




COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER  
17 SOUTH SEVENTH STREET  
ALLENTOWN, PA 18101-2400  
(610) 782-3082 FAX: (610) 820-3335

THOMAS SLONAKER  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Thomas Slonaker, County Controller  
**DATE:** April 8, 2011  
**RE:** Department of Corrections Inmate Accounts



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The controller's office has completed an internal audit of the Department of Corrections inmate accounts, County of Lehigh, Pennsylvania for the period July 1, 2009 to June 30, 2010. Our audit report number 11-10 is attached.

The results of our audit are:

- IRS Form 8300 will be used to report any cash receipts of \$10,000 or more.
- Room and board billing backlog has been effectively addressed.
- Controls over dormant accounts have been implemented.

Attachment

AUDITS/DOC - INMATE ACCOUNTS

COUNTY OF LEHIGH, PENNSYLVANIA

DEPARTMENT OF CORRECTIONS

INMATE ACCOUNTS

*Internal Audit for the Period July 1, 2009 to June 30, 2010*

REPORT NO. 11-10

COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

Table of Contents

	Page(s)
Background .....	1
OPINION OF THOMAS SLONAKER, LEHIGH COUNTY CONTROLLER .....	2
Schedule of Audit Findings and Recommendations .....	3
Schedule of Prior Audit Findings and Recommendations* .....	4-5
Department of Corrections' Response .....	6

\*From controller's office report #07-71, issued January 4, 2008 covering July 1, 2006 to June 30, 2007

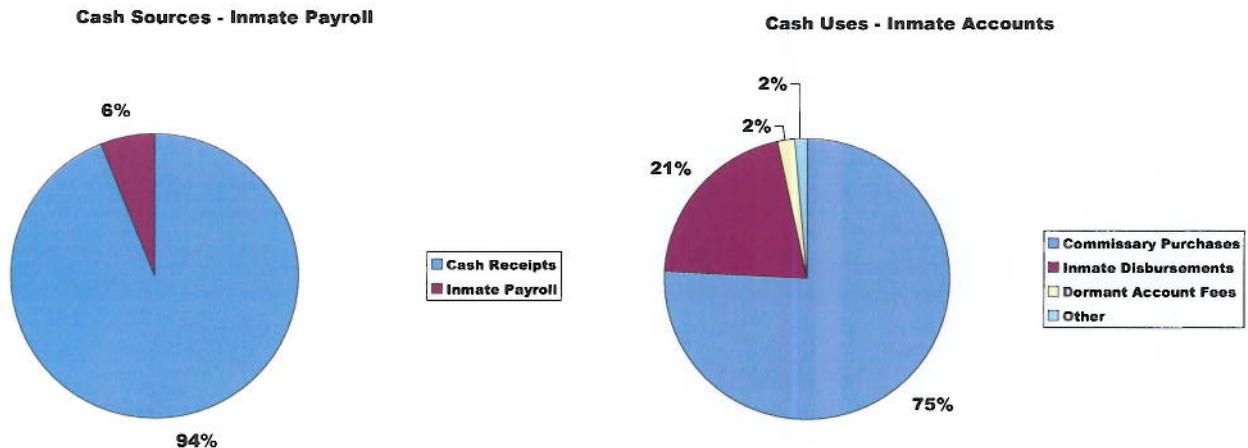
COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

**Background**

The department of corrections maintains separate transactions ledgers for the purpose of tracking inmate cash receipts and inmate spending (mostly for commissary purchases). Commissary management is the responsibility of the Oasis Management Systems, Inc. providing the items for sale to the inmates. Oasis manages the commissary operation at the main prison facility without compensation by the county. The contract provides for the county to receive a 37% commission on sales revenue less certain deductions (i.e., for items provided to indigent inmates). Inmate accounts management is the responsibility of the Department of Corrections.

Transactions include cash taken at time of incarceration, deposits made on inmate's behalf, earnings from prison job (rates range from \$.75 to \$5.00 per day), commissary purchases, third-party payments on behalf of the inmates, dormant account fees medical fees, restitution and distribution of account balances upon release or transfer to another facility.

For the twelve-month period July 1, 2009 through June 30, 2010, the department of corrections reported inmate account transactions as follows:



The average adult population at the Department of Corrections is approximately 1,300 per day and the monthly cash receipts and disbursements average about \$100,000 per month.





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THOMAS SLONAKER  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

Edward G. Sweeney, CJM, Director  
Department of Corrections  
Lehigh County Prison  
38 North Fourth Street  
Allentown, PA 18101-2400

We have recently completed an internal audit of inmate accounts and related revenue accounts at the department of corrections. The scope of our detail audit testing was July 1, 2009 to June 30, 2010. Our objective was to determine the adequacy of controls over inmate account transactions and related revenues.

We conducted our audit in conformance with the "*International Standards for the Professional Practice of Internal Auditing*", promulgated by the Institute of Internal Auditors. Our audit included examination of accounting records, documentation, discussions with department of corrections personnel and other county personnel, and such other auditing procedures we considered necessary in the circumstances.

We concluded controls over inmate transactions and related revenues were adequate. We also noted the billing and fee assessment issues raised in a prior audit (refer to our report # 07-71 issued January 4, 2008) have been effectively addressed. A description of our current findings and recommendations is detailed in the accompanying "*Schedule of Audit Findings and Recommendations*". The current status of issues raised in our prior report are also detailed in the accompanying "*Schedule of Prior Audit Findings and Recommendations*".

We wish to thank the department of corrections' staff for their cooperation during the audit. This report is intended for the information and use of the department of corrections and other affected county offices. However, this report is a matter of public record and its distribution is not limited.

  
THOMAS SLONAKER  
County Controller

April 8, 2011  
Allentown, Pennsylvania

Final Distribution

Board of Commissioners  
Donald T. Cunningham, Jr., County Executive  
Brian L. Kahler, Fiscal Officer  
Christopher E. Miller, Accountant, Department of Corrections  
Thomas S. Muller, Director of Administration

COUNTY OF LEHIGH, PENNSYLVANIA  
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**Schedule of Audit Findings and Recommendations**

1. **IRS Form 8300 Reporting Cash Receipts Over \$10,000**

**Condition:** Cash receipts transactions exceeding \$10,000 were not reported to the Internal Revenue Service (IRS) on a timely basis. IRS regulations require reporting “by the 15<sup>th</sup> day after the date the cash was received”.

Several factors including rarity of occurrence and determining reporting compliance liability contributed to the delay in reporting.

**Recommendation:** Utilize IRS Form 8300 to report any cash receipts of \$10,000 or more.

**Current Status:** Management has implemented a process to ensure timely reporting.

COUNTY OF LEHIGH, PENNSYLVANIA  
DEPARTMENT OF CORRECTIONS  
INMATE ACCOUNTS

**Schedule of Prior Audit Findings and Recommendations**

1. **Delay in Room and Board Billing**

**Condition:** There is an eight month backlog (November 2006 through June 2007) in room and board billing to inmates. Room and board is calculated at a rate of \$15 per day.

Our analysis of room and board collections revealed a decrease of \$3,178 per month, when comparing collections in 2006 to those received between January and August of 2007. To maximize collection results, billings should be processed soon after release.

**Recommendation:** Management should develop a catch-up plan with input from personnel involved in the process. The plan should be documented and specify time lines for completion. Ongoing progress should be monitored by management to ensure plan goals are met.

Management should also establish written procedures for ongoing billings to ensure any delays are brought to the attention of management.

**Auditee Response:** The room and board backlog is largely attributed to the implementation of the Statewide Common Pleas Case Management System. The conversion has been a lingering project and the development of stopgap measures has been an evolutionary process. We are in the process of training DOC staff and providing them with a user icon to facilitate direct access to the necessary computer fields. I am hopeful that the backlog will be resolved during 2008 and we will maintain a maximum 60-day window for ongoing data entry thereafter. Status reports will be provided to me monthly by Assistant Director Cindy Egizio.

**Current Status:** Management has effectively addressed the backlog with assessments processed within 90 days of release.

We did find that room and board exemptions reasons are not being reviewed on a timely basis, which could result in missed or delayed billing. We recommend periodic management review of room and board edit reports to ensure exemptions from room and board are accurate and justified.



2. Stale Inmate Account Balances

**Condition:** As of June 30, 2007, \$51,370 (49%) of \$103,892 inmate accounts were dormant (inmates released in 2006 and earlier). Current practice is to assess a \$1 per month dormant account fee when funds are claimed after 30 days of release. There is no current procedure for imposing dormant accounts fees on unclaimed accounts.

Effective cash handling includes timely disposition of account balances to reduce the possibility of inaccurate or unauthorized distributions.

Many inmates do not request a distribution of their account balance after their release.

**Recommendation:** Management should forward unclaimed inmate funds to the bureau of collections for application against unpaid room and board. A November 9, 2005 memo from the County of Lehigh solicitor describes the circumstances under which such transfers may be made.

**NOTE:** The recently implemented kiosk system for use in processing inmate account transactions enables the inmate to withdraw his account balance in cash upon release. This process should significantly reduce the number of stale accounts in the future.

**Auditee Response:** I concur with your recommendation and we will work with the necessary involved offices to facilitate the transfer of funds to our Room and Board account.

**Current Status:** An automated system is now used to assess dormant account fees and remove remaining balances from the inmate subsidiary ledger. The dollar value of the remaining accounts is transferred to a fund earmarked for subsequent escheatment to the state.

There is no process to apply unclaimed funds to unpaid room and board. However, our review of recent activity found limited instances whereby an inmate with an unclaimed account balance also owed room and board. In our opinion, use of limited resources to address this issue is not warranted at this time.

(Due to numerous operating issues the aforementioned kiosk system was discarded. Corrections and Information Technology management are currently determining the feasibility of another system.)



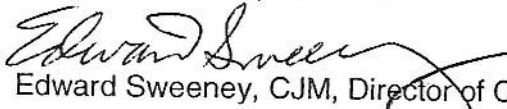


Edward Sweeney, CJM  
Director

Department Of Corrections  
38 North Fourth Street  
Allentown, Pa 18102

## MEMORANDUM

TO: Thomas Slonaker, Controller

FROM:  Edward Sweeney, CJM, Director of Corrections

DATE: April 6, 2011

RE: **DOC INMATE ACCOUNT AUDIT**

I have reviewed the draft internal audit report regarding our inmate accounts for the period of July 1, 2009 to June 30, 2010 and I accept your findings and recommendations as written. Your office staff were very thorough and respectful while performing the audit and, as always, the findings are helpful to improve our level of services.

EGS/jmk

cc: file