

STATE OF OHIO



DEPARTMENT OF REHABILITATION
AND CORRECTION

SUBJECT: OPI FISCAL REPORTING	PAGE <u> 1 </u> OF <u> 3 </u> . NUMBER: 25-OPI-12
RULE/CODE REFERENCE:	SUPERSEDES: 25-OPI-12 dated 03/20/15
RELATED ACA STANDARDS: 2-CI-6E-1; 6E-2; 6E-5	EFFECTIVE DATE: April 5, 2016
	APPROVED: 

I. AUTHORITY

This policy is issued in compliance with Ohio Revised Code 5120.01 which delegates to the Director of the Department of Rehabilitation and Correction the authority to manage and direct the total operations of the Department and to establish such rules and regulations as the Director prescribes.

II. PURPOSE

The purpose of this policy is to familiarize employees with established policy and procedure regarding Ohio Penal Industries fiscal reports and inventory management.

III. APPLICABILITY

This policy applies to all employees and those under contract as full and/or part-time employees with Ohio Penal Industries.

IV. DEFINITIONS

None

V. POLICY

It is the policy of the Ohio Department of Rehabilitation and Correction Ohio Penal Industries (OPI) to provide for financial reports to be produced on a monthly basis and to also provide perpetual inventory management for annual physical inventories of raw materials, work-in-process and finished goods.

VI. PROCEDURES

A. Fiscal Reports

1. The fiscal department shall generate preliminary financial reports for all shop operations monthly. Routine reports shall include a monthly contribution statement that details

revenue and cost of operations at each shop and a financial statement showing the breakdown of the cost of goods sold.

2. After the preliminary financial reports are completed, each one shall be reviewed by the designated OPI staff (fiscal manager, fiscal officer). During this review process, discrepancies may be discussed and revised to ensure accuracy.
3. Once the preliminary financial reports are reviewed, revised, and approved, the fiscal department shall generate the financial reports. To ensure that all appropriate staff reviews the financial reports, copies shall be given to executive staff for distribution to their specific region/area staff. These reports shall be distributed by the end of the month.
4. Following the end of the fiscal year, OPI shall generate a financial report within forty-five (45) calendar days that will provide a compiled report for the fiscal year.

B. Inventory Reporting

1. OPI shops shall work with Material Resource Planning (MRP) staff to establish inventory levels in order to maintain perpetual inventory control and to establish minimum/maximum inventory levels within manufacturing software.
2. A physical inventory shall be conducted covering raw materials, work-in-process and finished goods during the year-end inventory. Shop personnel shall follow the procedures as outlined by OPI's fiscal office personnel. This inventory shall be completed by the shop staff and verified by an observer team from OPI.

C. FAMS Inventory

At the time of the annual material inventory, an asset inventory shall be conducted at the shop as well. Each shop shall maintain inventory reports of \$500.00 to \$999.99 and \$1,000.00 and more. When items are added or deleted from the \$1,000.00 and up inventory, each shop manager shall provide the required asset information to the DRC Asset Administrator according to Department policy 22-BUS-08, Inventory Control of Property, Supplies, and Other Assets. As items are added or deleted from the \$500.00 to \$999.99, the shop shall maintain their current inventory and do not have to notify the DRC Asset Administrator.

D. Syteline Product Inventory

1. Raw materials coming to the shops and warehouse that are by purchase orders, payment cards and transferred shall be received in Syteline within twenty-four (24) hours of receipt. Raw material shall be valued at standard cost entered in Syteline. Reorder points are time phased and in lot for lot quantities based upon forecasted and/or actual demand.

Raw materials are stored on-site for use in products. All material records are maintained in the inventory control module. All materials issued out are issued to jobs or production schedules in the shop floor control module. Note: Throughout the fiscal year, cycle

counts are taken on a pre-programmed periodic basis to maintain 95%+ inventory accuracy. Monthly reports may be run by OPI staff randomly to review inventory levels.

2. Materials considered work-in-process (WIP) are controlled and maintained by the shop supervisor on the shop floor in the shop floor control module. Value is added for labor/overhead as materials and labor is reported to the system. WIP is valued at the aggregate cost of the material(s), labor and overhead in process at any one shop.

Materials are moved to finished goods status and either maintained at a designated area of the shop floor or transferred to OPI Central Distribution Center.

3. Finished goods are delivered out to customers using the customer order module and subsequently invoiced by accounts receivable.

From the packing slip and order transfer receiving report, the finished goods inventory shall be transferred to the central distribution center database. Central Distribution Center shall pick up the finished goods inventories from most of the institution shops.

Finished goods are delivered from inventory when a customer order is shipped from any database. A month-end inventory valuation report is generated to verify the finished goods inventory on hand. Finished goods inventory is valued at standard cost as entered in each database.

4. Obsolete, no longer needed or used, and excess inventory shall be addressed on a regular basis for disposition to another shop or sale to a scrap dealer. When any materials are determined to be of no further use, future or otherwise, approval must be obtained in writing from the product manager and disposed of accordingly.

If the material is subject to state salvage procedures, then proper action shall be taken to move the material from the shop floor to state salvage or to get state salvage's approval to dispose of on-site.

5. Annual year-end inventory shall be taken at the end of the fiscal year. This includes full shutdown of manufacturing operations and full stoppage of material flow from vendors, as well as within OPI as a whole.

Inventory is counted and results are immediately available to all authorized persons. Reconciliation takes place the month after inventory has been taken. Adjustments are completed upon posting of the approved count.