



11/20/2023

COUNTY OF DELAWARE  
Independent Auditor's Report for the  
period April 2022 to December 2022  
Inmate Welfare Fund

Joanne Phillips, Esq., Controller  
COUNTY OF DELAWARE

George W. Hill Correctional Facility  
Inmate Welfare Funds

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**Independent Auditor's Report**

Mr. Kevin Madden, Chairman, Jail Oversight Board  
County Council, County of Delaware  
201 W. Front St., Media PA 19063

Ms. Laura Williams, Warden  
George W. Hill Correctional Facility  
500 Cheyney Road  
Thornton, PA 19373

**Report on the Financial Statements**

***Opinion***

We have audited the cash basis financial statements of the George W. Hill Correctional Facility (GWHCF) Inmate Welfare Fund Accounts managed by the County of Delaware, which comprise the statements of assets, liabilities and account balances arising from cash transactions and the related statements of receipts, disbursements and account balances (the "financial statements") and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Inmate Welfare Fund covering the period April 6, 2022 to December 31, 2022 and its cash receipts, disbursements and account balances for the period then ended, in accordance with the cash basis of accounting described in Note 1.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent in auditing the Inmate Welfare Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matters - Basis of Accounting and Not Full George W. Hill Correctional Facility Financial Statements***

We draw attention to the basis of accounting described under Management's Responsibility for the Financial Statement section. The financial statements were prepared by the GWHCF Accounting Department on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements present only the activity of the Inmate Welfare Fund and do not purport to, and do not, present fairly the financial position or results of operations of the George W. Hill Correctional Facility, for the period April 6, 2022 to December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

The George W. Hill Correctional Facility management is responsible for the preparation and fair presentation of the Inmate Welfare Fund's financial statements in accordance with the accounting practices prescribed or permitted by GAS, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Inmate Welfare Fund's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and GAS, we:

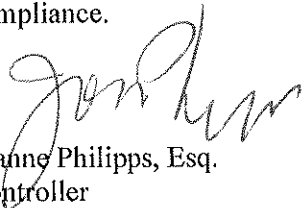
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the Inmate Welfare Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Prison Inmate Fund's ability to continue as a going concern for a reasonable period of time. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, Internal Audit included in this report our consideration of the Inmate Welfare Fund's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Inmate Welfare Fund's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Inmate Welfare Fund's internal control over financial reporting and compliance.



Joanne Philipps, Esq.  
Controller

November 20, 2023

**George W. Hill Correctional Facility Inmate Welfare Fund Accounts**  
**County of Delaware, Pennsylvania**  
**Statement of Assets, Liabilities and Account Balance– Cash Basis**  
**For the period April 6, 2022 to December 31, 2022**

**Assets**

Cash – Checking Account	\$ 3,542,983
Furniture and Equipment	<u>38,507</u>
<b>Total Assets</b>	<u><u>\$ 3,581,490</u></u>

**Liabilities and Account Balance**

Liability to Inmates	\$ 3,502,756
Account Balance	<u>78,734</u>
<b>Total Liabilities and Account Balance</b>	<u><u>\$ 3,581,490</u></u>

**George W. Hill Correctional Facility Inmate Welfare Fund Accounts**  
**County of Delaware, Pennsylvania**  
**Statement of Receipts, Disbursements and Account Balances– Cash Basis**  
**For the period April 6, 2022 to December 31, 2022**

<b><u>Receipts</u></b>	
Commissary commissions	\$ 583,629
Confiscated Funds	255
Due to County - Under a Dollar	34
Interest Income	23,113
<b>Total Receipts</b>	<b>\$ 607,031</b>
<b><u>Disbursements</u></b>	
Dues and Subscriptions	\$ 180
Education	363
Indigent Supplies	29,069
Law Library - Legal Subscriptions	158,969
Publications	16,232
Reconciliation Discrepancies	(207)
Resident Hygiene	321,164
Resident Recreation	2,526
<b>Total Disbursements</b>	<b>\$ 528,297</b>
<b>Excess of cash receipts over cash disbursements</b>	<b>\$ 78,734</b>
<b>Account balance at April 6, 2022</b>	<b>\$ 0</b>
<b>Account balance at December 31, 2022</b>	<b>\$ 78,734</b>

The accompanying notes are an integral part of these financial statements.

George W. Hill Correctional Facility Inmate Welfare Fund Accounts  
County of Delaware, Pennsylvania  
Notes to Financial Statements  
For the period April 6, 2022 to December 31, 2022

**Note 1: Summary of significant accounting policies**

**Background and nature of the reporting entity:**

The George W. Hill Correctional Facility (GWHCF) is a county jail located in County of Delaware, Pennsylvania, in the townships of Thornbury and Concord. Beginning in 1998, the jail was managed and operated by Boca Raton, Florida's GEO Group until 2009 and was run by West Caldwell, New Jersey based company, Community Education Centers (CEC). In April 2017, GEO Group completed an acquisition of CEC, regaining management of the jail.

On September 28, 2021, the County of Delaware, through its Jail Oversight Board (JOB), voted to terminate the contract with GEO Group Inc., which was awarded a five-year, \$295 million contract in 2018 to run the 1,883-inmate jail by the then-county Board of Prison Inspectors. The contract with GEO included a 180-day termination clause. The decision to terminate the contract was approved by the Delaware County Council on October 6, 2021.

Effective April 6, 2022, the JOB, took the operational and management control of the GWHCF from the GEO Group. In accordance with applicable law, the JOB is responsible for overseeing the government and management of the institution.

The audited financial statements of the Inmate Welfare Fund (IWF) accounts are primarily operating accounts that receive monies from the inmate accounts for purchases from the commissary and for phone calls made by inmates.

**Basis of accounting:**

The books and records of the GWHCF Inmate Welfare Fund (IWF) accounts are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is another comprehensive basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due and disbursements are recognized when paid rather than when the obligation is incurred.

**Turnover of cash accountabilities:**

On April 6, 2022, the County of Delaware terminated its contract with the GEO Group. As part of the handover of accountabilities, the GEO Group turned over cash for the Inmate Welfare Fund to GWHCF.

The Statement of Assets, Liabilities and Account Balance— Cash Basis covering the period April 6 to December 31, 2022 includes a turnover of liability to the inmates amounting to \$3,502,756 from the account of GEO Group (GEO) to the bank account of GWHCF Inmate Welfare Fund (IWF). This was composed of: a) \$3,493,687 – Inmate Welfare account balance transfer; b) \$2,118 – Transfer of inmate work release funds; c) \$6,344 – Pending transactions incurred under GEO Group which were turned-over to the County; d) \$3,029 – Due to Aramark by GEO; e) \$(2,422.60) – payable to GEO for inmate payroll.



## **Note 2: Subscription Based Information Technology Arrangement**

The George W. Hill Correctional Facility (GWHCF), under the management of Delaware County, entered into a contract with Thomson Reuters under a Subscription Based Information Technology Arrangements (SBITA) on December 7, 2022 for a period of five years for an amount not to exceed \$553,000 for its Law Library Services using the IWF.

Prior to this contract, GWHCF recognized and implemented an outstanding SBITA agreement of GEO Group with Thomson Reuters for the Law Library Services using the IWF. For the period April 2022 to December 2022, GWHCF paid a total amount of \$152,000. Using a cash basis accounting, this was booked as an expense instead of capitalizing the paid portion of the subscription and recognizing the outstanding balance as a liability.

## **Note 3: Administrative Expenses**

The George W. Hill Correctional Facility, managed and operated by County of Delaware through its Jail Oversight Board, rendered accounting and administrative services to the Inmate Welfare Fund (IWF). No administrative charges were made to the IWF for these services.

## **Note 4: Commissary Commissions**

The George W. Hill Correctional Facility (GWHCF) IWF account was originally created to provide commissary items to the inmate. Inmates may purchase food, beverages, articles of clothing, and personal items. The IWF also provides certain items without charge to inmates. Commissary commission for the period April 6, 2022 to December 31, 2022 amounted to \$584,000. This is accounted as follows: Prior to the handover of the management of GWHCF by GEO to County of Delaware, Keefe Commissary Network (Keefe) was the independent vendor for commissary until March 31, 2022. For the months of February and March 2022, Keefe generated a net revenue of commissary purchases of \$264,000 and a 25% commission was paid to the County in April 2022 amounting to \$66,000; b) Effective April 1, 2022, Aramark Global Business Services (Aramark) replaced Keefe as the independent vendor for commissary. For the months April to December 2022, Aramark generated a net revenue of commissary purchases of \$1.14 million and a 47% commission was paid to the County which aggregated to \$510,000.

## **Note 5: Resident Hygiene Expenses**

This expense represents the bulk purchase of \$320,000 for “suicide” blankets (blankets designed to prevent inmate suicide attempts) from Bob Barker, a vendor based in North Carolina, utilizing a source purchase method. This purchase represents 61% of the inmate welfare expenses for the audit period. The GWHCF management advised that this was a sole source purchase due to an emergency. The purchase was approved by the JOB and the County Council.

**George W. Hill Correctional Facility Inmate Welfare Fund Accounts**  
**County of Delaware, Pennsylvania**  
**Report on Internal Control Over Financial Reporting, Compliance, and Other Matters**  
**For the period April 6, 2022 to December 31, 2022**

In planning and performing our audit of the financial statement of the George W. Hill Correctional Facility Inmate Welfare Fund in accordance with auditing standards generally accepted in the United States of America for the period April 6, 2022 to December 31, 2022, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the Fund's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The report is intended solely for the information and use by the County of Delaware's Jail Oversight Board, the management of the George W. Hill Correctional Facility and other affected County offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.