



**COUNTY of LUZERNE**  
P E N N S Y L V A N I A  
ESTABLISHED 1786

**OFFICE OF THE CONTROLLER**

***Audit of the  
Luzerne County Correctional Facility  
Commissary Funds  
For the Period  
January 1, 2014 to December 31, 2014***

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**Luzerne County Controller**

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**Objective:**

The Controller's office is required by the Commonwealth's Administrative Code, Title 37, Section 95.239 (hereafter being referred to as the "statute"), to perform an annual audit of the Prison Commissary Funds.

**Scope:**

The Luzerne County Division of Corrections (hereafter being referred to as the "LCDOC") was reviewed for the period of January 1, 2014 through December 31, 2014. This is done to ensure the LCCF funds were in compliance with the statute, that adequate documentation was maintained for dispensing the funds and used in accordance with the statute and that revenue was tracked accurately and reported properly.

**Methodology:**

The audit included an examination of internal controls as well as the assessment of fraud, illegal acts, abuse and other non-compliance activities. It should be noted all random statistical sampling was completed using a 95% confidence interval with a 5% margin of error. We believe that our audit provides a reasonable basis for our opinion.

**Testing Methodology:**

In 2014 there were three bank accounts that were associated with the Commissary Funds. The accounts were as follow:

1. The Inmate Account
2. The Commissary (Inmate Welfare) Account
3. The Canteen Account

The Controller's Office tested 294 billed disbursements from the Inmate Account, 149 disbursements from Commission Account, and 125 disbursements for the Canteen Account. These transactions were tested to ensure the amounts billed were the proper amount paid, the payee matched its respective invoice, and the check number was properly noted. Also, from the Inmate account there was 108 Inmate requested withdrawals sampled ensuring all written checks match the corresponding withdrawal request.

The Controller's Office tested 373 deposits from when Inmates are first processed into the LCDOC. An additional 362 deposits were also tested from when the Inmate's family/friends send the inmate monies. Each area has its own corresponding sequential receipt book. All deposits were tested to see if the deposited amount matched the total receipts for the day.

Furthermore, twenty random inmate accounts were tested. The following items were sampled with regard to those accounts:

1. Inmate orders from Keefe Commissary
2. Medical Reimbursement Charges
3. Inmate Pays
4. Misconducts

**General Findings:**Checking Account Invoices:

We found all checks written from the aforementioned three checking accounts match the invoices received from the provider and the check register. All voided checks were retained for record keeping purposes. Furthermore, of the 108 sampled inmate requested withdrawals all items were completed correctly and no errors were noted.

Booking Receipts:

Several errors were found when comparing the totaled amounts on Booking Receipts to the bank account statement. The errors were discovered when the deposits for the respective dates on the bank account indicated a greater amount than the amount on total receipts. In all, \$1,267.54 more was deposited into the Inmate account than recorded.

There are 91 random missing sequential receipt numbers followed by 200 successive missing receipt numbers. It is not known if the numbers were skipped over, damaged or misplaced.

Mailroom/Main Gate Receipts:

There were two receipt deposits that could not be found individually on the bank statement: \$94.00 on July 31<sup>st</sup> and \$25.00 on February 11<sup>th</sup>; totaling \$119.00.

Upon further communication from the LCCF the Controller's Office was informed the \$94.00 was deposited on 9/2/2014. It appears the funds were overlooked for deposit on July 31<sup>st</sup> and were immediately deposited once error was found. Also, the \$25.00 missing deposit was a money order for a work release inmate. The money order was sent to work release to be processed properly. Based on this review, no further action is recommended.

There are 67 random missing receipt numbers and several sequential receipts packets missed. It is not known if the numbers were skipped over, damaged, or misplaced. The large numbering skips consists of 6,000 receipt numbers. The receipts numbers skip from 42,999 to 45,000, then skips again from 45,800 to 46,299, and finally 46,324 thru 52,730.

The Controller's Office was informed that for all the monies received from Booking and the Mailroom/Main Gate, it is same individual who counts the funds, writes the deposit tickets, and takes funds to the bank.

Inmate Account Sampling:

It should be noted that all items sampled were for the entire year except for Commissary purchasing by inmates. Towards the middle of 2014, Keefe Commissary Group took over all functions of the Commissary from Luzerne County. For all accounts randomly selected for testing in the aforementioned areas listed on Page 4 were satisfactory and matched the respective items tested. No errors or misstatements were found. However, the amount of paperwork with inmate pay timekeeping seems to be voluminous and not efficient as it could be.

**Recommendation (1):**Finding:

The use of the receipt books sequential numbering is inconsistency.

Condition:

Sequential numbered packets were not used in numerical order.

Cause:

Receipt books are being chosen in a non-continuous order.

Effect:

Unless voided numbers are all retained it cannot be stated with accuracy if a receipt is lost, damaged, or not used. This can cause collected monies to not be credited to the proper individuals.

Recommendation:

Only have access to one booklet of sequential receipts a time. This can be done by storing the next booklets in another area that away from where the current packet is stored.

**Recommendation (2):**

Finding:

Inmate pay timesheets are not in a format that is efficient for processing payments.

Condition:

The current method of tracking inmate working hours is entirely completed by hand. In order to tally the times worked an individual must search multiple handwritten records.

Cause:

The current method of timekeeping requires many hours of searching to find the inmate pay total.

Effect:

The method currently used is inefficient and takes an excessive amount of time from other duties that are potentially a higher priority.

Recommendation:

The Controller's Office recommends each inmate work area have one time card per inmate worker. All time(s) worked for the respective inmate in one area would be on one sheet allowing for quicker time reconciliation.

**Recommendation (3):****Finding:**

While performing the LCCF audit the Controller's Office was informed the same individual counts the funds, writes the deposit tickets, and takes funds to the bank.

**Condition:**

There is a lack of separation of duties in regards to money counting and depositing of funds.

**Cause:**

Only one individual counts the funds for deposit.

**Effect:**

There is a potential for misuse/misplacement of funds.

**Recommendation**

With the large amount of funds in custody of the LCCF, the duties of counting the funds and depositing the funds should be completed by separate individuals. The Controller's Office recommends a cash handling policy be put into place for the counting and depositing of funds given to the LCCF.

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**Conclusion:**

The majority of testing at the LCCF yielded satisfactory results. The Controller's Office recommends that the cash receipts issued should be in sequential order. The inmate time sheet system should be updated to a more efficient process and a separation of monetary duties. This should be put into place in regards to cash counting and depositing of funds.

Please Note:

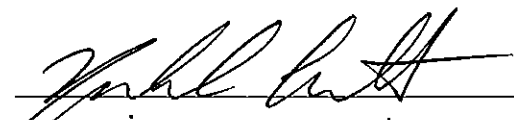
**Luzerne County Home Rule Charter: Section 3.08 (C.) 3.**

*The audited entity shall respond in writing, specifying agreement with the audit findings and/or recommendations or the reasons for disagreement with the findings and/or recommendations, along with any plans and timetable for implementing remedies. The response shall be provided to the Controller within 14 days after the audited entity's receipt of the draft audit. The Controller shall include the audited entity's response in his/her final audit report.*

**Fourteen Days from the Audit date is: November 25, 2015**

Please complete and sign the form below:

I AGREE with the findings of the Luzerne County Controller's Office.

  
\_\_\_\_\_  
NICHOLAS LERMITTE

11/18/15  
Date

I DISAGREE with the findings of the Luzerne County Controller's Office.

\_\_\_\_\_

\_\_\_\_\_  
Date

**Please attach any additional written responses to the audit.**



The Audit of  
Luzerne County Correctional Facility  
Commissary Funds  
January 1, 2014 to December 31, 2014


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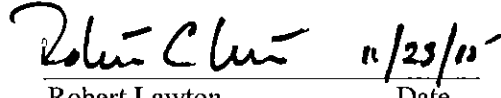
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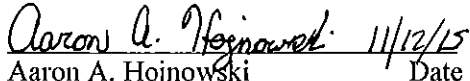
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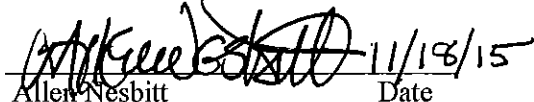
Controller's Office:


LCCF:


  
Michelle A. Bednar      Date  
Controller

  
Robert Lawton      Date  
Luzerne County Manager

  
Aaron A. Hojnowski      Date  
Deputy Controller

  
Allen Nesbitt      Date  
Director of Correctional Services

  
Martin G. Moughan      Date  
Auditor

  
Ann Brutski      Date  
Bookkeeper

  
Nancy L. DeFiltri      Date  
Internal Auditor