



STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

APPLICABILITY
DEPARTMENT WIDE

REVISION DATE
10/17/24

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POLICY

TITLE
INTERNAL AUDIT

REVIEW/REVISION HISTORY:

Effective: 7/26/04
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Revised: 3/26/12
Revised: 7/1/15
Revised: 10/17/24

SUMMARY OF REVISION/REVIEW:

Major changes to include updated terminology and roles and responsibilities. Read carefully!


APPROVED:

Signature on file

CHERYL STRANGE, Secretary
Department of Corrections

9/26/24

Date Signed

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REFERENCES:


DOC 100.100 is hereby incorporated into this policy; [RCW 43.09.185](#); [RCW 43.88.160](#); [RCW 72.65.210](#); [Information Systems Audit and Control Association’s Information System Audit and Assurance Standards](#); [Institute of Internal Auditors’ Code of Ethics](#); [Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing](#); [State Administrative and Accounting Manual \(SAAM\) 20.20](#); [Washington State Auditor’s Office General Loss Reporting Policy](#)

POLICY:

- I. The Department will establish and maintain an Internal Audit Program.
 - A. Services provided by the Audit Office will be in accordance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.
 - B. Information systems audits will be conducted per the Information Systems Audit and Control Association’s Information System Audit and Assurance Standards.
- II. The Audit Office will provide independent, objective assurance, and professional analyses of selected operations to:
 - A. Assist employees/contract staff in effectively performing their official duties,
 - B. Prevent, detect, and respond to fraud, loss, or illegal activities, and
 - C. Improve the effectiveness of risk management, internal controls, and governance processes.

DIRECTIVE:

- I. General Responsibilities
 - A. To provide for the independence of the Audit Office, the Audit Director/Ethics Advisor will report directly to the Secretary and administratively to the Assistant Secretary for Employee and Business Support Services.
 - B. Employees assigned to the Audit Office will:
 1. Have an impartial and unbiased attitude and avoid/mitigate actual and potential conflicts of interest.
 2. Adhere to the Institute of Internal Auditors’ Code of Ethics.
 3. Be authorized free and unrestricted access to all relevant Department functions, records, property, and personnel in the course of official duties.

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4. Monitor and document the status of assigned corrective action plans and notify the Audit Director/Ethics Advisor when all actions have been completed.
5. Provide services/consultations when approved by the Audit Director/Ethics Advisor.
 - a. These requests will be included in the annual audit plan when possible.
 - b. Final reports will be tailored to each individual request and may be written or verbal.
- C. If an employee's independence or objectivity is impaired in fact or appearance, the employee will disclose the details of the impairment to the Audit Director/Ethics Advisor, who will determine appropriate action.

II. Loss of Public Funds or Property and Illegal Activity


- A. Employees will notify the Audit Director/Ethics Advisor immediately of known or suspected loss of public funds/property or illegal activity related to fraud/loss using DOC 05-001 Report of Fraud/Loss.
 1. The Appointing Authority will notify the Audit Director/Ethics Advisor of updates and the final disposition of the investigation.
 2. Records relating to the loss or illegal activity will be preserved until the investigation is complete.
- B. The Audit Director/Ethics Advisor will report known or suspected loss of public funds/property or illegal activity to the State Auditor's Office per the General Loss Reporting Policy. Significant losses will be reported to the Secretary.

III. Internal Audits

- A. Internal audits will address at least one of the following Department objectives:
 1. Employees, contract staff, and volunteers comply with policies, standards, procedures, and applicable laws and regulations.
 2. Significant financial, managerial, and operating information is accurate, reliable, and timely.
 3. Resources are acquired economically, used efficiently, and protected effectively.

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4. Department goals, plans, and objectives are achieved, and performance measures are met.
- B. Audit employees will develop an audit plan itemizing audits scheduled and resources needed for the upcoming fiscal year. The Secretary and Deputy Secretary will approve the plan before implementation.
 1. The Assistant Secretary for Employee and Business Support Services may approve amendments to the plan.
 - C. The Audit Director/Ethics Advisor will issue an audit report at the completion of each audit, which will be sent to the Secretary, Deputy Secretary, Assistant Secretaries, and employees/contract staff responsible for the system, process, or information audited. The report may be distributed more widely as necessary.
 - D. The Audit Director/Ethics Advisor will report to the Secretary, Deputy Secretary, and Assistant Secretaries when corrective action has not been completed 12 months after the final report is issued.
 - E. At the end of each year, the Audit Director/Ethics Advisor will report to the Secretary, Deputy Secretary, and Assistant Secretary for Employee and Business Support Services on completed work.
- IV. Operation Review Audits for Prisons and Reentry Centers
- A. The Audit Director/Ethics Advisor or designee will oversee operation review audits to determine compliance with Department policy, protocols, standards, and state laws and regulations. This includes:
 1. Developing audit tool checklists
 2. Collaborating with stakeholders
 3. Developing an annual audit schedule
 - B. The Audit Director/Ethics Advisor will provide a draft report at the completion of each audit to the Superintendent/Reentry Center Manager.
 1. The Superintendent/Reentry Center Manager must respond within 10 business days to address any findings or concerns identified in the draft.
 - C. The final report will be submitted to the Deputy Secretary and the following as applicable:
 1. Assistant Secretary
 2. Deputy Assistant Secretary
 3. Reentry Center Administrator

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4. Reentry Center Operations Administrator
 5. Superintendent/Reentry Center Manager
 6. Additional stakeholders as needed
- D. Assigned audit employees will coordinate with facility employees monthly to review the status of corrective action plans until completion.

DEFINITIONS:

Words/terms appearing in this policy may be defined in the glossary section of the Policy Manual.

ATTACHMENTS:

None

DOC FORMS:

DOC 05-001 Report of Fraud/Loss