



11/20/2025

COUNTY OF DELAWARE  
Independent Auditor's Report for the  
period January to December 2024  
Inmate Welfare Fund

Joanne Phillips, Esq., Controller  
COUNTY OF DELAWARE

George W. Hill Correctional Facility  
Inmate Welfare Fund

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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

Mr. David Mascellino, Interim 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 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 Welfare Fund covering the period January to December 31, 2024 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 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 IWF and do not purport to, and do not, present fairly the financial position or results of operations of the GWHCF, for the period January 1, 2024 to December 31, 2024 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 IWF'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 IWF'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:

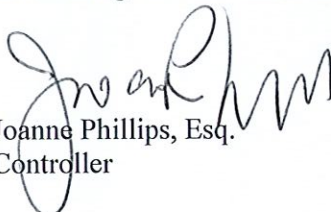
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 IWF'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 IWF'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 IWF'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 IWF'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 IWF's internal control over financial reporting and compliance.



Joanne Phillips, Esq.  
Controller

November 20, 2025

**George W. Hill Correctional Facility Inmate Welfare Fund Accounts**  
**County of Delaware, Pennsylvania**  
**Statement of Assets and Account Balance – Cash Basis**  
**For the period January 1, 2024 to December 31, 2024**

<b>Assets</b>	
Current Assets	
Cash in Bank	
Welfare Checking Account	\$4,366,893
Total Cash in Bank	\$4,366,893
Total Current Assets	\$4,366,893
<b>Total Assets</b>	<b>\$4,366,893</b>
<b>Account Balance</b>	
Inmate Welfare Fund Balance	\$4,366,893
<b>Account Balance</b>	<b>\$4,366,893</b>



**George W. Hill Correctional Facility Inmate Welfare Fund Accounts**  
**County of Delaware, Pennsylvania**  
**Statement of Receipts and Disbursements – Cash Basis**  
**For the period January 1, 2024 to December 31, 2024**

<b>Receipts</b>	
Commissions	\$477,727
Confiscated Funds	\$502
Due to County - Under a Dollar	\$56
Interest Income	\$160,064
<b>Total Receipts</b>	<b>\$638,348</b>
<b>Disbursements</b>	
Education	\$896
Indigent Supplies	\$4,304
Law Library - Legal Subscription	\$117,525
Postage and Delivery	\$14,075
Publications	\$28,899
Repairs and Maintenance	\$24,000
Resident Hygiene	\$6,971
Resident Recreation	\$3,685
Transfer	\$26
<b>Total Disbursements</b>	<b>\$200,381</b>
<b>Excess of cash receipts over cash disbursements</b>	<b>\$437,967</b>
<b>Fund balance at December 31, 2023</b>	<b>\$3,928,926</b>
<b>Fund balance at December 31, 2024</b>	<b>\$4,366,893</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 January 1, 2024 to December 31, 2024

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

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

On September 28, 2021, the County of Delaware (County), through its Jail Oversight Board (JOB), voted to terminate the contract with GEO Group Inc. (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 George W. Hill Correctional Facility (GWHCF) from the GEO. 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 sales commission on purchases from the commissary and interest income. The IWF is funded primarily through the collection and disbursement of inmate funds in association with the operation of the jail's commissary.

The IWF, as a custodial fund and a restrictive account, shall be available for the uses and purposes of the inmate's welfare in accordance with applicable law.

**Basis of accounting:**

The books and records of the GWHCF 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 (GAAP). 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.

**Note 2: Cash Accountabilities**

As of December 31, 2024, the Inmate Welfare Fund (IWF) reported a balance of \$4,366,893 in its TD Bank checking account. This balance, which is part of the County of Delaware's (County) cash custodial funds and recorded in its general ledger, includes \$3,502,756 transferred from GEO to the County in April 2022 during the handover of cash accountabilities. The total IWF balance is also comprised of:

- \$437,967 in net cash receipts over disbursements, primarily from commissary sales commissions and interest income generated between January and December 2024.
- A carry-over balance of \$426,170 from previous periods (\$78,734 from 2022 and \$347,436 from 2023).



The significant balance in the Inmate Welfare Fund (IWF) checking account suggests that the funds have been underutilized. This is largely due to restrictions on how the money can be spent and the absence of a clearly defined welfare priority program. The County is responsible for ensuring these IWF resources are used in accordance with applicable laws.

### **Note 3: Interest Income**

For the period January to December 2024, the IWF earned interest income of \$160,064, compared to \$113,855 in the previous year. This increase resulted from a rise in interest rates negotiated by the County's Office of the Treasurer with TD Bank (the depository bank).

Interest income from TD Bank's balance changed throughout 2024, with annual interest rates as follows: 4.06% from January to August. 3.99% in September, and with a declining trend of 3.66% in October, 3.55% in November, and 3.36% in December.

### **Note 4: Law Library - Legal Subscription**

Under the County of Delaware's management, GWHCF entered into a five-year contract with Thomson Reuters on December 7, 2022, for legal library services. This agreement, funded by the IWF, has a maximum cost of \$553,000. Prior to this, GWHCF utilized an existing Thomson Reuters agreement that the GEO Group had established for the same services.

For the period of January 1, 2024, to December 31, 2024, GWHCF's total legal subscription expense was \$117,525. The Thomson Reuters subscription accounted for \$108,005 of this total, while a Lexis Nexis subscription made up the remaining \$9,520. This \$117,525 represents 59% of the year's total cash disbursements.

It is worth noting that the Law Library Subscription had three duplicate invoice payments, which will be detailed in the "Report on Internal Control Over Financial Reporting, Compliance, and Other Matters."

### **Note 5: Administrative Expenses**

The GWHCF, managed and operated by County of Delaware through its Jail Oversight Board (JOB), rendered accounting and administrative services to the IWF through the staff of GWHCF. No administrative expenses were charged to the IWF for these services.

### **Note 6: Commissary Commissions**

The GWHCF IWF account facilitates inmate commissary purchases. Aramark Global Business Services (Aramark) has served as the commissary vendor since April 1, 2022, following the transition from GEO management.

In 2024, Aramark generated \$1.5 million in net commissary sales revenue, resulting in \$477,727 in sales commissions for the IWF. The majority of these commissions, \$470,839, were paid by Aramark, with an additional \$6,888 contributed by I-Care to the IWF account.

While the negotiated commission rate for 2024 was 32%, formalized by an amended contract approved by the Jail Oversight Board (JOB) in May 2023, Aramark charged inmates a 47% commission for I-Care sales due to the seasonality of these transactions.

#### **Note 7: Publications**

Publications expense amounted to \$28,899. The primary component (\$25,704) was the purchase of USA Today from Pennypacker and Fry. The remaining \$3,195 represented the purchase of 550 English paperback books at \$5.81 each from CP Correctional Programs. A portion of the proceeds received by Correctional Programs is donated to Lauren's Kids, which seeks to prevent child sexual abuse. This book purchase received approval from the JOB.

#### **Note 8: Resident Bus Passes**

This note details the annual purchase of 6,000 two-trip SEPTA bus passes, totaling \$24,000 (at \$4 unit price). These passes are distributed to inmates upon release.. For internal control purposes, GWHCF secures the passes in a safe and maintains an issuance log.

#### **Note 9: Meals and Entertainment**

The expense totaling \$14,075 pertains to the purchase of Holiday Gift Packages, a customary annual practice to provide for the incarcerated population. This purchase, made from Aramark Services at the Warden's request, was authorized by the Jail Oversight Board.

**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 January 1, 2024 to December 31, 2024**



In planning and performing our audit of the financial statement of the George W. Hill Correctional Facility Inmate Welfare Fund (Fund) in accordance with auditing standards generally accepted in the United States of America for the period January 1, 2024 to December 31, 2024, 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.

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 strengthen invoice processing to avoid duplicated payments**

As a part of the audit process, the auditors reviewed financial statements provided by the George W. Hill Correctional Facility management. The statements were verified with the source documents, subsidiary ledgers, and general ledgers. The audit revealed significant issues related to duplicate invoice payments to vendors, resulting in unrecovered funds. Notable examples include two separate instances of duplicated payments for Law Library Subscriptions. In one case, concerning Thomson Reuters invoices paid on February 1, 2024, only one of the two duplicate payments were recovered, leaving a \$4,253.40 duplicate payment outstanding for Invoice 849702577. Separately, a \$1,190 Lexis Nexis invoice (3094929964) was paid twice in January 2024 but remained undetected until June 2025 – a delay exceeding 17 months. The delay in identifying this overpayment underscores the identified weakness in internal controls. These recurring issues are primarily attributed to inadequacies in the accounts payable processes, particularly a lack of three-way matching (invoices against purchase order, receiving report, accounts payable and subsidiary ledger) before payment authorization, insufficient manual data entry review, and inadequate accounts payable tracking. Consequently, this will expose the facility financially.

It is recommended that the George W. Hill Correctional Facility management improve its invoice handling system by implementing the following:

1. Enhanced Three-Way Matching: To ensure payments are strictly for authorized and received goods or services, a full three-way matching process should be mandated. Invoices must be matched against the



purchase order, accounts payable and subsidiary ledger records, and the receiving report (confirming the receipt of goods or services) before payment authorization.

2. Strengthened Manual Data Entry Review: Implement review procedures and controls to minimize errors and improve data accuracy if manual data entry is unavoidable.

3. Centralized and Transparent Accounts Payable Tracking: A centralized system or digital platform should be established to track invoices from receipt to payment, providing clear visibility into the status of each invoice. This centralized approach helps prevent duplicate payments and improves overall Accounts Payable process efficiency.

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