

STATE AUDIT COMMITTEE

TUESDAY, JUNE 28, 2016, 10:00 A.M.
RHODES STATE OFFICE TOWER
30 EAST BROAD STREET, 35TH FLOOR, JUPITER/SATURN CONFERENCE ROOMS
COLUMBUS, OHIO 43215

Members Present: Ryan Hecht
Robert Sielschott
Tom Zitter

Members Absent: None

Call to Order

Committee member Hecht called the meeting to order at 10:00 a.m. Mr. Hecht welcomed Office of Internal Audit (OIA) new hires: Spencer Carey, Shawn Cochran, Colin Crabtree, Becky Facer and Chris Bell (intern). He also recognized the other Office of Budget and Management (OBM) interns who attended the meeting.

Cindy Klatt, Chief Audit Executive, OIA, recognized Mr. Hecht for his three years of service on the State Audit Committee and presented him with a commendation from the Ohio House. Mr. Hecht's term ends on June 30, 2016.

Approval of Minutes

Mr. Hecht moved for the minutes of the meeting held April 13, 2016 to be approved with no additions or corrections. Mr. Zitter seconded the motion. A roll call vote was taken and all members unanimously approved with no objections.

BWC Internal Audit Update

David Kooser, BWC Chief of Internal Audit, provided an update of BWC's internal audit department's progress in FY 2016, as well as the status of their upcoming FY 2017 annual audit plan.

OBM Financial Reporting Update

Jim Kennedy, OBM Senior Deputy Director for Services & Operations, and Linda Shook, Financial Reporting Manager, provided an update on the financial audit timeline and the GASB standards being implemented for the FY 2016 Comprehensive Annual Financial Report (CAFR).

External Audit Update

Debbie Liddil, Chief Auditor from the Auditor of State, State Region, discussed the target dates for the upcoming FY 2016 financial statement opinion (12/22/16) and the single audit opinion (2/19/17). Ms. Liddil also discussed the federal government allowing states to smooth their coverage of low-risk Type A programs by testing some of the them as major programs prior to when they would be required to be tested (e.g., cycling programs back in prior to three years). Maria Jackson, Assistant Chief Auditor - Information Systems Audit, provided an update on the FY 2016 SOC-1 report, expecting a late September release and no issues to report at this time.

CAE Update

Cindy Klatt provided a summary of the draft FY 2017 Annual Audit Plan and discussed the selected engagements for each state agency. She also updated the Committee on the OIA meeting with AOS management that was held in an effort to coordinate their audit efforts as required by IIA standards. Ms. Klatt discussed the draft FY 2016 Annual Report and highlighted significant achievements. Ms. Klatt provided an update to the Committee on the fourth quarter activities of the FY 16 internal audit plan as well as the results of the financial audit remediation dashboard.

The Committee paused their meeting for lunch at 11:30 a.m. and reconvened with all members present at 12:00 p.m.

Executive Session -- At 12:01 p.m., Mr. Zitter 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. Sielschott seconded the motion and a roll call vote was taken. The Committee moved out of Executive Session at 1:05 p.m.

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

1. Department of Administrative Services – State Surplus
2. Department of Administrative Services – Infrastructure Virtualization
3. Department of Commerce – Unclaimed Funds Interest Calculation
4. Department of Insurance – Asset Management
5. Department of Job and Family Services – IT General Controls

6. Department of Medicaid – IT General Controls
7. Public Safety – Emergency Management Agency – EMA Subrecipient Monitoring
8. Bureau of Workers' Compensation – IT General Controls

Open Discussion

Mr. Hecht discussed the State Audit Committee Self-Assessment with the Committee and the status of items that have already been accomplished.

Amy Radebaugh, Internal Audit Chief, OIA, presented the results of the Client Survey Trend Analysis. Mr. Hecht recommended OIA evaluate the client survey trends again within a year and if there is a decline in ratings, consider additional training for staff and re-evaluate OIA processes.

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

Open Items for September, 2016 meeting

1. CAE/OIA Assessment
Responsible Party: Committee Chair
2. State Audit Committee Charter update
Responsible Party: Cindy Klatt and Committee Members
3. Lottery Internal Audit Director update
Responsible Party: Jennifer Wilson
4. Invite State Chief Information Officer and State Chief Information Security Officer to provide an update in December
Responsible Party: Cindy Klatt
5. Uniform Guidance – How the State is preparing for changes regarding higher thresholds for subrecipient single audits
Responsible Party: Jim Kennedy and Linda Shook