



OBM | Office of Internal Audit

OBM Office of Internal Audit

Fiscal Year 2014 Annual Audit Plan

July 1, 2013 – June 30, 2014



Table of Contents

Mission Statement, Introduction, and Purpose 2

FY 2014 Audit Prioritization Process 3

Preliminary Audit Scope 5

Appendix A..... 12

 Adjutant General (ADJ)13

 Department of Administrative Services (DAS)14

 Department of Aging (AGE)15

 Department of Agriculture (AGR).....16

 Office of Budget and Management (OBM)17

 Department of Commerce (COM)18

 Development Services Agency (DSA)19

 Department of Developmental Disabilities (DDD)20

 Environmental Protection Agency (EPA)21

 Department of Health (ODH)22

 Department of Insurance (ODI)23

 Department of Jobs and Family Services (JFS)24

 Lottery Commission (LOT)25

 Department of Medicaid (MCD)26

 Department of Mental Health and Addiction Services (MHA).....27

 Department of Natural Resources (DNR)28

 Opportunities for Ohioans with Disabilities (OOD).....29

 Department of Public Safety (DPS).....30

 Public Utilities Commission (PUCO)31

 Board of Regents (BOR).....32

 Department of Rehabilitation and Correction (DRC)33

 Department of Taxation (TAX)34

 Department of Transportation (DOT).....35

 Department of Veterans Services (DVS)36

 Bureau of Workers’ Compensation (BWC)37

 Department of Youth Services (DYS)38

Appendix B - FY14 Appropriations Vs. Budgeted Audit Hours.....39



Mission Statement

The OBM Office of Internal Audit (OIA) will provide independent, objective assurance and consulting activities designed to improve management practices, identify operational improvement, and reduce agency risk exposure.

Introduction

The OBM Office of Internal Audit has performed an audit prioritization of the 26 state agencies' (as required by Ohio Revised Code section 126.47, to be amended by provisions in H.B. 59) risk environment in order to develop the audit plan for fiscal year 2014. 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 audit prioritization 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 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 2014 Audit Prioritization Process

Risk Assessment Methodology

In developing the audit plan, OIA performed a risk analysis for the 26 state agencies in OIA's planned oversight utilizing seven risk factors. The objective of the risk assessment is to ensure optimized assignment of audit resources through an understanding of the audit universe and the risks associated with each universe item.

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 two of the seven risk factors (changes in systems, processes, & people and stakeholder concerns).

The audit prioritization 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

Each agency audit universe has multiple categories depending upon the state agency. The primary source for determining the categories is the biennial budget bill which identifies significant agency processes and functions.

Enterprise risks are not presented separately since the State has one agency that provides service for central support functions which typically are part of each agency audit universe. These include legal representation (Ohio Attorney General); ethics enforcement (Ohio Ethics Commission); human resources (Department of Administrative Services); investments (Treasurer of State); risk management reserve (Department of Administrative Services); budgeting/financial reporting/shared services (Office of Budget and Management); and general debt issuance (Commissioners of the Sinking Fund).



Risk Factors

The seven risk factors utilized for the assessment were developed using 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 and moderate risk areas routinely with the consideration of work performed by other auditors.

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 fiscal year 2014 audit plan.

The seven risk factors and assigned weighting are as follows:

Risk Factors	Weight	Description
Control Design and Effectiveness	25%	The assessed reliability of the internal control system is important in judging the likelihood of errors in the system.
Materiality	25%	This factor focuses on the financial size, complexity, or sensitive nature of auditable areas.
Changes: System, Process, and People	15%	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/ Reputational Risk	10%	Management or other stakeholder concerns can influence the priority of an auditable area and could take priority over other risk factors in some cases. The reputation of an agency can be impacted by failures in certain sensitive processes. (Agency input was obtained for this risk factor.)
Impact of Fraud, Waste, and Abuse	10%	The impact of illegal acts or wasteful spending can result in a heightened consequence with public funds regardless of the dollar amount.
Prior Audits	10%	The recency of prior audits (OIA, Auditor of State, State Inspector General, actuaries, etc.) may more accurately predict the likelihood of future outcomes.
Financial/Operational Reporting	5%	Accuracy of reported financial activity is magnified by anticipated use by outside parties.



Preliminary Audit Scope

The state agency heat maps in Appendix A identify the audit priorities and preliminary scope for the 26 agencies based upon the seven risk factors. The audit universe categories are identified on a graph based upon likelihood and impact. The likelihood is the measure of the probability of an unfavorable event occurring while impact is the measure of the consequence of an unfavorable event occurring at the agency. Those areas in the upper right side corner of the heat map (red boxes) represent higher audit priorities while those in the lower left side corner (green boxes) represent lower audit priorities.

To reflect each agency's relational size, a comparison table is presented in Appendix B to show their proposed 2014 annual budgeted appropriation in relation to other agencies. The Department of Medicaid's appropriations are reported separately at the bottom of the schedule since their proposed \$21.1 billion appropriations could distort the overall schedule.

Based upon discussions with the Auditor of State (AOS), we have identified those areas planned for audit by the AOS in fiscal year 2014. There are some areas planned for audit by both OIA and AOS while some areas are not planned by either audit group.

For the Bureau of Workers' Compensation (BWC) and Ohio Lottery Commission (LOT), OIA plans to leverage the financial audit work completed by the BWC and LOT internal audit teams. In order for OIA to rely upon this work, OIA will perform the following:

- Review the independence and objectivity of the BWC and LOT internal audit teams.
- Assess the competencies and qualifications of the BWC and LOT audit teams by verifying the professional experience, qualifications, and professional certifications of the audit teams.
- Ensure the work performed by the BWC and LOT audit teams are appropriately planned, supervised, documented, and reviewed. Additionally, OIA will consider whether the audit evidence is sufficient to determine the extent of use and reliance on the work.
- Determine that audit significant observations have been communicated to the BWC Board of Director's Audit Committee and LOT Audit Committee. Additionally, evaluate the follow-up procedures by the BWC and LOT audit teams to determine whether management has implemented the recommendations or assumed the risk of not implementing them.



Audit Priorities and Resources

Based upon the audit prioritization process, OIA identifies audit areas with a focus on rotational audit coverage to include:

- High risk areas – every one to two years;
- Moderate risk areas - every three to four years; and
- Low risk areas - periodically, as appropriate

To complete the financial and information technology engagements in this plan, OIA estimates approximately 32,881 audit hours (19,594 financial and 13,287 IT) will be necessary. The chart below depicts that OIA has the appropriate mix of financial and IT audit staff to complete 89% of the planned engagements for fiscal year 2014.

	OIA Employees (total hours/23 auditors)	% Total
Annual Audit Hours Available/Employee	2,080	100%
Less: Holiday Hours	(80)	(4%)
Less: Leave Hours (vacation, personal, sick, adoption/childbirth)	(290)	(13%)
Less: Training (internal/external)	(80)	(4%)
Less: Breaks (union employees); Non-Bill (payroll, email, supervision)	(270)	(13%)
Less: Staff Replacement/Turnover (est. 3/yr.)	(60)	(3%)
Budgeted Hours/Employee	1,300	63%
x 23 employees	x 23	
Estimated Audit Hours before Remediation	29,900	
Less: Estimated Remediation Hours for Prior Year Projects	(800)	
Total estimated audit hours available	29,100	
Total estimated plan hours	32,881	
Estimated resources available to complete plan	89%	



Planned Engagements

The following schedule represents planned audit areas based on an evaluation of agency audit priorities from heat maps and discussions with agency management.

OIA may revise audit areas and schedules of the annual plan. Based on anticipated changes in agency risk profiles, unplanned audits, and OIA staff changes, OIA will add audit areas that can be completed within OIA’s budget and add value to operational processes. Also, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.

The OIA level of effort included in the audit areas is as follows:

- Small – less than 300 audit hours
- Medium – between 300 and 500 audit hours
- Large – between 500 and 800 audit hours
- Extra Large – greater than 800 audit hours

The planned audit areas for fiscal year 2014 are included below:

#	Agency	Audit Area	Level of Effort	Description of Audit Scope
1	ADJ	Payment Card	Small	Assurance: controls and processes on monitoring/reconciling of payment card transactions
2	DAS	Procurement	Large	Assurance: controls and processes on General Services Division (non-IT procurement)
3	DAS	Contract Management	Medium	Assurance: controls and processes for contract management processes (post award to completion)
4	DAS	IT Project Management	Medium	Consulting: procuring, managing and monitoring of other agency IT vendor contract services
5	DAS	IT Eligibility System	Small	Consulting: new computer system replacing CRIS-e for Department of Medicaid and other agencies that DAS is managing
6	DAS	IT Security Standards	Small	Consulting: Development of statewide IT Security Policies
7	DAS	IT SOCC Remediation	Small	Consulting: Multi-year plan to maximize utilization of the SOCC
8	AGE	Passport Incentive Payments	Small	Assurance: design/effectiveness of incentive payment methodology



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
9	AGR	Inspection Process	Medium	Consulting: new processes for inspections
10	OBM	Shared Services A/P	Large	Assurance: accounts payable shared services line
11	OBM	Debt Management	Small	Consulting: controls and processes around IRS audit requests and debt issuance
12	OBM	Shared Services A/R and Pre-Collections	Small	Consulting: control design of new shared services line for accounts receivable
13	COM	State Fire Marshal	Medium	Consulting: revolving loan program for BUSTR
14	COM	Securities	Medium	Assurance: licensing/permit process
15	COM	Data Center and Liquor Modernization	Medium	Integrated consulting: IT general controls for Data Center (complete FY13 work - similar to SSAE 16) and IT and financial controls for just-in-time inventory system
16	DSA	Small Business Loan Program	Medium	Assurance: program administration for existing Business Division loan programs
17	DSA	Revolving Loan Program	Medium	Consulting: recently converted Alternative Fuel Revolving Loan program
18	DSA	Tourism	Small	Consulting: new funding model derived by increased sales tax revenue
19	DSA	Small & Minority Business Loan Program	Small	Consulting: newly implemented TIP program for adequacy of controls
20	DDD	Purchasing Process	Large	Assurance: procurement process, including contract monitoring
21	DDD	Administration	Small	Consulting: review of new policies developed for developmental centers and grantees
22	DDD	IT Security and Vendor Management	Small	Assurance: vendor management for IT security
23	EPA	District Office Check Handling	Medium	Assurance: district offices' check handling process for business permit fees
24	EPA	Payroll Disbursement Testing	Small	Assurance: perform testing on defined payroll transactions
25	ODH	Grants Processing	Extra Large	Assurance: grants payment process for three grants; and subrecipient monitoring



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
26	ODH	IT Security Risk	Medium	Consulting: security risk for IT section
27	ODH	Enterprise Risk Consulting	Medium	Integrated Consulting: development of an enterprise risk framework
28	ODI	Consumer Services Division System	Medium	Integrated assurance: newly deployed electronic system in Consumer Services Division
29	JFS	IT General Controls	Extra Large	Assurance: IT General Controls for three JFS Systems (CFIS, OFIS, Child Care)
30	JFS	IT Security Assessment	Extra Large	Consulting: policy and procedure development regarding SANS critical controls 3, 6 and 9
31	JFS	Fiscal Services' Structure	Medium	Consulting: JFS fiscal functions – review current central fiscal structure for effectiveness
32	JFS	Child Support Self Assessment	Medium	Consulting: process for completing self assessment for Support Establishment
33	JFS	Office of Employee & Business Services	Small	Consulting: transition to paperless process
34	LOT	Video Lottery Terminal (VLT) reviews	Medium	Assurance: review VLT controls and compliance.
35	LOT	IT General Controls	Medium	Assurance: IT General Controls for LOT's internal systems and review network/gaming system logs
36	MCD	IT General Controls	Extra Large	Assurance: IT General Controls for Medicaid Information Technology System (MITS)
37	MCD	Transition Activities	Large	Consulting: process for monitoring federal cash management and controls review for processes transitioning from JFS
38	MCD	Eligibility Determination Systems	Small	Integrated consulting: project management for new computer system replacing CRIS-e
39	MHA	Office of Support Services	Medium	Assurance: review processes associated with pharmaceutical activities
40	MHA	Central Administration	Medium	Consulting: new fiscal structure with merger and determine adequacy
41	MHA	Opiate Addiction	Small	Consulting: design and controls for administering Opiate Addiction services



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
42	DNR	Soil and Water Division	Medium	Assurance: county soil and water district grant funding and revolving loan processes
43	DNR	Oil and Gas Division	Medium	Consulting: for performance bonding of oil & gas wells and insurance coverage for producing oil & gas
44	OOD	Grant Administration	Large	Assurance: grant administration, including grant closure and subrecipient activity
45	OOD	Business Enterprise Operating Agreements	Small	Consulting: monitoring process for Business Enterprise operating agreements
46	OOD	IT General Controls	Medium	Assurance: IT General Controls for OOD's computer systems
47	DPS	Grant Administration	Medium	Assurance: subrecipient monitoring for various federal programs
48	DPS	Vendor Management	Medium	Consulting: vendor contract services for computer system (ATPS 3)
49	DPS	IT Virtualization	Medium	Assurance: IT virtualized environment
50	DPS	EMA Operations	Medium	Assurance: Emergency Management Agency's time and effort reporting process
51	DPS	State Highway Patrol	Medium	Assurance: operational processes at State Highway Patrol
52	PUC	Renewable Energy	Medium	Assurance: renewable energy certification process
53	BOR	OhioLINK Fiscal Agent Transition	Medium	Consulting: transition of fiscal agents for the statewide information retrieval system
54	BOR	Ohio College Opportunities Grant	Medium	Assurance: internal controls with grant process
55	BOR	Integrated SSI Review	Medium	Integrated assurance audit: State Share of Instruction data accuracy, including HEI system
56	DRC	Contract Monitoring	Large	Assurance: contract monitoring process for various new and higher risk contracts
57	DRC	IT General Controls	Medium	Assurance: IT General Controls for DRC's computer system
58	TAX	Personal Income Tax-Suspicious Filers Unit	Medium	Assurance: fraud prevention process



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
59	TAX	Financial Institution Tax	Medium	Consulting: transition of receiving and depositing new tax
60	TAX	Taxation Audit Process	Medium	Assurance: audit process for various tax types
61	TAX	STARS Independent Verification & Validation	Medium	Consulting: project plan for State Taxation Accounting & Revenue System (STARS); follow up activities from FY13 tax liability review
62	DOT	IT General Controls	Large	Assurance: IT General Controls on key computer systems
63	DOT	Contract Monitoring - 3Ps	Medium	Consulting: internal control design for various public private partnership contracts
64	DOT	Non-Federal Revenue Process	Medium	Assurance: design and effectiveness of controls of Central Office and its review of district processes
65	DOT	Petty Cash Review	Medium	Assurance: design and effectiveness of controls over petty cash process at Central Office and select districts
66	BWC	IT General Controls	Extra Large	Assurance: IT General Controls for change management, security, operations, and infrastructure
67	BWC	IT General Controls	Medium	Consulting: risk assessment for IT Core systems project
68	DYS	Reclaim Funding	Medium	Assurance: evaluate administration and monitoring of Reclaim program
69	DYS	Gift Card Process	Small	Assurance: tracking and accountability of gift cards used for youth incentives

Each state agency is provided a memorandum of understanding (MOU) at the beginning of the fiscal year which identifies OIA’s planned scope, audit fees, and other general provisions. The MOU will include an allotted amount of audit hours for follow up on agency remediation of previously issued observations. In addition, OIA may include additional audit areas if time allows.

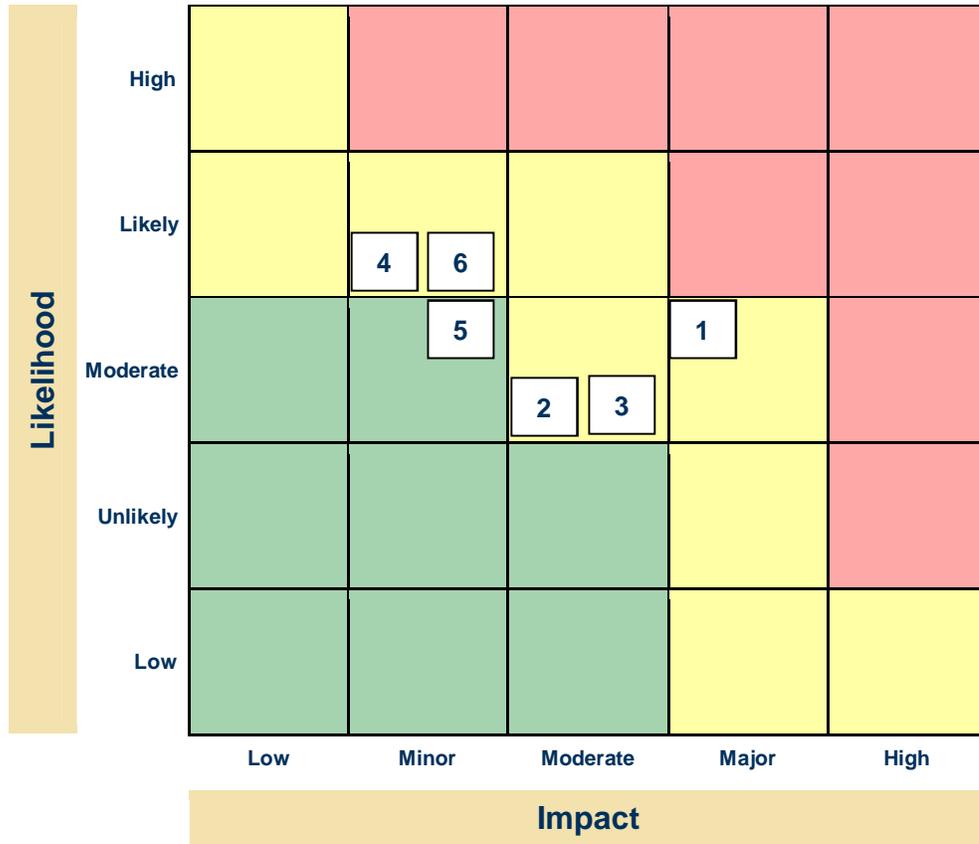


Appendix A

Agency Risk Heat Maps



**ADJUTANT GENERAL
FISCAL YEAR 2014 AUDIT PRIORITIES**

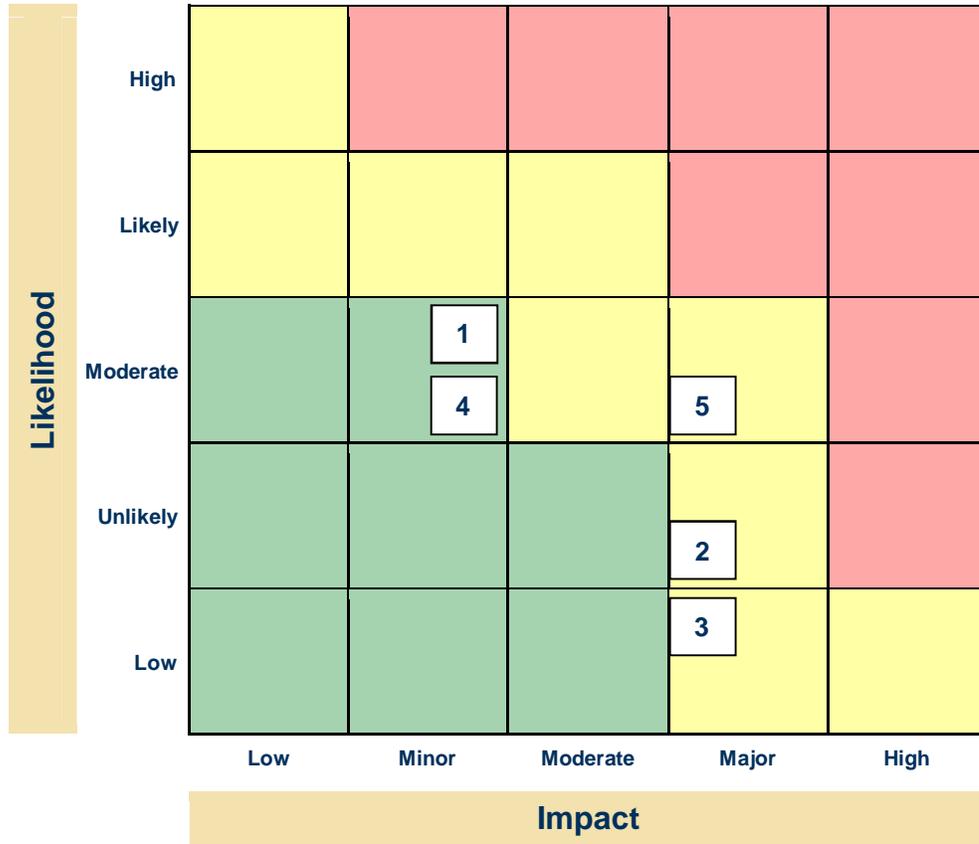


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Ohio Army and Air National Guards			NOTE	
2	Billeting and Event Facilities	✓		AOS	AOS/OIA
3	Central Administration	✓	✓	AOS/OIA	AOS
4	National Guard Scholarship Program				
5	Property Management	✓	✓	AOS	AOS
6	IT General Controls				

Note: ADJ will become part of OIA's oversight effective July 2013, pursuant to the provisions in H.B. 59. Federal government has oversight role over Ohio National Guard units.



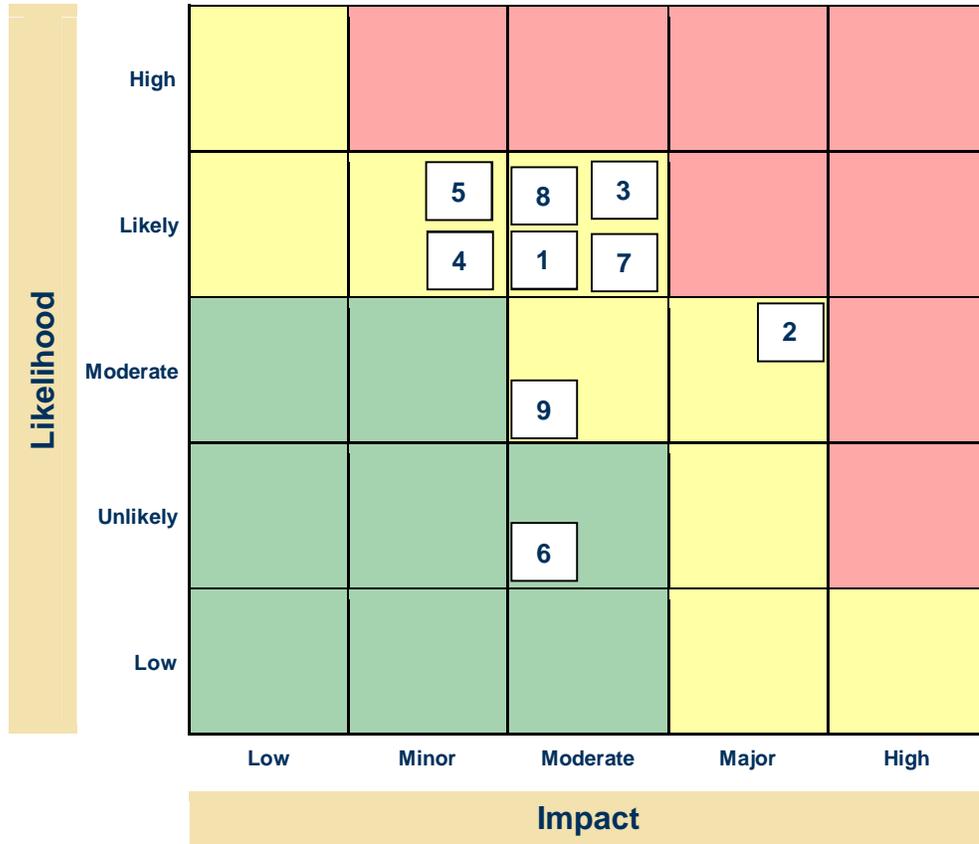
**DEPARTMENT OF AGING
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Senior Community Services				
2	Special Programs for Aging Parts B & C				
3	Area Agencies on Aging	✓		OIA	
4	Operating Expenses	✓	✓	AOS	
5	IT General Controls				



**DEPARTMENT OF AGRICULTURE
FISCAL YEAR 2014 AUDIT PRIORITIES**

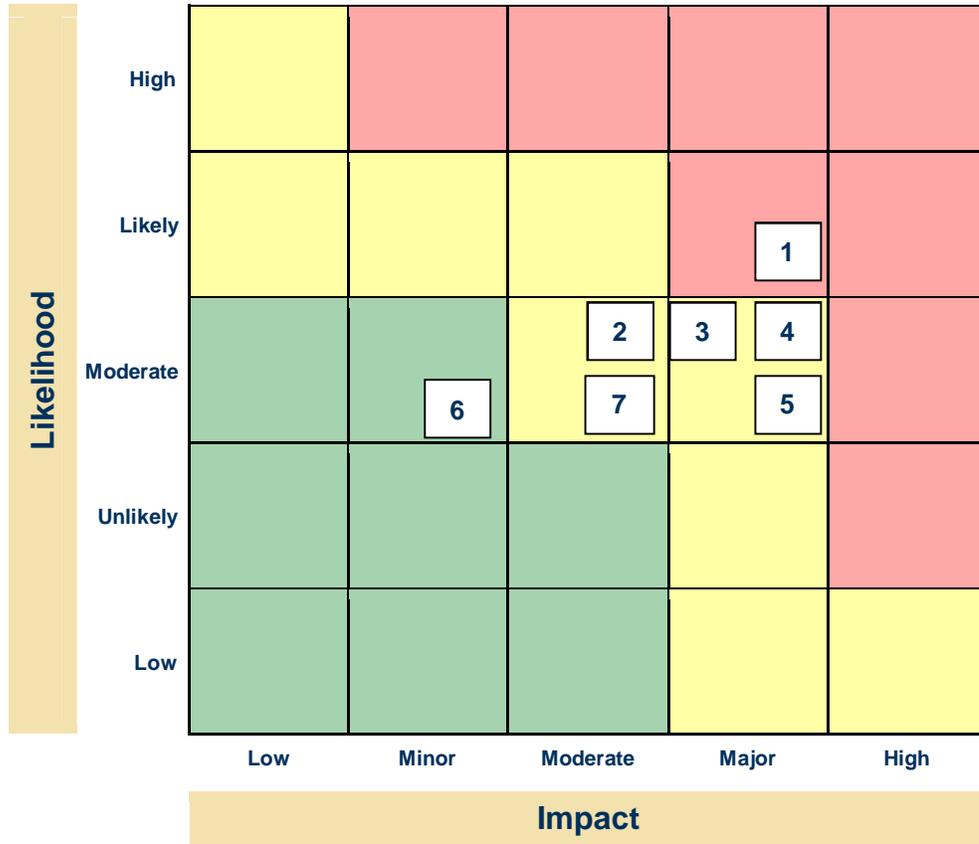


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Animal Disease Control Expenses				
2	Meat Inspection			OIA	
3	Central Support Indirect Cost				
4	Commercial Feed and Seed				
5	Dairy Industry Inspection			OIA	
6	Amusement Ride Inspection	✓			
7	Animal and Consumer		✓	OIA	OIA
8	Pesticide, Fertilizer, & Lime Inspection				
9	IT General Controls				

Note: The Auditor of State performs a general revenue audit each year.



**OFFICE OF BUDGET AND MANAGEMENT
FISCAL YEAR 2014 AUDIT PRIORITIES**

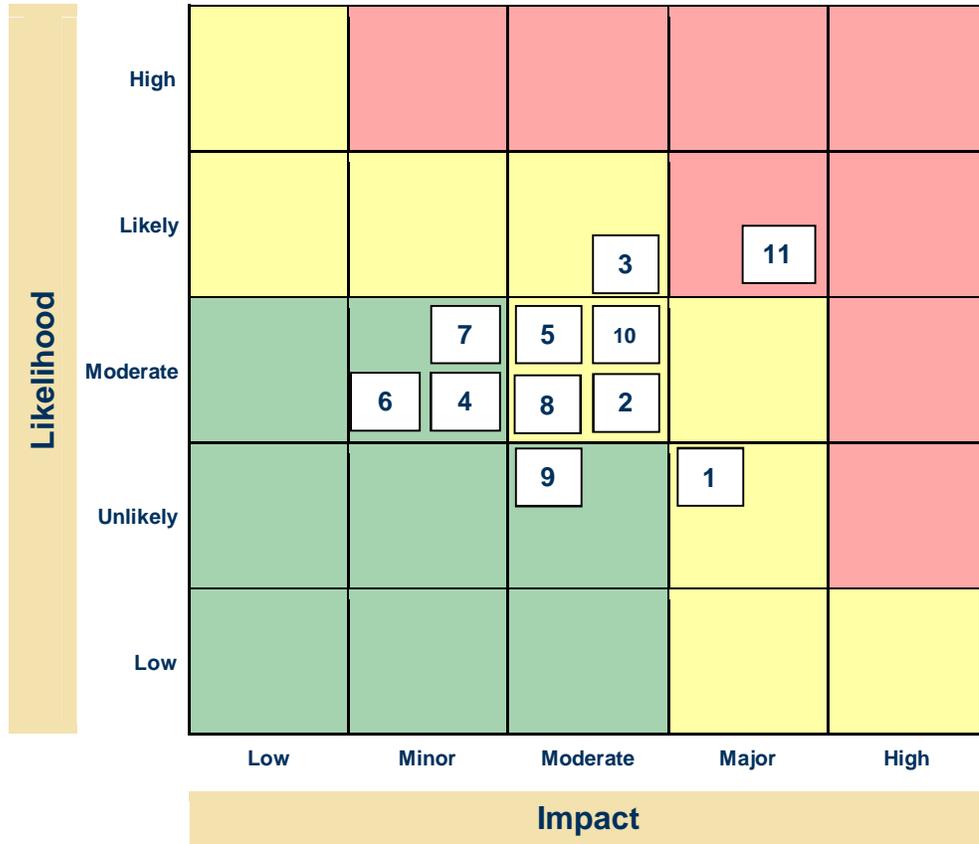


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Shared Services		✓	OIA	OIA
2	Accounting Operations		✓		AOS/OIA
3	Budget Development	✓	✓	AOS	AOS
4	Financial Reporting	✓	✓	AOS	AOS
5	Debt Management			OIA	
6	Controlling Board	✓		AOS	
7	IT General Controls	✓			

Note: The Auditor of State performs a financial statement audit each year.



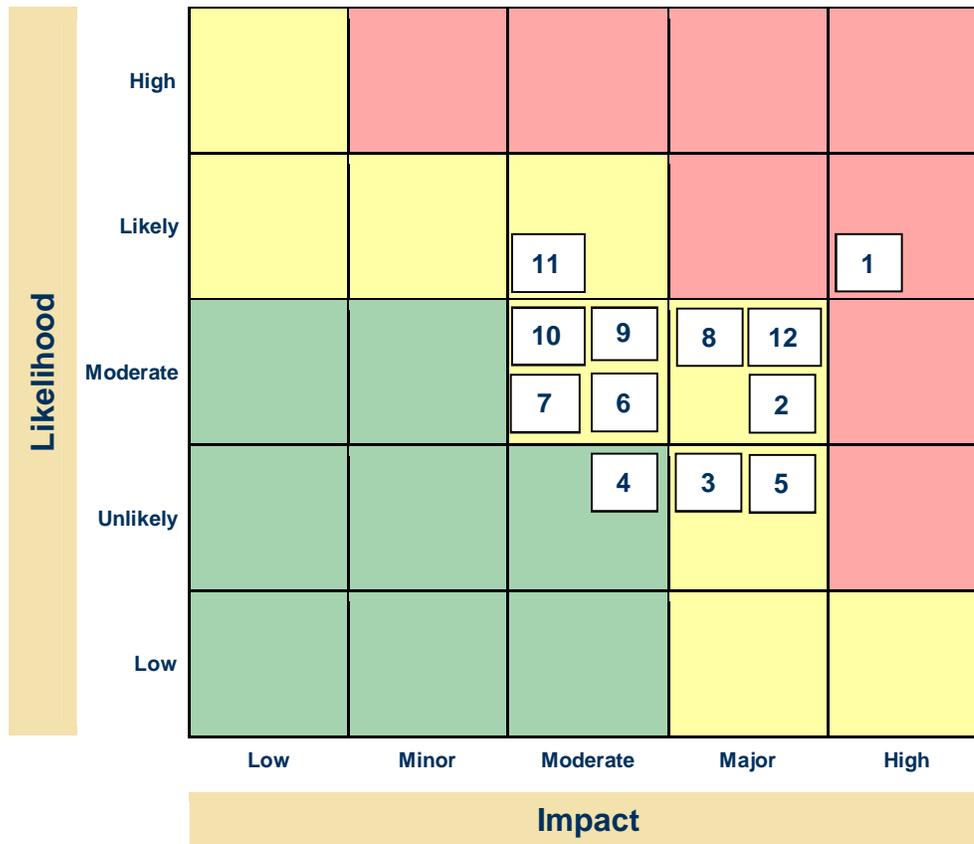
**DEPARTMENT OF COMMERCE
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Unclaimed Funds		✓		OIA
2	Banks and Savings Institutions	✓			OIA
3	State Fire Marshal	✓		OIA	
4	Real Estate		✓		
5	Securities			OIA	
6	Credit Unions				
7	Consumer Finance		✓		
8	Industrial Compliance				OIA
9	Liquor Control	✓	✓	AOS/OIA	AOS
10	IT Virtualization				
11	IT General Controls		✓	OIA	



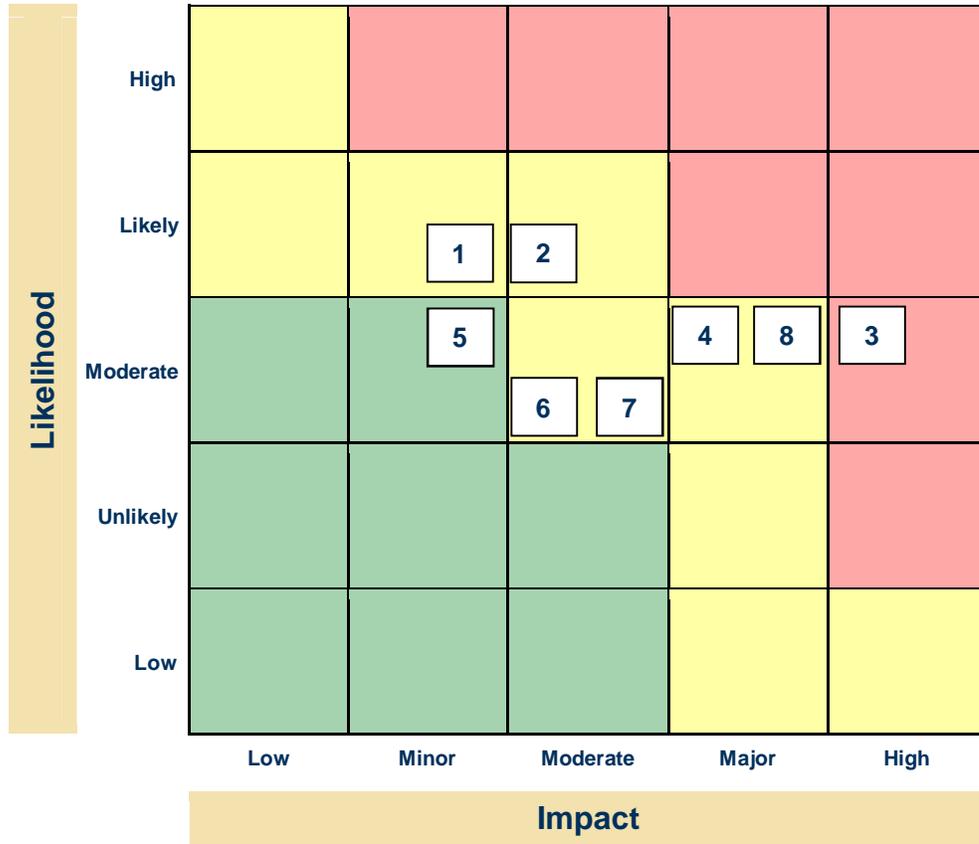
**DEVELOPMENT SERVICES AGENCY
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Various State Grants and Tax Credits		✓	OIA	
2	Third Frontier Research Projects				OIA
3	Various Federal Projects			OIA	
4	Community Development Block Grant			AOS	AOS
5	Home Energy Assistance Block Grant			AOS	AOS
6	Community Services Block Grant	✓	✓	AOS	AOS
7	Weatherization Program	✓	✓		
8	Low Income Energy Assistance	✓			
9	Low/Moderate Income Housing Trust		✓		
10	Loan Programs			OIA	OIA
11	IT Virtualization				
12	IT General Controls	✓			



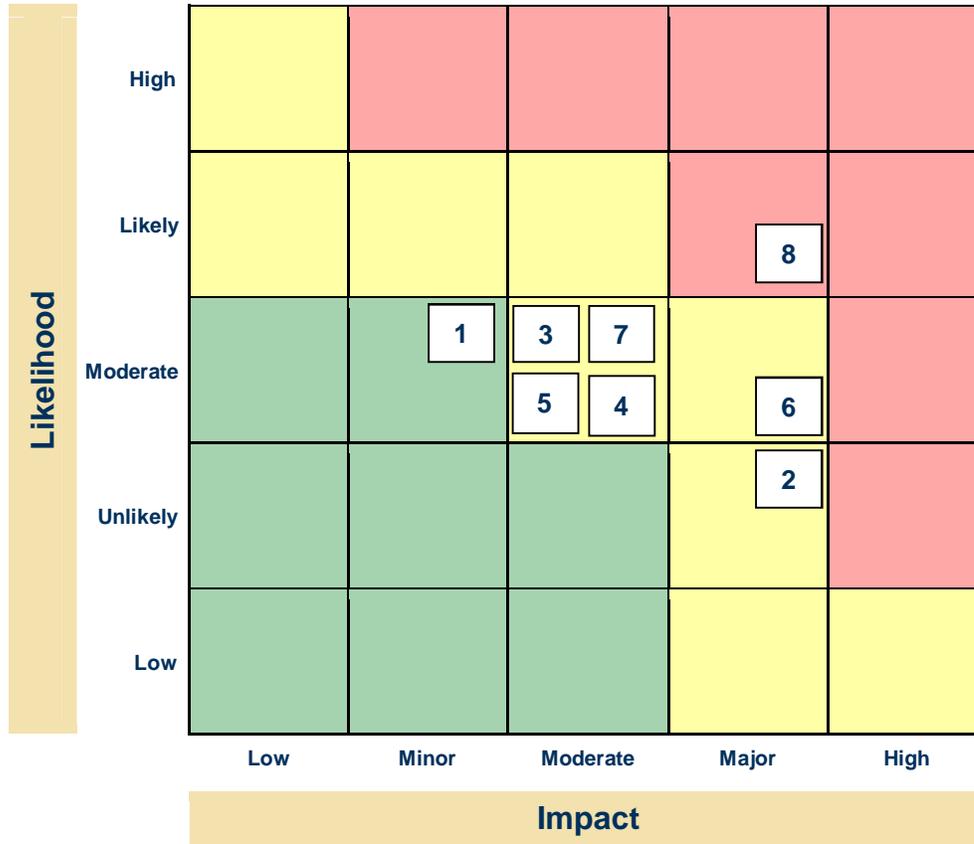
**DEPARTMENT OF DEVELOPMENTAL DISABILITIES
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	DD Council				
2	Community Social Service Programs				
3	Community Medicaid	✓	✓	AOS	
4	Developmental Centers		✓		
5	Operating and Services			OIA	OIA
6	Targeted Case Management				
7	County Boards				OIA
8	IT General Controls		✓	OIA	



**ENVIRONMENTAL PROTECTION AGENCY
FISCAL YEAR 2014 AUDIT PRIORITIES**

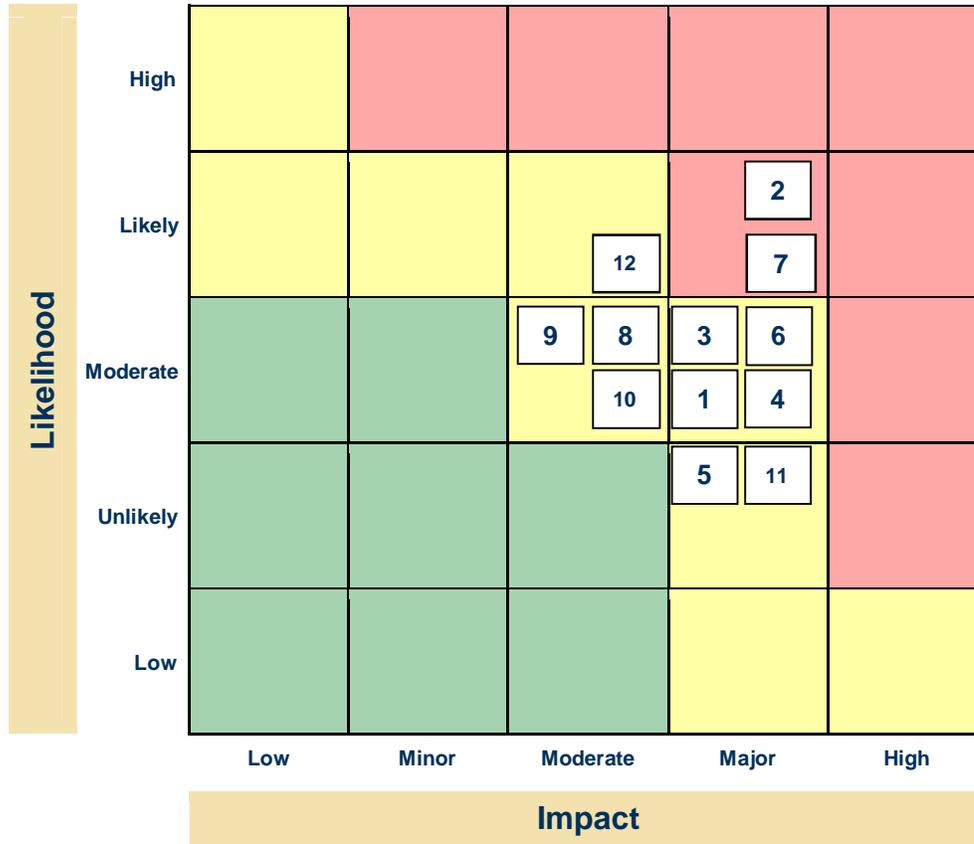


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Central Office Support		✓	OIA	
2	Solid Waste	✓			
3	Clean Air Permit Program				OIA
4	Surface Water				
5	Auto Emissions		✓		
6	State Revolving Loan Programs	✓	✓	AOS	AOS
7	Air Pollution Control				OIA
8	IT General Controls	✓			

NOTE: OIA has no current planned activities for IT General Controls other than monitoring EPA’s remediation of prior IT General Controls observations.



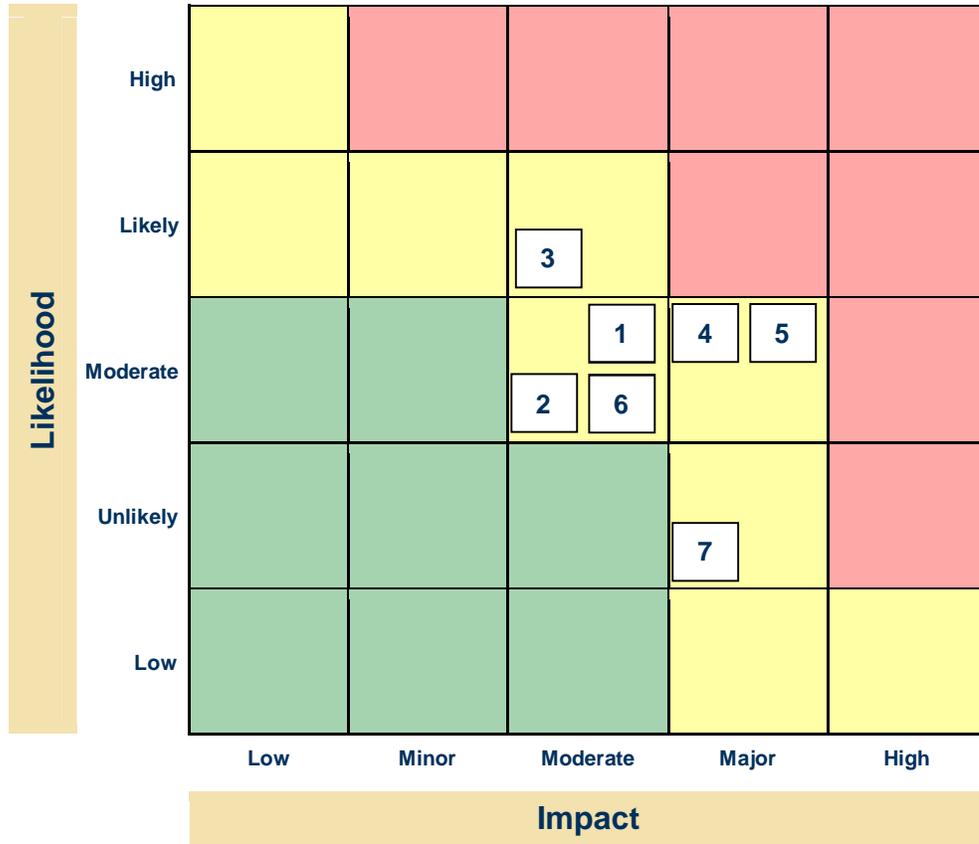
**DEPARTMENT OF HEALTH
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Help Me Grow				
2	Central Support	✓	✓	OIA	OIA
3	Maternal Child Health Block Grant	✓	✓	AOS	AOS/OIA
4	Women, Infants, and Children	✓	✓	AOS	AOS/OIA
5	Medicaid				
6	Other Federal Public Health Programs	✓		OIA	OIA
7	Fee Supported Programs	✓	✓		OIA
8	Immunizations				
9	Medically Handicapped Children				
10	IT Virtualization				OIA
11	IT General Controls	✓	✓	AOS	AOS
12	IT Risk Assessment			OIA	OIA



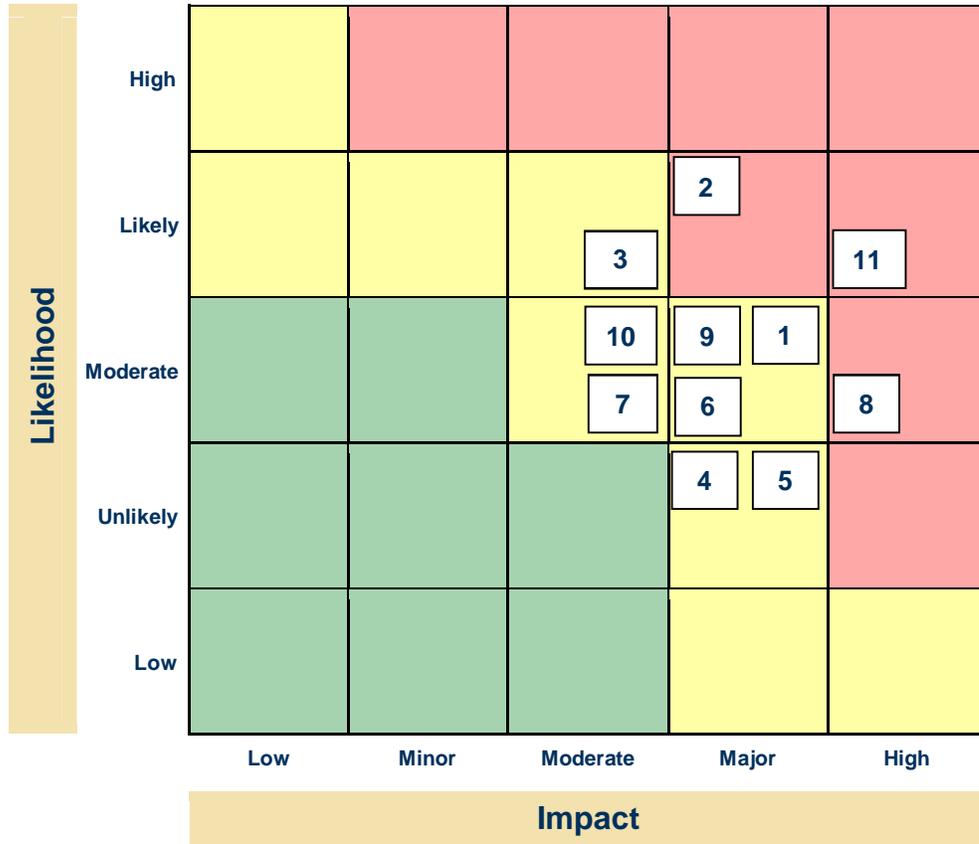
**DEPARTMENT OF INSURANCE
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Operating Expenses	✓	✓	AOS	AOS/OIA
2	Operating - Licenses	✓			OIA
3	Examinations				
4	Domestic Insurance Collections	✓	✓	AOS	AOS
5	Foreign Insurance Collections	✓	✓	AOS	AOS
6	Consumer Finance			OIA	
7	IT General Controls				



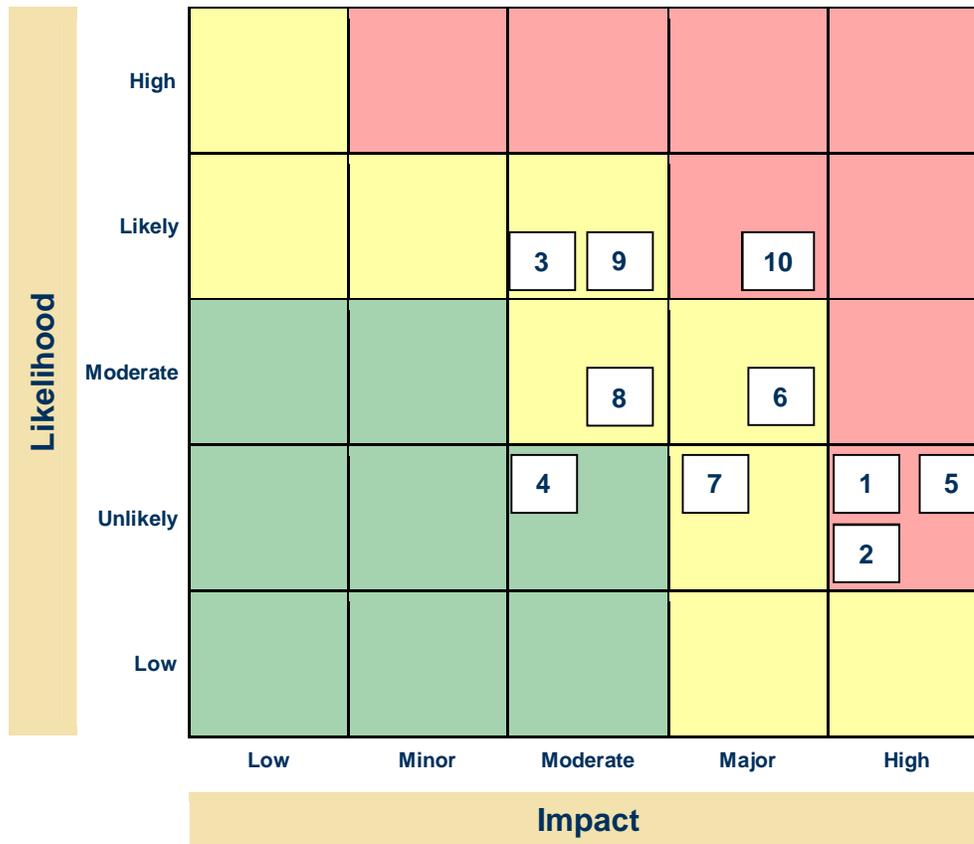
**DEPARTMENT OF JOB AND FAMILY SERVICES
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Temporary Assistance for Needy Families	✓	✓	AOS	AOS
2	Child Care	✓	✓	AOS	AOS
3	Employment Services		✓		
4	Child Support	✓	✓	AOS/OIA	AOS
5	Food Assistance	✓	✓	AOS	AOS
6	Adoption/Foster Care	✓	✓	AOS	AOS
7	Workforce Investment Act	✓	✓	AOS	AOS
8	Unemployment Compensation	✓	✓	AOS	AOS
9	Central Support			OIA	OIA
10	IT Application Controls			OIA	
11	IT General Controls	✓	✓	OIA/AOS	OIA/AOS



**OHIO LOTTERY COMMISSION
FISCAL YEAR 2014 AUDIT PRIORITIES**

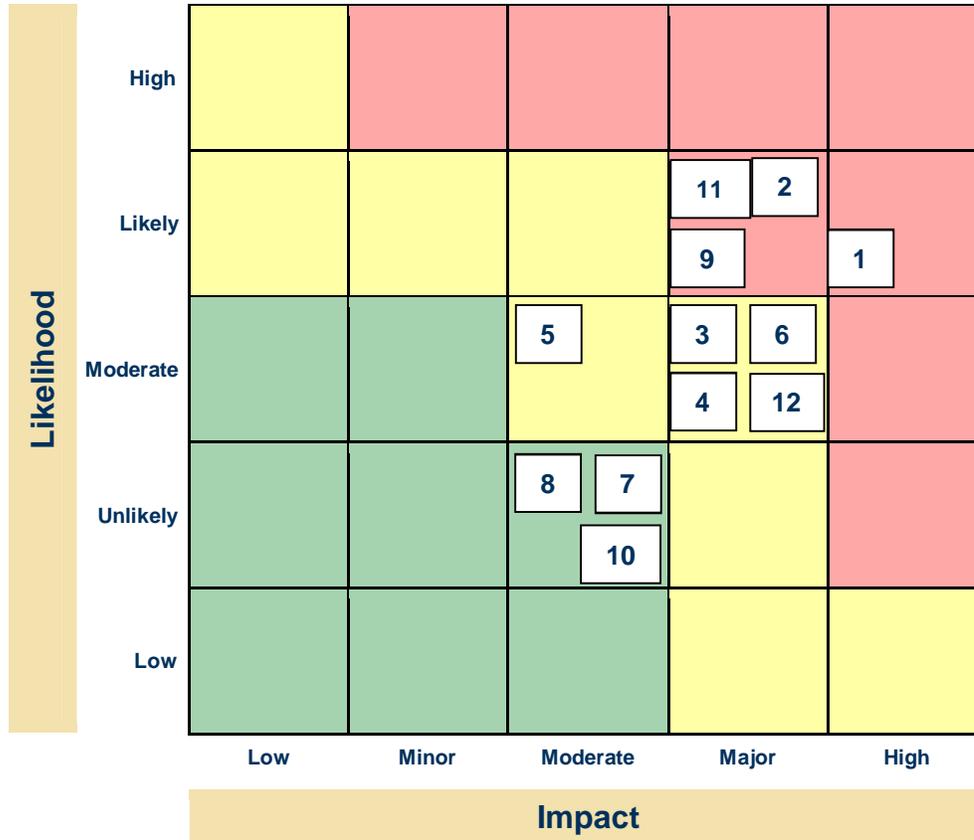


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Revenue	✓	✓	AOS/LOT	AOS
2	Investments	✓	✓	AOS	AOS
3	Asset Inventory			LOT	
4	Expenditures	✓	✓	AOS/LOT	AOS
5	Prize Payments	✓	✓	AOS	AOS
6	Contracts			LOT	
7	Drawings	✓	✓	AOS	AOS
8	Compliance and Inspections		✓	LOT	OIA
9	Video Lottery Terminals			OIA/LOT	
10	IT General Controls	✓	✓	OIA/AOS	AOS

Note: LOT will become part of OIA's oversight effective July 2013, pursuant to the provisions of H.B. 59. Auditor of State conducts LOT's annual financial statement audit. OIA will coordinate LOT's internal audit plan with LOT's internal auditors.



**DEPARTMENT OF MEDICAID
FISCAL YEAR 2014 AUDIT PRIORITIES**

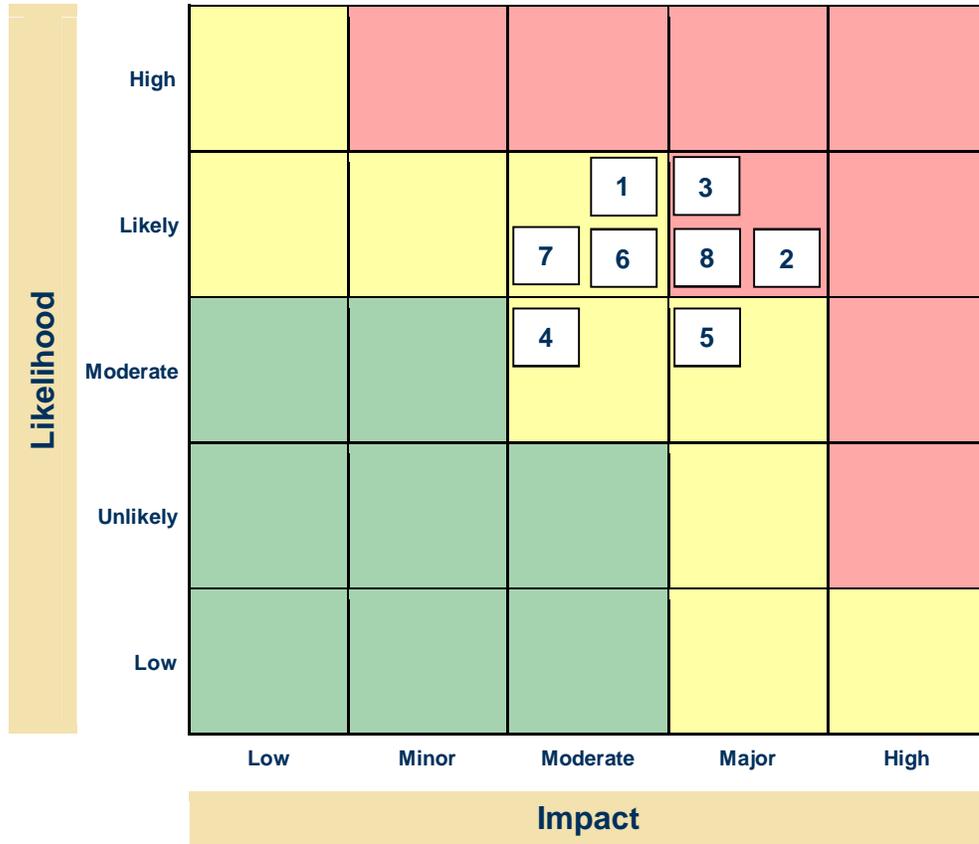


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Unified Medicaid	✓	✓	AOS	AOS
2	Eligibility Determination Systems			OIA	OIA
3	Fraud and Abuse				
4	Intermediate Care Facilities				OIA
5	Home & Community Based Services				
6	Nursing Facilities				OIA
7	Managed Care				
8	Hospital Care Assurance Program		✓		
9	Hospitals				OIA
10	Other Providers				
11	Administration			OIA	OIA
12	IT General Controls	✓	✓	AOS/OIA	AOS

Note: Medicaid will become part of OIA's oversight effective July 2013, pursuant to the provisions of H.B. 59.



**MENTAL HEALTH AND ADDICTION SERVICES
FISCAL YEAR 2014 AUDIT PRIORITIES**

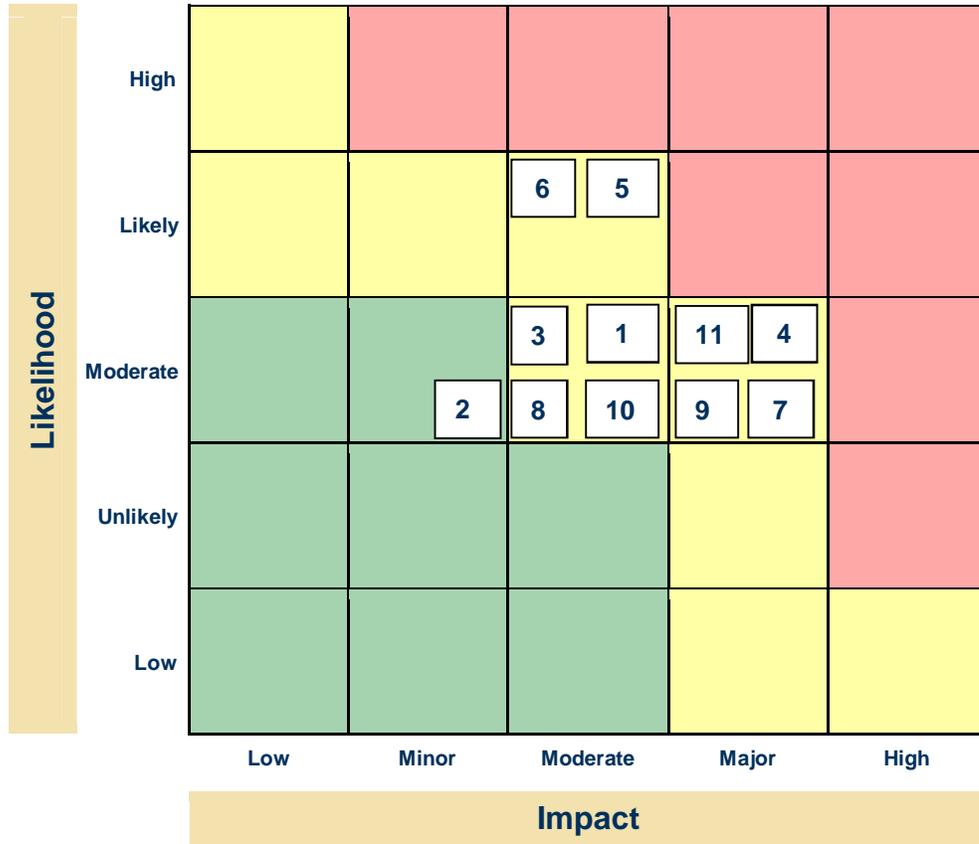


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Central Administration			OIA	
2	Hospital Services		✓		
3	Office of Support Services			OIA	
4	ADAMH Board Monitoring	✓	✓	AOS	AOS
5	Federal Block Grants	✓	✓	AOS	AOS
6	Opiate Addiction Services			OIA	
7	Problem Gambling Services				OIA
8	IT General Controls	✓	✓	AOS	AOS

Note: Mental Health and Alcohol & Drug Addiction will merge effective July 2013, pursuant to the provisions of H.B. 59.



**DEPARTMENT OF NATURAL RESOURCES
FISCAL YEAR 2014 AUDIT PRIORITIES**

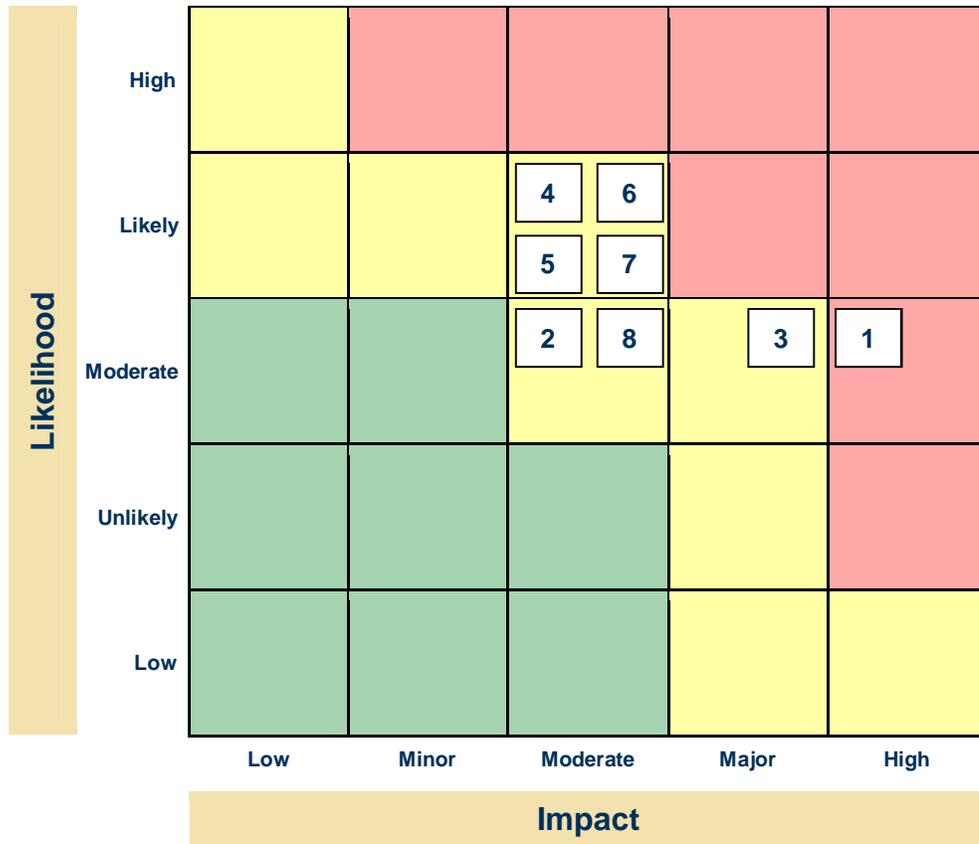


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Federal Abandoned Mine Lands				OIA
2	Reclamation				
3	State Forest				
4	State Park Operations		✓		
5	Oil and Gas Division			OIA	
6	Soil and Water			OIA	
7	Wildlife Conservation	✓			
8	Watercraft				OIA
9	General Administration				OIA
10	IT Virtualization				OIA
11	IT General Controls	✓			

Note: The Auditor of State plans to perform a general revenue audit each fiscal year.



**OPPORTUNITIES FOR OHIOANS WITH DISABILITIES
FISCAL YEAR 2014 AUDIT PRIORITIES**

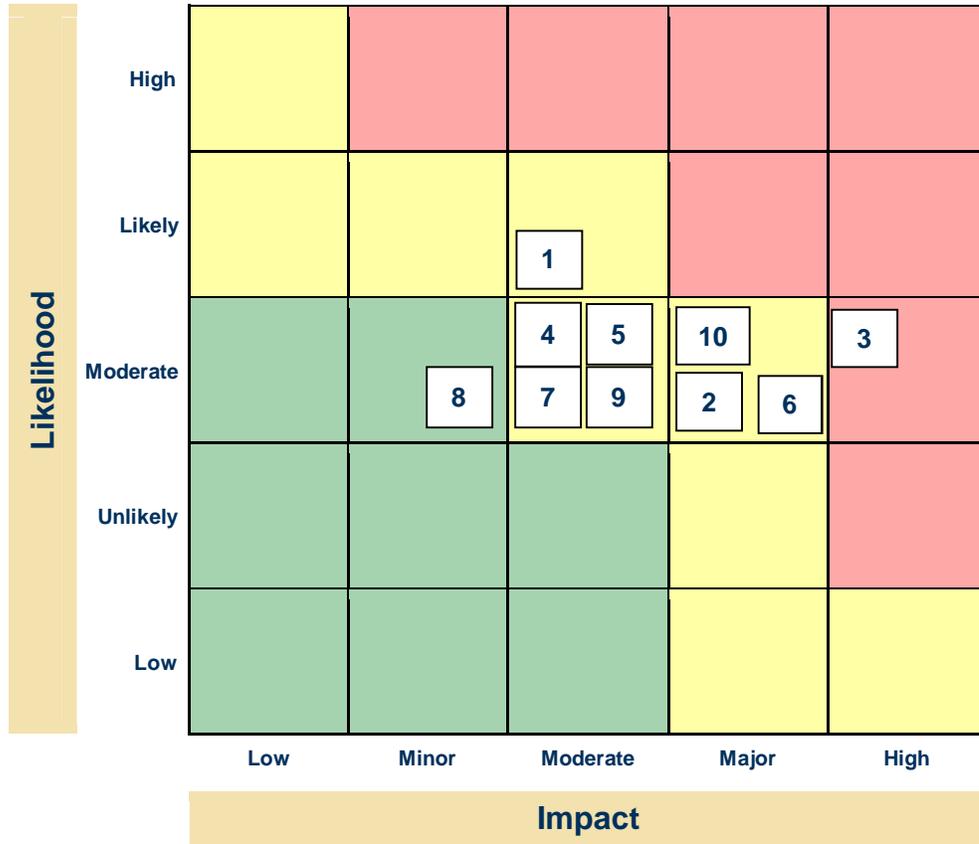


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Vocational Rehabilitation	✓	✓	OIA	OIA
2	Independent Living				
3	Disability Determination				OIA
4	Program Management			OIA	OIA
5	General Administration	✓	✓		
6	Personal Services				
7	VR Program Funding				
8	IT General Controls			OIA	

Note: Rehabilitation Services Commission will be renamed “Opportunities for Ohioans with Disabilities” and become part of OIA’s oversight effective July 2013, pursuant to the provisions of H.B. 59.



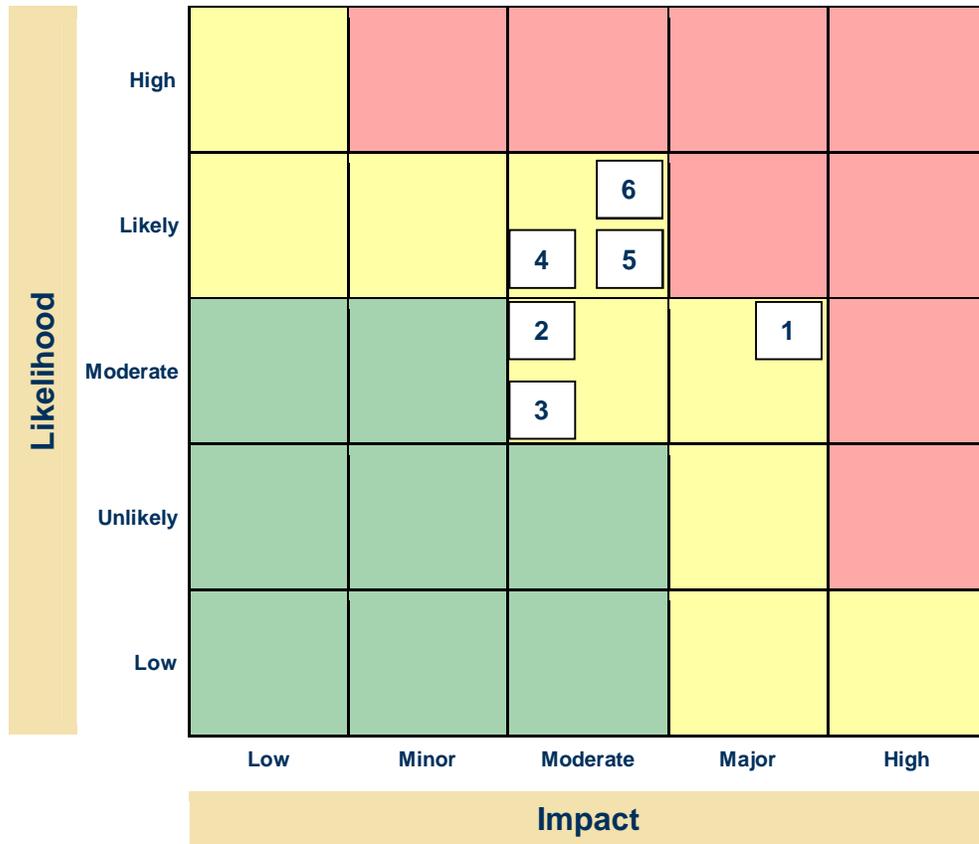
**DEPARTMENT OF PUBLIC SAFETY
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Traffic Safety/Education				
2	Bureau of Motor Vehicles	✓	✓		OIA
3	State Highway Patrol			OIA	
4	Homeland Security	✓		AOS	
5	Emergency Medical Services		✓		
6	Emergency Management Agency	✓		OIA	
7	Criminal Justice Services			OIA	
8	Administration				OIA
9	IT Virtualization			OIA	
10	IT General Controls			OIA	OIA



**PUBLIC UTILITIES COMMISSION
FISCAL YEAR 2014 AUDIT PRIORITIES**

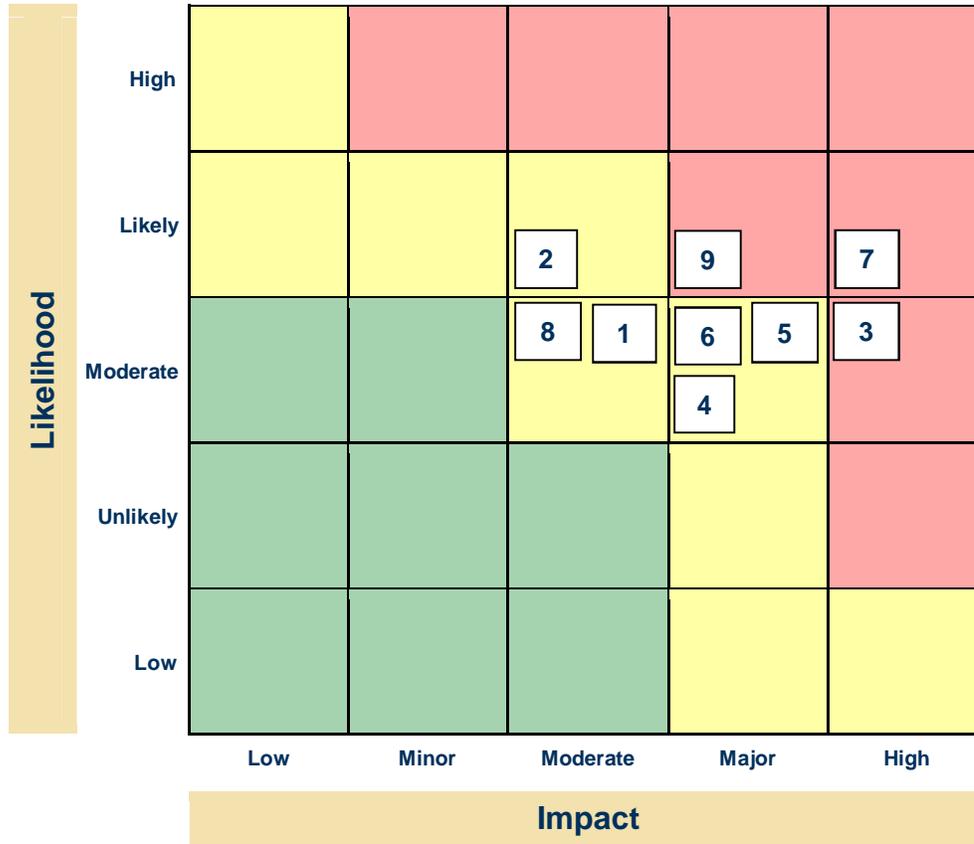


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Utility Regulation			OIA	
2	Transportation Regulation				
3	General Administration	✓		AOS	
4	Customer Complaints				OIA
5	Motor Carrier Enforcement				
6	IT General Controls				OIA

Note: PUCO will become part of OIA's oversight effective July 2013, pursuant to the provisions of H.B. 59.



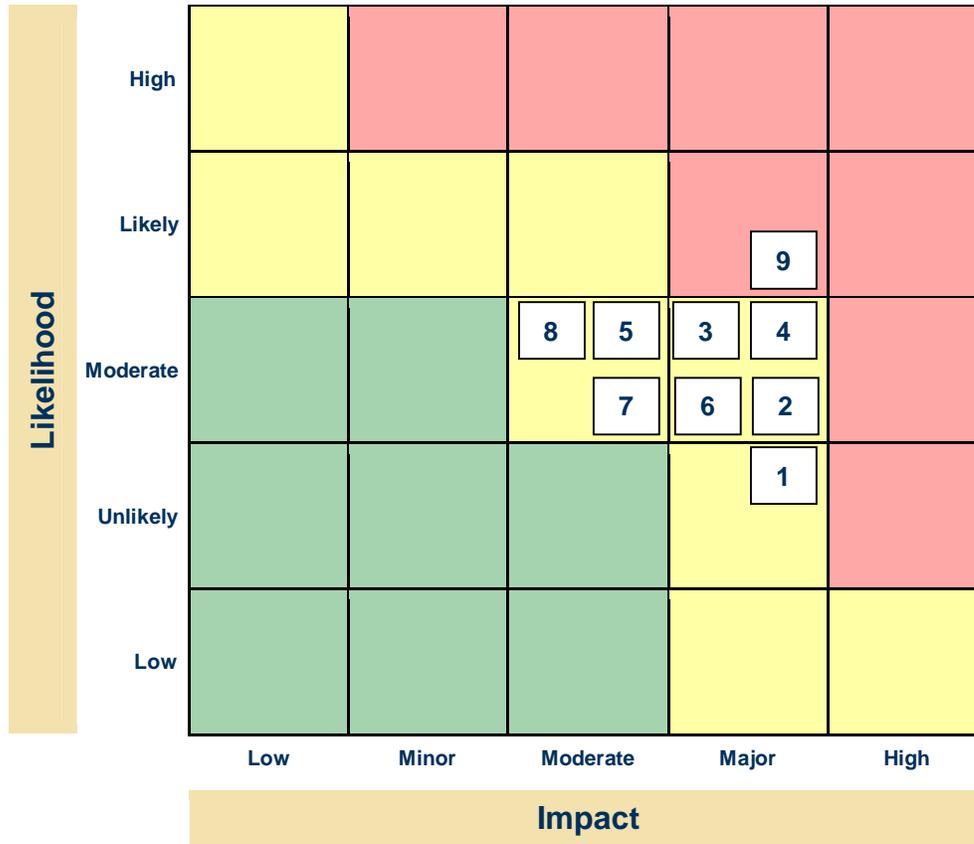
**BOARD OF REGENTS
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Scholarship, Grant & Loan Programs		✓		OIA
2	Post-Secondary Adult Career–Tech Ed.				OIA
3	State Share of Instruction	✓	✓	AOS/OIA	
4	Adult Basic and Literacy Education				
5	Ohio College Opportunities Grant			OIA	
6	Ohio Tuition Trust Authority	✓	✓	AOS	AOS/OIA
7	Shared IT Networks			OIA	
8	IT Virtualization				OIA
9	IT General Controls	✓			



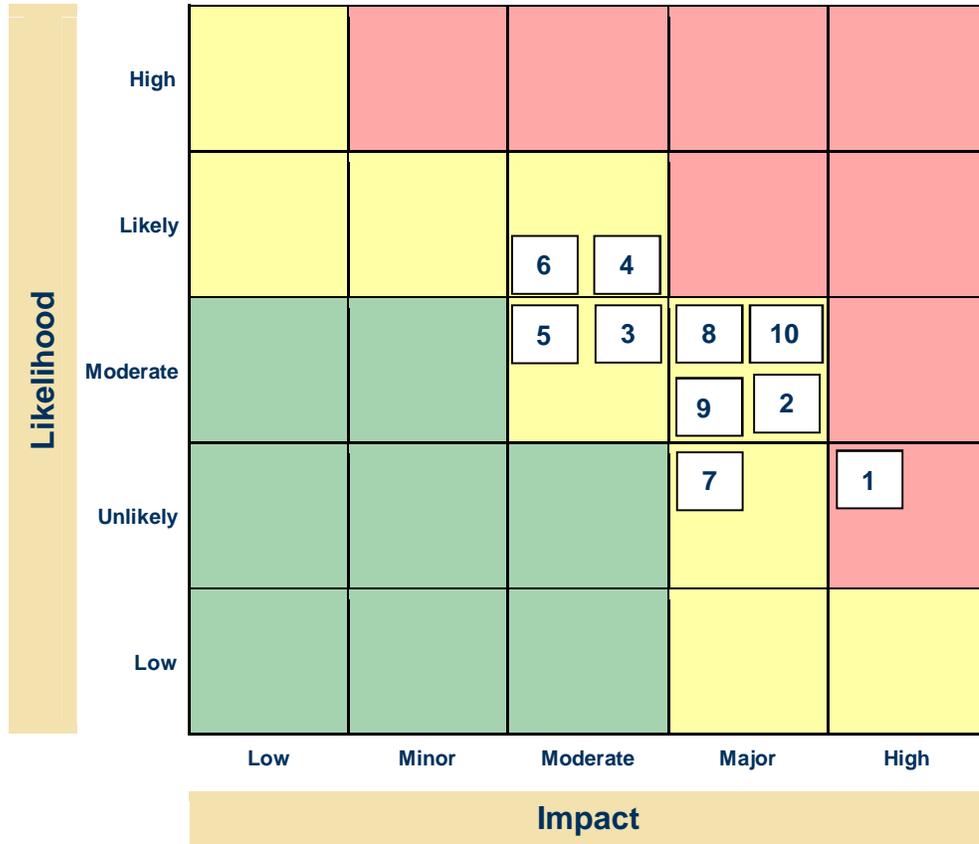
**DEPARTMENT OF REHABILITATION AND CORRECTION
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Institutional Operations – Payroll	✓	✓	AOS	AOS
2	Institutional Operations/Admin – Non-payroll	✓		OIA	OIA
3	Community Nonresidential Programs				
4	Community Residential Programs				
5	Parole and Community Operations				
6	Institution Medical Services				
7	Ohio Penal Industries	✓	✓		
8	IT Virtualization				OIA
9	IT General Controls			OIA	



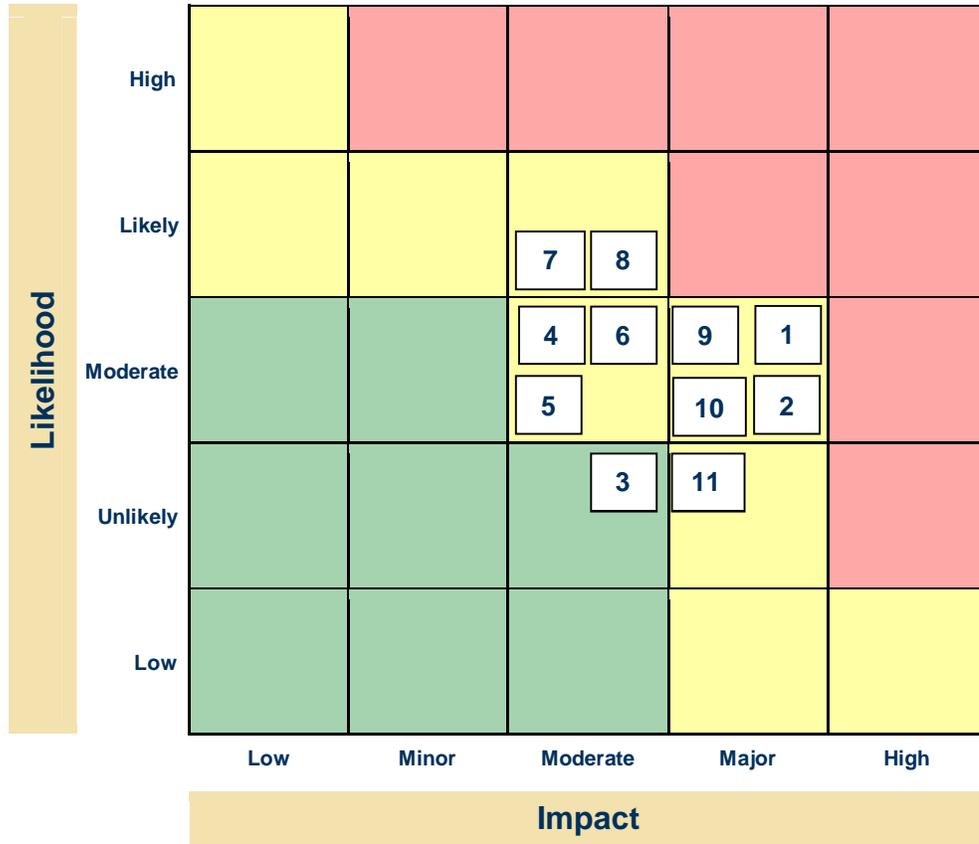
**DEPARTMENT OF TAXATION
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Personal Income Taxes	✓	✓	AOS/OIA	AOS
2	Sales Taxes	✓	✓	AOS	AOS
3	Commercial Activity Taxes	✓	✓	AOS/OIA	AOS
4	Cigarette Taxes (Excise & Other Taxes)				OIA
5	Kilowatt Hour Taxes				
6	Gasoline Excise (Motor Vehicle Fuel) Taxes	✓	✓	AOS	AOS
7	Permissive Tax Distribution	✓	✓	AOS	AOS
8	Property Tax Allocation				
9	Tax Refunds		✓		
10	IT General Controls	✓	✓	AOS/OIA	AOS/OIA



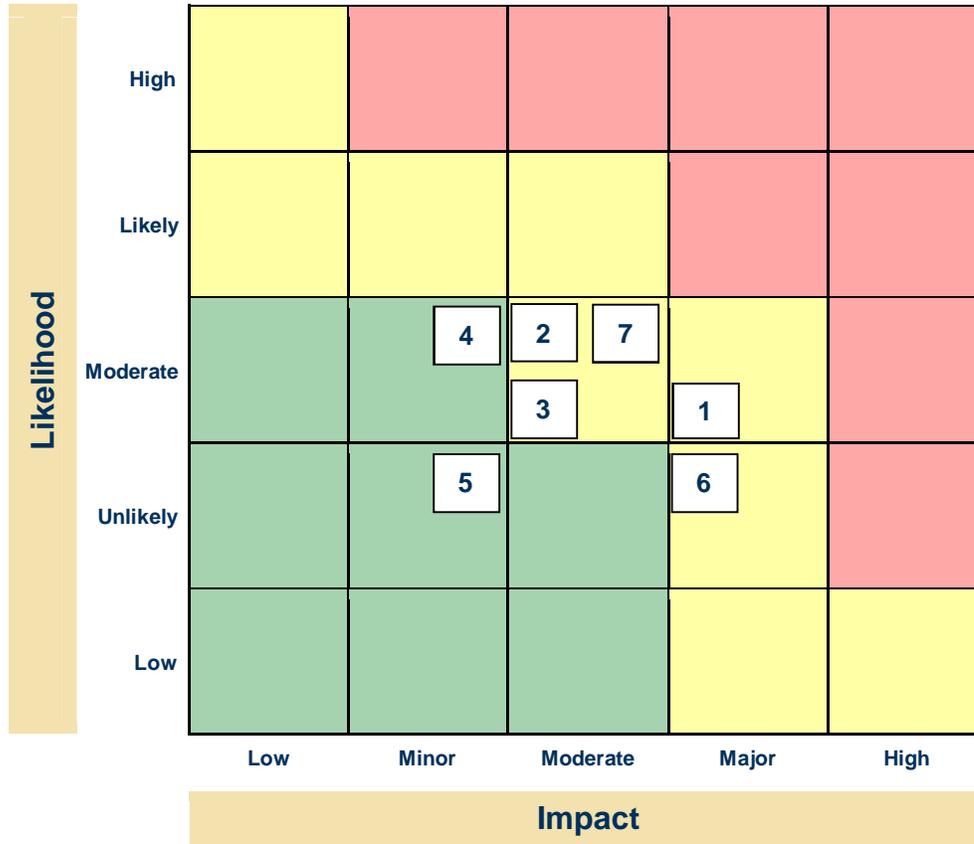
**DEPARTMENT OF TRANSPORTATION
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Highway Construction – State Managed	✓	✓	AOS	AOS
2	Highway Construction – Local Managed				OIA
3	Highway Construction – Infrastructure Bank				
4	Transportation Planning and Research				
5	Public Transportation				
6	Rail Transportation	✓			
7	Aviation				
8	Administration	✓	✓	OIA	OIA
9	State Infrastructure Assets	✓	✓	AOS	AOS
10	District Operations			OIA	
11	IT General Controls	✓	✓	OIA	OIA



**DEPARTMENT OF VETERANS SERVICES
FISCAL YEAR 2014 AUDIT PRIORITIES**

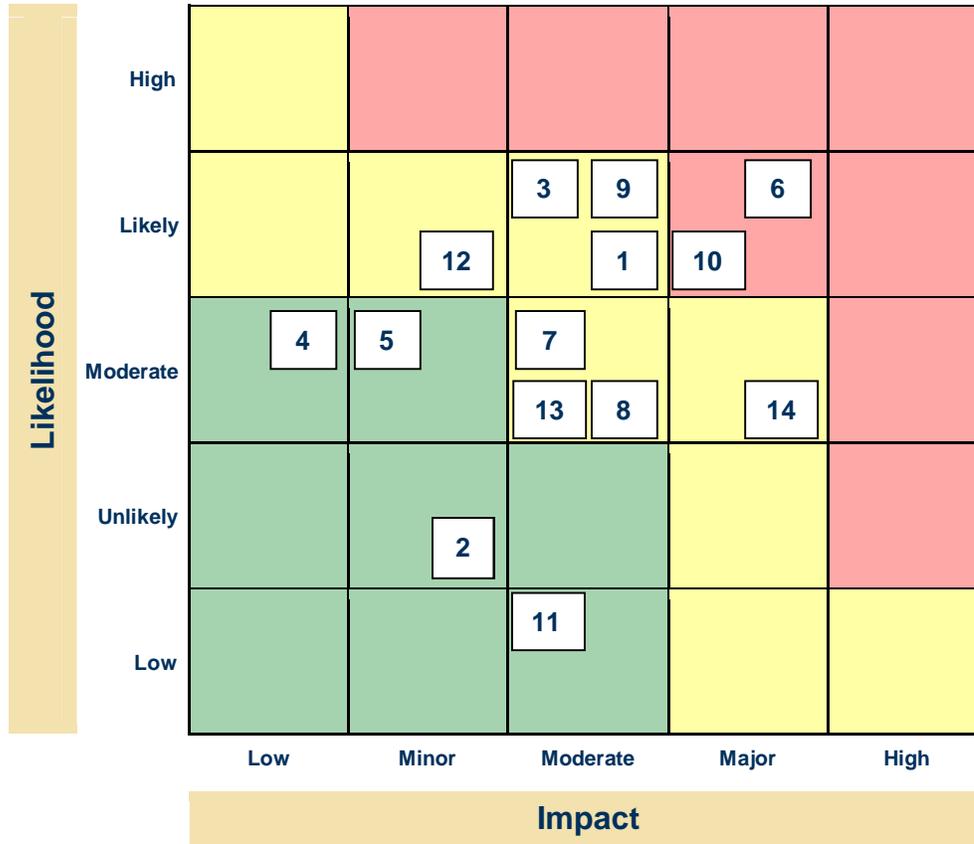


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Sandusky Veterans Facility – Payroll	✓	✓	AOS	AOS
2	Sandusky Veterans Facility – Non-payroll	✓	✓	AOS	AOS
3	Georgetown Veterans Facility – Payroll	✓	✓	AOS	AOS
4	Georgetown Veterans Facility – Non-payroll	✓	✓	AOS	AOS
5	State Operations		✓		
6	Veterans Bonus Program				
7	IT General Controls	✓			

Note: OIA has no planned audit activity for Department of Veterans Services in 2014.



**BUREAU OF WORKERS' COMPENSATION
FISCAL YEAR 2014 AUDIT PRIORITIES**

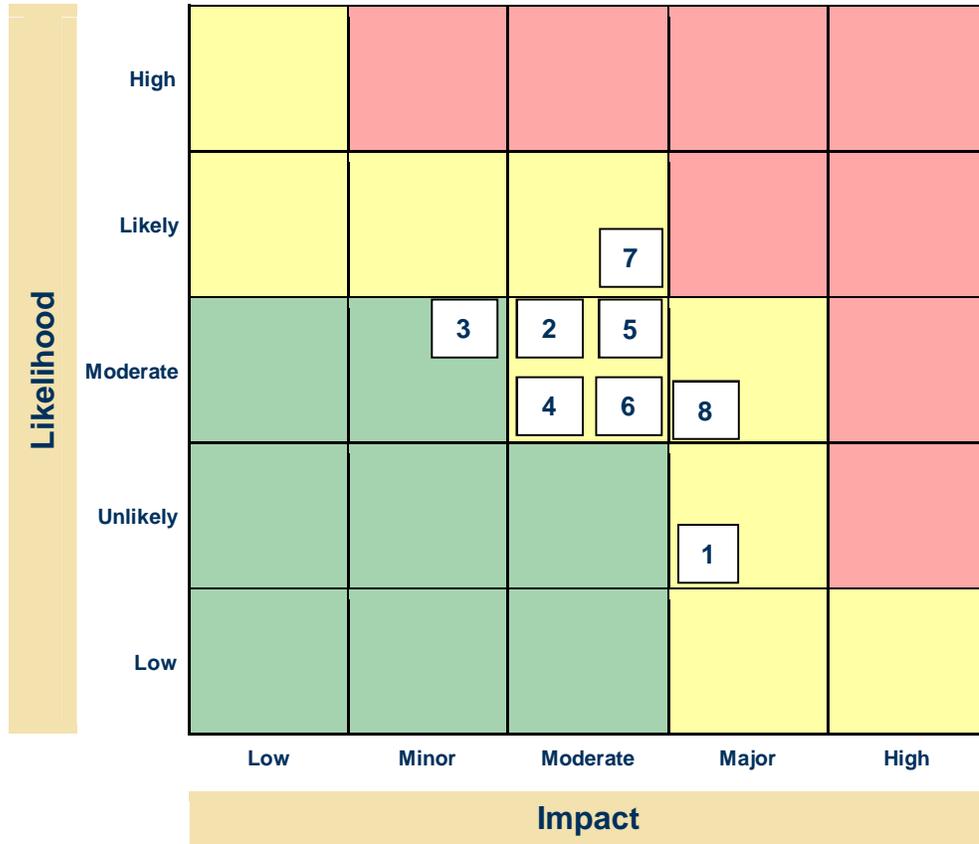


Note: OIA leverages the work of BWC internal auditors to perform non-IT services.

No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	Revenues: Fees and Assessments		✓	BWC	BWC
2	Capital Assets		✓	BWC	BWC
3	Cash and Investments	✓	✓	BWC	BWC
4	Payroll		✓		
5	Expenditures		✓		BWC
6	Claims	✓	✓	BWC	BWC
7	General Accounting & Financial Reporting	✓	✓	BWC	BWC
8	Self-Insurance		✓	BWC	BWC
9	Reserves/Actuarial Reviews		✓	BWC	BWC
10	Rate-Making		✓	BWC	BWC
11	Fraud & Investigative Services		✓		BWC
12	Managed Care Organizations		✓	BWC	BWC
13	IT Virtualization	✓			
14	IT General Controls		✓	OIA	OIA



**DEPARTMENT OF YOUTH SERVICES
FISCAL YEAR 2014 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2012	2013	2014	2015
1	State Correctional Facilities – Payroll	✓			
2	State Correctional Facilities – Non-payroll	✓	✓	AOS	AOS/OIA
3	Parole Operations				
4	County Community Correctional Facilities		✓		
5	Local Court Subsidies/Reclaim			OIA	
6	Administrative Operations	✓	✓	AOS/OIA	AOS
7	IT Virtualization		✓		
8	IT General Controls				OIA



APPENDIX B

AGENCY FY 14 APPROPRIATIONS VS. BUDGETED AUDIT HOURS

	Agency Name	Appropriation less Medicaid (in millions) FY 14	%	Estimated Audit Hours	%
1	Adjutant General	\$45	0.2%	357	1.2%
2	Department of Administrative Services	\$2,060	8.9%	2,285	7.4%
3	Department of Aging	\$93	0.4%	285	0.9%
4	Department of Agriculture	\$52	0.2%	357	1.2%
5	Office of Budget and Management	\$28	0.1%	600	1.9%
6	Department of Commerce	\$176	0.8%	1,714	5.6%
7	Development Services Agency	\$1,277	5.5%	1,857	6.0%
8	Department of Developmental Disabilities	\$2,523	10.9%	1,071	3.5%
9	Environmental Protection Agency	\$203	0.9%	571	1.9%
10	Department of Health	\$649	2.8%	1,428	4.6%
11	Department of Insurance	\$39	0.2%	500	1.6%
12	Department of Job and Family Services	\$1,712	7.4%	5,000	16.2%
13	Lottery Commission	\$335	1.5%	1,000	3.2%
14	Department of Mental Health & Addiction Services	\$645	2.8%	642	1.9%
15	Department of Natural Resources	\$330	1.4%	714	2.3%
16	Opportunities for Ohioans with Disabilities	\$252	1.1%	1,071	3.5%
17	Department of Public Safety	\$670	2.9%	2,357	7.6%
18	Public Utilities Commission	\$72	0.3%	357	1.2%
19	Board of Regents	\$2,375	10.3%	1,071	3.5%
20	Department of Rehabilitation and Correction	\$1,572	6.8%	713	1.9%
21	Department of Taxation	\$2,376	10.3%	1,857	6.0%
22	Department of Transportation	\$2,995	13.0%	2,142	7.0%
23	Department of Veterans Services	\$93	0.4%	0	0.0%
24	Bureau of Workers' Compensation	\$2,229	9.7%	2,500	8.1%
25	Department of Youth Services	\$249	1.1%	571	1.9%
		\$23,050	100%	31,024	100%
26	Department of Medicaid	\$21,120		1,857	
	Total Audit Plan - Budgeted Hours			32,881	