

SUBJECT: Internal Audits: Financial and Commissary Audits	PAGE <u> 1 </u> OF <u> 2 </u> .
	NUMBER: 22-BUS-07
RULE/CODE REFERENCE: 5120.01, 5120.25; 5120-5-05	SUPERSEDES: 22-BUS-07 dated 04/26/13
RELATED ACA STANDARDS: 4-4035, 4-4036, 4-4043; 2-CO-1B-07, 2-CO-1B-13; 4-APPFS-3D-26	EFFECTIVE DATE: February 6, 2017
	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 provide written policy and procedures for the audit of selected Ohio Department of Rehabilitation and Correction (DRC) internal funds, accounts, and appropriated funds activity

III. APPLICABILITY

This policy generally applies to all persons employed by or under contract with the Ohio Department of Rehabilitation and Correction (DRC). It specifically applies to all employees of the Division of Business Administration, Cashiers, Commissary Managers and Business Offices throughout the DRC.

IV. DEFINITIONS

Internal Audit - An activity performed by the DRC’s Bureau of Internal Audits within the Office of Administration that provides independent, objective assurance services designed to add value and improve the DRC’s operations. This activity includes fiscal audits, fiscal compliance audits, special limited-scope audits, and internal control reviews of institutions and fiscal divisions of the DRC. It also includes such audits and reviews of state and federal grants received and disbursed by fiscal divisions of the DRC.

V. POLICY

It is the policy of the Ohio Department of Rehabilitation and Correction (DRC) that internal audits of selected internal fund accounts including the commissary fund, selected appropriated and non-appropriated funds, and selected state and federal grants shall be conducted by the DRC’s Bureau of Internal Audits within the Office of Administration to supplement the annual audit of the Department conducted by the Ohio Auditor of State.

VI. PROCEDURES

The chief auditor/designee of the Bureau of Internal Audits within the Office of Administration shall be responsible for the implementation of the following procedures.

A. Financial Audits

1. Establish a schedule to provide for internal audits of all DRC institutions at least every three (3) years.
2. Provide for selected state and federal grant fiscal audits and special fiscal audits. The chief auditor/designee shall consider requests from various parties for special fiscal audits.
3. Assign external auditors and/or fiscal audit staff to complete the fiscal audits by reviewing selected internal funds, accounts, and selected appropriated funds.
4. Provide written recommendations to correct any weaknesses or irregularities found during the fiscal audits.
5. Provide written financial statements that reflect the fiscal activity of the audited internal funds and audited accounts of community correction grants.
6. An audit closeout conference may be conducted with the appropriate staff to review the audit findings and recommendations as deemed necessary.
7. Audit reviews may be conducted to determine compliance with and correction of prior audit findings and recommendations as deemed necessary.

B. Commissary Audits

1. Commissary managers shall prepare monthly financial statements no later than the 10th of the month following the reporting period and retain on file after review by the managing officer/designee.
2. The monthly financial statements referenced in the above section VI.B.1 shall be utilized in the commissary fiscal audit to be performed at each institution at least every three (3) years. The external auditor and/or fiscal audit staff assigned to perform the fiscal audit shall access the financial statements as needed through the automated accounting system.