



OBM | Office of Internal Audit

OBM Office of Internal Audit

Two Year Strategic Plan

July 1, 2011 – June 30, 2013

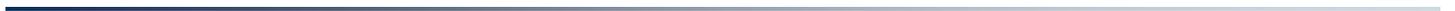




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Introduction

The mission of the OBM Office of Internal Audit (OIA) is to provide independent, objective assurance and consulting activities designed to improve management practices, identify operational improvement, and reduce agency risk exposure.

OIA developed a two year strategic plan to better serve our clients, improve internal practices, and create a standard by which OIA can measure its accomplishments. The two year period is aligned with the State's biennial budget. The goals from the strategic plan will be frequently evaluated and publicly reported in the fiscal year 2012 and 2013 OIA Annual Reports for progress and implementation.

The OIA Strategic Plan was subject to review and comment by the State Audit Committee and endorsed by the Director of the Office of Budget and Management.

Internal Audit Capability Model

The OIA Strategic Plan was developed around the Institute of Internal Auditor's Internal Audit Capability Model (IA-CM). This framework was developed in 2009 to identify fundamentals needed for effective internal auditing in the public sector and consists of five maturity levels, tied to leading industry practices. In addition to its use as a self assessment and continuous improvement model for internal audit activities, the IA-CM could be used by agency senior management and the State Audit Committee to evaluate the internal audit activity appropriate for their oversight.

The IA-CM show the steps in processing from a level of internal auditing typical of a less established organization to a strong effective, internal audit function generally associated with a mature and complex organization. The IA-CM is an effective tool for providing:

- **A communication vehicle** – a basis for communicating what is meant by effective internal auditing and how it serves an organization and its stakeholders, and for advocating the importance of internal auditing to decision makers.
- **A framework for assessment** – a framework for assessing the capabilities of an internal audit activity against professional internal audit standards and practices, either as a self-assessment or an external assessment.
- **A road map for orderly improvement** – a road map for building capability that sets out the steps an organization can follow to establish and strengthen its internal audit activity.



The IA-CM is divided into the following five maturity levels:

- **Level 1: Initial** – No sustainable, repeatable capabilities – dependent upon individual efforts.
- **Level 2: Infrastructure** – Sustainable and repeatable internal audit practices and procedures.
- **Level 3: Integrated** – Internal audit management and professional practices uniformly applied.
- **Level 4: Managed** – Internal audit integrates information from across the organization to improve governance and risk management.
- **Level 5: Optimizing** – Internal audit learning from inside and outside the organization for continuous improvement.

There are six essential elements of internal audit activity that the five maturity levels are measured against. They are summarized as follows:

- **Services and roles of internal auditing** – The services include the provision of assurance and advice as well as co-sourced services with external service providers. The role is to provide independent and objective assessments to assist the organization in accomplishing its objectives and improve operations.
- **People management** – The process of creating a work environment that enables people to perform to the best of their abilities. People management includes job descriptions, recruiting, performance standards, professional development, training, on-going coaching, and career development.
- **Professional practices** – Reflects the full backdrop of policies, processes, and practices that enables the internal audit activity to be performed effectively and with proficiency and due professional care.
- **Performance management and accountability** – Refers to the information needed to manage, conduct, and control operations of the internal audit activity and account for its performance and results.
- **Organizational relationships and culture** – Includes the organizational structure and the internal management and relationships within the internal audit activity itself as well as the OIA Chief Audit Executive's (CAE) relationship with senior management.
- **Governance structures** – The reporting relationship (administrative and functional) of the CAE, and how the internal audit activity fits within the organizational and governance structure of the entity.



The IA-CM matrix is summarized below. There are 41 key process areas (KPA) with each cell having between one and three KPAs which must be met to achieve the established maturity level. The blue shaded areas represent levels that can be typically achieved by internal audit activity itself. The white shaded areas require management structures outside of the internal audit organization to achieve the individual KPAs.

Internal Audit Capability Model Matrix						
	Services & Roles	People Management	Professional Practices	Performance Management	Organizational Relationships	Governance Structures
Level 5 - Optimizing	KPA (1)	KPA (2)	KPA (2)	KPA (1)	KPA (1)	KPA (1)
Level 4 - Managed	KPA (1)	KPA (3)	KPA (1)	KPA (1)	KPA (1)	KPA (2)
Level 3 - Integrated	KPA (2)	KPA (3)	KPA (2)	KPA (3)	KPA (2)	KPA (2)
Level 2 - Infrastructure	KPA (1)	KPA (2)	KPA (2)	KPA (2)	KPA (1)	KPA (2)
Level 1- Initial	Ad hoc and unstructured					

A self-assessment of OIA against the IA-CM matrix was conducted in February 2011. Each KPA has essential activities and outcomes that must be in place to achieve the purpose. OIA took a conservative approach to ensure all KPA elements were in place before considering a KPA implemented. A detailed Internal Audit Capability Model Matrix and related KPAs are on page 8.

Strategic Goals

Through the identification and execution of incomplete KPAs, OIA plans to have all six elements of internal audit activity at the integrated (level 3) level by the close of this strategic plan period. Additionally, one KPA for the managed (level 4) level is targeted for the People Management as well as two Governance Structures elements.

Each of the 27 KPAs was evaluated (see pages 9 through 35) and future strategies were identified to maintain or accomplish each KPA. Some strategies are implemented or in progress while others have implementation dates for completion within the strategic plan timeframe. The KPAs implemented or in progress of implementation need attention to remain in place and are an important element of future strategic goals.



Element / Current Strategies	Implementation Status
<p>Services and Roles of Internal Audit:</p> <ul style="list-style-type: none"> Provide the State Audit Committee with a breakout of resource allocation between assurance (compliance auditing) and consulting engagements. 	Implemented
<ul style="list-style-type: none"> Engage state agencies by providing consulting services for IT projects in the development stage. 	Implemented
<p>People Management:</p> <ul style="list-style-type: none"> Promote professional certifications (CIA, CISA, and CPA) within OIA. 	Implemented
<ul style="list-style-type: none"> Attract and retain qualified audit professionals for OIA. 	Implemented
<ul style="list-style-type: none"> Promote staff participation within local professional chapters of AGA, IIA, and ISACA. 	Implemented
<ul style="list-style-type: none"> Provide 40 hours of CPE for OIA staff and maintain a CPE tracking system. 	In Progress
<ul style="list-style-type: none"> Provide a monthly monitoring report which identifies staffing resources available compared to remaining audit hours necessary to complete the OIA Annual Plan. 	Implemented
<ul style="list-style-type: none"> Provide a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan. 	In Progress
<ul style="list-style-type: none"> Provide “all hands” quarterly meetings and CAE individual meetings with staff to promote common communication and team building. 	Implemented
<ul style="list-style-type: none"> Offer soft skills as part of the training plan for OIA staff. 	In Progress
<ul style="list-style-type: none"> Perform integrated financial and IT audits that share team competencies. 	In Progress
<ul style="list-style-type: none"> Refine roles and expectations for all levels of OIA employees. 	In Progress
<ul style="list-style-type: none"> Senior management continues to support of OIA participation in leadership positions of local professional organizations. 	Implemented



Element / Current Strategies	Implementation Status
<ul style="list-style-type: none"> Maintain a schedule of staff participation in professional organizations and the leadership positions held. 	Implemented
<p>Professional Practices:</p> <ul style="list-style-type: none"> Maintain standardized audit approaches that create consistent, repeatable processes. 	Implemented
<ul style="list-style-type: none"> Complete an annual risk-based audit plan and quarterly updates to the plan which focus the plan on higher risk areas. 	Implemented
<p>Performance Management and Accountability:</p> <ul style="list-style-type: none"> Operate on a fiscal year budget and monitor variances between actual and budgeted amounts. 	Implemented
<ul style="list-style-type: none"> Prepare an annual report which provides budget to actual comparisons. 	Implemented
<ul style="list-style-type: none"> Monitor the approved OIA operating budget. 	In Progress
<ul style="list-style-type: none"> Provide relevant reports to OIA management and summary information to the State Audit Committee. 	In Progress
<p>Organizational Relationships and Culture:</p> <ul style="list-style-type: none"> Coordinate audit activities with the AOS and other service providers (BWC auditors, State Inspector General, and federal oversight agencies) to reduce duplication of effort and minimize the overall audit cost to the agencies. 	Implemented
<p>Governance Structures:</p> <ul style="list-style-type: none"> Maintain an adequate funding mechanism to recover OIA expenses. 	Implemented



Element / Future Strategies	Implementation Date
<p>Services and Roles of Internal Audit:</p> <ul style="list-style-type: none"> Develop audit scope and objectives in future OIA Annual Plans that focus on revenue enhancement or economy of operations for certain agency processes. 	June 2012
<ul style="list-style-type: none"> Provide staff training on operational auditing techniques. 	December 2011
<p>People Management:</p> <ul style="list-style-type: none"> Develop an OIA specific performance appraisal that aligns with current performance appraisal form and recognizes the value of leadership participation in professional organizations. 	September 2011
<p>Professional Practices:</p> <ul style="list-style-type: none"> Institute internal quality assessments with the follow-up action plans for instances to improve processes or fully comply with the Standards. Share the results with the State Audit Committee on an annual basis. 	December 2011
<ul style="list-style-type: none"> Develop client surveys to obtain feedback on assurance and value-added services. 	July 2011
<ul style="list-style-type: none"> Facilitate enterprise risk management (ERM) framework development at the Bureau of Workers' Compensation and evaluate opportunities to further ERM capabilities at other agencies. 	December 2012
<p>Performance Management and Accountability:</p> <ul style="list-style-type: none"> Develop a process to capture OIA cost information on a monthly basis and produce a monthly monitoring report on budget and actual cost information. 	July 2011
<p>Organizational Relationships and Culture:</p> <ul style="list-style-type: none"> The OIA CAE and other senior managers become more engaged and involved in agency leadership meetings to anticipate emerging issues and enhance our value-added services. 	June 2012
<p>Governance Structures:</p> <ul style="list-style-type: none"> Strengthen the State Audit Committee Charter around independence and add specific language concerning its members being outside of state government. 	June 2012



Appendix A – Internal Audit Capability Model Matrix

	Services and Roles of IA	People Management	Professional Practices	Performance Management and Accountability	Organizational Relationships and Culture	Governance Structures
Level 5 – Optimizing	IA Recognized as Key Agent of Change (Page 36)	Leadership Involvement with Professional Bodies (Page 36)	Continuous Improvement in Professional Practices (Page 37)	Public Reporting of IA Effectiveness (Page 37)	Effective and Ongoing Relationships (Page 37)	Independence, Power, and Authority of the IA Activity (Page 37)
		Workforce Projection (Page 36)	Strategic IA Planning (Page 36)			
Level 4 – Managed	Overall Assurance on Governance, Risk Management, and Control (Page 36)	IA Contributes to Management Development (Page 36)	Audit Strategy Leverages Organization’s Management of Risk (Page 36)	Integration of Qualitative and Quantitative Performance Measures (Page 37)	CAE Advises and Influences Top-level Management (Page 37)	Independent Oversight of the IA Activity (Page 35)
		Workforce Planning (Page 36)				CAE Reports to Top-level Authority (Page 34)
		IA Activity Supports Professional Bodies (Page 17)				
Level 3 – Integrated	Performance/ Value Audits (Page 11)	Team Building and Competency (Page 16)	Quality Management Framework (Page 21)	Cost Information (Page 26)	Integral Component of Management Team (Page 29)	Management Oversight of the IA Activity (Page 33)
	Advisory Services (Page 10)	Professionally Qualified Staff (Page 15)	Risk-based Audit Plans (Page 20)	Performance Measures (Page 25)	Coordination with Other Review Groups (Page 28)	Funding Mechanisms (Page 32)
		Workforce Coordination (Page 14)		IA Management Reports (Page 24)		
Level 2 – Infrastructure	Compliance Auditing (Page 9)	Individual Professional Development (Page 13)	Professional Practices and Processes Framework (Page 19)	IA Operating Budget (Page 23)	Managing within the IA Activity (Page 27)	Full Access to Information, Assets, and People (Page 31)
		Skilled People Identified and Recruited (Page 12)	Audit Plan Based on Priorities (Page 18)	IA Business Plan (Page 22)		Reporting Relationships Established (Page 30)
Level 1 – Initial	Ad hoc and unstructured; isolated single audits or reviews of documents and transactions for accuracy and compliance; outputs dependent upon the skills of specific individuals holding the position; no specific professional practices established other than those provided by professional associations; funding approved by management, as needed; absence of infrastructure; auditors likely part of a larger organizational unit; no established capabilities; therefore, no specific key process areas.					

Key Process Area In Practice	Key Process Area a Strategic Goal	Unmet Key Process Area
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See detailed descriptions of KPAs on indicated page.



Appendix B.1 – IA-CM: Key Process Area Summaries

Services and Roles of Internal Auditing Level 2 – Infrastructure Compliance Auditing	In Practice
Purpose: To carry out an audit of conformity and adherence of a particular area, process, or system to policies, plans, procedures, laws, regulations, contracts, or other requirements that govern the conduct of the area, process, or system subject to audit.	
Activities Performed: <ul style="list-style-type: none">• The OIA Policy and Procedure Manual describe the nature of assurance services provided to the state agencies in OIA oversight.• The OIA Annual Plan provides a preliminary audit scope for assurance audits planned for the fiscal year.• Audit observations included in public reports are supported by management’s response or corrective action.• The State Audit Committee receives a quarterly status of the current annual plan and remediation activity that has occurred related to previously issued observations. Additionally, a breakout of quarterly resource allocation between assurance and consulting engagements is provided.	
Measurement/Verification: <ul style="list-style-type: none">• Working papers support the results and conclusions developed in the assurance reports.• The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.• Assurance reports are made available after review and comment by the State Audit Committee, to the public on OIA’s website.• The current OIA Annual Plan, after review and comment by the State Audit Committee, is available to the public on OIA’s website.	
Current Strategy: <ul style="list-style-type: none">• Provide the State Audit Committee with a breakout of resource allocation between assurance (compliance auditing) and consulting engagements.	



Appendix B.2 – IA-CM: Key Process Area Summaries

Services and Roles of Internal Auditing Level 3 – Integrated Advisory Services	In Practice
<p>Purpose: To analyze a situation and/or provide guidance and advice to management. Advisory services add value without the internal auditor assuming management responsibility. Advisory services are those that are directed toward facilitation rather than assurance and include training, performance and control self-assessment, counseling and advice.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none">• The OIA Policy and Procedure Manual describe the nature of consulting services provided to the state agencies in OIA oversight.• The OIA Annual Plan provides a preliminary audit scope for consulting engagements planned for the fiscal year.• The signed state agency memorandum of understanding describes the scope of consulting engagements and the method of reporting results.• The State Audit Committee receives a quarterly status of the current annual plan and a breakout of quarterly resource allocation between assurance and consulting engagements.	
<p>Measurement/Verification:</p> <ul style="list-style-type: none">• Working papers support the results and conclusions developed in agency consulting memorandums.• The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.• Consulting memorandums are public records after review and comment by the State Audit Committee.• The current OIA Annual Plan, after review and comment by the State Audit Committee, is available to the public on OIA’s website.	
<p>Current Strategies:</p> <ul style="list-style-type: none">• Provide the State Audit Committee with a resource allocation between assurance (compliance auditing) and consulting engagements.• Engage state agencies by providing consulting services for IT projects in the development stage.	



Appendix B.3 – IA-CM: Key Process Area Summaries

Services and Roles of Internal Auditing Level 3 – Integrated Performance/Value-for-Money Audits	Strategic Goal
<p>Purpose: To assess and report on the efficiency, effectiveness, and economy of operations, activities, or programs; or conduct engagements on governance, risk management, and control. Performance/value for money auditing covers the full spectrum of operating and business processes, the associated management controls, and the results achieved. Program effectiveness auditing is sometimes called “program evaluation”.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none">• The OIA Policy and Procedure Manual describe the nature of assurance and consulting services provided to the state agencies in OIA oversight.• The OIA Annual Plan provides a preliminary audit scope for assurance audits planned for the fiscal year.• Audit observations included in public reports are supported by management’s response or corrective action.• The State Audit Committee receives a quarterly status of the current annual plan and remediation activity that has occurred related to previously issued observations.	
<p>Measurement/Verification:</p> <ul style="list-style-type: none">• Working papers support the results and conclusions developed in the assurance reports.• The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.• Assurance reports are made available after review and comment by the State Audit Committee, to the public on OIA’s website.• The current OIA Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA’s website.	
<p>Future Strategies:</p> <ul style="list-style-type: none">• Develop audit scope and objectives in future OIA Annual Plans that focus on revenue enhancement or economy of operations for certain agency processes.• Provide staff training on operational auditing techniques.	



Appendix B.4 – IA-CM: Key Process Area Summaries

People Management Level 2 – Infrastructure Skilled People Identified and Recruited	In Practice
Purpose: To identify and attract people with the necessary competencies and relevant skills to carry out the work of the internal audit activity. Appropriately qualified and recruited internal auditors are more likely to provide credibility to the internal audit results.	
Activities Performed: <ul style="list-style-type: none">• The OIA has developed agency specific job classification series for internal auditors, senior internal auditors, internal audit managers, internal audit section chiefs, internal audit quality assurance chief, and a state chief audit executive.• The OIA has a developed a proficiency test for OIA IT positions to ensure IT staff candidates have necessary technical expertise.• The Ohio Revised Code Section 126.45 requires the chief audit executive to hold a bachelor’s degree; a professional certification (CIA, CPA, or CGAP); and have a minimum of six years of audit experience.	
Measurement/Verification: <ul style="list-style-type: none">• The Department of Administrative Services has included the OIA specific job classification series on its website.• The Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio website.• The OIA Annual Report displays the qualifications and experience level of OIA which is available on the OIA website.	
Current Strategies: <ul style="list-style-type: none">• Promote professional certifications (CIA, CISA, and CPA) within OIA.• Attract and retain qualified audit professionals for OIA.	



Appendix B.5 – IA-CM: Key Process Area Summaries

People Management Level 2 – Infrastructure Individual Professional Development	In Practice
Purpose: To ensure that internal auditors continuously maintain and enhance their professional capabilities.	
Activities Performed: <ul style="list-style-type: none">• The OIA Policy and Procedures Manual (Chapter 15) state an expectation of 40 hours of continuing professional education (CPE) for each OIA staff member.• The OIA has developed an internal practice to encourage OIA staff to participate in a maximum of two professional local chapters: Central Ohio Association of Government Accountants (AGA), Central Ohio Institute of Internal Auditors (IIA), and the Central Ohio Information Systems Audit and Control Association (ISACA).	
Measurement/Verification: <ul style="list-style-type: none">• Effective July 2010, OIA developed a CPE tracking system within SharePoint to maintain the number of training hours for each staff member. Additionally, scanned certificates of attendance are included, if available.• IIA Standards 1210.A2 and 1210.A3 require internal auditors to have sufficient knowledge to evaluate fraud and information technology risks. The OIA CPE tracking system separately identifies training related to fraud or information technology.• The OIA Annual Report displays the qualifications and experience level of OIA staff as well as the average hours of CPE obtained. The report is available on the OIA website.	
Current Strategies: <ul style="list-style-type: none">• Promote staff participation within local professional chapters of AGA, IIA, and ISACA.• Provide 40 hours of CPE for OIA staff and maintain a CPE tracking system.	



Appendix B.6 – IA-CM: Key Process Area Summaries

<p>People Management Level 3 – Integrated Workforce Coordination</p>	<p>In Practice</p>
<p>Purpose: To coordinate the development of the periodic audit and services plan to the human resource levels authorized to the internal audit activity. Because resources are often constrained, the internal audit activity needs to use appropriate methods to set priorities on planned projects and services to limit its commitments to a “doable” quantity and type of projects and services.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • The OIA Annual Plan estimates the required number of financial and information technology audit hours necessary to complete the annual plan. These hours are compared to the staffing capacity to meet the plan. • OIA completes a monthly monitoring report which identifies fiscal year end staffing capacity, remaining audit hours in annual plan, variances by financial and IT teams, and audit hours subject to billing. • Effective December 2010, OIA provides a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The current OIA Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA’s website. • The OIA monthly monitoring report is maintained with the bi-weekly senior team meeting attachments. 	
<p>Current Strategies:</p> <ul style="list-style-type: none"> • Provide a monthly monitoring report which identifies staffing resources available compared to remaining audit hours necessary to complete the OIA Annual Plan. • Provide a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan. 	



Appendix B.7 – IA-CM: Key Process Area Summaries

People Management Level 3 – Integrated Professionally Qualified Staff	In Practice
<p>Purpose: To staff the internal audit activity with professionally qualified staff and retain the individuals who have demonstrated a minimum level of competence.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • The OIA has developed agency specific job classification series for internal auditors, senior internal auditors, internal audit managers, internal audit section chiefs, internal audit quality assurance chief, and a state chief audit executive. Additionally, OIA developed a proficiency test for OIA IT positions to ensure IT staff candidates have necessary technical expertise. • The OIA has developed an internal practice to encourage OIA staff to participate in a maximum of two professional local chapters: Central Ohio Association of Government Accountants (AGA), Central Ohio Institute of Internal Auditors (IIA), and the Central Ohio Information Systems Audit and Control Association (ISACA). • The OIA has developed an internal practice to encourage OIA staff to obtain their Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA) designation by reimbursing them for successful completion of the exam. • The OIA Policy and Procedures Manual (Chapter 15) indicate an annual expectation of 40 hours of continuing professional education (CPE) for each OIA staff member. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The Department of Administrative Services has included the OIA specific job classification series on its website. • The OIA Annual Report displays the qualifications and experience level of OIA which is available on the OIA website. • Effective July 2010, OIA developed a CPE tracking system within SharePoint to maintain the number of training hours for each staff member. Additionally, scanned certificates of attendance are included, if available. 	
<p>Current Strategy:</p> <ul style="list-style-type: none"> • Promote local professional chapter participation (AGA, IIA, and ISACA) and encourage professional certifications (CIA and CISA). 	



Appendix B.8 – IA-CM: Key Process Area Summaries

People Management Level 3 – Integrated Team Building and Competency	In Practice
<p>Purpose: To develop staff members’ capacity to function effectively in a team environment, beginning with focus on the individual project team. Because many public sector audits cover scopes that require the concerted effort of a team of auditors to conduct, and because the skills needed to conduct an audit are not necessarily the same skills to work effectively in a group environment, additional team competencies are required.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none">• The OIA holds a quarterly “all hands” meeting to discuss the results of the State Audit Committee meeting and current developments within OIA. Additionally, the CAE and Chief of Quality Assurance meet individually with staff to identify efficiencies and training needs.• The OIA has included soft skills training as part of our training program with courses offered by OBM Training Department as well as sessions available from the AGA.• The OIA IT group rotates IT Seniors to serve a team leads on IT engagements where they may have a technical expertise.• In fiscal year 2011, OIA began integrated audits with both the financial and IT auditors participating on an engagement where financial and IT controls exist.	
<p>Measurement/Verification:</p> <ul style="list-style-type: none">• The OIA quarterly “all hands” meeting agenda and attachments are maintained on a shared directory.• Effective July 2010, OIA developed a CPE tracking system within SharePoint to maintain the number of training hours for each staff member. Additionally, scanned certificates of attendance are included, if available.• The current OIA Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA’s website.	
<p>Current Strategies:</p> <ul style="list-style-type: none">• Provide “all hands” quarterly meetings and periodic CAE individual meetings with staff to promote common communication and team building.• Offer soft skills as part of the training plan for OIA staff.• Continue to perform integrated financial and IT audits that share team competencies.• Refine roles and expectations for all levels of OIA employees.	



Appendix B.9 – IA-CM: Key Process Area Summaries

<p>People Management Level 4 – Managed Internal Audit Activity Supports Professional Bodies</p>	<p>Strategic Goal</p>
<p>Purpose: To provide leadership and professional development opportunities for the internal audit staff by supporting their involvement and participation in professional bodies.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none">• The OIA has developed an internal practice to encourage OIA staff to participate in a maximum of two professional local chapters: Central Ohio Association of Government Accountants (AGA), Central Ohio Institute of Internal Auditors (IIA), and the Central Ohio Information Systems Audit and Control Association (ISACA).• The CAE encourages staff members to seek leadership positions in local professional organizations.	
<p>Measurement/Verification:</p> <ul style="list-style-type: none">• The OIA created a schedule of staff participation in professional organizations and the leadership positions held.	
<p>Future Strategies:</p> <ul style="list-style-type: none">• Senior management continues to support of OIA participation in leadership positions of local professional organizations.• Maintain a schedule of staff participation in professional organizations and the leadership positions held.• Develop an OIA specific performance appraisal that aligns with current performance appraisal form and recognizes the value of leadership participation in professional organizations.	



Appendix B.10 – IA-CM: Key Process Area Summaries

Professional Practices Level 2 – Infrastructure Audit Plan Based on Management/Stakeholder Priorities	In Practice
Purpose: To develop periodic (annual or multiyear) plans for which audits and/or other services will be provided, based on consultations with management and/or other stakeholders.	
Activities Performed: <ul style="list-style-type: none">• The current OIA Annual Plan includes the following:<ul style="list-style-type: none">○ A risk-based methodology with involvement of key stakeholders on audit priorities.○ An audit universe divided by state agencies with identification of work to be performed by the Auditor of State to reduce duplication of effort.○ Preliminary audit areas and scope with a planned level of effort by OIA.○ OIA financial and information technology resources necessary to complete the annual plan.○ Review and comment by the State Audit Committee.	
Measurement/Verification: <ul style="list-style-type: none">• The current OIA Annual Plan, which outlines OIA’s risk-based methodology, is available to the public on OIA’s website.• Quarterly plan updates are provided to the State Audit Committee for review and comment.	
Current Strategy: <ul style="list-style-type: none">• Complete an annual risk-based audit plan and quarterly plan updates.	



Appendix B.11 – IA-CM: Key Process Area Summaries

<p>Professional Practices Level 2 – Infrastructure Professional Practices and Processes Framework</p>	<p>In Practice</p>
<p>Purpose: To help facilitate the performance of audit engagements, with the independence and objectivity, and proficiency and due professional care, envisioned in the internal audit charter and the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i>. The professional practices and processes framework includes the policies, processes, and procedures that will guide the internal audit activity in managing its operations; developing its internal audit work program; and in planning, performing, and reporting on the results of internal audits.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • The OIA Internal Audit Charter and OIA Policy and Procedure Manual recognize the Definition of Internal Audit, the Code of Professional Ethics, and the <i>Standards</i>. • The OIA Policy and Procedure Manual provide guidance on planning, performing, documenting, and reporting results for individual engagements. • The OIA electronic working papers in Teammate provide a logical working paper framework to support our audit conclusions. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The OIA Internal Audit Charter is available to the public on OIA’s website. • The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually. • Working papers support the results and conclusions developed in the public reports. 	
<p>Current Strategy:</p> <ul style="list-style-type: none"> • Maintain standardized audit approaches that create consistent, repeatable processes. 	



Appendix B.12 – IA-CM: Key Process Area Summaries

Professional Practices Level 3 – Integrated Risk-based Audit Plans	In Practice
Purpose: To systematically assess risks and focus the priorities of the internal audit activity's periodic audit and services plan on risk exposures throughout the organization.	
Activities Performed: <ul style="list-style-type: none">• The current OIA Annual Plan includes the following:<ul style="list-style-type: none">○ A risk-based methodology with involvement of key stakeholders on audit priorities.○ An audit universe divided by state agencies with identification of work to be performed by the Auditor of State to reduce duplication of effort.○ Each audit universe area is assessed based on likelihood and impact.○ Preliminary audit priorities focus on high risk areas or areas significant to agency management.○ Review and comment by the State Audit Committee.• The OIA obtains a signed memorandum of understanding from senior management of each agency which signifies concurrence with the preliminary audit scope.	
Measurement/Verification: <ul style="list-style-type: none">• The current OIA Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA's website.• The signed agency memorandums of understanding are public records available for public inspection upon request.	
Current Strategy: <ul style="list-style-type: none">• Complete an annual risk-based audit plan and quarterly updates to the plan which focus the plan on higher risk areas.	



Appendix B.13 – IA-CM: Key Process Area Summaries

Professional Practices Level 3 – Integrated Quality Management Framework	Strategic Goal
Purpose: To establish and maintain processes to continuously monitor, assess, and improve the effectiveness of the internal audit activity. Processes include ongoing internal monitoring of the performance of the internal audit activity as well as periodic internal and external quality assessments.	
Activities Performed: <ul style="list-style-type: none">• The OIA Policy and Procedure Manual provide guidance on continuous improvement as well as internal and external quality reviews. An external quality review is planned in fiscal year 2013 for fiscal year 2012 activity.• OIA has developed practice aids for internal quality reviews.	
Measurement/Verification: <ul style="list-style-type: none">• The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.	
Future Strategies: <ul style="list-style-type: none">• Institute internal quality assessments with the follow-up action plans for instances to improve processes or fully comply with Standards. Share the results with the State Audit Committee on an annual basis.• Develop client surveys to obtain feedback on assurance and value-added services.• Facilitate enterprise risk management (ERM) framework development at the Bureau of Workers' Compensation and evaluate opportunities to further ERM capabilities at other agencies.	



Appendix B.14 – IA-CM: Key Process Area Summaries

Performance Management and Accountability Level 2 – Infrastructure Internal Audit Business Plan	In Practice
Purpose: To establish a periodic plan for delivering the services of the internal audit activity, including administrative and support services, and the expected results.	
Activities Performed: <ul style="list-style-type: none">• The OIA Annual Plan estimates the required number of financial and information technology audit hours necessary to complete the annual plan. These hours are compared to the staffing capacity to meet the plan.• OIA operates on a fiscal year budget which projects OIA revenue as well as budgeted expenses for payroll, purchased personal service, maintenance (rent, software licenses, supplies, etc.), and equipment.	
Measurement/Verification: <ul style="list-style-type: none">• The current OIA Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA’s website.• OIA budgets are included in the OIA Annual Report.	
Current Strategies: <ul style="list-style-type: none">• Operate on a fiscal year budget and monitor variances between actual and budgeted amounts.• Prepare an annual report which provides budget to actual comparisons.	



Appendix B.15 – IA-CM: Key Process Area Summaries

<p>Performance Management and Accountability Level 2 – Infrastructure Internal Audit Operating Budget</p>	<p>In Practice</p>
<p>Purpose: To be allocated and use its own operating budget to plan the services of the internal audit activity.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • OIA operates on a fiscal year budget which projects OIA revenue as well as budgeted expenses for payroll, purchased personal service, maintenance (rent, software licenses, supplies, etc.), and equipment. • The OIA operation has a unique program number which is submitted with the Office of Budget and Management’s biennial budget process. The estimated program expenditures, payroll costs, and funded full-time equivalent positions for each fiscal year are provided as well as narrative responses to various fiscal inquiries. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The signed agency memorandums of understanding, which includes OIA billable amounts, are public records available for public inspection upon request. • The biennial operating budget, approved by the state legislature, is available on the State of Ohio website. Additionally, the annual budget is subject to review and comment by the State Audit Committee. 	
<p>Current Strategy:</p> <ul style="list-style-type: none"> • Monitor the approved OIA operating budget. 	



Appendix B.16 – IA-CM: Key Process Area Summaries

Performance Management and Accountability Level 3 – Integrated Internal Audit Management Reports	In Practice
Purpose: To receive and use information to manage the internal audit activity's day-to-day operations, support decision-making, and demonstrate accountability.	
Activities Performed: <ul style="list-style-type: none">• OIA completes a monthly monitoring report which identifies fiscal year end staffing capacity, remaining audit hours in annual plan, variances by financial and IT teams, and audit hours subject to billing.• OIA completes a monthly report on individual chargeable hours against charge benchmarks established by staff level.• The OIA Annual Report, subject to review and comment by the State Audit Committee, includes fiscal year budget activity by category with budget to actual comparisons.	
Measurement/Verification: <ul style="list-style-type: none">• The OIA monthly monitoring report and chargeable hours report are maintained with the bi-weekly senior team meeting attachments.• The OIA Annual Report is available on the OIA website.	
Current Strategy: <ul style="list-style-type: none">• Provide relevant reports to OIA management and summary information to the State Audit Committee.	



Appendix B.17 – IA-CM: Key Process Area Summaries

Performance Management and Accountability Level 3 – Integrated Performance Measures	In Practice
<p>Purpose: In addition to cost data, to develop meaningful indicators and measures that enable the internal audit activity to measure and report on its progress against targets to ensure that results are achieved as economically and efficiently as possible. These will be primarily input and process measures, with some output or qualitative outcome measures.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none">• OIA completes a monthly monitoring report which identifies fiscal year end staffing capacity, remaining audit hours in annual plan, variances by financial and IT teams, and audit hours subject to billing.• OIA completes a monthly report on individual chargeable hours against charge benchmarks established by staff level.• The OIA Annual Report, subject to review and comment by the State Audit Committee, includes fiscal year budget activity by category with budget to actual comparisons.• Effective December 2010, OIA provides a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan, as well as completed audit engagements.	
<p>Measurement/Verification:</p> <ul style="list-style-type: none">• The OIA monthly monitoring report and chargeable hours report are maintained with the bi-weekly senior team meeting attachments.• The OIA Annual Report is available on the OIA website.• Quarterly audit activity updates are presented to the State Audit Committee for review and comment.	
<p>Current Strategy:</p> <ul style="list-style-type: none">• Provide relevant reports to OIA management and summary information to the State Audit Committee.	



Appendix B.18 – IA-CM: Key Process Area Summaries

Performance Management and Accountability Level 3 – Integrated Cost Information	Strategic Goal
Purpose: To provide sufficient information from the financial tracking system such that the internal audit activity understands the cost information sufficiently to use it to manage its services as economically and efficiently as possible. This practice goes slightly beyond budget variances and integrates the relationship of outputs and inputs.	
Activities Performed: <ul style="list-style-type: none">• The OIA Annual Report, subject to review and comment by the State Audit Committee, includes fiscal year budget activity by category with budget to actual comparisons.	
Measurement/Verification: <ul style="list-style-type: none">• The OIA Annual Report is available on the OIA website.	
Future Strategy: <ul style="list-style-type: none">• Develop a process to capture OIA cost information on a monthly basis and produce a monthly monitoring report on budget and actual cost information.	



Appendix B.19 – IA-CM: Key Process Area Summaries

<p>Organizational Relationships and Culture Level 2 – Infrastructure Managing within the Internal Audit Activity</p>	<p>In Practice</p>
<p>Purpose: To focus the management effort of the internal audit activity on its own operations and relationships within the activity itself, such as organizational structure, people management, budget preparation and monitoring, annual planning, providing the necessary audit tools and technology, and performing audits. Interactions with organizational managers are focused on carrying out the business of the internal audit activity.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • The OIA Policy and Procedure Manual describe the OIA team structure as well as roles and responsibilities of each audit level. • The OIA has developed agency specific job classification series for internal auditors, senior internal auditors, internal audit managers, internal audit section chiefs, internal audit quality assurance chief, and a state chief audit executive. • OIA completes a monthly monitoring report which identifies fiscal year end staffing capacity, remaining audit hours in annual plan, variances by financial and IT teams, and audit hours subject to billing. • OIA utilizes Teammate as an automated working paper solution to enhance standardization, supervision, and security of OIA work product. Additionally, SharePoint is used to automate the quarterly client billings based on OIA employee payroll charge codes. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually. • The Department of Administrative Services has included the OIA specific job classification series on its website. • The OIA monthly monitoring report and chargeable hours report are maintained with the bi-weekly senior team meeting attachments. 	
<p>Current Strategy:</p> <ul style="list-style-type: none"> • None necessary 	



Appendix B.20 – IA-CM: Key Process Area Summaries

Organizational Relationships and Culture Level 3 – Integrated Coordination with Other Review Groups	In Practice
Purpose: To share information and coordinate activities with other internal and external providers of assurance and advisory services to ensure appropriate organizational coverage and minimize duplication of effort.	
Activities Performed: <ul style="list-style-type: none">• As required by the OIA Policy and Procedures Manual, the CAE and Chief of Quality Assurance meet with the Auditor of State (AOS) regional management at least biannually to discuss audit plans and attempt to reduce duplication of audit effort.• OIA meets with other services providers (BWC auditors, State Inspector General, and federal oversight agencies) as necessary to share information and coordinate activities.• The State Audit Committee receives updates at each quarterly meeting from the AOS and OIA with a focus on improved coordination of audit services.	
Measurement/Verification: <ul style="list-style-type: none">• The current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.• The meeting minutes from State Audit Committee meetings are available on the OIA website.	
Current Strategy: <ul style="list-style-type: none">• Coordinate audit activities with the AOS and other service providers (BWC auditors, State Inspector General, and federal oversight agencies) to reduce duplication of effort and minimize the overall audit cost to the agencies.	



Appendix B.21 – IA-CM: Key Process Area Summaries

Organizational Relationships and Culture Level 3 – Integrated Integral Component of Management Team	Strategic Goal
Purpose: To participate in the organization’s management activities in some form as a valued member of the management team. Although the CAE does not carry out management’s responsibilities, he or she is included in communications and forums of the management team, and as an observer, is able to maintain a channel of communication with senior management.	
Activities Performed: <ul style="list-style-type: none">• The current OIA Annual Plan includes a risk-based methodology with involvement of key agency management.• The OIA obtains a signed memorandum of understanding from senior management of each agency which signifies concurrence with the preliminary audit scope.	
Measurement/Verification: <ul style="list-style-type: none">• The current OIA Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA’s website.• The signed agency memorandums of understanding are public records available for public inspection upon request.	
Future Strategy: <ul style="list-style-type: none">• The OIA CAE and other senior managers become more engaged and involved in agency leadership meetings to anticipate emerging issues and enhance our value-added services.	



Appendix B.22 – IA-CM: Key Process Area Summaries

Governance Structures Level 2 – Infrastructure Reporting Relationships Established	In Practice
Purpose: To establish formal reporting relationships (administrative and functional) for the internal audit activity.	
Activities Performed: <ul style="list-style-type: none"> • The OIA Charter formally defines the mission, purpose, authority, and professional standards. Also, the OIA Charter indicates that the OIA CAE shall report administratively to the OBM Director and in an advisory capacity to the State Audit Committee. • Ohio Revised Code Section 126.45 created OIA as well as the appointment and qualifications of the CAE. 	
Measurement/Verification: <ul style="list-style-type: none"> • The OIA Internal Audit Charter is available to the public on OIA’s website. • The Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio website. 	
Current Strategy: <ul style="list-style-type: none"> • None necessary 	



Appendix B.23 – IA-CM: Key Process Area Summaries

<p>Governance Structures Level 2 – Infrastructure Full Access to the Organization’s Information, Assets, and People</p>	<p>In Practice</p>
<p>Purpose: To provide the authority for the internal audit activity to obtain access to all the information, assets, and people that it requires carrying out its duties.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • Section 126.45 of the Ohio Revised Code states, “Upon the request of the OIA, each state agency shall provide office employees access to all records and documents necessary for the performance of an internal audit.” • The OIA Charter indicates that OIA will have unrestricted access to all functions, systems, property, and personnel in the conduct of their duties. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio website. • The OIA Internal Audit Charter is available to the public on OIA’s website. 	
<p>Current Strategy:</p> <ul style="list-style-type: none"> • None necessary 	



Appendix B.24 – IA-CM: Key Process Area Summaries

Governance Structures Level 3 – Integrated Funding Mechanisms	In Practice
Purpose: To establish a robust and transparent funding process that ensures adequate resources to allow the internal audit activity to discharge its obligations.	
Activities Performed: <ul style="list-style-type: none">• Section 126.45 of the Ohio Revised Code states, “The Director of the Office of Budget and Management shall assess a charge against each state agency for which the office of internal auditing conducts internal auditing programs under sections 126.45 to 126.48 of the Ohio Revised Code so that the total amount of these charges is sufficient to cover the costs of the operation of the office of internal auditing.”• The current funding model is a combination of a payroll charge against each state agency in OIA’s oversight and direct billing for services performed. The funding is adequate to recover OIA’s projected fiscal year expenses.	
Measurement/Verification: <ul style="list-style-type: none">• The Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio website.• OIA budgets are public records available for public inspection upon request.	
Current Strategy: <ul style="list-style-type: none">• Maintain an adequate funding mechanism to recover OIA expenses.	



Appendix B.25 – IA-CM: Key Process Area Summaries

<p>Governance Structures Level 3 – Integrated Management Oversight of the Internal Audit Activity</p>	<p>In Practice</p>
<p>Purpose: To establish a mechanism/process within the organization to provide oversight and advice, and review the results of the internal audit activity to strengthen its independence and ensures appropriate action is taken. Involvement of a variety of managers in the decisions related to the internal audit activity helps to extend the activity’s support and scope beyond a single individual.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • Section 126.46 of the Ohio Revised Code created a five member State Audit Committee with appointments by the Governor and State Legislature. The State Audit Committee shall ensure the internal audits conducted by OIA comply with the Standards from the Institute of Internal Auditors. • Section 126.47 of the Ohio Revised Code provides for additional requirements of the State Audit Committee such as: ensure OIA creates an Annual Plan subject to review and comment by the Committee; preliminary internal audit reports completed by OIA are made final by the Committee; and final reports are a public record. • The State Audit Committee Charter indicates the purpose, authority, composition, meetings, and responsibilities of the Committee. The Committee meets quarterly with responsibilities related to the state’s financial reporting process, OIA, and the Auditor of State. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The Ohio Revised Code Section 126.46 is currently in effect and available to the public on the State of Ohio website. • The State Audit Committee Charter is available to the public on OIA’s website. 	
<p>Current Strategy:</p> <ul style="list-style-type: none"> • None necessary 	



Appendix B.26 – IA-CM: Key Process Area Summaries

Governance Structures Level 4 – Managed CAE Reports to Top-level Authority	In Practice
Purpose: To strengthen the CAE’s independence by establishing a direct functional reporting relationship to the governing body and a direct administrative reporting relationship to either the CEO or governing body.	
Activities Performed: <ul style="list-style-type: none">• Section 126.45 of the Ohio Revised Code states:<ul style="list-style-type: none">○ The Director of OBM, with the approval of the governor, shall appoint for the office of internal auditing a CAE.• Section 126.47 of the Ohio Revised Code states:<ul style="list-style-type: none">○ The CAE of the office of internal auditing shall submit an annual plan to the State Audit Committee for review and comment before the beginning of each fiscal year.○ After the conclusion of an internal audit, the CAE shall submit a preliminary report of the internal audit’s findings and recommendations to the State Audit Committee and to the director of the state agency involved.• OIA Charter indicates the CAE shall report administratively to the OBM Director and in an advisory capacity to the State Audit Committee.	
Measurement/Verification: <ul style="list-style-type: none">• The Ohio Revised Code Sections 126.45 and 126.47 are currently in effect and available to the public on the State of Ohio website.• The OIA Charter is available to the public on OIA’s website.	
Current Strategy: <ul style="list-style-type: none">• None necessary	



Appendix B.27 – IA-CM: Key Process Area Summaries

<p>Governance Structures</p> <p>Level 4 – Managed</p> <p>Independent Oversight of the Internal Audit Activity</p>	<p>Strategic Goal</p>
<p>Purpose: To establish an oversight body, including members independent of the organization’s management, to assure the independence of the internal audit activity, broaden the activity’s scope of input and influence, and help to strengthen the organization’s accountability.</p>	
<p>Activities Performed:</p> <ul style="list-style-type: none"> • Section 126.46 of the Ohio Revised Code created a five member State Audit Committee with appointments by the Governor and State Legislature. The State Audit Committee shall ensure the internal audits conducted by OIA comply with the Standards from the Institute of Internal Auditors. The State Audit Committee chair is external to state government and the four members are “public members” which indicates a level of independence from state government. Additional, the member composition requires one member to be a financial expert; one member holds an active or inactive CPA license; one member familiar with state operations; and one member represent the public. • Section 126.47 of the Ohio Revised Code provides for additional requirements of the State Audit Committee such as: ensure OIA creates an Annual Plan subject to review and comment by the Committee; preliminary internal audit reports completed by OIA are made final by the Committee; and final reports are a public record. • The State Audit Committee Charter indicates the purpose, authority, composition, meetings, and responsibilities of the Committee. The Committee meets quarterly with responsibilities related to the state’s financial reporting process, OIA, and the Auditor of State. The Charter also includes a provision that a committee member possess a focus on information technology systems and services. 	
<p>Measurement/Verification:</p> <ul style="list-style-type: none"> • The Ohio Revised Code Sections 126.46 and 126.47 are currently in effect and available to the public on the State of Ohio website. • The State Audit Committee Charter is available to the public on OIA’s website. 	
<p>Future Strategy:</p> <ul style="list-style-type: none"> • Strengthen the State Audit Committee Charter around independence and add specific language concerning its members being outside of state government. 	



Appendix C – Unmet Key Process Area Summaries

There are several KPAs that OIA is not attempting to accomplish in the current strategic plan. They are summarized below:

Services and Role of Internal Auditing

Level 4 – Overall Assurance on Governance, Risk, Management, and Control

Description: There is not a known desire from senior management for OIA to express an organization-wide opinion on the overall adequacy and effectiveness of the State's governance, risk management, and control processes.

Level 5 – Internal Auditing Recognized as Key Agent of Change

Description: OIA is currently not in a position to serve as a catalyst for change in the State's strategic objectives.

People Management

Level 4 – Workforce Planning

Description: There is not an organizational policy that provides for a career progression system envisioned in this key process area.

Level 4 – Internal Auditing Contributes to Management Development

Description: There is not an organizational policy that provides for the rotation between internal audit and the rest of the organization.

Level 5 – Workforce Projection

Description: There is not an organizational policy that provides coordination of long-term workforce development activities.

Level 5 – Leadership Involvement with Professional Bodies

Description: OIA currently serves in leadership positions of professional bodies although these are voluntary in nature. There is not an organizational policy that would meet the requirements of this KPA.

Professional Practices

Level 4 – Audit Strategy Leverages Organization's Management of Risk

Description: The State does not currently have an enterprise risk management framework.

Level 5 – Strategic Internal Audit Planning

Description: OIA is not at a maturity level to be part of the organization's strategic planning and change skill set to meet future needs.



Professional Practices (Continued)

Level 5 – Continuous Improvement in Professional Practices

Description: The quality assurance and improvement program is currently being established within OIA and would need an established process prior to integrating global leading practices.

Performance Management and Accountability

Level 4 – Integration of Qualitative and Quantitative Performance Measures

Description: The quality assurance and improvement program is currently being established within OIA and not in a position to have a system in place to monitor and measure performance measures as identified in this KPA.

Level 5 – Public Reporting of Internal Audit Effectiveness

Description: OIA produces an Annual Report which identifies annual accomplishments and strategic initiatives but does not see the value of producing a public report identifying metrics envisioned in this KPA.

Organizational Relationships and Culture

Level 4 – CAE Advises and Influences Top-level Management

Description: The majority of top-level management was recently appointed to their positions and it would limit the OIA CAE from achieving the advisory role included in the KPA.

Level 5 – Effective and Ongoing Relationships

Description: The changes in senior management and recently created OIA organization make it difficult to fulfill the criteria for this KPA.

Governance Structures

Level 5 – Independence, Power and Authority of the Internal Audit Activity

Description: The oversight of OIA is legally restricted to 21 state agencies and does not extend to all state government.