



KAY IVEY
GOVERNOR

State of Alabama Department of Corrections

Alabama Criminal Justice Center
301 South Ripley Street
P. O. Box 301501
Montgomery, AL 36130-1501
(334) 353-3883



John Q. Hamm
COMMISSIONER

May 11, 2023

**ADMINISTRATIVE REGULATION
NUMBER**

101

OPR: ACCOUNTING

INTERNAL AUDITS

I. GENERAL

This Alabama Department of Corrections (ADOC) Administrative Regulation (AR) establishes responsibilities, policies, and procedures applicable to internal audits of the ADOC.

II. POLICY

It is the policy of the ADOC that internal audit programs are developed and implemented by the ADOC internal audit staff for the purpose of analyzing and evaluating financial management systems and related control procedures, for the application of those systems and procedures, and for developing and recommending policies and procedures for the safeguarding of ADOC finances and resources. Internal audits are conducted in order to minimize the likelihood of fraud, theft, misappropriation, mismanagement, misuse and/or abuse of departmental resources, and inappropriate departure from established policies and procedures.

III. DEFINITION(S) AND ACRONYM(S)

- A. **CFO** – The ADOC Chief Financial Officer
- B. **GAAP** – Generally Accepted Accounting Principles

IV. RESPONSIBILITIES

- A. Each ADOC employee is responsible for the conservation and safeguarding of ADOC assets.
- B. Each employee having authority over the expenditure of ADOC funds is responsible for ensuring that funds are expended exclusively for conducting appropriate and necessary departmental business.

- C. The internal audit staff is responsible for:
1. Assessing the adequacy and effectiveness of the Department's system of internal controls, specific and inherent, applicable to the conservation and safeguarding of ADOC assets;
 2. Evaluating the operating performance of the activities reviewed by measuring compliance with established State and ADOC policy and procedures; and
 3. Providing a written report to the CFO detailing each audit, its findings, and its recommendations.
- D. Internal auditors are responsible for applying GAAP standards during their internal audits and for creating a draft and final audit report. Internal audits may be conducted by one or more internal auditors, with the assistance of internal audit staff.
- E. Wardens and Division Directors are responsible for providing the internal audit staff with complete and timely access to all facilities, records, data, files, personnel, and physical properties as the internal auditor may deem necessary.
- F. It is the responsibility of the Warden/Division Director and Business Manager to:
1. Submit a timely written response to the draft audit report;
 2. Take appropriate actions to permanently resolve the finding(s) addressed in the internal audit report;
 3. Implement recommendations made by the auditor, unless specifically exempted from implementation in writing by the Commissioner or designee. (Note: Exemptions are implicit modifications to existing policy and will not be reported as an audit finding, unless the failure to report the finding would result in a violation of applicable auditing standards.)
- G. The CFO is responsible for approving final audit reports and authorizing special audits and reviews, to include unannounced audits.

V. **PROCEDURES**

- A. This AR should in no way be construed as placing any restrictions on or otherwise inhibiting the activities of the internal audit staff. The internal audit staff may audit any items or processes related to the finances of the ADOC, whether or not specifically referenced in this AR.