



COUNTY OF DELAWARE

Independent Auditor's Report for the period January 2023 to December 2023

Inmate Trust Fund

Joanne Phillips, Esq., Controller

FEBRUARY 3, 2025
COUNTY OF DELAWARE
201 W. FRONT STREET, MEDIA, PENNSYLVANIA 19063

George W. Hill Correctional Facility
Inmate Trust Fund

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Independent Auditor's Report

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Report on the Financial Statements

Opinion

We have audited the cash basis financial statements of the George W. Hill Correctional Facility (GWHCF) Inmate Trust Fund Accounts managed by the County of Delaware, which comprise the statements of assets and liabilities arising from cash transactions and the related statements of receipts and disbursements (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 Trust Fund covering the period January 1 to December 31, 2023 and its cash receipts and disbursements 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 Trust 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 Trust Fund and do not purport to, and do not, present fairly the financial position or results of operations of GWHCF, for the period January 1 to December 31, 2023, 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 GWHCF management is responsible for the preparation and fair presentation of the Inmate Trust 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 Trust 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 Trust 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 Inmate Trust 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 Department included in this report our consideration of the Inmate Trust 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 Trust 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 Trust Fund’s internal control over financial reporting and compliance.



Joanne Phillips, Esq.
Controller

February 3, 2025

George W. Hill Correctional Facility Inmate Trust Fund Accounts
County of Delaware, Pennsylvania
Statement of Assets and Liabilities – Cash Basis
For the period January 1 to December 31, 2023

Assets	
Cash in Bank - Inmate Trust	\$753,895
Total Assets	<u><u>\$753,895</u></u>
Liabilities	
Liability to Inmates	\$753,895
Total Liabilities	<u><u>\$753,895</u></u>

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

George W. Hill Correctional Facility Inmate Trust Fund Accounts
County of Delaware, Pennsylvania
Statement of Receipts and Disbursements – Cash Basis
For the period January 1 to December 31, 2023

Receipts

Inmates' Cash Deposits	\$3,564,938
Bank Void Transactions	\$737,667
Inmates' Payroll Deposits	\$132,623
Bank Corrections	\$122,846
Total Receipts	\$4,558,074

Disbursements

Inmate Commissary Purchases	\$1,452,777
Inmate Processing Fees	\$195,149
Inmate Telephone Charges	\$1,018,341
Payments to Discharged Inmates	\$315,858
Inmates Authorized Disbursements	\$15,184
Inmate Tablet Services	\$746,040
Postage	\$36
Bank Void Transactions	\$747,052
Bank Corrections	\$139,656
Stop Payment Fee	\$105
Property Damage	\$4,872
Medical	\$6,356
Under \$1 Accounts	\$43
Total Disbursements	\$4,641,467
Excess of Cash Disbursement Over Cash Receipts	(\$83,393)
Account Balance at December 31, 2022	\$837,288
Account Balance at December 31, 2023	\$753,895

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

George W. Hill Correctional Facility Inmate Trust Fund Accounts
County of Delaware, Pennsylvania
Notes to Financial Statements
For the period January 1 to December 31, 2023

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 the County of Delaware, Pennsylvania. Beginning in 1998, the jail was managed and operated by a private for-profit corporation, GEO Group Inc. (GEO), until 2009 and then run by Community Education Centers (CEC) until April 2017 when GEO completed an acquisition of CEC, regaining management of the jail.

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

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

The audited financial statements of the Inmate Trust Fund (ITF) accounts are primarily operating accounts that receive monies from the inmate accounts for purchases from the commissary, phone calls, personal property purchases, legal services, and family support. The ITF acts as the inmate's bank account and serves to manage the inmate's monies while incarcerated. A total of 2,187 transactions were processed, with total debits of \$3.94 million and total credits of \$3.89 million occurred for the period January 1 to December 31, 2023.

Basis of accounting:

The books and records of the GWHCF ITF accounts are maintained on the cash basis of accounting, which is not a method of accounting in conformity with generally accepted accounting principles. However, the cash basis of accounting is another comprehensive basis of accounting, and in which 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. Our opinion is not modified with respect to this matter.

Turnover of cash accountabilities:

As part of the handover of accountabilities, the GEO turned over cash for the ITF to GWHCF as of April 6, 2022.

The Statement of Assets and Liabilities – Cash Basis covering the period January 1 to December 31, 2023, includes a turnover of liability to the inmates amounting to \$515,765 from the account of GEO to the bank account of GWHCF ITF. This was composed of: a) account balances of inmates since 1997 by GEO, composed of 31,508 records of inmates totaling \$523,820; b) less: deposit in transit of inmate payroll to County account of \$2,324.50; and c) less: deposit in transit of electronic fund transfer of deposits of \$5,730.10.

Note 2: Characteristics of the inmate trust fund

George W. Hill Correctional Facility (GWHCF) uses Global Tel Link (GTL) Connect Network, (known as and doing business as ViaPath Technologies) to facilitate Inmate Trust Fund account and for communication services.

The ViaPath contract began in January 2009. A two-year renewal was signed on February 24, 2022, expiring on August 25, 2024. Since September 2024, the contract has been renewing month to month. In 2024 a Federal Communications Commission ruling lowered inmate phone charges from \$0.21 to \$0.06 per minute, effective January 1, 2025.

ViaPath provides a range of services under the terms of its current contract and subsequent amendments: a) Command Inmate Telephone System; b) Offender Management System (OMS), encompassing support and maintenance; c) Payment Services, such as web deposits and lobby kiosks, and booking kiosk; d) 1:1 Wireless Tablet Program; e) Foundations Education Package integrated with the Cypher Worx Learning Management System; f) Offsite Mail Scanning; g) Video Visitation; h) Intelligence Application Suite; i) Full-time Fusion Analyst; and j) Full-time, On-Site Service Technician.

When an inmate is booked, they deposit funds into the Global Tel Link (GTL) Intake Kiosk under a temporary 9999 number. This kiosk generates two receipts: one for the inmate and another for the jail staff. Once the inmate's booking is complete, the funds are transferred from the temporary 9999 account to the individual inmate account within the OMS. This system is specifically designed to manage and reconcile inmate funds to ensure they are allocated correctly. The OMS track various inmate details, including balances in the Inmate Trust Fund, housing assignments, dietary needs, and religious affiliation. GWHCF staff conduct daily reconciliations to confirm the accuracy of fund transfers and ensure proper posting to the OMS system.

Note 3: Administrative expenses

The George W. Hill Correctional Facility (GWHCF) staff provides administrative services to the Inmate Trust Fund (ITF). No administrative charges were made to the ITF for these services.

Note 4: Bank voids and checks for clearing

These are transactions that are voided in the bank due to stale-dated checks, wrong amount on check, stop payment requests from inmates, or request for reissuance of new checks. Also, the Cash in Bank - Inmate Trust account of \$804,529 as compared against the ending balance of the General Ledger (GL) of \$753,895 showed a difference of \$50,634. This amount of \$50,634 is attributed to timing and is composed of deposits in transit and checks for clearing (debited or credited in the GL but not yet recorded in the Bank).

Note 5: Definition of terms on receipts and expenditures

The GWHCF Inmate Trust Fund (ITF) account was originally created to provide commissary items to the inmate. Disbursements include payments for commissary items which were purchased either by phone or through the inmate's tablet. An inmate also can use their funds in their individual account for third party check requests, for items such as legal fees. These third-party requests need to be approved by case management before the check will be issued. An inmate's account can be funded by family and friends either by electronic fund transfer or money order. Electronic fund transfer payments are processed through a portal and funds are deposited into the ITF account. For money order payments, the GWHCF Accounting Department, deposits these into the ITF account and records them in the OMS.

The following are the definition of terms used by GWHCF in their Statement of Receipts and Disbursements – Cash Basis:

- a) Bank corrections – This occurs when there are discrepancies between the bank statement against the General Ledger (GL). For example, a deposit entered into the GL for \$500.00 but on the bank statement it shows as \$501.00.
- b) Bank void transactions – These are transactions that are voided in the bank due to stale-dated checks, wrong amount on check, stop payment requests from inmates, or request for reissuance of new checks.
- c) Incarcerated Person (IP) payroll – The IP workers of the institution payment for work at the facility.
- d) Inmate commissary purchases – Ordering or payment to Aramark, a third-party vendor, for commissary orders by the inmate. Inmates may not spend more than \$100 per week on commissary. The County receives a commission in an amount equal to 47% of net sales. Starting in May 2023, the contract was amended to lower commissions to 32%.
- e) Inmate telephone charges – Use of the facility phone system to call friends and family – outgoing calls only, charges for this are withdrawn from the IP account and then paid to ViaPath.
- f) Inmate tablet services – Inmates were allowed to purchase time on electronic communication devices (tablets) provided by ViaPath. Tablets are given to the inmates free of charge and provide various services to include; mail, commissary ordering, radio, books, educational programs, and legal research. There are also pay as go items like premium movies, books, video calling to friends and family, texting, and video games.
- g) Inmate processing fee – All incarcerated persons are automatically charged this fee when booked into the facility.
- h) Postage – Postage is charged and collected from the inmate to mail out their permissible mail.
- i) Property damage – Incarcerated persons who have been found, to have abused or misused jail property will be responsible for restitution for any damage.
- j) Medical – Medical copays for services including emergency, mental health, dental, and routine sick calls are charged to the IP.
- k) Stop payments fee – If a check is to be cancelled at the request of the inmate a stop payment fee is charged.
- l) Under \$1.00 – When any inmate is released with less than \$1.00 in their account the remaining balance is transferred to the Inmate Welfare Fund account per JOB approved policy.

- m) Inmate authorized disbursements – Also known as Third Party Checks, are checks made by GWHCF on behalf of inmates at the inmates' request. A Money Transfer Authorization Form along with a stamped envelope must be submitted for this transaction and approved by the Case Manager and the Deputy Warden of Programs and Support. Other expenses will be considered, provided they are approved by the Deputy Warden of Programs and Support.
- n) Payments to discharged inmates – Inmates who are released from jail are issued a check for the remainder of their balance in their commissary account,

Note 6: Inmate payroll

The inmate's account is also funded by Inmate Payroll. Eligible inmates can work jobs within the jail. These jobs have set rates. GWHCF must complete weekly spreadsheets indicating the jobs each inmate performed. Inmates are allotted a maximum of two jobs. These payroll reports are submitted to the GWHCF Accounting Department who reconciles weekly and enters the data into the OMS system.

Note 7: Inmate processing fee

In April 2020, the Jail Oversight Board (JOB) approved the waiver of the \$100 processing fee due to the COVID outbreak. From that period to May 2022, the collection of processing fee of \$100 was suspended. Effective June 1, 2022, the processing fee of \$100 was reinstated by the JOB. On October 2022, the processing fee of \$100 was reduced to \$50. For the period January to December 31, 2023, a total processing fee of \$195,149 was collected.

GWHCF confirmed that if an inmate has an outstanding balance from past incarcerations and if they receive any new deposits, half of their deposit is applied to the outstanding balance and the other half is placed in the ITF. This practice was used to recover amounts owed while still allowing the inmate to make purchases during their current incarceration. Cost recovery items are charged to ITF and then collected at a rate 50% per deposit until the account is settled. If an inmate is released from custody and then returns to the institution any balances owed would stay on their account. Account balances owed by inmates are derived from cost recovery items which include copayments for medical, dental charges, and damage to jail property.

Note 8: Proofing discrepancies of General Ledger balances

The GWHCF General Ledger (GL) balances were generally found to tie up with the Subsidiary Ledger (SL) and supporting documents. Booked total income and total expense matched audited numbers; however, there were discrepancies. The discrepancies included Cash Receipts differences of \$14,058 in the Inmates Cash Deposits and Inmates Payrolls Deposits; Cash Disbursements showed discrepancies of \$23,935 in the Inmate Commissary Purchases; \$14,540 in Payments to Discharged Inmates, and certain non-material discrepancies. The discrepancies were mainly due to errors such as duplicate entries and misclassified entries we determined to be caused by inadequate resources.

George W. Hill Correctional Facility Inmate Trust Fund Accounts
County of Delaware, Pennsylvania
Report on Internal Control Over Financial Reporting, Compliance, and Other Matters
For the period January 1 to December 31, 2023

In planning and performing our audit of the financial statement of the George W. Hill Correctional Facility (GWHCF) Inmate Trust Fund (ITF) in accordance with auditing standards generally accepted in the United States of America for the period January 1 to December 31, 2023, we considered the ITF'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 ITF's internal control. Accordingly, we do not express an opinion on the effectiveness of the ITF's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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. We consider the following deficiencies in internal control to be a significant deficiency:

Need to regularly prepare financial statements and develop properly defined chart of accounts

As a part of the audit process, the auditors reviewed financial statements provided by the George W. Hill Correctional Facility (GWHCF) management. These statements were prepared during the audit review conducted in October 2024, covering the period from January 1 to December 31, 2023. GWHCF management does not currently have a structured process in place to prepare financial statements on a regular basis. This poses a risk, as financial schedules prepared by management may not accurately or completely reflect all cash receipts and disbursements. Consequently, this gap in financial reporting undermines the effectiveness and timeliness of GWHCF's financial management.

For example, GWHCF provided the auditors with a schedule of Inmate Commissary Purchases, which showed an overstated amount totaling \$23,935.38. This overstatement resulted from two separate erroneous entries: charges that should have been posted to the Payments to Discharged Inmates account were instead applied to the Inmate Commissary Purchases account. These errors occurred in two different months, with the first entry recorded in March 2023 and the second in September 2023. This issue was discovered during the audit and requires correction. In another instance, a Cash in Bank entry of \$14,183.40 was incorrectly charged to the Incarcerated Person Payroll account, even though the correct entry for an In-Transit Adjustment of \$14,183.40 had already been posted. This duplication resulted in an overstatement of \$14,183.40 in the Incarcerated Person Payroll account.

These errors primarily stem from insufficient resources to perform timely monthly bank reconciliations and prepare periodic financial statements. Prompt identification and correction of such errors are critical to improving financial reporting reliability.


Furthermore, the GWHCF Accounting uses the OMS Systems to generate General Ledger and Subsidiary Ledger reports but lacks a well-defined chart of accounts. Instead, accounts were described in a generic manner, and does not conform to the accepted accounting terminology which pose the risk of misinterpreting the financial statement reports. A chart of account provides a standardized list of financial accounts, categorized by assets, liabilities, revenue, and expenses, ensuring systematic posting and accurate reporting. Without a properly defined chart of accounts, GWHCF runs the risk of inaccurate financial reporting, difficulty tracking receipts and disbursement, and hinders the financial decision-making of the GWHCF management. For instance, a \$121,825.31 cash receipt posted in September 2023 due to a system glitch was not easily identified in absence of a proper termed chart of accounts. As a result, the transaction was recorded under the generic account title "Bank Correction" hindering accurate identification and traceability.

We recommend that the George W. Hill Correctional Facility management:

1. prepare quarterly and annual financial statements for formal approval;
2. develop a defined chart of accounts using a standardized list of accounts, categorized by assets, liabilities, revenues, and expenses;
3. develop procedures to ensure a) the accuracy of transactions, verified against source documents at regular and timely intervals; and b) the timely posting of transactions in the Subsidiary and General Ledger to assist in the preparation of financial statements; and
4. develop procedures to ensure that payments and receipts are accurate and reviewed by a supervisor.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.



Joanne Phillips, Esq.
Controller