



## Department of Insurance

# On-boarding and Off-boarding Audit

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**Audit Period: July 2014 through April 2015**

### Results Summary:

Objective	Conclusion*
On-Boarding Process	Well-Controlled with Improvement Needed
Off-Boarding Process	Well-Controlled with Improvement Needed

\* Please refer to Appendix A for classification of audit objective conclusions.



## **Executive Summary**

### **Background**

The Ohio Department of Insurance (ODI) provides consumer protection through education and fair but vigilant regulation while promoting a stable and competitive environment for insurers. The department is charged with the responsibility of regulating the activities of approximately 1,631 insurance companies that write \$64.1 billion in insurance premiums. The department also monitors the conduct of more than 188,000 insurance agents, and oversees almost 16,000 insurance agencies doing business in Ohio. The Director of Insurance, appointed by the Governor, heads the department which employs approximately 249 full-time permanent staff.

During the audit, OIA identified opportunities for ODI to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank ODI staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### **Scope and Objectives**

OIA staff was engaged to perform an assurance audit over the agency's key processes related to employee on-boarding and off-boarding. The scope does not include the hiring process. The work was completed May 2015 through June 2015. The objectives for this audit are identified below:

- Evaluate the design and effectiveness of controls over on-boarding processes.
- Evaluate the design and effectiveness of controls over off-boarding processes.

Additionally, OIA performed an IT consulting review over the on-boarding and off-boarding processes in order to provide recommendations to mitigate risks, ensure compliance, and increase efficiency and effectiveness of operations. The consulting recommendations were provided to ODI management in a separate communication.

### **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate observations identified during the assurance portion of the engagement.

Low risk observations and consulting recommendations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee