

STATE AUDIT COMMITTEE

**WEDNESDAY, APRIL 13, 2016, 10:00 A.M.
RHODES STATE OFFICE TOWER
30 EAST BROAD STREET, 35TH FLOOR, JUPITER/SATURN CONFERENCE ROOMS
COLUMBUS, OHIO 43215**

Members Present: Paolo DeMaria
Ryan Hecht
Tom Zitter

Members Absent: Robert Sielschott

Call to Order

Chairman DeMaria called the meeting to order at 10:00 a.m. He expressed appreciation for the members, presenters, and attendees' flexibility due to the date change of the meeting from March 24.

Approval of Minutes

Mr. Zitter moved for the minutes of the meeting held December 17, 2015 to be approved with no additions or corrections. Mr. Hecht seconded the motion. A roll call vote was taken and all members unanimously approved with no objections.

External Audit Update

Debbie Liddil, Chief Auditor from the Auditor of State, State Region, provided results of the FY 15 State of Ohio Single Audit, which was released on March 1, 2016. She also discussed how the federal Uniform Guidance will affect future audits, such as the questioned cost threshold increasing to \$25,000, single audit threshold increasing to \$750,000 (which will affect the State's subrecipients), and federal schedule preparation change regarding pass-through monies.

CAE Update

Cindy Klatt, Chief Audit Executive, Office of Internal Audit (OIA), provided an update to the committee on third quarter activities of the FY 16 internal audit plan as well as the results of the financial audit remediation dashboard. She also provided an update of the progress on OIA's FY16-17 Strategic Plan.

Amy Radebaugh, Internal Audit Chief, OIA, presented the results of her assurance review of the BWC Internal Audit Department. Venu Pallerla, IT Audit Chief, OIA, provided the summary results of the Business-IT Alignment assessments that OIA performed at 24 state agencies.

Ms. Klatt also discussed a client survey summary for audits performed in calendar year 2015. Chairman DeMaria requested a comparison of survey results to determine trends.

The Committee paused their meeting for lunch at 11:45 p.m. and reconvened with all members present at 12:17 p.m.

Executive Session -- At 12:17 p.m., Chairman DeMaria moved that the Committee enter into executive session for the purpose of discussing confidential matters exempted from public disclosure under Ohio Revised Code Sections 126.48 and 149.433. Preliminary reports of the Office of Internal Audit of the Office of Budget and Management, infrastructure security records and related updates are required to be kept confidential under Ohio law. Mr. Hecht seconded the motion. The Committee moved out of Executive Session at 1:10 p.m.

Chairman DeMaria made a motion to approve 13 assurance reports; the motion was seconded by Mr. Zitter. Pursuant to this motion, the Committee approved the following 13 assurance reports in accordance with Revised Code Section 126.48:

1. Department of Administrative Services – Perimeter Security
2. Department of Aging – Asset Management
3. Department of Aging – NIST Security Controls
4. Office of Budget and Management – IT General Controls
5. Department of Developmental Disabilities – Accounts Receivable
6. Department of Health – Help Me Grow
7. Department of Health – Asset Management
8. Department of Higher Education – War Orphans Scholarship Program
9. Department of Natural Resources – Wildlife
10. Department of Public Safety – Asset Management
11. Department of Rehabilitation and Correction – Grants Management
12. Department of Taxation – Sales Taxes
13. Bureau of Workers Compensation – Asset Management

Open Discussion

Chairman DeMaria asked the members for any feedback regarding the meeting. He stated that re-ordering audits according to the severity of the comments seemed appropriate. He also asked if current quarter comments contained in the annual plan audit status could have a red font, and Ms. Klatt indicated that the system application did not permit changing the font colors of the current quarter comments.

The survey comparison was also mentioned as a future deliverable, and the members requested more information about how the State is handling the Uniform Guidance, especially around subrecipient monitoring. Chairman DeMaria also mentioned that the Committee would be interested in knowing the effects of DAS accepting the risk regarding the outstanding Rebates comment from the Voyager Card assurance engagement released in June 2015.

The meeting was adjourned at 1:33 p.m.

Open Items for June, 2016 meeting

1. Schedule periodic IT Optimization updates with State Chief Information Officer Stu Davis and State Chief Information Security Officer

Responsible Party: Cindy Klatt

2. OIA Strategic Plan – Establish specific action steps and provide updates at each meeting

Responsible Party: Cindy Klatt

3. Uniform Guidance – How the State is preparing for changes regarding higher threshold for subrecipient single audits

4. Client survey trend analysis

Responsible Party: Cindy Klatt

5. Effects of accepting the risk of Rebates comment/DAS Voyager audit

Responsible Party: Cindy Klatt