



County of Allegheny

Office of the Controller

**Internal Control Report for the
Allegheny County Jail Inmate Trust Account
For the Period
January 1, 2008 through December 31, 2009
*(Non-Audit Service)***

March 3, 2011

**County of Allegheny
Office of the Controller
Mark Patrick Flaherty
Controller**

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Contents

Letter	1
Executive Summary	3
Introduction	8
Scope and Methodology	10
Findings and Recommendations:	
Finding #1: The Jail Has Not Implemented Recommendations to Findings Noted in Prior Reports	12
Finding #2: Oversight, Internal Controls, and Accounting Processes Need to be Strengthened	17
Response from the Allegheny County Jail	20



MARK PATRICK FLAHERTY
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GUY A. TUMOLO
DEPUTY CONTROLLER

February 4, 2011

Mr. Daniel Burns
Acting Warden
Allegheny County Jail
950 Second Avenue
Pittsburgh, PA 15219

Subject: **Internal Control Report for**
The Allegheny County Jail Inmate Trust Account
For the Period January 1, 2008 through December 31, 2009

Dear Acting Warden Burns:

We performed procedures regarding the internal controls over the Inmate Trust account at the Allegheny County Jail. Our procedures covered the period January 1, 2008 through December 31, 2009. These procedures were performed as a non-audit service. Therefore, this engagement is not covered by Generally Accepted Government Auditing Standards.

Our procedures found numerous weaknesses in the design and operation of the internal controls and accounting processes over the Inmate Trust account. Several of these deficiencies were addressed in previous reports issued by the Controller's Office. However, the Jail has not implemented our recommendations to correct these concerns. Without proper internal controls in place, the Inmate Trust account is at an increased risk for errors, fraud, and misappropriation of assets.

Acting Warden Burns
February 4, 2011

We believe our recommendations provide a framework for the Jail to implement the policies and procedures necessary to safeguard assets and ensure compliance with laws and regulations.

We would like to thank the management and staff of the Jail for their courtesy and cooperation during our engagement.

Very truly yours,



Lori A. Churilla
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY
Controller

cc: Honorable Rich Fitzgerald, President, County Council
Honorable William Russell Robinson, County Council
Honorable Dan Onorato, Chief Executive, Allegheny County
Mr. James M. Flynn, Jr., County Manager, Allegheny County
Allegheny County Jail Oversight Board
Ms. Amy Griser, Budget Director, Allegheny County
Mr. Joseph Catanese, Director of Constituent Services, County Council
Ms. Jennifer Liptak, Budget Director, County Council
Mr. Guy A. Tumolo, Deputy Controller, County Controller's Office
Mr. Robert J. Lentz, Assistant Deputy, Accounting, County Controller's Office
Ms. Pamela Goldsmith, Communications Director, County Controller's Office
Mr. Greg Grogan, Deputy Warden, Allegheny County Jail

EXECUTIVE SUMMARY

Purpose:

The purpose of our engagement was to assess the internal controls surrounding the Inmate Trust account. Our procedures were applied for the period January 1, 2008 through December 31, 2009.

Background:

All monies collected on behalf of the inmates are deposited into the Inmate Trust checking account at PNC Bank. The Jail's Offender Management System (OMS) tracks all information and activity for the Jail's inmates. The Jail's cashiers are responsible for the inmates' account information in OMS as well as the transactions processed through the bank account. The Inmate Trust account is not recorded on Allegheny County's accounting system. As of December 31, 2009 the balance in the Inmate Trust account was \$219,635.

Any money that an inmate has in his possession must be turned over to the intake officers at the time he is admitted to the Jail. Inmates may also receive money from family and friends while in the Jail. Previously, cash or money orders were accepted at the cashier's window in the main lobby of the Jail. Beginning October 2008, the Jail implemented the use of kiosk machines, which are owned and operated by the Keefe Group/Keefe Commissary Network LLC (Keefe), for the purpose of collecting and recording payments to the inmates' accounts. There are two kiosks located at the main entrance of the Jail which accept cash, credit, and debit card payments. Keefe also accepts payments by phone and through its website. Jail cashiers no longer collect money in the main lobby of the Jail. However, money orders are still accepted through the mail.

The kiosks are linked to the Jail's OMS. When a deposit is made, it is instantly posted to the inmate's individual trust account. Keefe charges a transaction fee of \$3 for each deposit made. The Jail does not receive any of the \$3 fees.

When an inmate leaves the Jail, they receive the balance of their account after all debts to the Jail are deducted. Some inmates leave the Jail with a negative balance for charges owed to the Jail. However, other inmates leave the Jail without withdrawing the funds from their inmate account. The Jail assesses an annual service fee on inactive individual inmate accounts for inmates that have left the

EXECUTIVE SUMMARY

Jail without collecting the balance of their account. In September 2009 the annual service fee was increased from \$5 to \$20.

Results in Brief:

Our procedures revealed the following:

Finding #1:

The Jail has not implemented recommendations to findings noted in prior reports. During our current engagement, we noted the following concerns still exist:

- Jail cashiers still manually review the inactive inmate accounts and manually deduct the service fee if the account balance is less than the \$20 fee.
- Comprehensive policies and procedures have not been created and the 2001 version has not been updated. In addition, the Jail does not have policies regarding the deposits made on individual inmate accounts at the Keefe kiosks.
- The following internal control weaknesses still exist:
 - There is inadequate segregation of duties within the Jail cashier's office.
 - Jail cashiers are not currently covered by fidelity bonds.
 - Incident reports used to document discrepancies found during the cash reconciliation process are not reviewed by anyone other than the cashiers.
 - OMS still does not have bank reconciliation capabilities. Therefore, check and deposit information is still entered into and reconciled through QuickBooks.
 - The Jail does not reconcile the cash balance in QuickBooks to the cash balance in OMS. Furthermore, they do not compare the reconciled cash balance with the corresponding liabilities to ensure there are sufficient funds available to cover all liabilities.
 - The cashiers do not verify that all deposits made to the Prisoner Welfare Fund are accurately recorded.
 - Deposit transactions entered into the Jail's OMS are recorded as a batch. However, we also noted that the Jail's staff also has the capability to manually enter separate deposit transactions. This results in an ineffective audit trail.

EXECUTIVE SUMMARY

- Receipts do not get issued a unique number. OMS assigns a sequential number to all financial and non-financial transactions.
- OMS does not automatically roll forward the prior account balance or cost recovery balance (money due the Jail) from the inmate's previous account if an inmate reenters the Jail.

Finding #2:

- The Jail could not provide receipts for confiscated items during 2008 and 2009. According to the Inmate Account Supervisor, the receipts were either misplaced or accidentally thrown away. In addition, we found that the Jail is not recording confiscated funds in the proper account in OMS.
- Cashiers and intake officers do not use a manual receipt log or track which manual receipts are issued to and subsequently used by each area of the Jail. In addition, the manual receipt number is not recorded in OMS, and manual receipts are not maintained in a secure location.
- The cashier's office is not using the Service Charge account exclusively to record service fees. Other transactions are also being improperly recorded in this account.
- Jail cashiers are not consistently noting the type of identification used when closing an inmate's account. Of the 50 check stubs tested, 14 (28%) did not contain the type of identification used to identify the inmate.
- The Jail no longer requires the mail room to maintain a log of all money received through the mail.

Recommendations:

We recommend that the Jail:

Recommendations for Finding #1:

Regarding Service Fees:

- Continue to explore options to automate the assessment of all annual service fees, including those for account balances with less than the annual \$20 fee.
- Continue to disburse service fees to Allegheny County according to the established policy. Remit unclaimed funds to the State on a timely basis.

Regarding the Oversight, Internal Control and Accounting Processes:

EXECUTIVE SUMMARY

- Establish and maintain a written comprehensive policies and procedures manual governing the operations and maintenance of the computerized Inmate Trust accounting system. Compliance with policies and procedures should be monitored and deviations should be appropriately addressed. The manual should include:
 - Policies regarding deposits made through the kiosks, and
 - An organizational chart outlining the lines of responsibility for the cashier's office, including oversight of the petty cash fund.
- Strengthen internal controls by ensuring that Jail personnel have effective segregation of duties and responsibilities so that no single person can complete a financial transaction from start to finish, including petty cash transactions.
- Explore the option of obtaining fidelity bond coverage for all Jail cashiers.
- Ensure management reviews all incident reports.
- Upgrade OMS to allow bank reconciliation capabilities.
- Complete monthly reconciliations of the cash balance in OMS and QuickBooks. Also ensure that there are sufficient funds available to fund all liabilities by comparing the reconciled balances with all corresponding liabilities. Obtain access to the County's accounting system to verify deposit information for the Prisoner Welfare Fund.
- Ensure that every deposit transaction is included in a batch. Attach a listing of the batches that make up a bank deposit to the bank deposit slip so that an effective audit trail is maintained.
- Assign a unique sequential receipt number to each receipt posted into OMS. An exportable receipts report should be generated and reviewed by management.
- Modify OMS to allow an automatic roll forward of information from an inmate's previous account using the inmate's DOC number as a trigger. Additionally, until the system is automated, have the Intake Department generate a report of inmates entering the jail to be given to the cashiers to ensure the information in the system is processed correctly, and any inmate's prior balance is rolled forward.

EXECUTIVE SUMMARY

Recommendations for Finding #2:

- Ensure all supporting documents and records are retained, including signed confiscated items receipts. Personnel should also properly record transactions for confiscated funds in the designated OMS Confiscated Funds account.
- Document the batches of manual receipts on hand and the numbers of manual receipts assigned to each area of the Jail. Additionally, the intake officers and cashiers should maintain a manual receipt log, store unused manual receipts in a secure location, and enter the manual receipt number into OMS.
- Stop using the Service Charge account as a clearing account for cost recovery adjustments that are not remitted to the County. A new account should be created in OMS to record these transactions.
- Ensure Jail cashiers document the type of identification used to identify the inmate when issuing a check to close the inmate's account.
- Assign someone independent of the cashier's office to prepare and maintain a log of all money sent to inmates through the mail.

I. Introduction

The Allegheny County Jail detains and supervises inmates who are awaiting trial, accused of violation of probation or parole, or serving sentences.

All monies collected on behalf of the inmates are deposited into the Inmate Trust checking account at PNC Bank. In May 2005, the Jail purchased the Offender Management System (OMS) through Digital Solutions Inc. (DSI) to track all information and activity for the Jail's inmates. The cashiers are responsible for the inmates' account information in OMS as well as the transactions processed through the bank account. The Inmate Trust account is not included on Allegheny County's accounting system. As of December 31, 2009 the balance in the Inmate Trust account was \$219,635.

Any money that an inmate has in his possession must be turned over to the intake officers at the time he is admitted to the Jail. The funds are recorded in an individual inmate account in OMS under the inmate's Department of Corrections (DOC) number, and deposited into the Inmate Trust checking account. If any money is found on the inmate after this point, it is taken from him and is considered to be contraband. Inmates are allowed to send money to a family member or a friend one time within ten days of their admission to the Jail, and can use their money to pay their bond. An inmate's funds may be used to make commissary purchases and to pay charges for damage to County property.

Inmates may also receive money from family and friends while in the Jail. Previously, cash or money orders were accepted at the cashier's window in the main lobby of the Jail, and money orders were accepted through the mail. Beginning October 2008, the Jail implemented the use of kiosk machines, which are owned and operated by the Keefe Group/Keefe Commissary Network LLC (Keefe), for the purpose of collecting and recording payments to the inmates' accounts. There are two kiosks located at the main entrance of the Jail which accept cash, credit, and debit card payments. Keefe also accepts payments by phone and through its website. Jail cashiers no longer collect money in the main lobby of the Jail. However, money orders are still accepted through the mail.

I. Introduction

Money deposited into the kiosks is collected by an armored car service. This service transfers the cash collected from the kiosks to Keefe. Keefe then transfers the money to the Jail's Inmate Trust checking account. The transfer from Keefe to the Jail also includes the credit/debit card transactions processed through Keefe. The kiosks are linked to OMS. When a deposit is made it is instantly posted to the inmate's individual trust account. Keefe charges a transaction fee of \$3 for each deposit made. The Jail does not receive any of the \$3 fees. The fees are paid to Keefe.

When an inmate leaves the Jail, they receive the balance of their account, after all debts to the Jail are deducted. However, some inmates leave the Jail without withdrawing the funds from their inmate account. Other inmates leave with a negative balance for charges owed to the Jail. This amount due to the inmate or to the Jail will stay on the account in case the inmate is admitted to the Jail at a later date.

The Jail assesses an annual service fee on inactive individual inmate accounts for inmates that have left the Jail without collecting the balance of their account. In September 2009 the annual service fee was increased from \$5 to \$20. If the account balance is less than the annual service fee, the Jail assesses a fee equal to the balance of the account. The fee is deducted one year from the date of the inmate's release or the date the check was voided, whichever is later, and is assessed every year thereafter for a period of five years.

II. Scope and Methodology

We tested certain internal controls surrounding the Inmate Trust account for the period January 1, 2008 through December 31, 2009. Specifically, we performed the following:

- Interviewed Jail personnel involved in the operation of the Inmate Trust account.
- Reviewed past reports issued by the Allegheny County Controller's Office to identify findings and recommendations associated with the Inmate Trust account and the status of any actions taken to implement the recommendations.
- Reviewed the minutes of the Jail Oversight Board meetings for the period January 2008 through December 2009.
- Documented procedures surrounding receipts and disbursements of the Inmate Trust account.
- Evaluated the Jail's internal controls surrounding the disbursement cycles and related procedures involved in recording receipts.
- Examined records of the Jail as they pertain to the Inmate Trust account to determine the validity of the account transactions.
- Sampled disbursements to verify if they were properly authorized, paid, recorded, and adequately supported.
- Tested petty cash transactions for reasonableness, proper approval and to ensure that cash was adequately safeguarded.
- Examined receipt information to determine if cash was deposited promptly, receipts are accurately recorded, and accounting records agree with bank records.
- Reviewed bank reconciliations, performed a proof of cash on the Inmate Trust checking account, and analyzed transfers into and out of this account.

II. Scope and Methodology

- Verified that service fees were properly assessed and deposited timely.
- Determined if unclaimed funds were remitted to the State Treasury in accordance with applicable regulations.

We conducted our procedures from September through December 2010. We provided a draft copy of this report for comment to the Jail's Acting Warden. The Acting Warden's response begins on page 20.

III. Findings and Recommendation

Finding #1

The Jail Has Not Implemented Recommendations to Findings Noted in Prior Reports

The Controller's Office issued a report dated September 2008 on the Jail's Inmate Trust account for the period January 1, 2007 through December 31, 2007. During our current engagement we conducted a follow-up to these findings and recommendations. We found that the following concerns noted in our prior report still exist.

Service Fees

The Jail assesses an annual service fee on inactive accounts for inmates that have left the Jail without collecting the balance of their account. In September 2009 the annual service fee was increased from \$5 to \$20. If the account balance is less than the annual service fee, the Jail manually assesses a fee equal to the balance of the account. The fee is deducted one year from the date of the inmate's release or the date the check was voided, whichever is later. This fee is assessed every year thereafter for a period of five years.

Our prior report noted that the Jail cashiers maintain a handwritten calendar to track when the fee should be deducted from each inmate's individual account. Jail personnel indicated that OMS does not have the capability to assess the fee automatically if the account balance is less than the \$20 fee. Therefore, the cashiers must manually review the inactive accounts and manually deduct the fee if the account balance is less than the \$20 fee. To strengthen internal controls this process should be automated.

Oversight, Internal Control, and Accounting Processes

Our prior report also found that the Jail's written policies and procedures regarding accounting processes for the Inmate Trust account have not been updated since March 6, 2001. We also noted a lack of oversight regarding the Inmate Trust account. In October 2008, the Jail assigned an Inmate Account Supervisor to oversee the Inmate Trust account. The Supervisor prepared policies

III. Findings and Recommendation

and procedures for various duties of the cashiers. However, written comprehensive policies and procedures have not been created, and the 2001 version has not been updated. In addition, the Jail does not have any policies regarding the deposits made on individual inmate accounts through the Keefe Kiosks.

We also identified a number of weaknesses with the internal controls and the accounting processes used in the Jail's cashier's office. These weaknesses were noted during our prior report and still exist.

- There is inadequate segregation of duties within the cashier's office, including the processing of petty cash transactions. All of the cashiers are authorized to complete all steps of a financial transaction. For instance, the same individual has the ability to collect cash, make deposits, prepare checks, sign checks, void checks, create entries in the QuickBooks and OMS systems, and perform the bank reconciliation.
- Jail cashiers are not currently covered by fidelity bonds. A fidelity bond is a debt obligation serving to protect an employer from loss in the event that its employees cause damages through dishonest or negligent actions. Any employee who deals with money should be covered by a bond.
- Incident reports are used to document discrepancies found during the cash reconciliation process. We noted that these reports are filed in the Jail cashier's office and are not reviewed by anyone other than the cashiers.
- Jail cashiers prepare checks for disbursements from the Inmate Trust account. Previously, OMS did not have check writing or bank reconciliation capabilities. Checks were handwritten, and the cashier had to manually enter the check and deposit information into QuickBooks, which is used to reconcile the account. During 2008, OMS was updated to print checks. However, OMS still does not have bank reconciliation capabilities. Therefore, check and deposit information is still entered into and reconciled through QuickBooks. The practice of maintaining two sets of records presents numerous opportunities for errors and omissions to occur.

III. Findings and Recommendation

- The Jail cashier reconciles the cash balance in QuickBooks to the bank balance on a monthly basis. However, we found that the Jail does not reconcile the cash balance in QuickBooks to the cash balance in OMS. Furthermore, they do not compare the reconciled cash balance with the corresponding liabilities to ensure there are sufficient funds available to cover all liabilities.
- The Jail writes checks for commissions to the Prisoner Welfare Fund, which is maintained through the County's accounting system. However, the Jail has never requested access to the County's accounting system. Therefore, the cashiers do not verify that all deposits made to the Prisoner Welfare Fund are accurately recorded.
- A Jail cashier or intake officer logs into OMS in order to enter deposit information. All deposits entered while the employee is logged on are recorded as a batch. The batch number is assigned electronically by the system. However, we found that certain transactions can be entered manually and are not entered through a batch. In addition, the system assigned batch number is not always consecutive. Batch numbers are skipped, making it impossible to account for all batches. Furthermore, the system does not identify which batches are included in each bank deposit leaving an ineffective audit trail. This in turn makes audit procedures difficult, ineffective and time consuming.
- OMS assigns a sequential number to all financial and non-financial transactions. Receipts do not receive a unique number. This process makes it nearly impossible to isolate receipts and verify that all receipts were properly recorded.
- When an inmate reenters the Jail, a new account is created in OMS even though the inmate's DOC# remains the same. If the intake officer does not prompt the OMS system to "Restore from History", any account balance or cost recovery balance (money due the Jail) from the inmate's previous account will not be electronically transferred to the new account. The absence of this practice results in the potential loss of funds to the Jail or the inmate.

III. Findings and Recommendation

Recommendations

We recommend that the Jail implement the following safeguards:

Regarding Service Fees:

- Continue to explore options to automate the assessment of all annual service fees, including those for account balances with less than the annual \$20 fee.
- Continue to disburse service fees to Allegheny County according to the established policy. Remit unclaimed funds to the State on a timely basis.

Regarding the Oversight, Internal Control and Accounting Processes:

- Establish and maintain a written comprehensive policies and procedures manual governing the operations and maintenance of the computerized Inmate Trust accounting system. Compliance with policies and procedures should be monitored and deviations should be appropriately addressed. The manual should include:
 - Policies regarding deposits made through the kiosks, and
 - An organizational chart outlining the lines of responsibility for the cashier's office, including oversight of the petty cash fund.
- Strengthen internal controls by ensuring that Jail personnel have effective segregation of duties and responsibilities so that no single person can complete a financial transaction from start to finish, including petty cash transactions.
- Explore the option of obtaining fidelity bond coverage for all Jail cashiers.
- Ensure management reviews all incident reports.
- Upgrade OMS to allow bank reconciliation capabilities.
- Complete monthly reconciliations of the cash balance in OMS and QuickBooks. Also ensure that there are sufficient funds available to fund all liabilities by comparing the reconciled balances with all corresponding liabilities. Obtain access to the County's accounting system to verify deposit information for the Prisoner Welfare Fund.
- Ensure that every deposit transaction is included in a batch. Attach a listing of the batches that make up a

III. Findings and Recommendation

bank deposit to the bank deposit slip so that an effective audit trail is maintained.

- Assign a unique sequential receipt number to each receipt posted into OMS. An exportable receipts report should be generated and reviewed by management.
- Modify OMS to allow an automatic roll forward of information from an inmate's previous account using the inmate's DOC# as a trigger. Additionally, until the system is automated, have the Intake Department generate a report of inmates entering the Jail to be given to the cashiers to ensure the information in the system is processed correctly, and any inmate's prior balance is rolled forward.

III. Findings and Recommendation

Finding #2

Oversight, Internal Controls, and Accounting Processes Need to be Strengthened

If money is found on an inmate after the intake process, it is considered contraband, and the inmate loses all rights of ownership. A Jail guard confiscates the money, prepares a confiscated items receipt that is signed by the guard and inmate, and sends the cash and receipt to the cashier. The cashier records the information in the Offender Management System (OMS), deposits the money into the Inmate Trust account, and sends a check to the County. Our testing revealed that:

- The Jail could not provide any of the signed confiscated items receipts for 2008 and 2009. According to the Inmate Account Supervisor, the receipts were either misplaced or accidentally thrown away. Therefore, we were not able to test any transactions or verify the accuracy of the amount remitted to the Treasurer's Office.
- In addition, we found that the Jail is not recording confiscated funds in the proper account in OMS. Cashiers are recording the amounts in the Undeposited Funds account instead of the designated Confiscated Funds account. The improper recording of these transactions makes it difficult to determine the population of confiscated funds.

If OMS is down, pre-numbered manual receipts are used to document inmate funds received. There are two separate locations where manual receipts are issued which include the intake section and the cashier's office. The intake officers or cashiers enter the information from manual receipts into OMS once the system is available. However, the officer and cashier do not record the manual receipt number in the system. In addition, we noted that the cashiers and intake officers do not use a manual receipt log or track which manual receipts are issued to and subsequently used by each section. We also observed that unused manual receipts are not kept in a secure location. In the cashier's office they were stored on an unlocked cabinet shelf.

III. Findings and Recommendation

An annual service fee is assessed to individual inmate accounts if an inmate leaves the Jail without collecting the balance of their account (see Finding #1). The assessed fees are recorded in the Service Charge account in OMS until they are remitted to the County. During our testing, we found that the cashier's office is also using the Service Charge account to record other transactions which are not remitted to the County. We found that cost recovery transactions, which are payments from inmates for amounts due for things such as damages to the Jail facility, and other miscellaneous transactions are recorded in the Service Charge account. These transactions should be recorded in a separate account. Only the service fees collected which will be remitted to the County should be recorded in the Service Charge account.

When an inmate is released from Jail, the cashier's office issues a check to the inmate to close out the individual's inmate account. The cashiers are required to obtain proper identification to prevent unauthorized release of an inmate's funds. Inmates are required to present their arm band or other form of photo identification. The check stub should contain the inmate's signature, Department of Correction (DOC) number, the petty cash amount paid, and the document used to identify the inmate. Our testing disclosed cashiers are not consistently noting the type of identification used when closing the inmate's account. Of the 50 check stubs tested, 14 (28%) did not contain the type of identification used to identify the inmate.

All of the Jail cashiers can perform every step of the process for inmate receipts received through the mail. Specifically, the cashiers open the mail and record the payment into OMS. A log of all money received through the mail was previously maintained by mail room personnel. However, that process has been discontinued resulting in an inadequate segregation of duties and an increased risk of fraud, misappropriation and errors.

Recommendations

We recommend that the Jail:

- Ensure all supporting documents and records are retained, including signed confiscated items receipts.

III. Findings and Recommendation

Personnel should also properly record transactions for confiscated funds in the designated OMS Confiscated Funds account.

- Document the batches of manual receipts on hand and the numbers of manual receipts assigned to each area of the Jail. Additionally, the intake officers and cashiers should maintain a manual receipt log, store unused manual receipts in a secure location, and enter the manual receipt number into OMS.
- Stop using the Service Charge account as a clearing account for cost recovery adjustments that are not remitted to the County. A new account should be created in OMS to record these transactions.
- Ensure Jail cashiers document the type of identification used to identify the inmate when issuing a check to close the inmate's account.
- Assign someone independent of the cashier's office to prepare and maintain a log of all money sent to inmates through the mail.



BUREAU OF CORRECTIONS
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CHIEF EXECUTIVE

DANIEL BURNS
ACTING WARDEN

GREGORY GROGAN
DEPUTY WARDEN

LANCE BOHN
DEPUTY WARDEN

WILLIAM EMERICK
ASSISTANT DEPUTY
WARDEN

February 24, 2011

Ms. Lori Churilla
Assistant Deputy Controller
Auditing Division
104 Courthouse
436 Grant Street
Pittsburgh, Pa 15219-2498

Dear Ms. Churilla,

On behalf of the Administration for the Allegheny County Bureau of Corrections, I would like to take this opportunity to thank your agency for its recent review of the Jail Commissary and the Inmate Trust Account.

The periodic reviews performed by your department, are vital in our efforts to promote fiscal responsibility and are essential for the improvement of procedures and services provided by our institution.

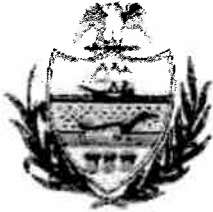
The accompanying pages will consist of responses to the Controller's recommendations for the audit reviews cited above.

If I may be of further assistance, please feel free to contact me at 412-350-2266.

Sincerely,

A handwritten signature in black ink, appearing to read "DB", written over the word "Sincerely," and the name "Daniel Burns".

Daniel Burns
Warden, Allegheny County Bureau of Corrections



DAN ONORATO
CHIEF EXECUTIVE

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DEPUTY WARDEN

LANCE BOHN
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WILLIAM EMERICK
ASSISTANT DEPUTY
WARDEN

INTERNAL CONTROL REPORT FOR THE INMATE TRUST ACCOUNT FOR
THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2009

JAIL RESPONSES TO CONTROLLER'S OFFICE
RECOMMENDATIONS

RECOMMENDATION: Continue to explore options to automate the assessment of all annual service fees, including those with balances under \$20.00.

RESPONSE: As it is unknown at this time as to the extent of the DSI upgrade involving OMS accounting software, we will continue to work with DSI to automate this process.

RECOMMENDATION: Continue to disburse service fees to Allegheny County according to established policy and remit unclaimed funds to the State when applicable.

RESPONSE: The Jail will continue to adhere to the above recommendation.

RECOMMENDATION: Establish and maintain a written, comprehensive policies and procedures manual governing the operations and maintenance of the computerized Inmate Trust accounting system. Emphasize policies regarding deposits made through the kiosks and an organizational chart outlining the lines of responsibility for the cashier's office, including oversight of the petty cash.

RESPONSE: The Jail will make every effort to augment existing mandates applicable to the Inmate Trust Accounting system.

RECOMMENDATION: Strengthen internal controls by ensuring cashier personnel have effective segregation of duties and that no single person can complete a financial transaction from start to finish, including petty cash transactions.

RESPONSE: As responded to in previous audits, the lack of sufficient personnel within the Cashier's Office does not allow segregation of duties at this time.

RECOMMENDATION: Explore option of obtaining fidelity bond coverage for all Jail cashiers.

RESPONSE: This recommendation has been suggested in the past. Fidelity bonding will be explored and facilitated with County approval.

RECOMMENDATION: Ensure management reviews all incident reports.

RESPONSE: Cashier's personnel will be instructed to provide any and all incident reports to all Administrators for review.

RECOMMENDATION: Upgrade OMS to allow bank reconciliation capabilities.

RESPONSE: Depending on the extent of the DSI accounting upgrade to our system, such a reconciliation may be possible. Otherwise, we will explore obtaining this capability through DSI.

RECOMMENDATION: Complete monthly reconciliations of the cash balance in OMS and QuickBooks. Ensure there are sufficient funds available to fund all liabilities by comparing reconciled balances to corresponding liabilities. Obtain access to the County's accounting system to verify deposit information for the Prisoner Welfare Fund.

RESPONSE: Although we are not privileged to all the components of the DSI accounting upgrade, is our understanding that reconciliation capabilities are to be included in the adjustment process.

RECOMMENDATION: Ensure every deposit transaction is included in a batch. Attach a listing of the batches that make up a bank deposit to the bank slip so an effective audit trail is maintained.

RESPONSE: This would increase the number of batches currently being utilized. At this time, the Jail is capable of running a daily report on all transactions and can verify the funds in question. This is a topic we would like to further dialogue with the Controller's Office.

RECOMMENDATION: Assign a unique sequential receipt number to each receipt posted into OMS. An exportable report should be generated and reviewed by management.

RESPONSE: All transactions have a receipt number. Unfortunately, the report generated does not display these transactions in sequential order. We will consult with DSI to investigate the possibility of providing this information in sequential order.

RECOMMENDATION: Modify OMS to allow an automatic roll forward of information from an inmate's previous account using the inmate's DOC# as a trigger. Also, until such a system is in place, have the Intake Department generate a report of inmates entering the Jail and provide this report to Cashier personnel to ensure the information in the system is processed correctly, and any inmate's prior balance is rolled forward.

RESPONSE: Will consult with DSI as to the feasibility of the above recommendation. In the meantime, we will coordinate with the Intake Administrator to provide the necessary information for the forwarding of an inmate's prior balance, when necessary.

RECOMMENDATION: Ensure all supporting documents and records are retained, including signed confiscated items receipts. Such transactions should be recorded in the OMS Confiscated Funds account.

RESPONSE: During this audit period, one pink slip could not be located. The Cashier Supervisor has already addressed this issue with Jail Administration and every effort will be made to ensure all receipts are available.

RECOMMENDATION: Document the batches of manual receipts on hand and the numbers of manual receipts assigned to each area of the Jail. Also, Intake Officers and Cashiers should maintain a log, store unused manual receipts in a secure location, and enter manual receipt numbers into OMS.

RESPONSE: When Intake personnel utilize a receipt, the receipt number and amount are placed on the inmate's account and is subsequently placed into a batch. The use of a log must be uniform and consistent among the Intake and Cashier's personnel. More discussion between the Jail and the Controller's is necessary for a proper strategy to implement.

RECOMMENDATION: Stop using the Service Charge account as a clearing account for cost recovery adjustments that are remitted to the County. A new account should be created in OMS.

RESPONSE: Will discuss with OMS.

RECOMMENDATION: Ensure Jail cashiers document the type of identification used to identify the inmate when using a check to close the inmate's account.

RESPONSE: Cashier's are to double check their work to ensure inmate identification is documented when issuing checks.

RECOMMENDATION: Assign someone independent of the Cashier's Office to prepare and maintain a log of all money sent to inmates through the mail.

RESPONSE: Request clarification concerning this recommendation.