



State of Ohio
State Audit Committee Self-Assessment
State Fiscal Year 2016

Status Key:

- X – Task accomplished
P – Partially accomplished
O – No activity

Table with 4 main columns: Category, Status (X, P, O), Evidence of Action, and SAC Comments. It contains two rows of data under the heading '1.0 Financial Reporting Responsibilities'.



Category	Status			Evidence of Action	SAC Comments
	X	P	O		
<b>1.3 Material Legal and Regulatory Matters:</b> 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.	ü			<ul style="list-style-type: none"> <li>OBM State Material Laws (Sept. 2014)</li> </ul>	The committee is satisfied with the way this responsibility is being met on an ongoing basis as changes are brought to the attention of the SAC. It is important that that information continue to be provided on these matters. With the turnover in SAC members it is recommended that OBM provide an update to the SAC as it relates to State Material Laws in the September 2016 meeting.
<b>2.0 Internal Audit</b>					
<b>2.1 OIA Plans and Processes:</b> Annually, review and comment on the following: <ul style="list-style-type: none"> <li>OIA Charter, policies &amp; procedures,</li> <li>Audit plans and audit activities,</li> <li>Budget, staffing, and organizational structure</li> <li>The independence and objectivity of the OIA.</li> </ul>	ü			<ul style="list-style-type: none"> <li>OIA Charter (Dec. 2015)</li> <li>OIA Annual Plan (June 2016)</li> <li>OIA quarterly plan, budget &amp; staffing updates (all qtrs.)</li> <li>OIA independence statement (Dec. 2015)</li> </ul>	The committee is satisfied with the way this responsibility is being met. The OIA staff provides appropriate information and is responsive to the needs of the committee. The committee is active in asking questions and probing the plans and processes. Staff is prepared and open to discussion and challenges presented by the committee. This is one of a number of areas where SAC members have provided constructive suggestions for improvements to policies and processes to improve effectiveness and clarity.  At the June meeting we expect to have a discussion and update on the OIA budget and staffing plan for the upcoming year.



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<b>2.2 OIA Work Plan:</b> Annually, review and comment on the annual work plan, risk assessment process and results as prepared by the CAE.	ü			<ul style="list-style-type: none"><li>OIA Annual Plan (June 2016)</li></ul>	The committee is satisfied with the way this responsibility is being met. Staff invests a great deal of time and effort in the preparation of the plan. The committee is effective in asking questions and probing decisions. The committee is also engaged in providing input into the planning process – both in terms of how priorities are set, the quantity of audits included in the plan, and how decisions are made when priorities or staff capacity changes. As more agencies are added, planning becomes more complex. This will continue to be an issue where the Committee will want to have meaningful input. Each meeting includes a discussion of the plan status and progress – as well as emerging changes to the plan. There is a good balance of Assurance and Consulting engagements included.



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<p><b>2.3 Internal Audit Reports:</b> 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.</p>	ü			<ul style="list-style-type: none"> <li>OIA Annual Plan status updates (all qtrs.)</li> <li>OIA draft reports and summary of IT and consulting activities (all qtrs.)</li> </ul>	<p>The committee is satisfied with the way this responsibility is being met. Staff preparation and presentation is very good. Committee members continue to do a good job of suggesting ways to improve the format and delivery of the reports. The committee is effective in asking questions and probing the implications of findings. The committee makes requests (and staff recommends) having agency representatives make presentations from time to time about specific issues or concerns. This is an effective strategy for the committee as well as the agencies involved.</p>
<p><b>2.4 Internal Audit Processes:</b> 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.</p>	ü			<ul style="list-style-type: none"> <li>OIA Annual Plan status updates (all qtrs.)</li> </ul>	<p>The committee is satisfied with the way this responsibility is being met. Staff keeps the committee apprised of goals and strategies for continuing to improve the work of the OIA. Committee members are engaged in making recommendations for process improvements. As the fifth year is approaching the SAC requests the CAE to provide a plan for the quality assurance review to the SAC at the September 2016 meeting.</p>



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<b>2.5 Management Action Plans:</b> Monitor the status of management action plans for significant recommendations.	ü			<ul style="list-style-type: none"> <li>Audit comment remediation updates (all qtrs.)</li> </ul>	The committee is satisfied with the way this responsibility is being met. The regular reporting and review of outstanding remediation issues has been effective. The committee has been diligent in asking questions and seeking more aggressive actions in those cases where recommendations linger. This is another area where committee members have provided good input in the interest of improving the reporting of this information ensuring greater clarity, and an improved ability to track progress.
<b>2.6 Chief Audit Executive:</b> 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.	ü			<ul style="list-style-type: none"> <li>CAE Assessment (Sept. 2015)</li> </ul>	The committee provided feedback on the performance of the CAE.
<b>3.0 External Audit</b>					
<b>3.1 Scope and Approach:</b> 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.	ü			<ul style="list-style-type: none"> <li>AOS updates to annual State of Ohio audit, Single Audit, and OAKS SOC1 report (all qtrs.)</li> </ul>	The committee is satisfied with the way this responsibility is being met. The interactions with the AOS at every meeting are an effective way to understand and monitor the scope and approach of the external audit, and the results of the audit. The process seems to work well.



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<p><b>3.2 Auditing Policies and Practices:</b> Review with the Auditor of State that performs the State of Ohio financial statement audit:</p> <ul style="list-style-type: none"> <li>All critical accounting policies and practices used</li> <li>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.</li> </ul>	ü			<ul style="list-style-type: none"> <li>AOS Results of FY 15 State of Ohio and Single Audit (April 2015)</li> <li>AOS required communication letter (March 11, 2016)</li> </ul>	The committee is generally satisfied with the way this responsibility is being met. The AOS has been very helpful in communicating with the committee about important elements of policies and practices.
<p><b>3.3 Significant communications:</b> Review all significant written communications between the Auditor of State and OBM, such as any management letter or schedule of unadjusted differences.</p>	ü			<ul style="list-style-type: none"> <li>AOS required communication letter (March 11, 2016)</li> </ul>	The committee is generally satisfied with the way this responsibility is being met.



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<p><b>3.4 Review of Financial Statements and Audits:</b> Review with OBM management and the Auditor of State:</p> <ul style="list-style-type: none"> <li>a. The annual financial statements, related footnotes, and management’s discussion and analysis;</li> <li>b. The Auditor of State’s audit of the financial statements and their report thereon;</li> <li>c. The Auditor of State’s single audit of the federal awards administered by state agencies and their reports thereon;</li> </ul>	ü			<ul style="list-style-type: none"> <li>• AOS Results of FY 15 State of Ohio and Single Audit (April 2016)</li> <li>• AOS required communication letter (March 11, 2016)</li> </ul>	<p>The committee is generally satisfied with the way this responsibility is being met. The committee receives the final audits and information about the findings and recommendations. At its April meeting the committee engaged in a deeper discussion about the completed single state audit. This discussion included a review of various comments and weaknesses.</p>
<p><b>3.5 Audit Processes:</b> Periodically review issues that relate to the process of developing the financial statements and the conduct of audits including:</p> <ul style="list-style-type: none"> <li>• Any significant changes in the audit plan;</li> <li>• Any serious difficulties or disputes with management encountered during the audit; and</li> <li>• 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</li> </ul>	ü			<ul style="list-style-type: none"> <li>• AOS Results of FY 15 State of Ohio and Single Audit (April 2016)</li> <li>• AOS required communication letter (March 11, 2016)</li> <li>• AOS updates to annual State of Ohio audit, Single Audit, and OAKS SOC1 report (all qtrs.)</li> </ul>	<p>The committee is satisfied with the way this responsibility is being met. The updates provided by the AOS at each meeting are informative and allow the committee to stay apprised of obstacles and challenges to the external audit work as they arise. In turn, this gives the committee an opportunity to engage in rectifying such issues.</p>



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<b>4.0 Reporting Responsibilities</b>					
<b>4.1 Overall Audit Scope and Plans:</b> 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. Review the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.	ü			<ul style="list-style-type: none"> <li>OIA Annual Plan (June 2016) – includes heat maps of audit coordination with OIA &amp; AOS</li> </ul>	The committee is satisfied with the way this responsibility is being met. The process of planning and coordination appears to be working well. Improvements have been made in timeliness of these processes and meeting reporting deadlines. All parties seem to be collaborating effectively to ensure effective use of audit resources. The OBM director periodically appears before the committee to present relevant information.
<b>4.2 Suspected Fraud and Abuse:</b> 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.	ü			<ul style="list-style-type: none"> <li>Matters discussed in executive session.</li> </ul>	The committee is satisfied with the way this responsibility is being met.
<b>4.3 CAE Annual Report:</b> Review and comment on the CAE’s annual report. 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.	ü			<ul style="list-style-type: none"> <li>OIA Annual Report (June 2016)</li> </ul>	The committee is generally satisfied with the way this responsibility is being met. Committee members have made suggestions to improve and streamline the annual report. The committee feels that the quality of reporting continues to improve.
<b>4.4 Other Reports:</b> Report, as the Committee may deem appropriate, to the Governor and OBM Director about Committee activities, issues, and related recommendations.	ü			<ul style="list-style-type: none"> <li>Quarterly letter from SAC Chair on OIA reports deemed to be public reports (all qtrs.)</li> </ul>	The committee is satisfied with the way this responsibility is being met. It appears that the committee and OIA have the appropriate level of transparency, and of sharing important information with appropriate stakeholders.



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<p><b>4.5 Other Communications:</b> Communicate on a regular basis with other state agency audit committees regarding audit issues that may impact the business of the Committee.</p> <p>Provide an open avenue of communication between the Committee, external auditors, internal auditors, state agency management, legislature, and other constituencies as needed.</p>	ü			<ul style="list-style-type: none"> <li>BWC Assurance Review (April 2016) and Lottery Assurance Review (Mar. 2015)</li> </ul>	The committee is generally satisfied with the way this responsibility is being met. It appears that the level of communication is sufficient and effective. The Committee has been kept apprised of the work of other state agency internal audit functions –Lottery and the Bureau of Workers’ Compensation. The Lottery Assurance Review was performed in March 2016 and will be presented at the September 2016 SAC quarterly meeting.
<b>5.0 Other Responsibilities</b>					
<p><b>5.1 Committee Charter and Processes:</b> Review the Committee’s charter annually, reassess the adequacy of this charter, and recommend any proposed changes.</p>	ü			<ul style="list-style-type: none"> <li>SAC Charter review (September 2015)</li> </ul>	The committee reviewed the Charter at the Dec. 2015 meeting. The committee provided meaningful input into the work.
<p><b>5.2 Changes and Updates:</b> Consider changes that are necessary as a result of new laws, regulations, or accounting and auditing standards, including <i>Government Auditing Standards</i> (Yellow Book) issued by the Comptroller General of the United States.</p>	ü			<ul style="list-style-type: none"> <li>SAC Charter review (September 2015)</li> </ul>	The committee is satisfied with the way this responsibility is being met. Staff should continue to be diligent in bringing changes in law, rule, the Yellow Book, etc. to the committee’s attention.
<p><b>5.3 Performance Assessment:</b> Annually assess the Committee’s performance of the responsibilities delineated in this charter.</p>	ü			<ul style="list-style-type: none"> <li>Committee to conduct self-assessment (June 2016)</li> </ul>	The committee is satisfied with the way this responsibility is being met.



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<b>6.0 Conduct of Committee Business</b>					
<b>6.1</b> Committee meeting agendas and appropriate read-ahead materials are provided sufficiently in advance to allow members to participate effectively.	ü				The committee is satisfied with the way this element of its business is being conducted. Sufficient time is provided to be prepared for the meetings. Pre-reads are received with sufficient time to review and develop comments/ questions.
<b>6.2</b> Committee meetings are conducted in a manner that allows for sufficient discussion and well-reasoned decision making.	ü				The committee is satisfied with the way this element of its business is being conducted. Discussion levels are good, and the time allotted is appropriate. Oftentimes the committee will ask for follow-up discussions in subsequent meetings to stay abreast of a situation.
<b>6.3</b> The annual meeting plan covers the full range of committee responsibilities.	ü				The committee is satisfied with the way this element of its business is being conducted. Suggestions contained in this self-assessment should be incorporated into the meeting plan for next year.
<b>6.4</b> Meeting agendas include unresolved items and issues raised at prior meetings.	ü				The committee is satisfied with the way this element of its business is being conducted. Staff is diligent in following-up on unresolved items.
<b>6.5</b> Meetings are not just pro-forma, but allow members and the committee as a whole to impact policies and practices.	ü				The committee is satisfied with the way this element of its business is being conducted. Committee members feel as if they are able to have an impact on policies and practices.



State Audit  
Committee

John R. Kasich, Governor

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6.6 Follow-up to questions raised in meetings are answered effectively and timely.	ü				The committee is satisfied with the way this element of its business is being conducted. Follow-up is timely and comprehensive.