



County of Allegheny

Office of the Controller

Allegheny County Jail
Prisoner Welfare Expense Trust Fund
and Inmate Trust Account
Internal Control Report
For the Period
January 1, 2013 through December 31, 2013

(Non-Audit Service)

January 5, 2015

Chelsa Wagner
Controller

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CHELSEA WAGNER
CONTROLLER

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OFFICE OF THE CONTROLLER

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December 1, 2014

Mr. Orlando Harper
Warden
Allegheny County Jail
950 Second Avenue
Pittsburgh, PA 15219

Allegheny County Jail Prisoner Welfare Expense Trust Fund and Inmate Trust Account
Internal Control Report for the Period
January 1, 2013 through December 31, 2013

Dear Warden Harper:

We have evaluated the operational effectiveness of the Jail's internal control structure pertaining to the Prisoner Welfare Expense Trust fund and the Inmate Trust account. Our procedures were applied to the period January 1, 2013 through December 31, 2013. Our engagement was performed as a non-audit service. Therefore, our engagement was not performed in accordance with *Government Auditing Standards*.

Our testing revealed outstanding deficiencies that have not yet been remedied by the Jail. In particular, of the 23 recommendations that we made in our last report, issued July 17, 2013 for the period January 1, 2010 through December 31, 2012, our testing revealed that 6 (26%) were fully implemented, 7 (30%) were partially implemented, and 10 (44%) were not implemented.

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. The results of our procedures are included in the attached report.



Warden Harper
December 1, 2014
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We would like to thank the management and staff of the Allegheny County Jail for their courtesy and cooperation during our engagement.

Kind regards,



Chelsa Wagner
Controller



Lori A. Churilla
Assistant Deputy Controller, Auditing

cc: Honorable John DeFazio, President, County Council
Honorable Nicholas Futules, Vice-President, County Council
Honorable Rich Fitzgerald, Allegheny County Executive
Honorable Donna Jo McDaniel, President, Jail Oversight Board
Mr. William McKain, County Manager, Allegheny County
Ms. Jennifer Liptak, Chief of Staff, County Executive
Mr. Warren Finkel, Budget Director, Allegheny County
Mr. Joseph Catanese, Director of Constituent Services, County Council
Mr. Walter Szymanski, Budget Director, County Council
Ms. Monica Long, Deputy Warden, Allegheny County Jail

Purpose of Procedures

The Allegheny County Controller’s Office performed procedures to evaluate the adequacy of internal controls over the Allegheny County Jail’s Prisoner Welfare Expense Trust fund and the Inmate Trust account for the period January 1, 2013 through December 31, 2013.

Background

Inmate Trust Account

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. The account’s balance and changes in the account’s balance for the fiscal year 2013 for the Inmate Trust account is as follows:

	<u>2013</u>
Beginning Balance	\$ 293,678
Additions	4,261,500
Deductions	<u>(4,264,077)</u>
Ending Balance	\$ <u>291,101</u>

Any money that an inmate has in his possession must be turned over to the intake officers at the time the inmate 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

Executive Summary

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

Prisoner Welfare Expense Trust Fund

The Prisoner Welfare Expense Trust fund is administered by the Jail. These monies are self-generated, non-taxpayer funds to be used primarily for the benefit, education and welfare of inmates, although not required by law. Revenue for this fund is mainly derived from the commissions from the commissary and inmate pay phones. The Jail Advisory Board approves all expenditures from this fund. Account balances for the fiscal year 2013 for the Prisoner Welfare Expense Trust fund are as follows:

	<u>2013</u>
Assets	
Cash	\$ 1,632,710
Fixed Assets	<u>141,227</u>
Total Assets	\$ <u>1,773,937</u>
Liabilities and Fund Balance	
Accounts Payable	\$ 18,366
Other Current Liabilities	42,811
Due to Other Funds	6,139
Fund Balance	<u>1,706,621</u>
Total Liabilities & Fund Balance	\$ <u>1,773,937</u>

Results in Brief

Our procedures revealed the following:

Finding #1: The Jail Should Continue to Remediate Known Deficiencies

We did not identify any new internal control deficiencies. We also determined that certain other conditions that we previously communicated to the Jail had been addressed during 2013. However, we also determined that the vast majority of conditions that we had previously identified and communicated to the Jail were not resolved during 2013:

- The Jail’s OMS software was not upgraded.
 - Quickbooks was still used to facilitate the bank reconciliation process.
 - Unique sequential receipt numbers were not used in processing cash receipts.
 - Intake officers sometimes did not use the “Restore From History” function in OMS to electronically transfer any inmate trust account balance or cost recovery balance (amount due to the Jail) from the most recent previous incarceration, if any, which could result in some inmates not having access to money that is

Executive Summary

rightfully theirs or not being held accountable for any amount due to the County unless the condition is otherwise discovered and corrected.

- The chart of accounts in OMS was not updated, such that Jail cashiers continued to use the service charge account to record other types of transactions.
- There was a lack of an adequate segregation of duties within the Jail's cashier office.
- The unreconciled difference between the OMS cash balance and the bank balance of cash we previously identified (at September 30, 2012) was not fully investigated and resolved.
- Intake receipts were not signed by intake officers. We sampled 20 intake receipts and 4 of the receipts (20%) were not signed by the intake officer.
- Confiscated item receipts were not signed by inmates. We sampled 10 confiscated item receipts and 3 of the receipts (30%) were not signed by the inmates.
- The Controller's Office Asset Management Division was not provided with updated information about the locations and users of the Jail's fixed assets to facilitate future tracking.

We noted that the Warden signed a contract in July 2014 for the upgrade of the Jail's OMS software, and that the Jail is currently taking measures to bring about a segregation of duties within the cashier's office. However, it does not appear that measures have been taken to address the other conditions we previously identified and reported to the Jail. The failure to remediate deficiencies that were identified and reported to the Jail's management in prior years does not mitigate the risk of errors, fraud, waste, abuse, and/or noncompliance associated with the conditions.

Recommendations: The Controller's Office recommends that the Jail:

- Work with the contractor to complete the OMS upgrade.
- Update the OMS chart of accounts to improve the usefulness of the information generated by the accounting system for management purposes once the OMS upgrade is complete.
- Continue training the cashier's office staff and modify the job duties as necessary to bring about an appropriate segregation of duties within the office.
- Fully investigate the unreconciled difference between the OMS cash balance and the bank balance of cash at September 30, 2012 to determine whether funds have been misappropriated.
- Ensure that all intake and confiscated item receipts are properly signed by the corrections officers and the inmates.
- Utilize a manual receipts log to track the manual receipt numbers issued to and used by the Jail's cashiers.
- Provide the Controller's Office Asset Management Division with updated information about the locations and users of the Jail's fixed assets to facilitate future tracking.

I. Introduction

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

Inmate Trust Account

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. The account balance and changes in the account's balance for the fiscal year 2013 for the Inmate Trust account are as follows:

		<u>2013</u>
Beginning Balance	\$	293,678
Additions		4,261,500
Deductions		<u>(4,264,077)</u>
Ending Balance	\$	<u><u>291,101</u></u>

Any money that an inmate has in his possession must be turned over to the intake officers at the time the inmate 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.

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

I. Introduction

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. A check is cut annually to remit service fees to the Allegheny County Treasurer. Any remaining balance in a former inmate's trust account after five years is escheated to the Commonwealth of Pennsylvania in accordance with the Disposition of Abandoned and Unclaimed Property Act.

The Warden signed a contract in July 2014 for the upgrade of the Jail's OMS software. It appears that the provider intends to utilize a test system to help ensure that data is not lost or corrupted during the upgrade. Consequently, the upgrade will not occur immediately, it will take time to implement. Once the upgrade is complete, the Jail will no longer need to use a secondary accounting software package to reconcile the cash balance.

Prisoner Welfare Expense Trust Fund

The Prisoner Welfare Expense Trust fund is administered by the Jail. These monies are self-generated, non-taxpayer funds to be used primarily for the benefit, education and welfare of inmates, although not required by law. Revenue for this fund is mainly derived from the commissions from the commissary and inmate pay phones. The Jail Advisory Board approves all expenditures from this fund.

I. Introduction

Account balances and revenue and expenditures for the fiscal year 2013 for the Prisoner Welfare Expense Trust fund are as follows:

Prisoner Welfare Expense Trust Fund

	<u>2013</u>
Assets	
Cash	\$ 1,632,710
Fixed Assets	<u>141,227</u>
Total Assets	\$ <u><u>1,773,937</u></u>
Liabilities and Fund Balance	
Accounts Payable	\$ 18,336
Other Current Liabilities	42,811
Due to Other Funds	6,139
Fund Balance	<u>1,706,621</u>
Total Liabilities & Fund Balance	\$ <u><u>1,773,937</u></u>
Revenue	
Commissions	\$ 1,193,481
Misc. Receipts	<u>10,058</u>
Total Revenues	1,203,539
Expenditures	
Supplies	18,346
Materials	8,710
Non Fixed Assets	45,240
Services	<u>895,449</u>
Total Expenditures	<u><u>967,745</u></u>
Excess of Revenue over Expenditures	\$ <u><u>235,794</u></u>

II. Scope and Methodology

We evaluated the operational effectiveness of the Jail's internal control structure pertaining to the Prisoner Welfare Expense Trust fund and the Inmate Trust account for the period January 1, 2013 through December 31, 2013. Specifically, we performed the following procedures:

- Interviewed Jail personnel involved in the operations of the Prisoner Welfare Expense Trust fund and the Inmate Trust account.
- Reviewed the most recent Internal Control Report for the Allegheny County Jail Prisoner Welfare Expense Trust fund and the Inmate Trust account to identify internal control deficiencies that had previously been reported and the implementation status of any recommendations to correct them.
- Reviewed the minutes of the Jail Oversight Board meetings for the period January 2013 through December 2013.
- Documented procedures surrounding receipts and disbursements of the Inmate Trust account and the Prisoner Welfare Expense Trust fund.
- 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 and the Prisoner Welfare Expense Trust fund 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 and analyzed transfers into and out of this account.
- Examined documents pertaining to accounting services provided Maher Duessel, a CPA firm engaged by the Jail to provide accounting assistance with the inmate trust account.
- 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 2014 through October 2014. We provided a draft copy of this report to the Warden of the Allegheny County Jail for comment. His response begins on page 14.

III. Findings and Recommendations

Finding #1

The Jail Should Continue to Remediate Known Deficiencies

The effective implementation of properly designed internal control procedures can help an entity to prevent, or detect and correct, accounting errors and other financial statement misstatements, fraud, waste, abuse, and noncompliance. Internal control deficiencies should be remedied when they are identified by an entity to improve the likelihood that the entity will achieve its objectives pertaining to operational effectiveness and efficiency, reliable financial reporting, and compliance.

We observed that the Jail's administration took some action in 2013 to fully implement recommendations that we previously communicated to the Jail. Our test results indicate that cash receipts were deposited daily in 2013, and that intake officers were also required to document in OMS the amounts of cash and checks to be deposited. In addition, three Jail assets that we previously identified as missing have since been located by the Jail. While one of the assets, a camera, was broken and is no longer in use, the two other assets, computers, are still being used by Jail personnel. The Jail began to maintain a manual receipts log in July of 2013. We also were advised that the Jail evaluated with legal counsel the need for Jail cashiers to be fidelity bonded and deemed coverage to be unnecessary as other insurance coverage is in effect. However, we also determined that the vast majority of conditions that we had previously identified and communicated to the Jail were not resolved during 2013. The following recommendations made in our most recent report were only partially implemented:

- *Conduct a thorough analysis of the unexplained reconciliation difference of \$15,984 between the OMS (book) balance and the inmate trust account bank balance as of September 30, 2012. Additionally, every entry that is recorded in the bank statement should be tied to OMS so that the difference does not change going forward.*

The Jail engaged an accounting firm to help with reconciliation of the inmate trust account, but identifying the cause of the historical unexplained reconciliation difference was not included in the scope of the engagement. The Jail also has not identified the cause of the historical unexplained reconciliation difference on its own.

- *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 receipts log, store the used manual receipts in a secure location, and enter the manual receipt number into OMS.*

The Jail now keeps manual receipts in a secure location, but does not track the batches of manual receipts on hand assigned to each area of the Jail or enter manual receipts numbers into OMS.

- *Consider the following to achieve an appropriate segregation of duties so that no single person can complete a financial transaction from start to finish, including petty cash transactions:*

III. Findings and Recommendations

- *Limiting the duties of the Inmate Account Supervisor to ensure that only cashiers are performing routine day-to-day tasks.*
- *Require someone independent of the Cashier's Office to perform a detailed review of the monthly inmate trust account bank reconciliations.*
- *Requiring the mail room to maintain a cash receipts log, and using the log to ensure that all receipts via the mail are deposited.*
- *Requiring that a manual check log be maintained and periodically reviewed by the Inmate Account Supervisor to verify that inmate trust account disbursements are being made for legitimate purposes.*

We noted that two part-time jail cashier positions were made full-time positions. We were advised that the job duties in the cashier's office are intended to be modified to bring about an appropriate segregation of duties. However, we were advised that training of the staff is still in process, and that there is not yet an adequate segregation of duties within the office.

- *Develop clear and thorough written policies and procedures that provide for an adequate segregation of duties and the performance of adequate review and other control procedures, and take steps to implement those policies and procedures.*

We observed that the Warden communicated to all Jail employees in June of 2013 regarding the need for accountability for County property, and although not issued during 2013, we also noted that two Jail policies to provide for improvement in internal control, Jail Policy #171 – *Asset Control*, and Jail Policy #47 – *Jail Cashier/ Inmate Accounts/ Kiosks*, were issued by the Warden in February and September of 2014, respectively. However, the issued policies are not comprehensive, and the number of deficiencies not yet corrected suggests that both the policies and procedures and their implementation is lacking.

- *Take steps to reduce the Jail's reliance on Quickbooks for accounting information to enable the Jail to discontinue the use of Quickbooks.*

The Warden signed a contract in July 2014 for the upgrade of the Jail's OMS software. It appears that the provider intends to utilize a test system to help ensure that data is not lost or corrupted during the upgrade. Consequently, the upgrade will not occur immediately, it will take time to implement. Once the upgrade is complete, the Jail will no longer need to use a secondary accounting software package (Quickbooks) to reconcile the cash balance.

- *Perform a physical inventory at least annually. This process should include investigating the whereabouts of assets on the County's fixed asset detail that cannot be located in the Jail. Jail employees who have been assigned responsibility for the assets should be held accountable when assets are missing, damaged, or improperly disposed of.*

The Jail performed an annual physical inventory of its assets for 2013. However, the Jail does not have an adequate basis for holding employees accountable when assets are

III. Findings and Recommendations

missing, damaged, or improperly disposed of because the Jail did not provide the Controller's Office Asset Management Division with updated information about the locations and users of the Jail's assets.

- *Undertake a reassessment of the Jail's organizational structure, philosophy, culture, values, human resources policies and procedures, and management style with a focus on strengthening program management, documentation and accountability.*

We observed that the Jail's strategic planning process involved an assessment of the Jail's values and culture. We also observed that the Warden communicated to all Jail employees in June of 2013 regarding the need for accountability for County property, and although not issued during 2013, we also noted that two Jail policies to provide for improvement in internal control, Jail Policy #171 – *Asset Control*, and Jail Policy #47 – *Jail Cashier/ Inmate Accounts/ Kiosks*, were issued by the Warden in February and September of 2014, respectively.

The following recommendations made in our most recent report were not implemented:

- Ensure that all intake and confiscated items receipts are properly signed by the inmate and the intake officer.
- Assign a unique sequential receipt number to each receipt posted into OMS. An exportable receipts report should be generated and reviewed by management. The upgrade of the OMS software will accomplish this.
- Stop using the Service Charge account as a clearing account for commissions, postage and copy charges. The proper account should be used in OMS to record these transactions.
- Upgrade the OMS software so that the software can be utilized to reconcile the Inmate Trust bank account.
- Inquire of the OMS software developer as to whether an additional field can be added to the OMS release screen so that releasing officers can enter the transfer facility and any other information that would facilitate the return of inmate funds.
- Require corrections officers to manually document the facilities to which inmates are transferred to the extent that they are unable to do so in OMS.
- Take steps to ensure that corrections officers activate the Restore from History function when inmates are re-admitted to the Jail. This can include inquiring with the OMS software developer as to whether this function can be done automatically through the upgraded software.
- Update the chart of accounts on OMS to facilitate the generation of an appropriate level of accounting information for management purposes.
- Provide the Controller's Office Asset Management Division with updated information about the asset locations and asset users to facilitate future tracking of the assets.
- Ensure that appropriate actions are taken to remediate the conditions we have identified in our other findings.

As indicated earlier, the Warden signed a contract in July 2014 for the upgrade of the Jail's OMS software. It appears that the provider intends to utilize a test system to help ensure that data is not

III. Findings and Recommendations

lost or corrupted during the upgrade. Consequently, the upgrade will not occur immediately, it will take time to implement. Once the upgrade is complete, the Jail will no longer need to use a secondary accounting software package (Quickbooks) to reconcile the cash balance. There is also an expectation that certain functions in the current version of OMS will be improved as a result of the upgrade. These include the software's use of unique sequential receipt numbers for processing cash receipts and the automation of the restore from history function. Once the upgrade is complete, the chart of accounts in OMS should be updated to improve the usefulness of the information generated by the accounting system for management purposes.

The failure to remediate deficiencies that were identified and reported to the Jail's management in prior years does not mitigate the risk of errors, fraud, waste, abuse, and/or noncompliance associated with the conditions.

Recommendations: The Controller's Office recommends that the Jail:

- Work with the contractor to complete the OMS upgrade.
- Update the OMS chart of accounts to improve the usefulness of the information generated by the accounting system for management purposes once the OMS upgrade is complete.
- Continue training the cashier's office staff and modify the job duties as necessary to bring about an appropriate segregation of duties within the office.
- Fully investigate the unreconciled difference between the OMS cash balance and the bank balance of cash at September 30, 2012 to determine whether funds have been misappropriated.
- Ensure that all intake and confiscated item receipts are properly signed by the corrections officers and the inmates.
- Provide the Controller's Office Asset Management Division with updated information about the locations and users of the Jail's fixed assets to facilitate future tracking.

COUNTY OF



ALLEGHENY

RICH FITZGERALD
COUNTY EXECUTIVE

December 22, 2014

The Honorable Chelsa Wagner
Allegheny County Controller
104 County Courthouse
436 Grant Street
Pittsburgh, PA 15219

Re: Allegheny County Jail Prisoner Welfare Expense Trust Fund and Inmate Trust
Account Internal Control Report for the Period of January 1, 2013 through
December 31, 2013.

Controller Wagner:

Thank you for the opportunity to respond to your report. The following issues were noted on page 14 of the above referenced report:

1. Work with the contractor to complete the OMS upgrade.

Response: The Allegheny County Jail (ACJ) has executed a contract related to the OMS upgrade and the process began in October 2014. The implementation process is estimated to take approximately 18 months to complete. Also note the following regarding specific items listed on page 4 related to this recommendation:

- A. Unique sequential receipt numbers not used: Receipts are automatically generated from the OMS system at intake, one copy is provided to the inmate and one copy is maintained by the Jail. Accounting clerks deposit the funds and reconcile the cash to the deposits posted in the OMS system. The accounting supervisor also reconciles the bank deposits to the receipts posted in OMS. Given that the receipting process is automatically generated after a deposit has been entered in to an inmate's account in OMS, the Jail does not believe is cost effective or efficient to maintain and track receipts in sequential order however your recommendation is noted.



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- B. Intake officers sometimes did not use the “Restore From History” function: The restore from history has been a training issue that has been resolved with little issue and no harm to inmates. If an account is not restored, the cashiers Supervisor provides the needed training.
2. Upgrade the OMS chart of accounts to improve the usefulness of the information generated by the accounting system for management purposes once the OMS upgrade is complete.

Response: The chart of accounts was reviewed during 2014 and unused accounts with old balances have been adjusted and are no longer an issue. The chart of accounts will be further evaluated and upgraded during the OMS upgrade process.

3. Continue training the cashier’s office staff and modify the job duties as necessary to bring about an appropriate segregation of duties within the office.

Response: The jail performed an overall review of its internal process during 2014. During periods of 2012 and 2013, not all Accounting Clerk positions were filled, necessitating more detailed functions being performed by the Accounting Supervisor. Currently all Accounting Clerk positions are filled. The following internal control improvements were implemented during 2014:

- A. The Deputy Warden of Administration reviews the unopened bank statement and approves the monthly bank account reconciliations.
- B. The ACJ implemented a process that includes receipt logs to be maintained by the mailroom.
- C. The Deputy Warden of Administration began maintaining a log of the check sequence and reviewing checks detail for reasonableness. Excess check stock is also maintained and locked in the Deputy’s office.
- D. The reconciliation of the inmate advance cash is completed at the start of each shift for the previous accounting clerk.
- E. The Jail began reconciling the cash balance in QuickBooks to the cash balance in OMS as noted in item 4 below.

The internal control review included the development of a narrative that documents its procedures over processing transactions. The review resulting in certain immediate improvements to the internal control system is noted above. The Jail anticipates further improvements once the OMS upgrade is complete.

4. Fully investigate the unreconciled difference between the OMS cash balance and the bank balance of cash at September 30, 2012 to determine whether funds have been misappropriated.

Response: The jail began reconciling the cash balance in QuickBooks to the cash balance in OMS as of October 2013. The reconciliations have been performed quarterly and the jail is currently reconciled through September of 2014. The historical difference between the two systems has been adjusted. The primary factor in the two systems not balancing related to bank charges on the inmate account that has been recorded in QuickBooks but not OMS. The jail has also implemented a process to account for these bank charges in OMS on a monthly basis to ensure the future differences do not occur. Analytical analysis was performed which indicated that bank fees were the primary factor which cause the difference between the two systems however, the Jail determined that it was not cost effective to perform a detailed reconciliation of historical difference.

5. Ensure that all intake and confiscated item receipts are properly signed by the corrections officers and the inmates.

Response: A process was implemented in 2013 to strengthen the controls over receipts being signed and reviewed daily by the Cashier Supervisor and the Captain of Intake.

6. Utilize a manual receipts log to track the manual receipt numbers issued to and used by the Jail's cashiers.

Response: A manual receipts log was implemented in 2013.

7. Provide the Controller's Office Asset Management Division with updated information about the locations and users of the Jails fixed assets to facilitate future tracking.

Response: The Controller's Office was issued updated fix asset list. In 2014 the ACJ after careful review, wrote a new asset control policy, distributed to all Jail employees, and started an asset control monitoring group. Inventory is done above and beyond recommendations of the Controller's office as it is completed on a quarterly basis.

The Allegheny County Jail would like to thank the audit team for their timeliness and professionalism while conducting the audit. This Administration takes your findings and recommendations seriously. The Allegheny County Jail has had the same findings for approximately 5 years regarding these accounts. This is the first audit that has movement towards rectifying the past issues. Not all issues will be addressed in the timeliness as we would have hoped, such as the upgrade of OMS, as it is a process that requires thoroughness to

protect decades of pertinent information however we are confident in the controls placed until the upgrade is complete.

Please contact me at 412.350.2025 for any additional comments or concerns.

Orlando L. Harper
Orlando Harper, Warden

12-29-14
Date

Monica Long
Monica Long, Deputy Warden of Administration

12-29-2014
Date

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