



OBM | Office of Internal Audit

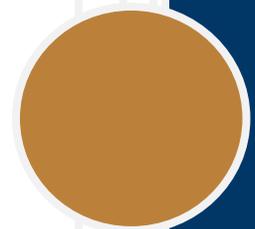
FISCAL YEAR 2010 ANNUAL AUDIT PLAN

July 1, 2009 – June 30, 2010

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FISCAL YEAR 2010 ANNUAL AUDIT PLAN

July 1, 2009 – June 30, 2010

MISSION STATEMENT

The OBM Office of Internal Audit (OIA) was established for the purpose of providing state agency management and the State Audit Committee with a systematic, disciplined approach to evaluate agency information, internal controls and governance processes. As a trusted advisor, the Office of Internal Audit will provide independent, objective assurance and consulting activities designed to add value by improving agencies' operations and business processes. State agency management and the State Audit Committee will be presented with analyses, recommendations, and counsel to enhance transparency and accountability for the state's citizenry.

INTRODUCTION

The OBM Office of Internal Audit has performed a risk assessment of the 21 state agencies' (as set forth in House Bill 166, 127th Gen. Assembly) risk environment in order to develop the audit plan for FY2010. Development of the assessment was based on various risk factors to the organization, as well as interviews with various members of management and other stakeholders.

The goal of the risk assessment and audit plan is to facilitate a process of continuous improvement in both business processes and internal controls throughout the organization with the ultimate goal of improving services to Ohio's constituency.

PURPOSE

The purpose of internal audit is to provide an independent assessment of the adequacy of internal controls throughout the organization. The Institute of Internal Auditors (IIA) provides the following definition of internal auditing:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

The role of internal auditing includes some of the following activities:

- Evaluating and improving the adequacy and effectiveness of risk management, control, and governance processes;
- Evaluating the management process to determine whether reasonable assurance exists that management objectives and operational goals are achieved; and
- Providing process and managerial consulting to improve risk management, control and governance processes.

FY 2010 RISK ASSESSMENT PROCESS

Risk Assessment Methodology

In developing the audit plan, OIA performed a risk analysis for the 21 state agencies in OIA's oversight utilizing seven risk factors. The objective of the risk assessment is to ensure optimized assignment of audit resources through a comprehensive understanding of the audit universe and the risks associated with each universe item.

The IIA defines risk as:

“The uncertainty of an event occurring that could have an impact on the achievement of objectives.”

The OBM Office of Internal Audit recognizes that most state agencies are at an informal stage of enterprise risk management. OIA plans to engage agency management on enterprise risk and lead them to a maturity level where they can independently assess their enterprise risk management processes over time. In the current audit plan, we obtained agency input for three of the seven risk factors (changes in systems, processes, & people, stakeholder concerns, and financial/operational reporting).

The risk assessment process included the following activities:

- Planning the assessment and identifying the audit universe.
- Conducting the risk assessment with agency management.
- Internal analysis of the results.
- Discuss draft heat map with agency management.

Audit Universe

The agency heat maps are divided into four audit universe categories. Each audit universe category may have multiple auditable areas depending upon the state agency. The four audit universe categories are as follows:

Audit Universe	Description
Financial Risks	Financial risks represent significant revenue streams, disbursement categories, or asset classifications typically associated with financial statement line items.
Operational Risks	Operational risks include auditable areas that span the state agency. These would include regional locations, institutions, outsourced activities, and IT operations.
Strategic Risks	Strategic risks represent large, emerging initiatives as well as unique processes of a state agency.
Enterprise Risks	Enterprise risks are risks common to all state agencies that result in one review for all agencies. Additionally, agency reviews are risks common to a cluster of state agencies but not all 21 agencies in OIA oversight.

Risk Factors

The seven risk factors utilized for the assessment were developed utilizing IIA guidance and historical knowledge of state government, as well as best practices in internal auditing. Each risk factor was scored based on likelihood of the risk and the measure of consequence of the event. The overall goal of the risk scoring approach is to ensure that OIA audits high-risk areas in the initial year of operation and move into moderate risk areas in fiscal year 2011 and beyond.

Once the various risk factors were rated, they were weighted in order to arrive at a composite risk score for each area, which was used to determine areas to prioritize for the FY2010 audit plan.

The seven risk factors and assigned weighting are as follows:

Risk Factors	Weight	Description
Control Environment	20%	The assessed reliability of the internal control system is important in judging the likelihood of errors in the system.
Changes: System, Process, and People	20%	A dynamic environmental change, in terms of systems/processes/people, increases the probability of efficiencies as well as errors occurring. (Agency input was obtained for this risk factor.)
Stakeholder Concerns	15%	Management or other stakeholder concerns can influence the priority of an auditable area. The potential sensitive nature of data or failed processes can also be a consideration. (Agency input was obtained for this risk factor.)
Materiality	15%	This factor focuses on the financial size, complexity, or sensitive nature of auditable areas.
Potential for Fraud, Waste, and Abuse	10%	The potential for illegal acts or wasteful spending can result in a heightened consequence with public funds regardless of the dollar amount.
Prior Audits	10%	The results of prior audits influence the likelihood of future outcomes.
Financial/Operational Reporting	10%	Accuracy of reported financial activity is magnified by anticipated use by outside parties. (Agency input was obtained for this risk factor.)

STATE AGENCY HEAT MAPS

Risk Ratings

As displayed on pages 6 through 26, a separate state agency heat map was generated based upon the agency audit universe and risk factors. Each auditable area was graphed based upon the “likelihood” and “measure of consequence” components. Those auditable areas in the red or upper right portion of the chart represent higher risk. It is important to recognize that auditable areas in the higher risk do not necessarily reflect a weakness but could represent an auditable area that is very material, incurring a process change, and/or has a heightened sensitivity.

Auditable areas in the yellow or middle portion of the chart represent areas of moderate risk. Some audit areas with moderate risk could be subject to audit review based upon the nature of the process. Audit areas in the green or the lower left portion of the chart represent lower risk areas based upon the composite of the seven risk factors.

Audit Coverage and Scope

To minimize the potential for duplication of effort and to maximize the amount of coverage achieved, OIA considered other audits or related reviews performed by the Auditor of State, internal auditors within the Bureau of Workers’ Compensation, and reviews conducted by external consultants. OIA coordinated with representatives from the Auditor of State and identified auditable areas planned by the Auditor of State in fiscal year 2010. Although the majority of their audit effort will support the fiscal year 2009 state audit, their activities will occur while OIA performs fiscal year 2010 reviews. Those auditable areas performed by the Auditor of State or the Bureau of Workers’ Compensation auditors are separately color coded in gold on the state agency heat maps.

Those audit areas planned by the OBM Office of Internal Audit are color coded in blue. The approach for the initial year of operation was to review all higher risk areas not addressed by other auditors. Some auditable areas are combined efforts of the Auditor of State and the OBM Office of Internal Audit. The remaining areas color coded in brown are not initially planned for internal or external review. This is a point in time assessment which could change during the course of the fiscal year.

The scope of auditable areas identified by the OBM Office of Internal Audit is detailed on pages 27 through 32. Additionally, the size of audit effort is quantified as small, medium, large, or extra large.

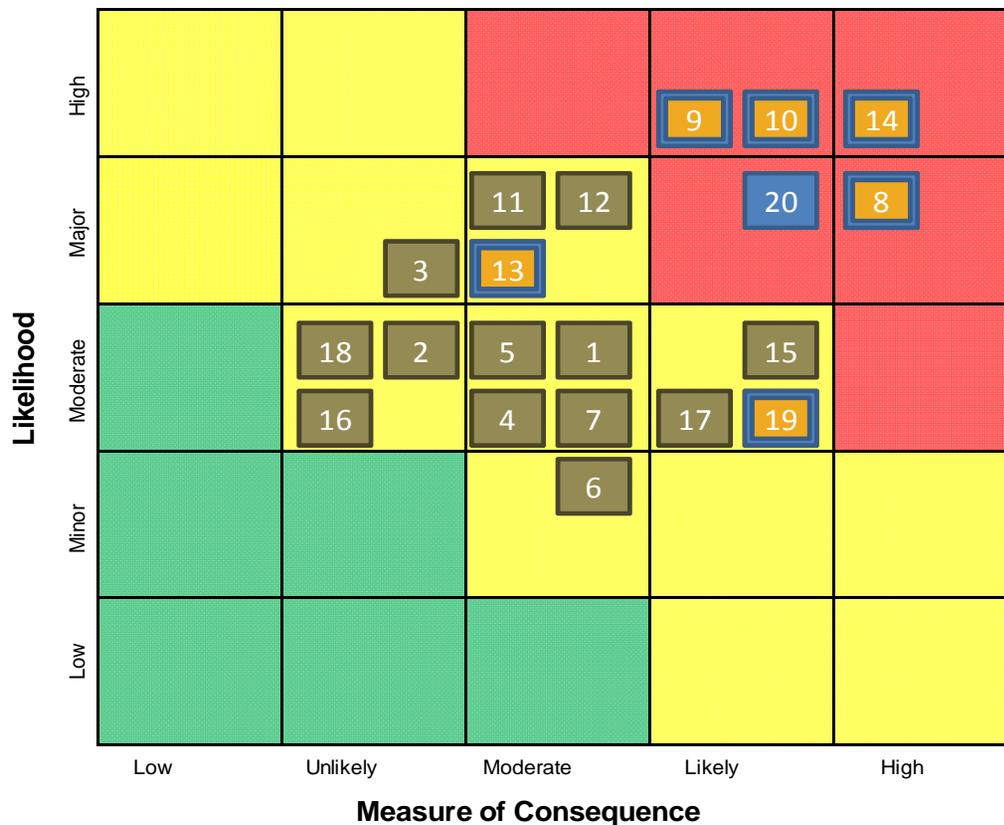
Continuous Update of Agency Risk Profile

The state agency heat maps represent a “point in time” analysis to develop the annual audit plan. Risk assessment is an ongoing process and OIA will continue to update the risk profile based on changes in processes, results of audits, or other unanticipated conditions.

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Service Fees	
2	Inventory: Fleet	
3	Inventory: Telecommunications	
4	Capital Assets	
5	Expenditures: Payroll	
6	Expenditures: State Funds	
7	Financial Reporting	
	OPERATIONAL RISKS	
8	Third Party Admin. / Outsourcing	Small
9	IT Application Development	Medium
10	IT Business Resiliency	Medium
11	IT Enterprise Architecture	
12	IT Governance	
13	IT Project Management	Medium
14	IT Security & Privacy	Large
	STRATEGIC RISKS	
15	State Purchasing	
16	Insurance	
17	Human Resources	
18	Record Retention	
19	SWICAP	Medium
20	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Administrative Services Risk Map

Fiscal Year 2010 Audit Plan



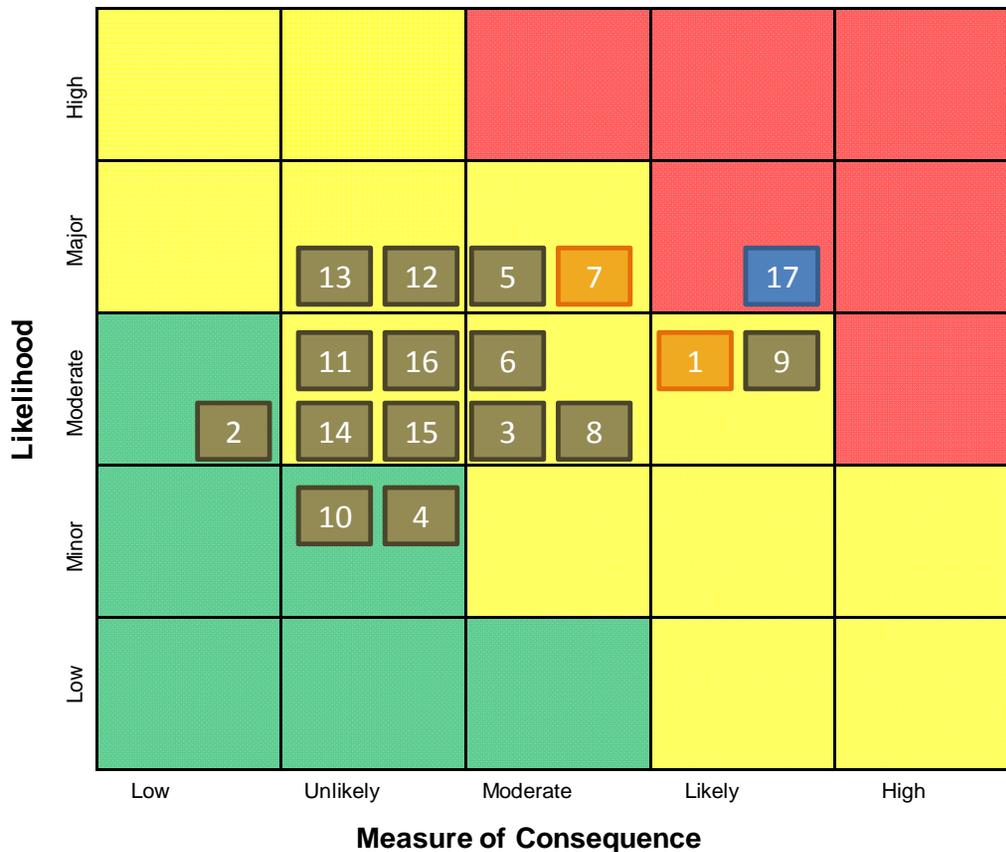
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Combined
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Federal & State Sources	
2	Revenue: Other	
3	Inventory	
4	Cash & Investments	
5	Expenditures: Payroll	
6	Expenditures: Federal Funds	
7	Expenditures: State Funds	
8	Financial Reporting	
	OPERATIONAL RISKS	
9	Area Agencies on Aging	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Aging Risk Map

Fiscal Year 2010 Audit Plan



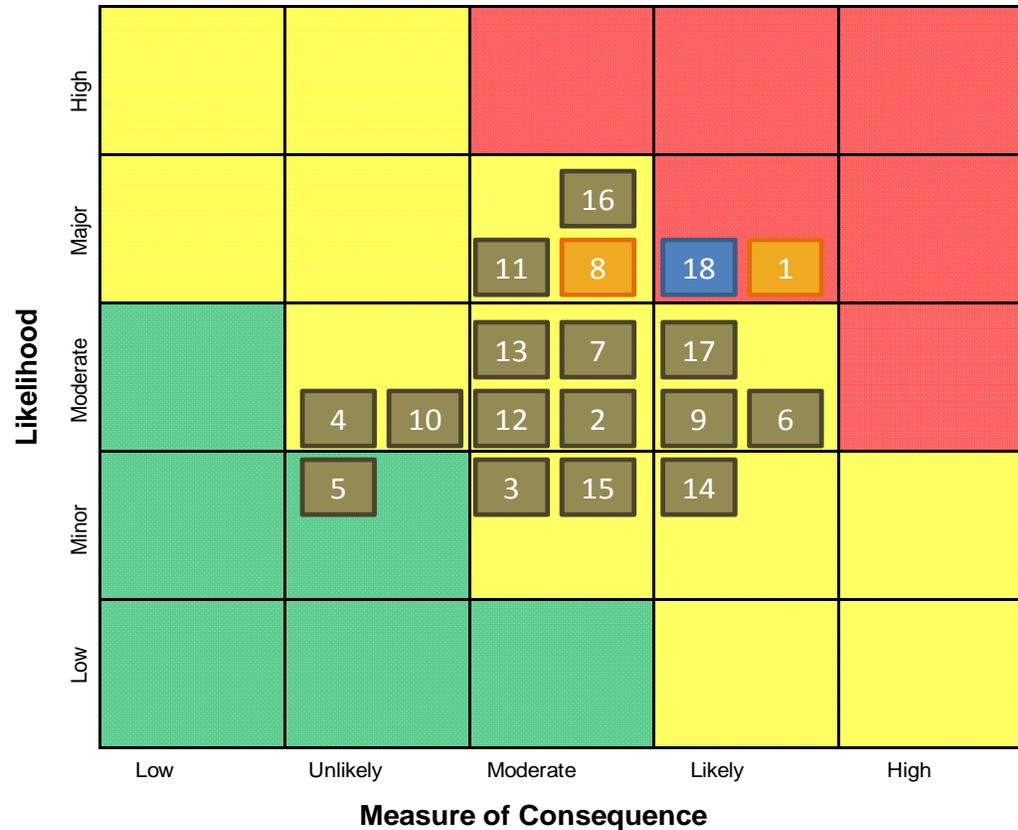
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	Meat & Dairy Inspection	
18	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Agriculture Risk Map

Fiscal Year 2010 Audit Plan



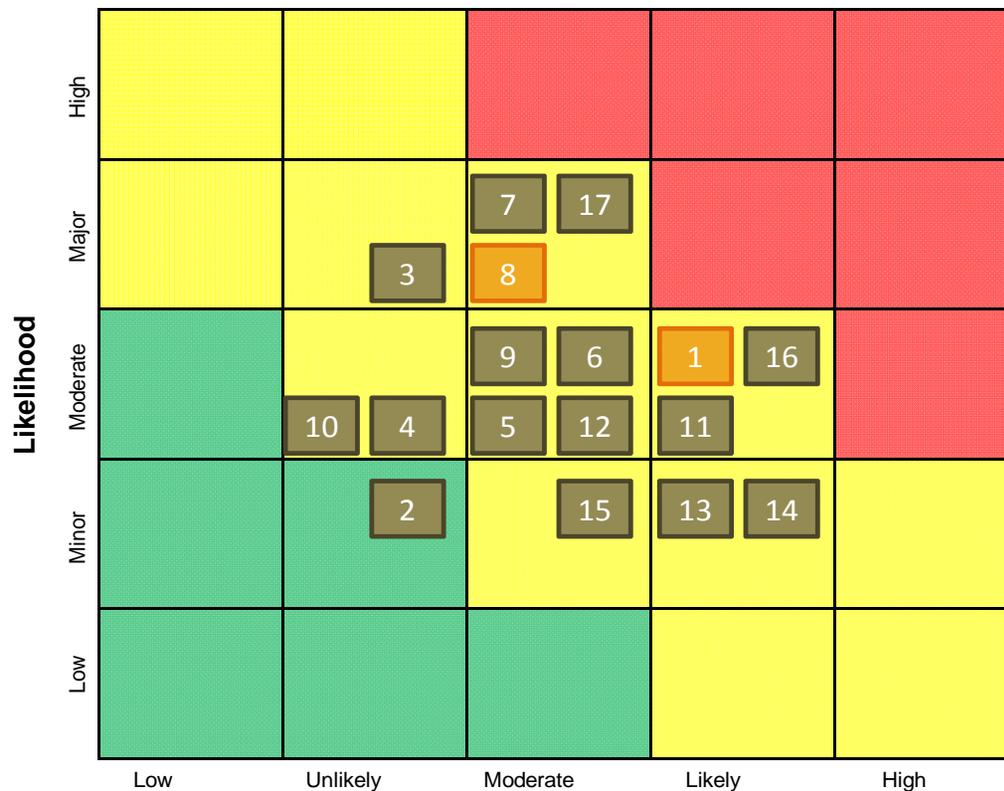
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Federal & State Sources	
2	Revenue: Other	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	ARRA Stimulus Funds	
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Alcohol and Drug Addiction Services Risk Map

Fiscal Year 2010 Audit Plan



Measure of Consequence

Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood



OIA Audits



AOS Audits

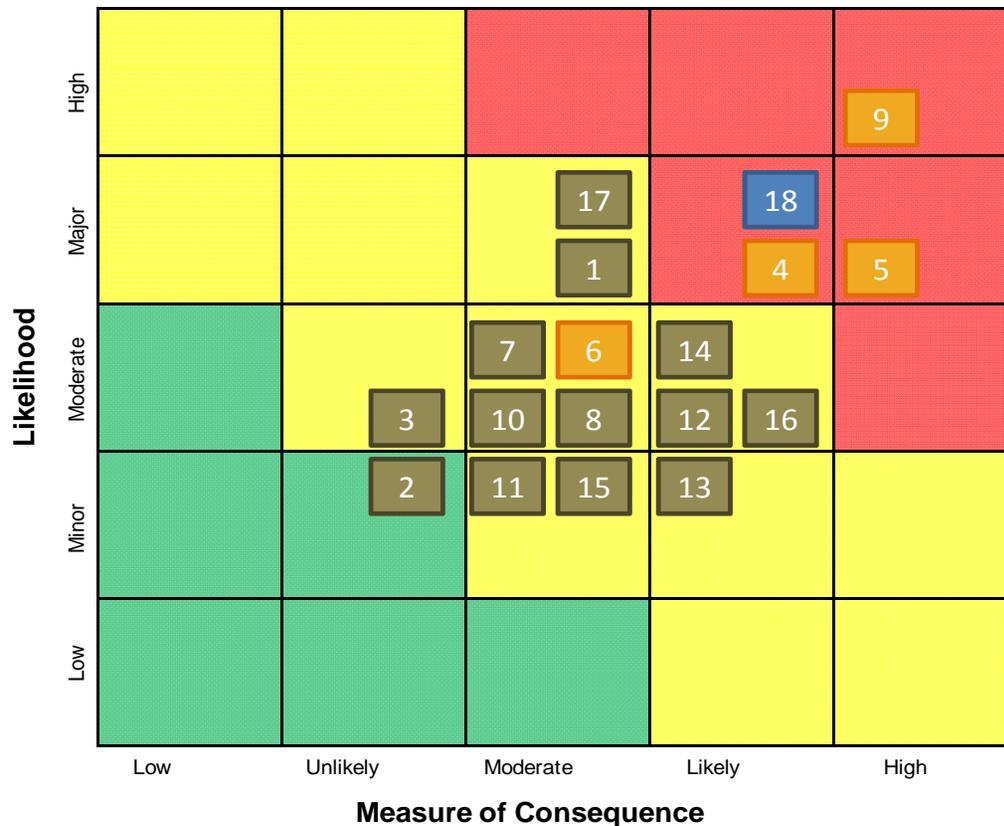


Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Service Fees	
2	Inventory	
3	Capital Assets	
4	Cash & Investments	
5	Budgeting & Forecasting	
6	Debt & Bonds	
7	Expenditures: Payroll	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	Shared Services	
18	ARRA Stimulus Funds/Central Reporting	Large
	ENTERPRISE RISKS	
	See page 32 for details	

Office of Budget and Management Risk Map

Fiscal Year 2010 Audit Plan



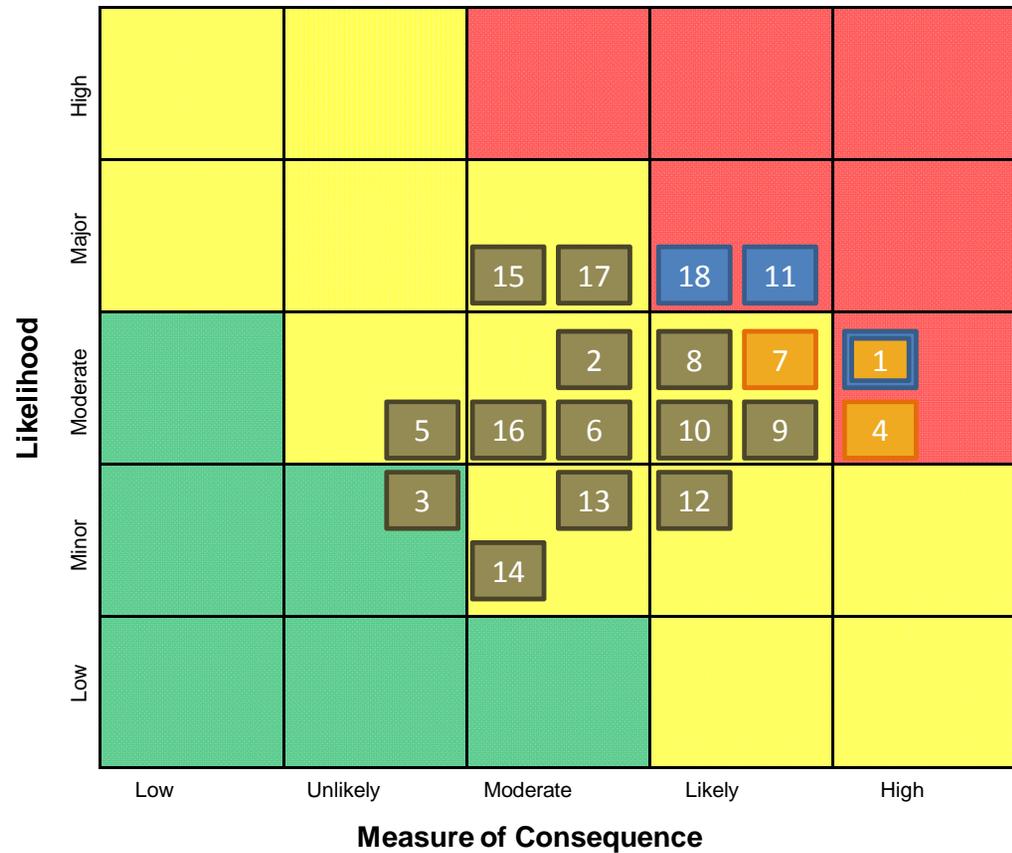
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

■ OIA Audits ■ AOS Audits ■ Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	Large
2	Revenue: Federal & State Sources	
3	Inventory	
4	Inventory / Assets: Liquor	
5	Capital Assets	
6	Cash & Investments	
7	Unclaimed Property	
8	Expenditures: Payroll	
9	Expenditures: State Funds	
10	Financial Reporting	
	OPERATIONAL RISKS	
11	Third Party Admin. / Outsourcing	Medium
12	IT Application Development	
13	IT Business Resiliency	
14	IT Enterprise Architecture	
15	IT Governance	
16	IT Project Management	
17	IT Security & Privacy	
	STRATEGIC RISKS	
18	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Commerce Risk Map

Fiscal Year 2010 Audit Plan



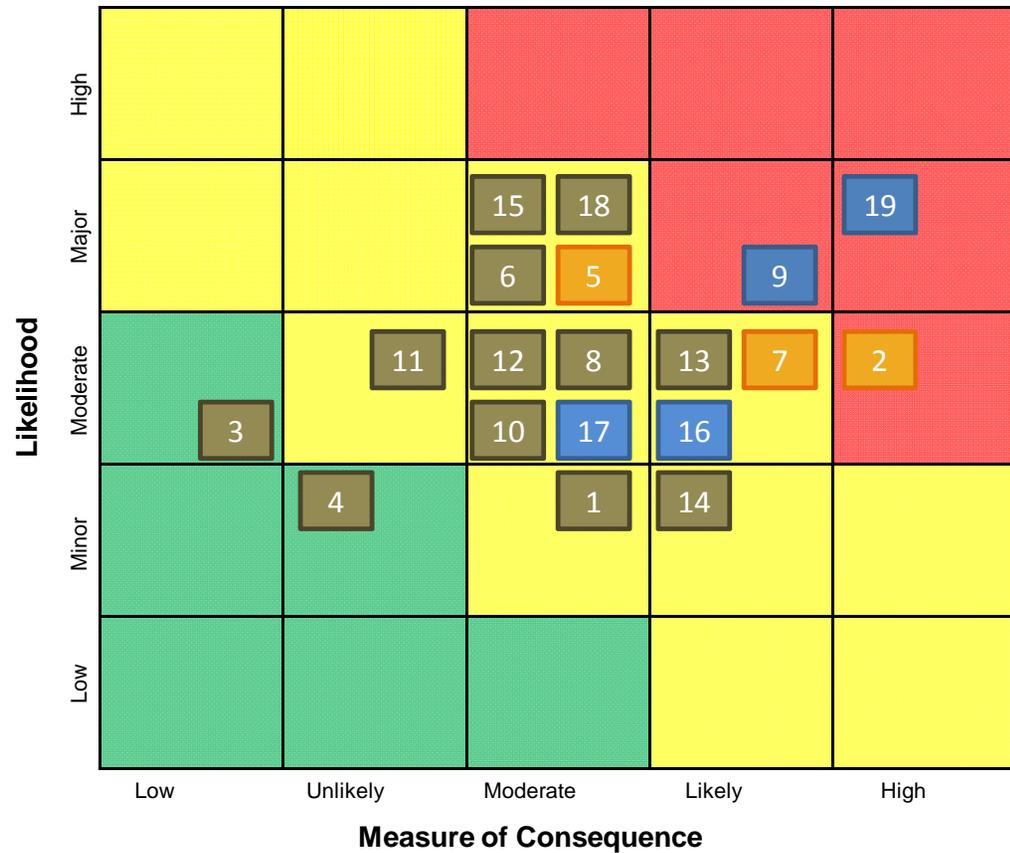
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Combined
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Expenditures: State Grants	Large
10	Financial Reporting	
	OPERATIONAL RISKS	
11	Regional Offices	
12	Third Party Administrators / Outsourcing	
13	IT Application Development	
14	IT Business Resiliency	
15	IT Enterprise Architecture	
16	IT Governance	Small
17	IT Project Management	Small
18	IT Security & Privacy	
	STRATEGIC RISKS	
19	ARRA Stimulus Funds	Ex. Large
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Development Risk Map

Fiscal Year 2010 Audit Plan



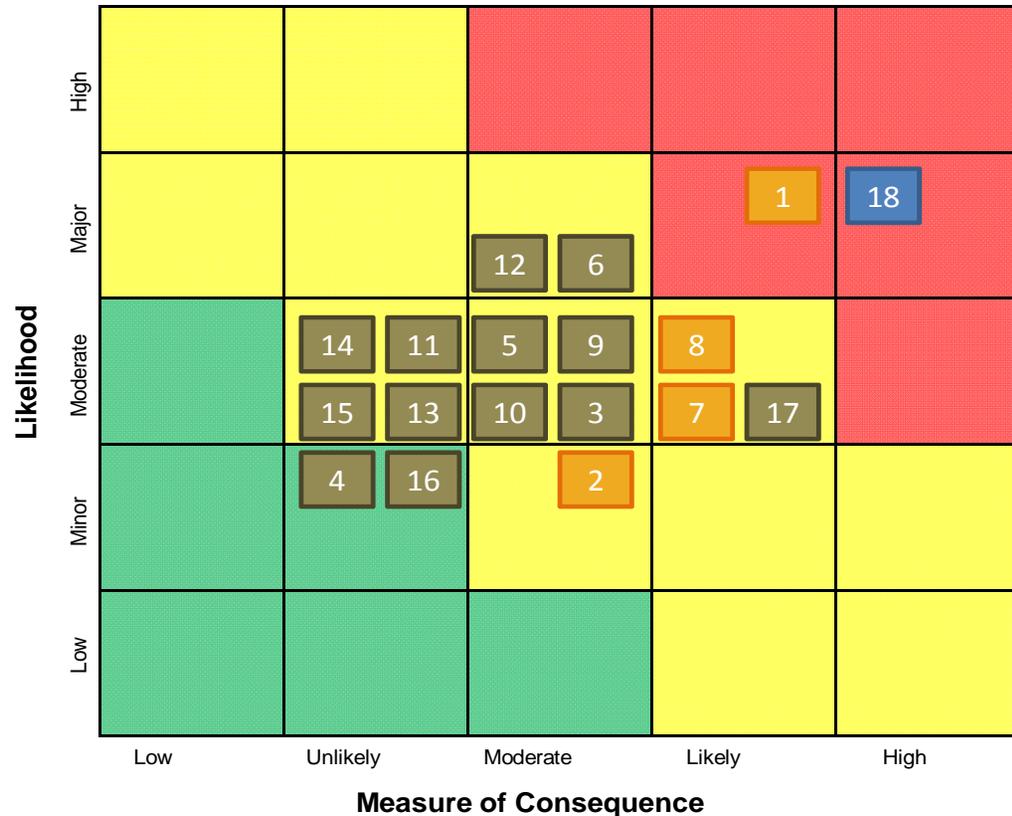
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	District Offices & Laboratories	
11	Third Party Administrators / Outsourcing	
12	IT Application Development	
13	IT Business Resiliency	
14	IT Enterprise Architecture	
15	IT Governance	
16	IT Project Management	
17	IT Security & Privacy	
	STRATEGIC RISKS	
18	ARRA Stimulus Funds	Large
	ENTERPRISE RISKS	
	See page 32 for details	

Environmental Protection Agency Risk Map

Fiscal Year 2010 Audit Plan



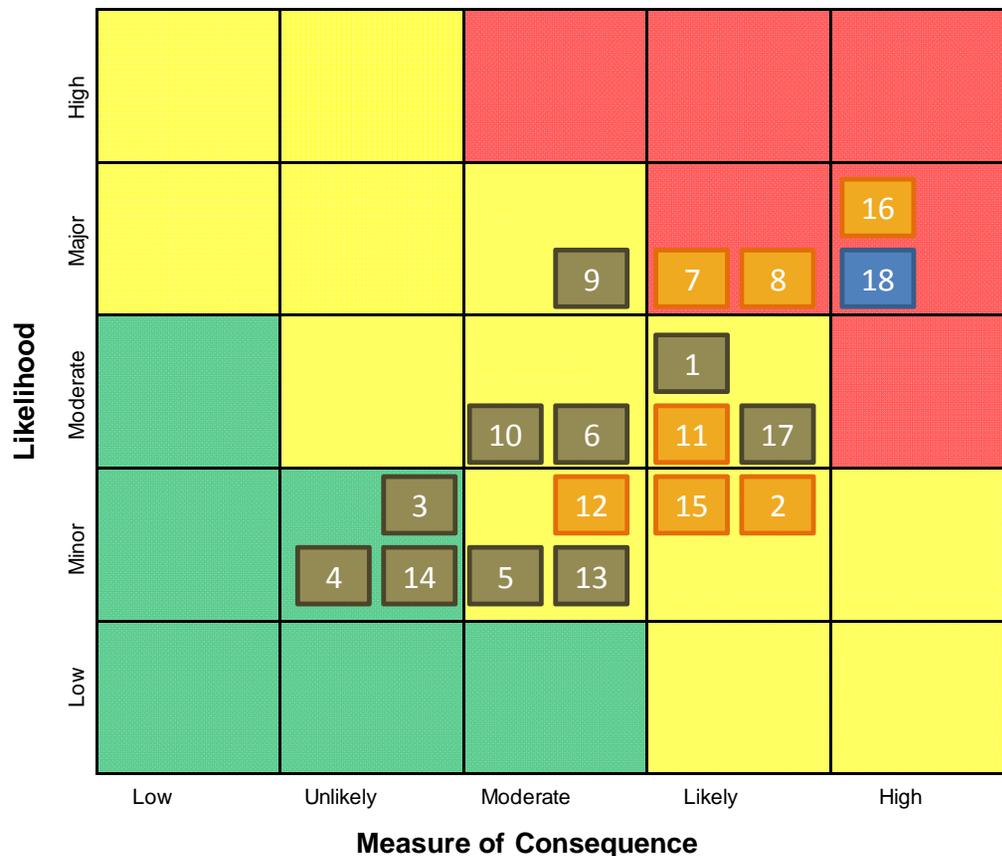
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal (WIC Program)	
8	Expenditures: Federal (Other Programs)	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	Public Health Preparedness	
18	ARRA Stimulus Funds	Large
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Health Risk Map

Fiscal Year 2010 Audit Plan



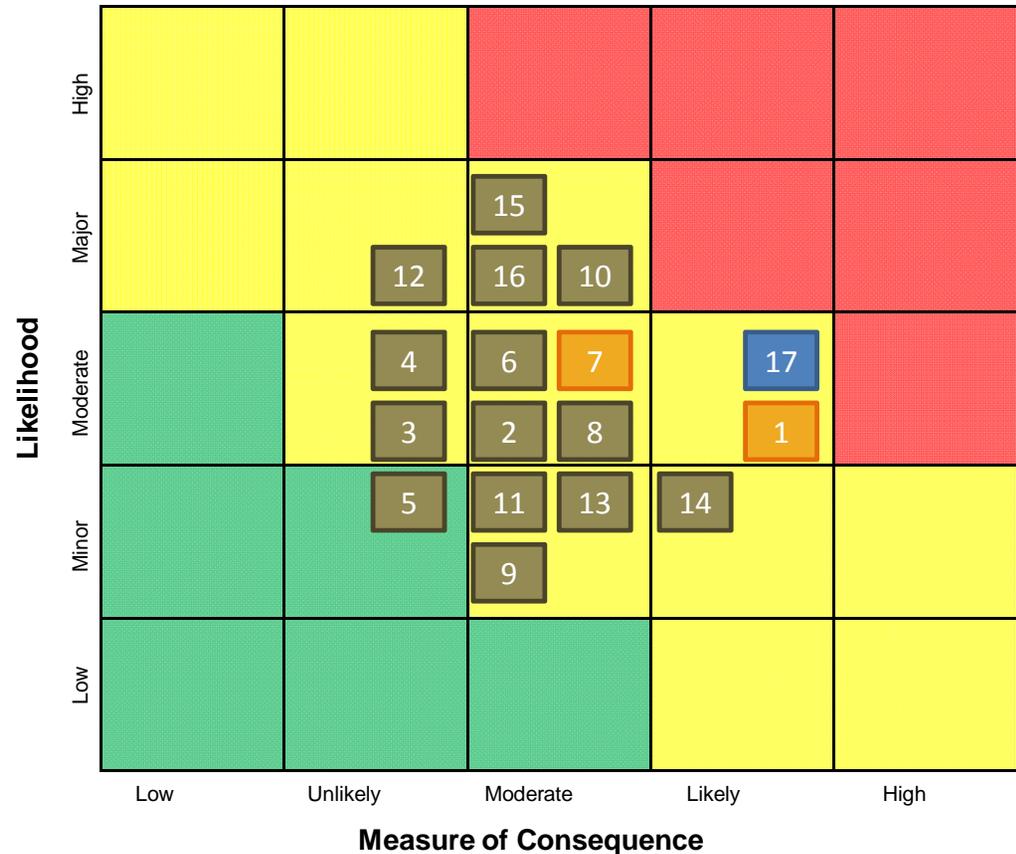
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: State & Federal Funds	
8	Financial Reporting	
	OPERATIONAL RISKS	
9	Third Party Administrators / Outsourcing	
10	IT Application Development	
11	IT Business Resiliency	
12	IT Enterprise Architecture	
13	IT Governance	
14	IT Project Management	
15	IT Security & Privacy	
	STRATEGIC RISKS	
16	Insurance Examination Process	
17	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Insurance Risk Map

Fiscal Year 2010 Audit Plan



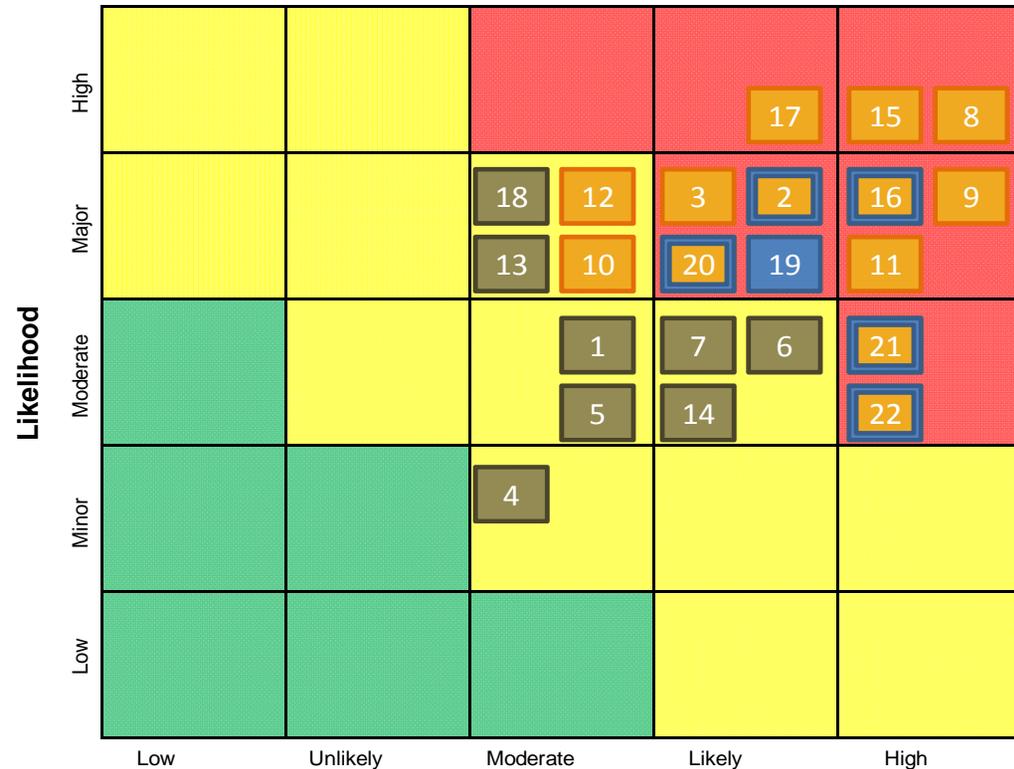
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & State Sources	Medium
3	Revenue: County Operations	
4	Inventory	
5	Capital Assets	
6	Cash & Investments	
7	Expenditures: Payroll	
8	Expenditures: Medicaid	
9	Expenditures: Other Public Assistance	
10	Expenditures: Children Assistance	
11	Expenditures: Unemployment Comp.	
12	Financial Reporting	
	OPERATIONAL RISKS	
13	Medical & Pharmacy	
14	Regional Offices	
15	Third Party Admin. / Outsourcing	
16	IT Application Development	Large
17	IT Business Resiliency	
18	IT Enterprise Architecture	
19	IT Governance	Medium
20	IT Project Management	Medium
21	IT Security & Privacy	Large
	STRATEGIC RISKS	
22	ARRA Stimulus Funds	Ex. Large
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Job & Family Services Risk Map

Fiscal Year 2010 Audit Plan



Measure of Consequence

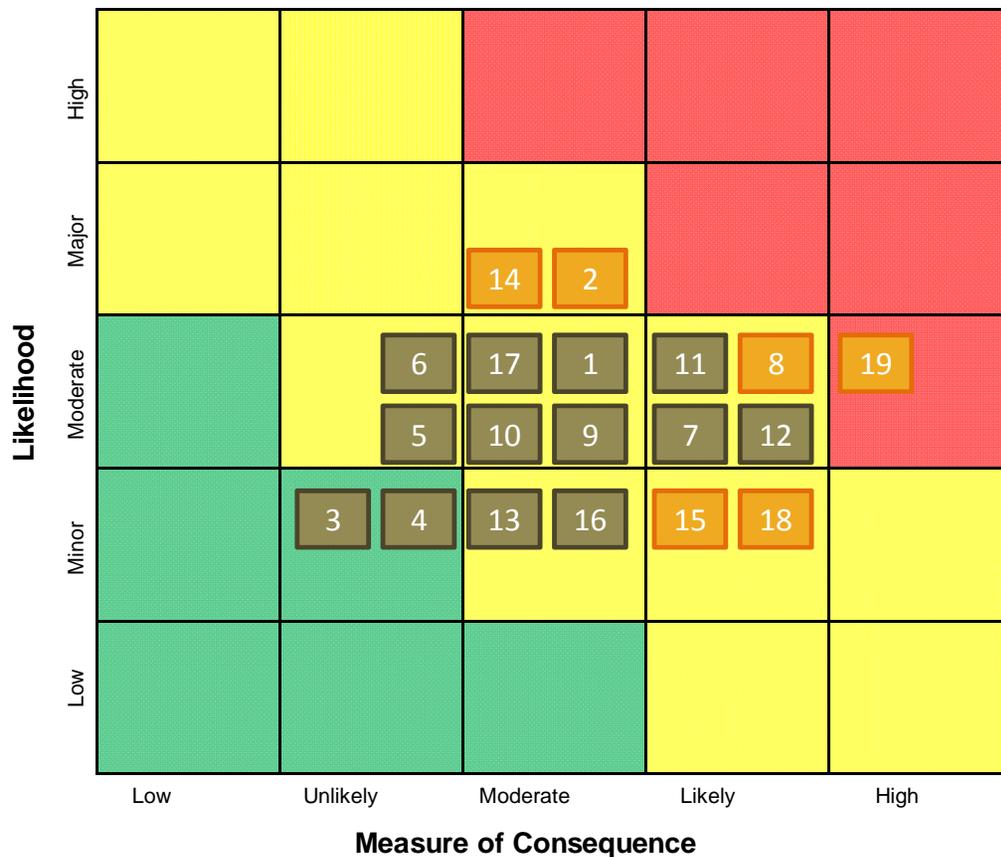
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

 OIA Audits
 AOS Audits
 Combined
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Medicaid	
8	Expenditures: Federal (Other Programs)	
9	Expenditures: State Funds	
10	Financial Reporting	
	OPERATIONAL RISKS	
11	Medical & Pharmacy	
12	Mental Health Facilities	
13	Third Party Administrators / Outsourcing	
14	IT Application Development	
15	IT Business Resiliency	
16	IT Enterprise Architecture	
17	IT Governance	
18	IT Project Management	
19	IT Security & Privacy	
	STRATEGIC RISKS	
	None Identified	
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Mental Health Risk Map

Fiscal Year 2010 Audit Plan



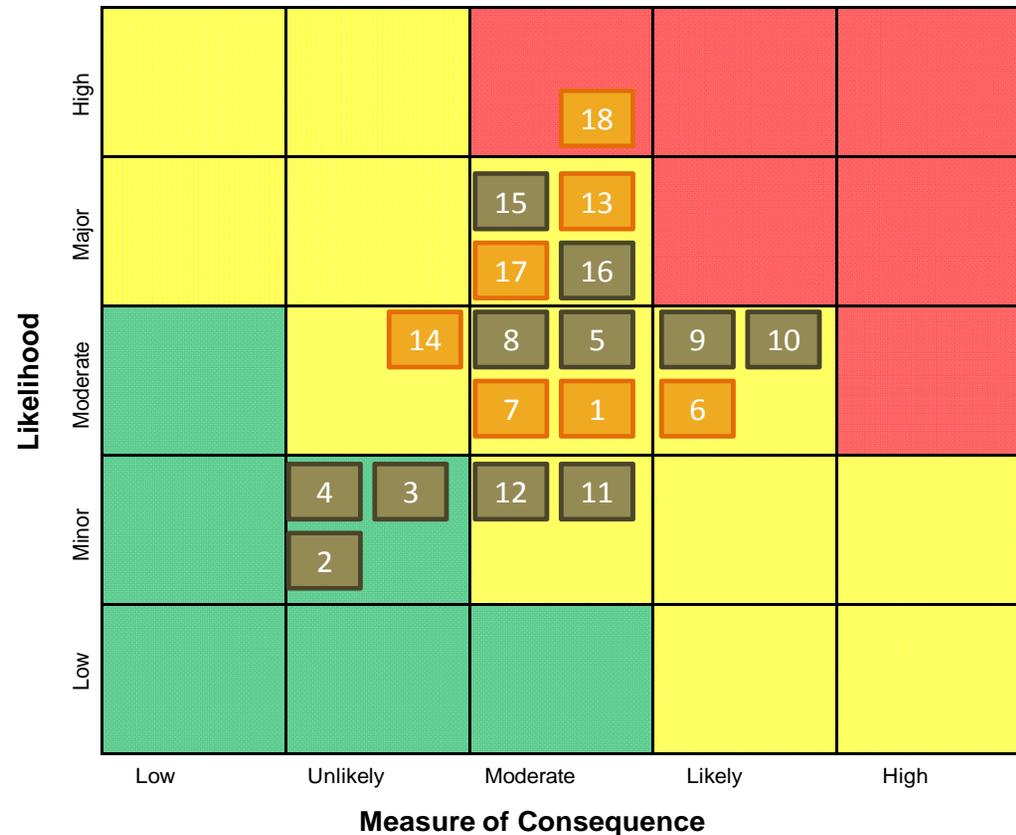
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Federal & Other State Sources	
2	Inventory	
3	Capital Assets	
4	Cash & Investments	
5	Expenditures: Payroll	
6	Expenditures: Medicaid	
7	Expenditures: Federal (Other Programs)	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Medical & Pharmacy	
11	Developmental Centers	
12	Third Party Administrators / Outsourcing	
13	IT Application Development	
14	IT Business Resiliency	
15	IT Enterprise Architecture	
16	IT Governance	
17	IT Project Management	
18	IT Security & Privacy	
	STRATEGIC RISKS	
	None Identified	
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Developmental Disabilities Risk Map

Fiscal Year 2010 Audit Plan



Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits

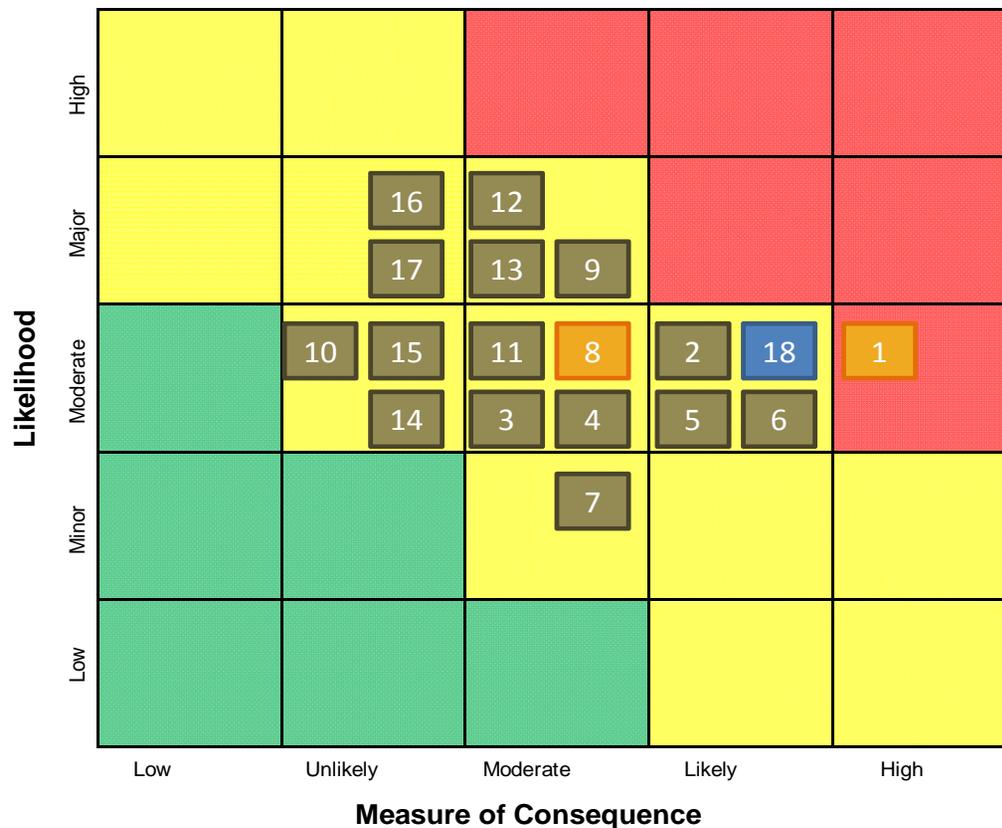
AOS Audits

Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Regional Offices	
11	Third Party Administrators / Outsourcing	
12	IT Application Development	
13	IT Business Resiliency	
14	IT Enterprise Architecture	
15	IT Governance	
16	IT Project Management	
17	IT Security & Privacy	
	STRATEGIC RISKS	
18	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Natural Resources Risk Map

Fiscal Year 2010 Audit Plan



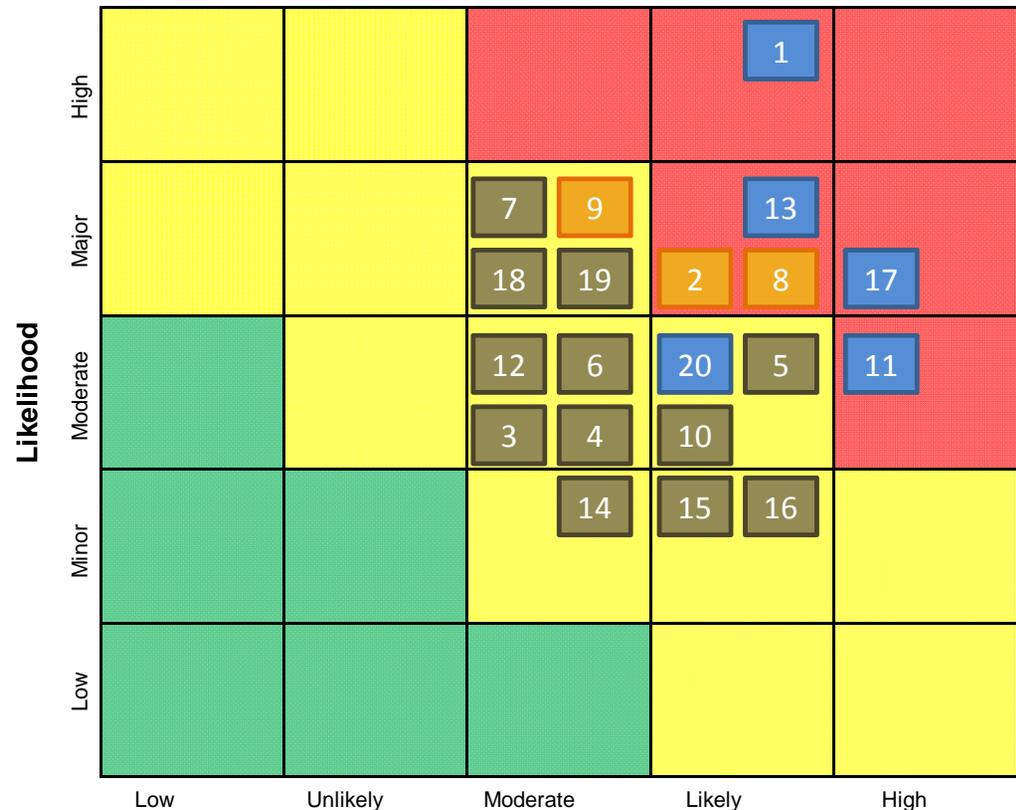
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	Large
2	Revenue: Federal & Other State Sources	
3	Inventory: Fleet	
4	Inventory: Other	
5	Capital Assets	
6	Cash Control & Investments	
7	Expenditures: Payroll	
8	Expenditures: Federal Funds	
9	Expenditures: State Funds	
10	Financial Reporting	
	OPERATIONAL RISKS	
11	Third Party Administrators / Outsourcing	Large
12	IT Application Development	
13	IT Business Resiliency	Medium
14	IT Enterprise Architecture	
15	IT Governance	
16	IT Project Management	
17	IT Security & Privacy	Large
	STRATEGIC RISKS	
18	Highway Patrol	
19	Emergency Management Agency	
20	ARRA Stimulus Funds	Large
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Public Safety Risk Map

Fiscal Year 2010 Audit Plan



Measure of Consequence

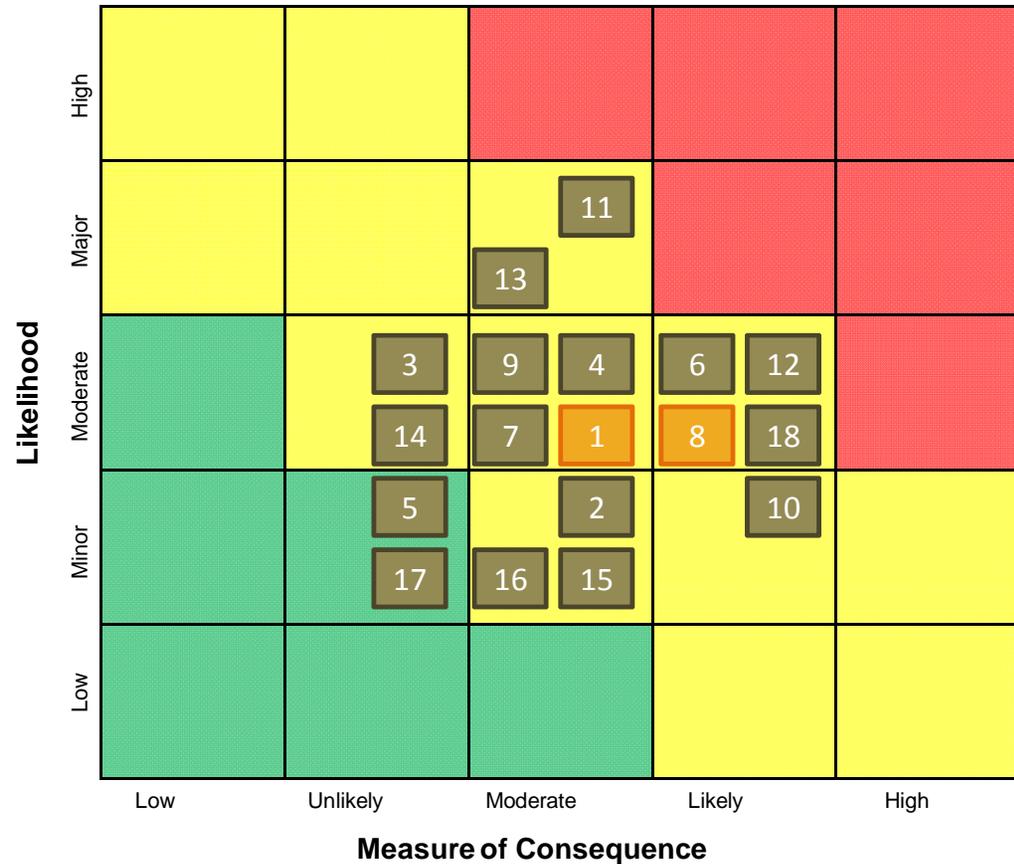
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Federal & State Sources	
2	Revenue: Other	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Institutions	
11	Medical & Pharmacy	
12	Third Party Administrators / Outsourcing	
13	IT Application Development	
14	IT Business Resiliency	
15	IT Enterprise Architecture	
16	IT Governance	
17	IT Project Management	
18	IT Security & Privacy	
	STRATEGIC RISKS	
	None Identified	
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Rehabilitation and Correction Risk Map

Fiscal Year 2010 Audit Plan



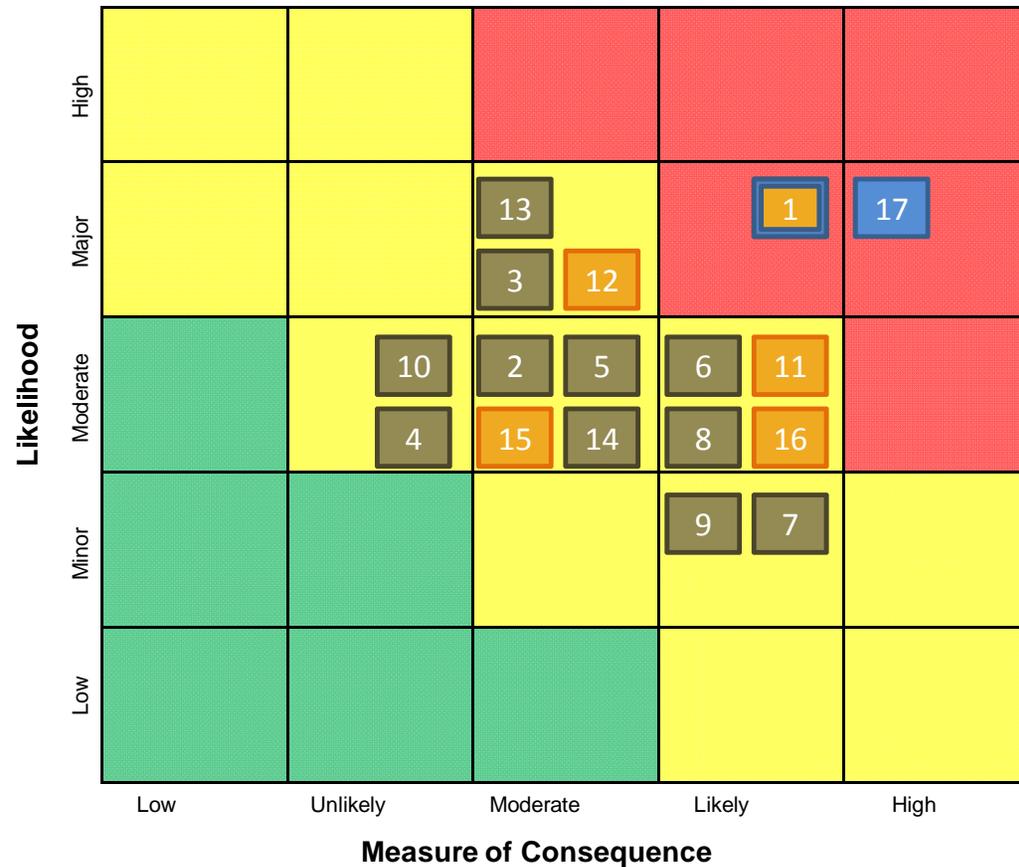
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Various Taxes	Large
2	Inventory	
3	Capital Assets	
4	Cash & Investments	
5	Expenditures: Payroll	
6	Expenditures: State Funds	
7	Expenditures: Refunds	
8	Financial Reporting	
	OPERATIONAL RISKS	
9	Regional Offices	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	IT: STARS Application	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Taxation Risk Map

Fiscal Year 2010 Audit Plan



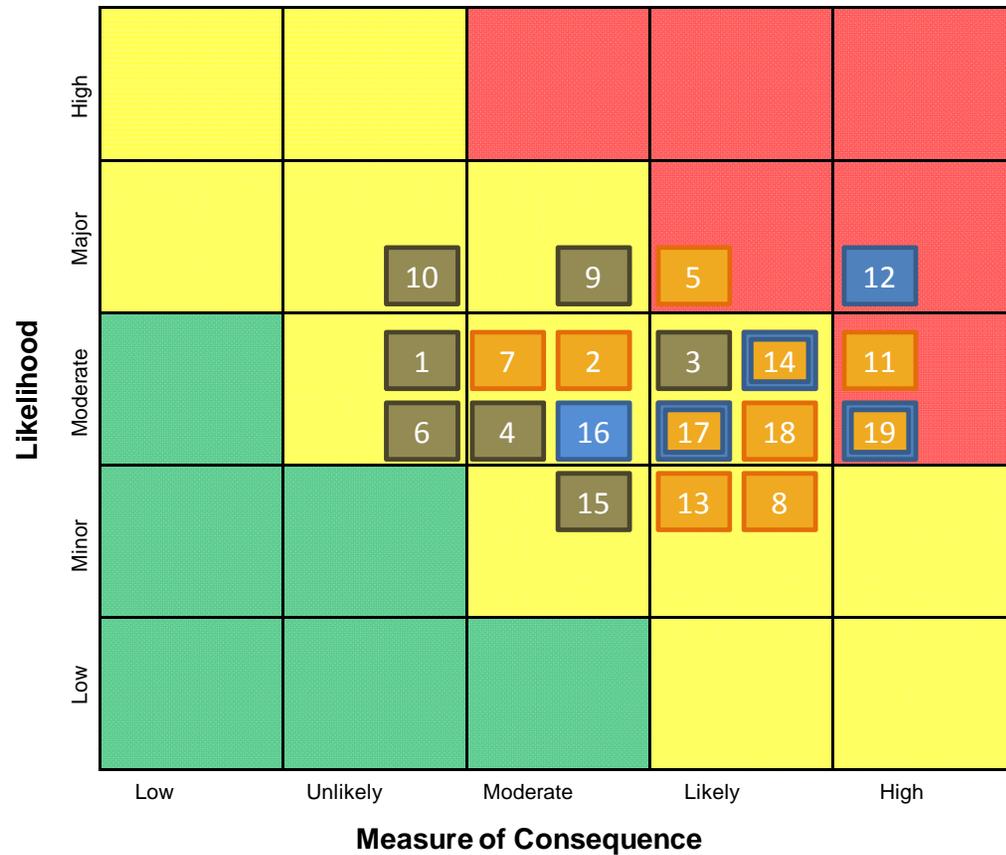
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Combined
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & State Sources	
3	Inventory: Fleet	
4	Inventory: Other	
5	Capital Assets	
6	Cash & Investments	
7	Expenditures: Payroll	
8	Expenditures: Federal Funds	
9	Expenditures: State Funds	
10	Financial Reporting	
	OPERATIONAL RISKS	
11	District Offices	
12	Third Party Admin. / Outsourcing	Large
13	IT Application Development	
14	IT Business Resiliency	Large
15	IT Enterprise Architecture	
16	IT Governance	Medium
17	IT Project Management	Large
18	IT Security & Privacy	
	STRATEGIC RISKS	
19	ARRA Stimulus Funds	Ex. Large
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Transportation Risk Map

Fiscal Year 2010 Audit Plan



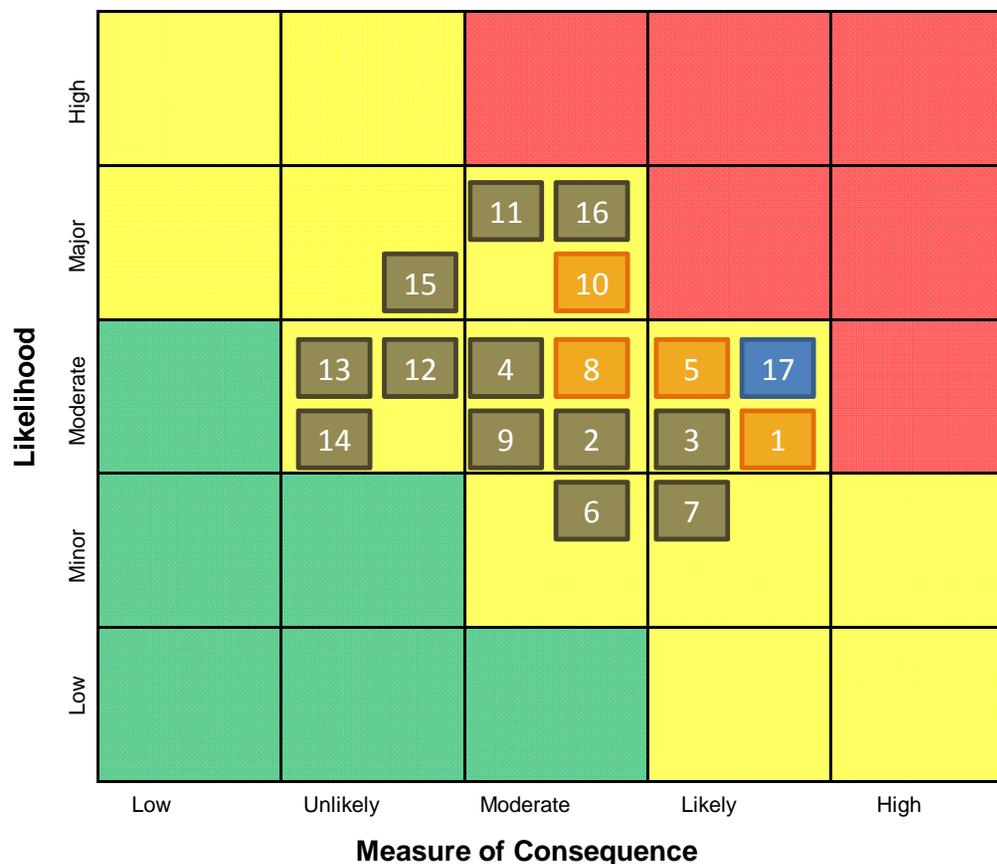
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

 OIA Audits
 AOS Audits
 Combined
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Licenses, Fees, & Permits	
2	Revenue: Federal & Other State Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: Federal Funds	
8	Expenditures: State Funds	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Nursing Home Facilities	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
17	ARRA Stimulus Funds	Medium
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Veterans' Services Risk Map

Fiscal Year 2010 Audit Plan



Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

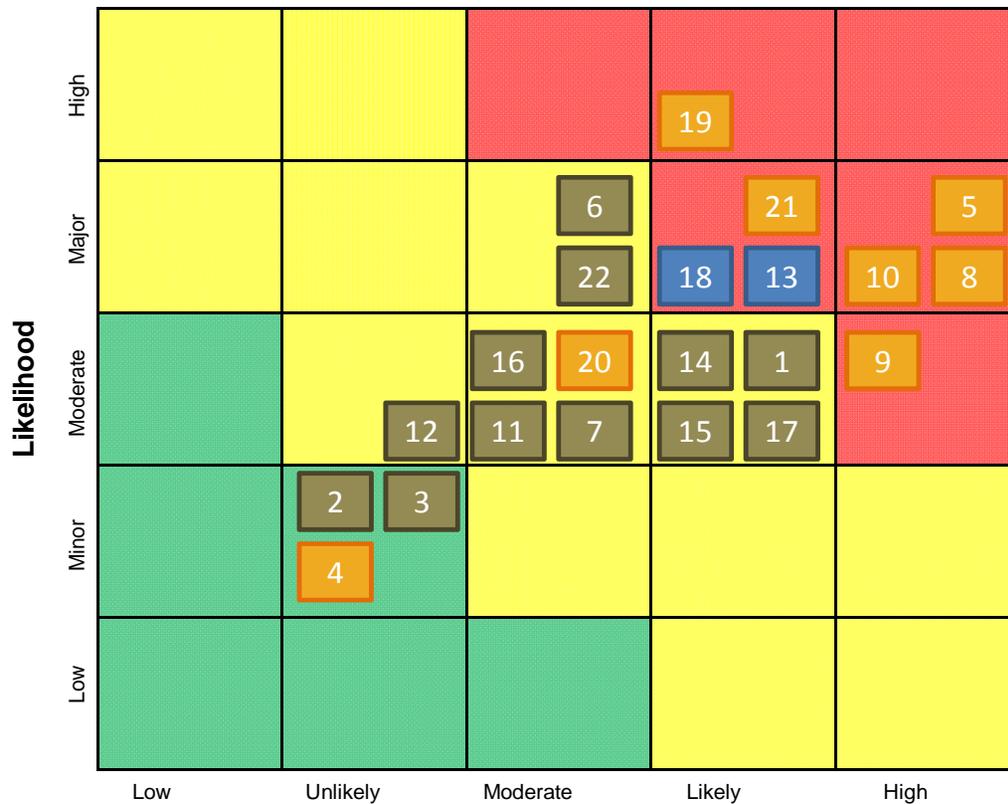
OIA Audits
 AOS Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: Fees & Assessments	
2	Revenue: Other Sources	
3	Inventory	
4	Capital Assets	
5	Cash & Investments	
6	Expenditures: Payroll	
7	Expenditures: State Funds	
8	Expenditures: Claims	
9	Financial Reporting	
	OPERATIONAL RISKS	
10	Managed Care Organizations	
11	Regional Offices	
12	Third Party Administrators / Outsourcing	
13	IT Application Development	Large
14	IT Business Resiliency	
15	IT Enterprise Architecture	
16	IT Governance	
17	IT Project Management	
18	IT Security & Privacy	Medium
	STRATEGIC RISKS	
19	Self-Insurance	
20	Reserves/Actuarial Analysis	
21	Rate-Making	
22	Fraud & Investigative Unit	
	ENTERPRISE RISKS	
	See page 32 for details	

Bureau of Workers' Compensation Risk Map

Note: BWC has a separate financial statement audit.

Fiscal Year 2010 Audit Plan



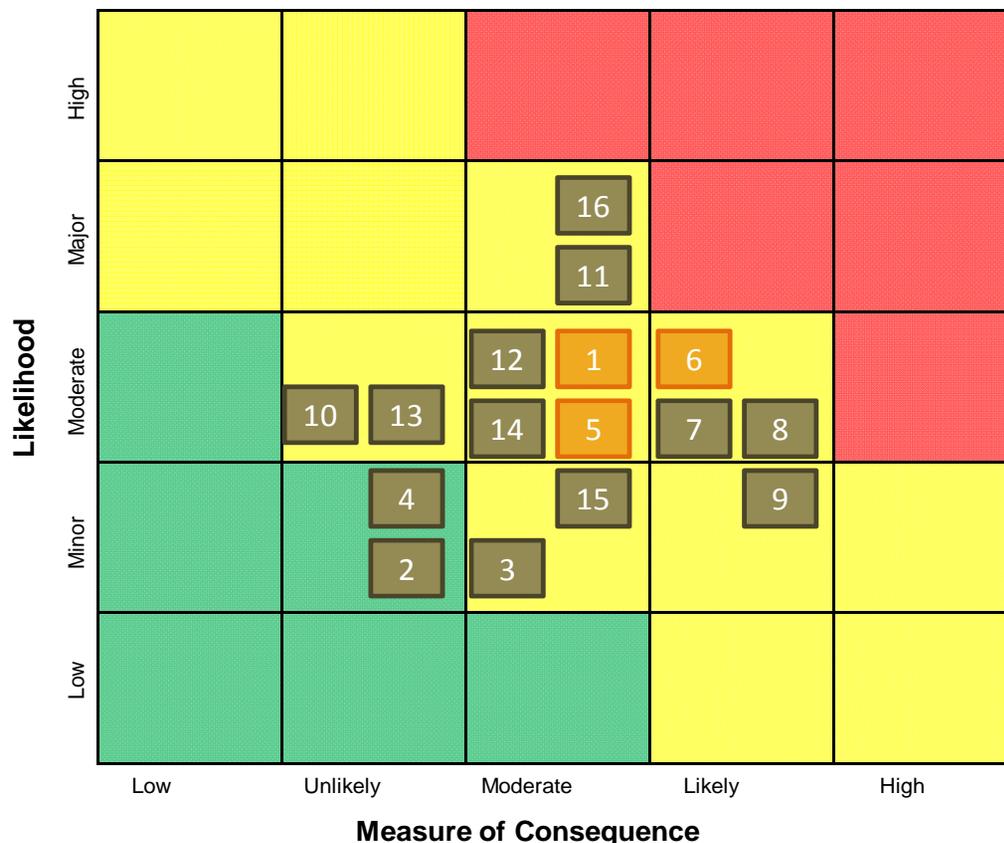
Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 BWC Internal Audits
 Not Planned

	List of Audit Universe	OIA Level of effort
	FINANCIAL RISKS	
1	Revenue: State & Federal Funds	
2	Inventory	
3	Capital Assets	
4	Cash & Investments	
5	Expenditures: Payroll	
6	Expenditures: State Funds	
7	Financial Reporting	
	OPERATIONAL RISKS	
8	Youth Service Facilities	
9	Medical & Pharmacy	
10	Third Party Administrators / Outsourcing	
11	IT Application Development	
12	IT Business Resiliency	
13	IT Enterprise Architecture	
14	IT Governance	
15	IT Project Management	
16	IT Security & Privacy	
	STRATEGIC RISKS	
	None Identified	
	ENTERPRISE RISKS	
	See page 32 for details	

Department of Youth Services Risk Map

Fiscal Year 2010 Audit Plan



Red – high impact/high likelihood Yellow - medium Green - low impact/low likelihood

OIA Audits
 AOS Audits
 Not Planned

FY 2010 ANNUAL AUDIT PLAN – PRELIMINARY AUDIT SCOPE

Agency	Audit Area	OIA level of effort	Preliminary Audit Scope
Department of Administrative Services	Third Party Administration/Outsourcing	Small	The Auditor of State performs an annual SAS 70 audit of OAKS. OIA is charged with remediation activities related to comments made in this report.
	IT Security & Privacy	Large	
	IT Application Development	Medium	The Ohio Business Gateway is a critical business portal for state government and the private sector. OIA will review the security and privacy surrounding this site hosted by the Department.
	IT Business Resiliency	Medium	
	IT Project Management	Medium	
	Statewide Indirect Cost Allocation Plan (SWICAP)	Medium	The cost input for SWICAP is reviewed in detail by the Auditor of State. OIA will review the operational efficiency of gathering information and the timing of the reporting process.
	ARRA Stimulus Funds	Medium	The Department has applied for one competitive grant. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Aging	ARRA Stimulus Funds	Medium	The Department anticipates receiving two formula grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Agriculture	ARRA Stimulus Funds	Medium	The Department has applied for one competitive grant. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Alcohol & Drug Addiction Services	No activity planned in fiscal year 2010		

Office of Budget & Management	ARRA Stimulus Funds/Central Reporting	Large	The Office anticipates receiving one formula grant and has applied for one competitive grant. Additionally, the Office will house the central reporting data for all stimulus funds. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Office. Additionally, the process of compiling information and conduct a security access review of the central reporting system will be evaluated.
Department of Commerce	Revenue: Licenses, Fees, & Permits	Large	The liquor control operation processes over \$600 million in liquor revenue through internal and outsourced operations. OIA will perform control design and assurance work related to the internal controls of these processes.
	Third Party Administration/Outsourcing	Medium	
	ARRA Stimulus Funds	Medium	The Department anticipates receiving one formula grant. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed by the Department.
Environmental Protection Agency	ARRA Stimulus Funds	Large	The Agency anticipates receiving two formula grants and has applied for one competitive grant. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed by the Agency.
Department of Development	Expenditures: State Grants	Large	Based upon the timing and extent of procedures with the ARRA Stimulus Funds, OIA will perform control design and assurance work on selected state grant programs of the Department.
	IT Governance	Small	OIA will review change management, portfolio management, project prioritization, and metrics related to the Department's IT operation.
	IT Project Management	Small	
	ARRA Stimulus Funds	Extra Large	The Department anticipates receiving seven formula grants and has applied for numerous competitive grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.

Department of Health	ARRA Stimulus Funds	Large	The Department anticipates receiving two formula grants and has applied for several competitive and discretionary grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Insurance	ARRA Stimulus Funds	Medium	The Department has applied for one discretionary grant. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Job & Family Services	Revenue: Federal & State Sources	Medium	Based upon the timing and extent of procedures with the ARRA Stimulus Funds, OIA will perform control design and assurance work on selected state sources of the Department.
	IT Application Development	Large	OIA will perform a consulting review of two significant application development projects: Medicaid Information Technology System (MITS) and Employer Resource Information Center (ERIC).
	IT Governance	Medium	OIA will review the general controls, application controls, and change management for the Client Registry Information System – Enhanced (CRIS-E), Medicaid Management Information System (MMIS), Ohio Job Insurance (OJI), and the County Finance Information System (CFIS).
	IT Project Management	Medium	
	IT Security & Privacy	Large	
ARRA Stimulus Funds	Extra Large	The Department anticipates receiving 14 formula grants and has applied for two competitive grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.	
Department of Mental Health	No activity planned in fiscal year 2010.		

Department of Developmental Disabilities	No activity planned in fiscal year 2010.		
Department of Natural Resources	ARRA Stimulus Funds	Medium	The Department has applied for one competitive grant and two discretionary grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Public Safety	Revenue: Licenses, Fees, & Permits	Large	The Department outsources most local Bureau of Motor Vehicle operations to private vendors. OIA will review the contract monitoring process as well as the control environment over the collection of vehicle license and fee revenues.
	Third Party Administration/Outsourcing	Large	
	IT Business Resiliency	Medium	OIA will review the business continuity and disaster recovery plans for significant applications of the Department as well as security and privacy control procedures.
	IT Security & Privacy	Large	
	ARRA Stimulus Funds	Large	The Department plans to receive two formula grants and has applied for one competitive grant. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Rehabilitation & Correction	No activity planned in fiscal year 2010.		
Department of Taxation	Revenue: Various Taxes	Large	The Department has numerous tax collection streams and the Auditor of State audits the largest tax collection revenues as part of the annual state audit. OIA will coordinate with the Auditor of State to determine the appropriate revenue processes to review.
	IT: STARS Application	Medium	OIA will perform consulting services and reviews related to the application development of the State Taxation Accounting and Revenue System (STARS).

Department of Transportation	Third Party Administration/Outsourcing	Large	Based upon the timing and extent of procedures with the ARRA Stimulus Funds, we will review value added aspects of the construction contract awards provided to private vendors.
	IT Business Resiliency	Large	OIA will review the business continuity and disaster recovery plans for significant applications as well as review change management, portfolio management, project prioritization, and metrics related to the Department's IT operation.
	IT Governance	Medium	
	IT Project Management	Large	
	ARRA Stimulus Funds	Extra Large	The Department anticipates receiving three formula grants and has applied for several competitive and discretionary grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Department of Veterans' Services	ARRA Stimulus Funds	Medium	The Department has applied for three competitive grants. OIA will perform an interim review of the adequacy of the internal controls and perform assurance testing of key controls when the dollars are disbursed to the Department.
Bureau of Workers' Compensation	IT Application Development	Large	The data warehouse contains data from multiple systems utilized with the Bureau. OIA review will focus on providing assurance regarding data quality control, effectiveness of security management, economy and efficiency of operations, and overall administration of the data warehouse. Additionally, OIA will provide consulting related to the rates and payments process.
	IT Security & Privacy	Medium	
Department of Youth Services	No activity planned in fiscal year 2010.		

ENTERPRISE AUDIT PLAN

Agency	Audit Area	OIA level of effort	Preliminary Audit Scope
Enterprise: All Agencies in OIA oversight	IT Security and Privacy	Extra Large	This enterprise review will assess data security as it relates to mobile devices such as laptops, USB flash drives, mobile phones, and backup tapes/devices. The scope will also include an assessment of compliance with agency policies and procedures, as well as guidance directives from the Department of Administrative Services.
Multiple Agencies within OIA oversight	IT Security and Privacy	Large	This multiple agency consulting review will utilize a database vulnerability tool to evaluate security of databases utilized by agencies. OIA will offer a database vulnerability assessment and provide recommendations to resolve any weaknesses identified.
Multiple Agencies within OIA oversight	IT Security and Privacy	Medium	This multiple agency consulting review will focus on a recent state legislative bill (HB 648) related to data privacy. OIA will offer to consult with selected agencies related to data privacy changes to reasonably ensure that the design of controls over these changes is appropriate and in conformity with HB 648.

FY 2010 ANNUAL AUDIT PLAN - TYPES OF AUDITS

There are generally five types of projects or reviews that OIA will perform. The following is a listing of the types of projects and a brief description of each type of engagement.

Operational Audits (Beginning-to-End Business Process Flow)

This category reviews the principal operational functions of an agency. Operational audits are undertaken for the purposes of a high-level overview assessment of compliance, efficiency, economy and effectiveness of management practices and controls associated with these operational functions. They have a strategic focus and are primarily concerned with the achievement of the agency's strategic objectives and goals.

Internal Control Reviews / Compliance Audits

Examining and evaluating the effectiveness of an agency's system of internal control and the quality of performance in carrying out assigned responsibilities. The primary objectives of the internal control systems are to ensure: the reliability and integrity of information; compliance with policies, plans, procedures, laws, and regulations; safeguarding of assets; economical and efficient use of resources; and accomplishment of established objectives and goals for operations and programs. Compliance audits determine the degree of adherence to policies and procedures. It is also concerned with compliance with all relevant external legislative requirements.

Financial Audits

Review of all ancillary functions such as budgeting, financial statements, accounting systems, revenue collection procedures, purchasing operations and payroll. As the procedures covering most of the activities in this category are regulated by laws, external principles or management directive, the purposes of the audit generally relate to the accuracy and integrity of data or compliance with policy. Audits may also be undertaken to assess the efficiency or effectiveness of these activities or the systems or procedures in use.

Information Technology Audits

IT audits examine the controls surrounding an organization's information systems, practices and/or operations to determine if systems are safeguarding agency assets, maintaining data integrity, and operating effectively and efficiently to achieve agency goals and objectives. IT auditing can be conducted as an integral part of the audit of financial and administrative systems.

Consulting

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice – the internal auditor, and (2) the person or group seeking and receiving the advice – the engagement client.

RECENT LEGISLATIVE ACTIONS

Legislation is pending before the Ohio House of Representatives and Ohio Senate that requires OIA to monitor and measure the effectiveness of all federal stimulus funds allocated to the state and to submit a report of its findings covering each of the six-month periods during the FY 2010-FY 2011 fiscal biennium to the President of the Senate, Speaker of the House, the Minority Leaders of each chamber, and the chairs of the House and Senate committees handling finance and appropriations.

While we have included federal stimulus activity within our audit plan, it is limited to the agencies which fall within the scope of agencies outlined in ORC 126.47 and anticipated sampling selected stimulus programs from each agency. Under this legislative change, OIA would be required to monitor and report all federal stimulus activity of agencies, as well as those agencies that fall outside our current oversight and would significantly impact planned audit activities.