

RESPONSIBILITIES

1. Financial Reporting

1.1 Financial Reporting Process: Review, in consultation with the [OBM Financial Reporting Unit](#), Auditor of State and the CAE, the integrity of the state agencies' financial reporting processes.

1.2 Accounting Principles and Financial Disclosure Practices: Inquire as to the Auditor of State qualitative judgment about the appropriateness, not just the acceptability, of the accounting principles and clarity of financial disclosures practices used or proposed to be adopted.

1.3 Material Legal and Regulatory Matters: Review legal and regulatory matters that, in the opinion of the State's management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations.

2. Internal Audit

2.1 OIA Plans and Processes: Annually, review and comment on the [following](#):

- [OIA Charter](#), policies & procedures,
- [audit plans](#), ~~budget and~~, audit activities,
- [Budget](#), staffing, and organizational structure ~~of the OIA, as well as,~~
- ~~evaluate~~ the independence and objectivity of the OIA.

2.2 OIA Work Plan: Annually, review and comment on the annual work plan, risk assessment process and results as prepared by the CAE. ~~Determine the plan was based, at a minimum, on the following factors:~~

- ~~1. The risk for fraud, waste, or abuse of public money within an agency or division;~~
- ~~2. The length of time since an agency or division was last subject to an internal audit;~~
- ~~3. The size of an agency or division, and the amount of time and resources necessary to audit it;~~
- ~~4. Any other factors the Committee determines to be relevant.~~

2.3 Internal Audit Reports: Receive from the CAE, prior to each meeting, each final internal audit report and a progress report on the approved annual work plan, with explanations from any deviations from the original plan.

2.4 Internal Audit Processes: ~~Review OIA's compliance with applicable standards, which includes a quality assurance review every fifth year. Determine that all internal auditing is conducted only by employees or designees of the OIA.~~ Review any difficulties the internal audit team encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.

2.5 Management Action Plans: Monitor the status of management action plans for significant recommendations.

~~Determine that all internal auditing is conducted only by employees or designees of the OIA.~~

~~Review OIA's compliance with applicable standards, which includes a quality assurance review every fifth year.~~

2.6 Chief Audit Executive: Provide input to the OBM Director for the annual evaluation of the CAE.

Review and comment on the appointment, replacement, reassignment, or dismissal of the CAE.

3. External Audit

3.1 Scope and Approach: Meet, as needed, with representatives of the Auditor of State, or their designee, regarding the proposed scope and approach of their auditing functions ~~and subsequently the results of their audits of state agencies.~~

3.2 Auditing Policies and Practices: Review with the Auditor of State that performs the State of Ohio financial statement audit:

- All critical accounting policies and practices used
- All alternative treatments of financial information within generally accepted accounting principles that have been discussed with OBM, the ramifications of each alternative, and the treatment preferred by OBM.

3.3 Significant communications: Review all significant written communications between the Auditor of State and OBM, such as any management letter or schedule of unadjusted differences.

3.4 Review of Financial Statements and Audits: Review with OBM management and the Auditor of State:

- a. The annual financial statements, related footnotes, and management's discussion and analysis;
- b. The Auditor of State audit of the financial statements and their report thereon;
- c. The Auditor of State single audit of the federal awards administered by state agencies and their reports thereon;

3.5 Audit Processes: Periodically review issues that relate to the process of developing the financial statements and the conduct of audits including:

- Any significant changes in the audit plan;
- Any serious difficulties or disputes with management encountered during the audit; and
- Matters required to be discussed by Statement on Auditing Standards; U.S. Government Accountability Office's Government Auditing Standards; and the U.S. Office of Management and Budget's Circular A-133 related to the conduct of the audits

4. Reporting Responsibilities

4.1 Overall Audit Scope and Plans: Review with the Auditor of State, the OBM Director, and the CAE, the audit scope and plan of the internal auditors and the external auditors. Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

4.2 Suspected Fraud and Abuse: In accordance with the Suspected Fraud, Abuse or Reported Wrongdoing process (September 2009), review any suspected fraud or other illegal activity discovered by the OIA during the conduct of an internal audit.

4.3 CAE Annual Report: Review and comment on the CAE's annual report which is submitted to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Auditor of State. Ensure that OBM makes available the report to the public by posting it on the office's web site before the first of July of each year.

4.4 Other Reports: Report, as the Committee may deem appropriate, to the Governor and OBM Director about Committee activities, issues, and related recommendations.

4.5 Other Communications: Communicate on a regular basis with other state agency audit committees regarding audit issues that may impact the business of the Committee.

Provide an open avenue of communication between the Committee, external auditors, internal auditors, state agency management, legislature, and other constituencies as needed.

Members of the Committee shall be subject to the disclosure statement requirements of section 102.02 of the Revised Code.

Comment [PD1]: I would move this to its own section in the charter "Financial Disclosure" – after the "Compensation" section.

5. Other Responsibilities

5.1 Committee Charter and Processes: Review the Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes.

5.2 Changes and Updates: Consider changes that are necessary as a result of new laws, regulations, or accounting and auditing standards, including *Government Auditing Standards* (Yellow Book) issued by the Comptroller General of the United States.

5.3 Performance Assessment: Annually assess the Committee's performance of the responsibilities delineated in this charter.