



State Audit Committee - OIA Assessment for FY 2014

Category	Measure	SAC Comments
Vision and Leadership		
<ul style="list-style-type: none"> Convey a clear vision for the Office and its work; set annual goals. Determine scope of work without limitations by management. Adequate contact with management & audit committee to ensure adequate responses made to its audit recommendations. Adequate response to requests by audit committee and alerts them to significant issues that might not otherwise be disclosed to the committee. Maintain professional relationships with appropriate stakeholders and audit professionals. Adopt a continuous improvement posture relative to Office functions and responsibilities. Maintain a positive and energetic work environment within the Office. 	<ul style="list-style-type: none"> Prepare bi-annual strategic plan with progress updates on stated goals annually. Maintain independence reporting structure & appearance. Active remediation of comments by management. Realize favorable responses in 80% of survey responses. Receive at least 10 requests for additional services outside of planned audit activities. Communicate useful and timely information to committee. Active involvement in leadership roles for audit profession. 	<ul style="list-style-type: none"> The Chief Audit Executive (CAE) and the Office of Internal Audit (OIA) continue to do a very good job in providing vision and leadership for their work. The FY14-15 OIA strategic plan included a number of improvements. OIA achieved 10 of its 17 goals as of the end of the first year of the two year cycle. OIA also works diligently to maintain independence from management of the Office of Budget and Management (OBM) and their client state agencies. A number of efforts have been made to improve the tracking and monitoring of outstanding and late recommendations. This has improved the State Audit Committee's (SAC's) ability to be diligent about intervening in situations where agencies are not being sufficiently responsive. The CAE and staff are effective at both supporting agencies in providing responses to recommendations, and in advising the SAC relative to actions needed to be taken to encourage better responsiveness. This process continues to improve. The CAE and Office do an excellent job of maintaining productive and collaborative relationships with key stakeholders including management representatives, the OBM Financial Reporting section, the State Auditor's Office, the Bureau of Workers' Compensation, the Lottery Commission, and the State Chief Information Officer. The CAE is active in seeking input from members of the SAC on the various components of the Office's and Committee's work. This clearly communicates a value for the input of Committee members, and leads to improved processes and information sharing. The Office and CAE receive high marks from those surveyed about the work of the office. Survey results reported 91% of ratings of OIA services were scored as very good or good (80% is goal). There are many examples of agencies that have expressed significant gratitude and appreciation for the work of the office – and who actively bring issues to the OIA for attention and assistance. The OIA and CAE have demonstrated a strong attentiveness to continuous improvement. Efforts are regularly made to improve the presentation of information to the SAC to ensure effective



State Audit Committee - OIA Assessment for FY 2014

		<p>communication. There is also periodic attention to the extent to which legislative or charter changes are required impacting the Office's work.</p> <ul style="list-style-type: none"> • The span of control of OIA continues to be discussed with the SAC and demonstrates the desire to ensure the value of the Office is made available to a wide expanse of state agencies (within the capacity of the office to provide service). Currently there are 26 entities that fall under the purview of OIA, and one additional agency is included in OIA's Annual Plan. Other agencies are under consideration for addition. • The IT Optimization initiative and BWC's CORE implementation are examples of OIA providing valuable consultative services and demonstrate the leadership of the Office in promoting its value proposition. • The CAE and other members of OIA participate on both local and international committees intended to maintain high standards of professionalism and continuous improvement within OIA.
Work Planning and Delivery		
<ul style="list-style-type: none"> • Develop a high quality work plan for office activities that reflects prioritization of the work and resource availability. • Assess risks & controls related to the audit committee's charge. • Effective process for prioritizing audit work. • Issue internal audit reports on a timely basis and in sufficient detail to allow for effective action by management. • Keep audit committee apprised of the audit plan progress. • Sufficiently complete internal audit plan activities. 	<ul style="list-style-type: none"> • Complete annual audit plan before fiscal year with risk factors and audit priorities identified. • Submit audit plan update/revisions quarterly. • Issue preliminary audit reports (incl. security records & consulting) to audit committee. • Issue OIA Annual Report by required date. 	<ul style="list-style-type: none"> • The plan development process is extensive and comprehensive – engaging all agencies that fall under the purview of the Office. The CAE is diligent about reaching out to each agency director on a regular basis, explaining the work of the Office, understanding the priorities of each agency and creating priorities that balance the needs across the universe of agencies and the resources of the office. Each year, especially as more agencies are added, the plan gets bigger and more complex. The committee is interested in continuing to find ways to fully understand features of the plan, including which engagements are IT vs. financial, which are assurance vs. consulting, and the relative priorities of engagements. This will help improve the committee's understanding in changes to the plan over the course of the year. • The Office's work plan is well crafted, and it is clear that the Office is continuously looking to improve and validate its approach to the identification and prioritization of its activity. • As included in the Office's annual report, OIA completed 22 public reports that resulted in 19 high or moderate risk observations. OIA also prepared 32 security record and consulting reports. Reports are of high quality and issued timely. Delays in engagements are communicated effectively to the committee and are accompanied by appropriate



State Audit Committee - OIA Assessment for FY 2014

		<p>justifications. This past year the audit performance was within acceptable parameters for completion as OIA completed 88% of the FY14 audit plan (80% is the goal).</p> <ul style="list-style-type: none"> As is the case in almost every year, this past year saw a number of instances where engagements were required that were outside the original plan. OIA received and completed 20 additional value-added requests for services. The CAE and OIA are highly responsive to these requests and, when called to assist other agencies with urgent needs, they are responsive and add value. Effective preparation for the Audit Committee Meetings is essential to ensure proper oversight is being provided by the SAC, and that efficient use is made of members' time. The pre-meeting materials are sent out in advance with ample time to review. Efforts are made to ensure input is received from members on relevant topics and agenda preparation. Committee members make frequent suggestions to improve the quality of the committee materials, and staff is quick to adopt suggestions and work on improvements.
<p>Management of resources</p>		
<ul style="list-style-type: none"> Sufficient staff in terms of size, experience, and budgetary resources to meet the objectives of the state. Attention to staff professional development needs; ensure a high level of professional certified staff. Technical knowledge to ensure duties are performed correctly. Organize resources to facilitate completing internal audit plan. 	<ul style="list-style-type: none"> Maintain adequate staffing & update committee quarterly. Attain 60% professional certifications for OIA staff. Provide average of 40 hours of continuous professional education. Complete at least 80% of planned engagements. Operate within budgeted resources; Maintain full cost recovery for budgeted expenditures. 	<ul style="list-style-type: none"> This past year saw a number of staffing changes. OIA maintained a full-time equivalent of 20.5 auditors (23 FTE was the goal). The Office was able to attract high quality candidates and minimize any disruptions to operations due to the turnover. Discussions occurred with the committee on the process and resource options the CAE considers when shortages occur with OIA's IT audit personnel. In the coming year, continuing conversations should take place relative to appropriate staffing and possible use of temporary staff when necessary to address special circumstances or peak load. There continues to be good attention to making effective use of staff resources; 68% of the audit team maintained at least one professional designation. There continues to be good attention to ensuring appropriate professional development for staff. Staff averaged 51 hours of continuous professional education. The work of the Office is completed within budget, and appropriate cost recovery is accomplished. OIA recovered its costs while reducing budgeted expenditures by just over \$200,000. Several key staff roles turned over this past year. OIA has done an



State Audit Committee - OIA Assessment for FY 2014

		admirable job in putting top talent into these roles. Transitions were executed with minimal interruptions to the flow of work.
--	--	---