

State of Iowa Department of Corrections

Policy and Procedures

Policy Number: AD-FM-03

Applicability: Institutions, CBC, Central Office, IPI

Policy Code: Public Access

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Chapter 1: Administration & Management

Sub Chapter: Fiscal Management

Related DOC Policies: NA

Administrative Code Reference: NA

Subject: Internal Financial Controls

PREA Standards: NA

Responsibility: Steve Dick

Effective Date: June 2023

Authority:

1. PURPOSE

To establish a system of internal financial controls that ensures the integrity of all accounting and monetary systems in the Iowa Department of Corrections (IDOC).

2. POLICY

It is the policy of the IDOC to have in place in each of its institutions/CBC a system of internal controls that ensures the integrity of all financial transactions and accounting systems.

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- A. Control System
- B. Check Authorization
- C. Bonding Coverage
- D. Reports
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3. DEFINITIONS – As used in this document:

1. Accounting Documents – Records kept for auditing purposes.
2. Audits – An annual review by an outside agency examining the level of compliance with standard financial management.
3. Bonding – Dollar exchange for selected employees.
4. Budget – Process whereby a request is made to the state legislature requesting funds for facilities in IDOC to include funding for operations, capital improvement, and personnel.
5. Internal control systems - a collective process designed to provide reasonable assurance regarding the achievement of the following objectives:
 - a. Effectiveness and efficiency of operations.
 - b. Reliability of reporting.
 - c. Compliance with applicable rules, laws and regulations.

Specific procedures include the following:

- a. Segregation of functional responsibilities to create a system of checks and balances.
 - b. A system of authorization and record procedures adequate to provide reasonable accounting control over assets, liabilities, revenues, and expenditures.
 - c. Development of policies and procedures for prescribing and documenting the business and control processes. This should consist of a well thought out strategy and be reviewed and adjusted periodically to reflect changes in the business and control environment.
6. I-3 System – Integrated Information for Iowa is a computer-based system that covers accounting, budget, purchasing, and human resource functions.
7. Reports – Monthly prepared documents listing receipts, disbursements, and balances for each budget account.

8. Signature Authority – Pertains to specified Business Office staff.
9. See IDOC Policy **AD-GA-16** for additional Definitions.

4. PROCEDURES

A. Control System

The Associate Warden/Administration and Assistant Director/Designated Administration is responsible for the administration of policy relative to collection, safekeeping, and monitoring the use of institutional/CBC funds.

1. Security of cash and negotiable funds requires daily storage in a secure room, secure cabinet, safe, or vault in the Business Office. These depositories shall be locked at all times when not in use. The combination or key to the secure cabinet, safe or vault shall be available only to selected staff.
2. To safeguard transfer of any monies, the issuing of receipts or other accepted accounting documents is required.

B. Check Authorization

1. To insure accounting checks and balances are in place the creator of a check cannot also be a signer of the check.
2. Authorized individuals to sign checks include the Warden, Associate Warden/Administration, Assistant Business Manager, Deputy Warden in institutions and the District Director, Assistant District Director, Fiscal Officer in CBC or an individual who is familiar with accounting procedures and authorized by the Warden or Associate Warden/Administration or the District Director.
3. Two signatures are required for checks written for \$5,000.00 or above.

C. Bonding Coverage

Bonding coverage is maintained for \$2,000,000.00 per incident with a \$100,000.00 deductible.

D. Reports

1. Monthly reports list receipts, disbursements, and balances for each budget account and shall be prepared by designated business office staff to be reviewed by the Associate Warden/Administration and Assistant Director/Designated Administration for any discrepancies.
2. Central Office reviews budget balances of institution's fiscal activities by way of the I-3 system.
3. IDOC Central Office reviews budget balances of CBC's fiscal activities by way of authorization to view each district's current financial system until such time as the CBCs are moved to the I/3 state accounting system.
4. Copies shall be sent to appropriate staff if necessary corrective action is needed.

E. Auditing

1. An annual audit by the State Auditor's Office will be conducted in order to be consistent with state law.
2. The audit will examine the level of compliance with standard financial management and accounting procedures.
3. The Warden/District Director and Director shall be provided a detailed report of the audit.