



State Audit Committee - OIA Assessment for FY 2016

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"> Cindy Klatt was the OBM Director's appointee as Chief Audit Executive (CAE) during fiscal year 2015 and completed her first full year in this role during fiscal year 2016. Additionally, the OIA position of Chief of Quality Assurance was vacant in December 2015 and Cindy was responsible to train the new employee beginning in February 2016. Cindy has managed her new challenge well and we encourage her to take full advantage of her Quality Assurance Chief once she becomes fully acclimated with her new role; including a more active role in the State Audit Committee meetings. This past year reflected another successful year of OIA activity. The office continues to explore improvements in operations and is productive in delivering reports and assisting state agencies in addressing key operational issues. OIA also works diligently to maintain independence from management of the Office of Budget and Management (OBM) and OIA's client state agencies. The CAE and OIA 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. They are also effective at maintaining strong working relationships with client agencies. The CAE is active in seeking input from members of the SAC on the various components of the OIA'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 CAE has been hampered somewhat this past year, through no fault of her own, due to the many changes in the composition of the SAC. The Office and CAE continue to receive high marks from those surveyed about the work of the office. Client surveys show a 90% favorable rating of the work of the OIA in FY16. There were 12 agency



State Audit Committee - OIA Assessment for FY 2016

		<p>requests for value-added services which is the highest indication of client satisfaction with audit services performed.</p> <ul style="list-style-type: none"> 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 communication.
<p>Work Planning and Delivery</p>		
<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 as well as the requested addition of the Department of Education per ORC Section 126.45(D). 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 developing a work plan that balances the needs across the universe of agencies and the resources of the office. The annual audit plan was presented in the June 25, 2015 State Audit Committee Meeting. OIA'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. OIA is diligent in staying connected to major statewide initiatives including IT Optimization, state payment card, and the Green Book. As included in the OIA annual report, OIA began last year with 92 projects planned, and through additions and substitutions ended up targeting 88 projects for completion. In the end, 78 were completed (89%). The work included 25 public reports, 30 consulting engagements, 7 business-IT alignment assessments, 5 IT general control audits, and 5 IT security reviews. Reports are of high quality and issued timely. OIA has continued to pay close attention to agency remediation activity. Agencies appear to be more diligent in remediating identified weaknesses. Delays in engagements are communicated effectively to the committee and are accompanied by appropriate justifications. This past year the audit performance was within acceptable parameters for completion as OIA completed 78 projects or 89% of the FY16 audit plan.



State Audit Committee - OIA Assessment for FY 2016

		<ul style="list-style-type: none"> Effective preparation for the Audit Committee Meetings is essential to ensure proper oversight is being provided, 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.
Management of resources		
<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"> In fiscal year 2016, a large turnover occurred with the IT audit staff due to their value in the marketplace. The CAE was able to make adjustments to the IT audit schedule to accommodate these unforeseen changes. OIA maintained an average of 20 full-time equivalent staff during fiscal year 2016. The Office was able to attract high quality candidates to open position. 48% of the audit team maintained at least one professional designation. (This is down slightly from 50% last year.) There continues to be good attention to ensuring appropriate professional development for staff. Staff averaged 47 hours of continuing professional education. OIA completed 78 projects or 89% of the FY16 audit plan. 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 \$627,000.