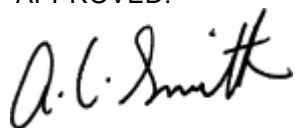




SUBJECT: <b>OPI Fiscal Reporting</b>	PAGE <u> 1 </u> OF <u> 3 </u>
	NUMBER: <b>25-OPI-12</b>
RULE/CODE REFERENCE:	SUPERSEDES: 25-OPI-12 dated 04/05/16
RELATED ACA STANDARDS: 2-CI-6E-1, 6E-2, 6E-5	EFFECTIVE DATE: <b>April 22, 2019</b>
	APPROVED: 

**I. AUTHORITY**

Ohio Revised Code 5120.01 authorizes the Director of the Department of Rehabilitation and Correction, as the executive head of the department, to direct the total operations and management of the department by establishing procedures as set forth in this policy.

**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 (OPI).

**IV. DEFINITIONS**

**Global Shop Solutions (GSS)** - The Enterprise Resource Planning (ERP) system that manages all inventory and business functions for OPI.

**V. POLICY**

It is the policy of the Ohio Penal Industries (OPI) within the Ohio Department of Rehabilitation and Correction (ODRC) to require financial reports to be produced on a monthly basis, along with 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 shall be reviewed by the designated OPI staff (i.e., 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. The financial reports will be available to print and review by each shop manager, product manager, and the OPI chief. These reports shall be available to print and review by the appropriate staff by the end of the following 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 Enterprise Resource Planning (ERP) 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 and ERP staff. 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 ODRC asset administrator according to ODRC 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 ODRC asset administrator.

#### **D. Global Shop Solutions (GSS) Product Inventory**

1. Raw materials coming to the shops and warehouse that are by purchase orders, payment cards and transferred shall be received in GSS within twenty-four (24) hours of receipt. Raw material shall be valued at average cost entered in GSS. 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, the finished goods inventory shall be transferred to the Central Distribution Center database. The 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 average 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.

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.