposits		
Miscellaneous Check Errors	(41.02)	
Banking Fees	<u>1,925.48</u>	
Total Disbursements		<u>142,095.56</u>
Ending Cash Balance - December 31, 2017		<u>\$ 1,660.27</u>

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12/28/2018

Mr. William Schoupe, Warden
Beaver County Jail
6000 Woodlawn Boulevard
Aliquippa, PA 15001

Report on Internal Control Structure

We have audited the accompanying statement of account of the Beaver County Jail Commissary and Work Release Programs for the period January 1, 2016 to December 31, 2017, and have issued our report thereon dated 12/28/2018.

We conducted our audit in accordance with generally accepted auditing standards and 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 statements are free of material misstatement.

In planning and performing our audit of the Beaver County Jail Commissary and Work Release programs for the period January 1, 2016 to December 31, 2017, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the Beaver County Jail is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

control structure.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the county office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following:

- Previous Audit Findings not fully addressed
- Work release financials preparations incomplete
- Cash reports presented to Board of Commissioners misleading
- Previous audit reported adjustments not made to checking account
- 2015 Work release files have improved but can still be misconstrued

For further elaboration on these weaknesses, refer to the "Findings, Observations and Recommendations" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



David A. Rossi
Beaver County Controller

FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

Finding 1:

Review of the previous audit revealed that there were many problems with the work release program. While some of these problems have been corrected it has been observed that problems still exist related to the bank account and financial reporting.

Recommendations:

It is recommended that management continue to monitor the Work Release Program with special attention to Financial Recording, responsibilities and presentations.

Finding 2:

No bank reconciliations for the Work Release program were completed for the years 2016 and 2017. It appears that the manager of the Work Release Program still does not reconcile the bank account. It is unknown whether he incapable of doing them or does not understand the importance of doing them.

Recommendation:

- It is recommended that since the Work Release Manager is not reconciling the Bank Account for whatever reason that the Office Manager take over these responsibilities at least until such time as the Work Release Manager is capable of handling these responsibilities.

Finding 3:

As a direct result of not reconciling the bank account, the Work Release Statements presented on a monthly basis to the Board of Commissioners are misstated. Fees and mistakes in the Work Release Bank Account are not adjusted for when receipts and expenses are presented to the Board of Commissioners.

Recommendation:

- It is recommended that the Work Release statement be adjusted to represent the true beginning and ending bank balances and that they no longer present the \$6,000.00 beginning and ending balance.

Finding 4:

The Work Release Account still maintains many errors some of which go back many years. These items have never been adjusted for and the stated balance in this account not correct.

Recommendations:

- It is recommended once again that this account be replaced with a new bank account and that the current account be closed after the current activity has cleared.

Finding 5:

Review of the Work release account revealed that some deposits were held for an extended amount time before deposits were made.

Recommendations:

- It is recommended that deposits be made on a regular and timely basis to prevent any appearance of inappropriate behavior.

Finding 6:

The Work release program receives the prisoner's paycheck or a money order from employers. The current reporting shows the amount of the prisoner's pay minus what is due to the county for room and board, and other expenses and the balance applied to the prisoner's account. It does not differentiate between full paychecks and money orders. When a full paycheck is received a balance is due to the prisoner's account. When a money order is presented it is almost always just for the amount dues for room, board and expenses. In the case when a money order is received but the full paycheck is recorded on the Work Release ledger it can appear that a balance is due to the inmate's account.

Recommendation:

- It is recommended that the Ledger used to record inmate Work Release paychecks be reviewed to better represent what is received from the inmates.

Observation 1:

Review of the Jails invoices payables revealed that some Bob Barker Inc. invoices are being divided up and part of the bill is being paid by the Canteen Fund and part of the invoice is being paid by the Controllers' Office. According to the Office Manager these items used to come on separate invoices and one invoice was paid by the Canteen fund and the other invoice was paid by the Controllers' Office. When Bob Barker Inc. began billing both items on the same invoice she began splitting the invoice and paying the items as before. Excess funds from the Canteen Fund are transferred to the County and become County Funds, therefore it doesn't matter where the invoices are paid from they are paid with County Funds.

Recommendation:

It is recommended that for tracking and convenience sake that the entire invoice be paid through the Controllers' Office.

Observation 2:

Review of the Canteen fund revealed that the merger of the last three companies used for the Canteen program has resulted in even more confusion in the billing process than before. It was noted that only Canteen Manager has a full understanding of what the bills mean.

Recommendation:

It is once again recommended that someone be fully cross trained to take over the Canteen Program if the current Manager would be unavailable for an extended amount of time.

Response to finding for Audit of Jail Accounts:

Response to Findings 1 thru 6, all address the Work Release Account so I am going to group my response to address the entire Work Release Account Issues:

In an attempt to resolve some issues which have come about by inadequate records keeping in the past I have started doing the following:

1. I have started the process of opening a new checking account for the work Release Program and closing the current account down. I went to the bank in the first week of December 2018 to start the process and ran into confusion on the part of the bank as to what we were doing and why. It was also expressed to us by bank staff that the EIN Numbers would cause some concern with the I would need to submit a justification letter as to why we would need to take the actions we are taking to set up a new account. I recently checked with the auditor and staff in the Treasures Office which assisted us is setting up a new Jail Work Release Checking Account. The time line is to have the new account on line by February 1st of 2019 and shut the old account down. We would then wait three months to try to close out the old account. The new account would be set up with a balance of \$6,000 and the work Release Coordinator would then have a reliable and true balance with which to base his monthly reconciliation of the account. The Work Release Coordinator would then report to the Warden at the end of each month for 6 months and show the Warden the actual reconciliation being completed at the end of the month and to address any issues. At the end of 6 months the Work Release Coordinator would be required to report quarterly to show the Warden the reconciliations for each quarter.

I have also spoken the Work Release Coordinator and it will be documented when a individual provides an actual pay check or a money order to pay their monthly fees associated with the program. A copy of the pay stub will be recorded also when a money order is sued to pay the inmate fees. Finally, the Work release deposits will be made on a bi-weekly basis unless it is deemed a weekly deposit would be needed.

Observation of the Commissary Issue,

1. I have met with the Commissary Clerk and she will be showing the two part time clerical staff how to balance the weekly statement for the commissary operation. These two staff members are the ones who fill in for this position for vacations and absences. I have instructed the Commissary Clerk to complete this training during the month of January 2019 and I will have them on a bi monthly basis do a refresher on the reconciliation of the bill so they can keep up on how it is done. It is felt if they do not do it for a while it would not be current and this way they could keep up on the billing reconciliation and not get out of practice (for lack of a better term).

2. As far as the ordering of items and billing from Bob Barker Company. We will pay these bills through the budget even though the policy has an allowance for them to be paid out of the accounts. It would make the record keeping process more streamlined since we put money into the county budget each year out of the proceeds of these accounts.

In closing I would like to thank the Controller's Office and their staff for the continued support with the Audit. The staff has always been professional and offered great suggestions how we can improve our records and maintain the integrity of the records keeping process.

William J. Schoupe, Warden