

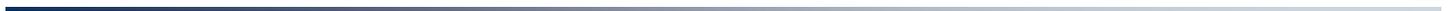


**OBM** | Office of Internal Audit

# OBM Office of Internal Audit

## Two Year Strategic Plan

*July 1, 2013 – June 30, 2015*





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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 reported.

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 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 progressing 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:

1. **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.
2. **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.
3. **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.
4. **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.
5. **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.
6. **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. Key Process Areas (KPA) have between one and three KPAs which must be met to achieve the established maturity level. Blue shaded areas represent levels that can be typically achieved by internal audit activity itself. White shaded areas require management structures outside of internal audit 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 May 2013. 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

OIA plans to maintain all six elements of internal audit activity at the integrated (level 3) level through this strategic plan period. Also, seven KPAs for the managed (level 4) level and four KPAs for the optimizing (level 5) level are targeted for the People Management, Professional Practices, Performance Management, Organizational Relationships, and Governance Structure elements.

Each of the 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><b>Services and Roles of Internal Audit:</b></p> <ul style="list-style-type: none"> <li>• Provide the State Audit Committee with a breakout of resource allocation between assurance (compliance auditing) and consulting engagements.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Engage state agency directors and senior management by providing consulting services for new projects in the development and implementation stages.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Develop audit scope and objectives in future OIA Annual Plans that focus on revenue enhancement or economy of operations for certain agency processes.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Provide staff training on operational auditing techniques.</li> </ul>	Implemented
<p><b>People Management:</b></p> <ul style="list-style-type: none"> <li>• Promote professional certifications (CIA, CGAP, CISA, and CPA) within OIA.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Attract and retain qualified audit professionals for OIA.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Promote staff participation within local professional chapters of AGA, IIA, and ISACA.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Provide 40 hours of CPE for OIA staff and maintain a CPE tracking system.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Provide a monthly monitoring report which identifies staffing resources available compared to remaining audit hours necessary to complete the OIA Annual Plan.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Provide a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Provide “all hands” quarterly meetings and CAE individual meetings with staff to promote common communication and team building.</li> </ul>	Implemented



Element / Current Strategies	Implementation Status
<b>People Management: (continued)</b>	
<ul style="list-style-type: none"> <li>• Offer soft skills as part of the training plan for OIA staff.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Perform integrated financial and IT audits that share team competencies.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Refine roles and expectations for all levels of OIA employees.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Senior management continues to support of OIA participation in leadership positions of local professional organizations.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Develop an OIA specific performance appraisal that aligns with current performance appraisal form and recognizes the value of leadership participation in professional organizations.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Maintain a schedule of staff participation in professional organizations and the leadership positions held.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Assess software tools needed for each engagement.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Provide senior auditor and manager training to enhance future manager skills.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Perform education training for the OBM Training Academy to future agency leaders on governance, risk management, and internal controls; annual training on internal audit best practices and trends to IT professionals at Multi-Agency CIO (MAC) meetings; annual training on governance, risk management, and controls to State Audit Committee Members; periodic internal audit training to OBM's new employees.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Continue CAE participation on IIA's International Committees (Public Sector; Committee on Research on Education Advisors - CREA); IIA Central Ohio Chapter's Board of Trustees; Ohio Society of CPA's Leadership Advisory Council; Franklin University's Accounting Advisory Committee; and Central Ohio's bi-annual CAE roundtable training. Also, routinely conduct training at local and national events.</li> </ul>	Implemented



Element / Current Strategies	Implementation Status
<p><b>Professional Practices:</b></p> <ul style="list-style-type: none"> <li>Maintain standardized audit approaches that create consistent, repeatable processes.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Complete an annual risk-based audit plan and quarterly updates to the plan which focus the plan on higher risk areas.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Provide training to auditors on newly issued IIA guidance. Develop rigorous training and professional development program to enhance knowledge and skill sets on emerging issues.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Conduct internal assessments of OIA and external assessments of BWC internal audit activities with follow-up action plans to improve processes or fully comply with <i>Standards</i>. Share results annually with State Audit Committee.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Solicit client surveys to obtain feedback on assurance and value-added services.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Review the State’s biennial budget bill to identify strategic initiatives and align audit activities with changes in people, processes and technology. OIA participates in the State’s IT optimization plans to identify strategic IT initiatives and align OIA’s plan with appropriate consulting and assurance activities.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Prepare and distribute OIA annual report in accordance with ORC Section 126.47 (E) requirements.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Prepare 2-year OIA strategic plan and report progress in OIA’s annual report.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Annually review and update OIA’s charter, policies, procedures, and practice aids to reflect world-class audit activities.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Implement recommendations from ongoing quality assurance and improvement programs (QAIP) that originate from internal assessments, client survey results, state audit committee recommendations, performance metrics, and technical guidance updates.</li> </ul>	Implemented



Element / Current Strategies	Implementation Status
<b>Professional Practices: (continued)</b>	
<ul style="list-style-type: none"> <li>Participate in professional associations (AGA, IIA, and ISACA) and global professional forums to incorporate global leading practices into the OIA audit activity.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Share leading practices, performance improvements, and emerging global trends with the Audit Committee and agency senior management to foster continuous process improvement.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>External assessment of OIA is performed every 5 years.</li> </ul>	Implemented
<b>Performance Management and Accountability:</b> <ul style="list-style-type: none"> <li>Operate on a fiscal year budget and monitor variances between actual and budgeted amounts.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Prepare an annual report which provides budget to actual comparisons. Performance measures reported cover stakeholder satisfaction, internal audit processes and results, and innovations and capabilities (training, technology, business knowledge).</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Monitor the approved OIA operating budget.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Provide relevant reports to OIA management and summary information to the State Audit Committee.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Capture OIA cost information on a monthly basis and produce a monthly monitoring report on budget and actual cost information.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Report quarterly to Audit Committee on OIA audit comment remediation status.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>Participate on OBM's Audit Oversight Workgroup to monitor agency remediation of AOS management letter comments and report results annually to the Audit Committee.</li> </ul>	Implemented



Element / Current Strategies	Implementation Status
<p><b>Organizational Relationships and Culture:</b></p> <ul style="list-style-type: none"> <li>• CAE communicates with agency directors via annual plan meetings; audit results distributed to governor, legislature, agency directors, and key agency management. CAE advocates agency use of OIA consulting services to provide insight and advice.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• CAE on OBM executive team, advises on emerging and strategic issues at bi-weekly meetings; CAE meets monthly with OBM Director to foster collaboration and trust between internal auditors and management; CAE and IT Chiefs participate and share IA best practices and trends at Multi-Agency CIO (MAC) monthly meetings.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• CAE/Chiefs provide training at OBM's Training Academy to future agency leaders.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• CAE supports top management by developing a formal, transparent, cooperative relationship with external auditors and encourage reliance on OIA's work.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• CAE routinely interacts with Audit Committee members and contributes to their effectiveness through refinement of charter/calendar/self-assessment, coordination of guest speakers and advanced materials, committee member training, etc.</li> </ul>	Implemented
<p><b>Governance Structures:</b></p> <ul style="list-style-type: none"> <li>• Maintain adequate funding mechanism to recover OIA expenses.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• OIA external assessment results were communicated to the Governor's Office and agency directors by the OBM Director.</li> </ul>	Implemented
<ul style="list-style-type: none"> <li>• Assist Audit Committee in developing an ongoing self-assessment and CAE-assessment mechanism to improve the feedback and quality of meetings.</li> </ul>	Implemented



Element / Future Strategies	Implementation Date
<p><b>Services and Roles of Internal Audit:</b></p> <ul style="list-style-type: none"> <li>Maintain existing practices.</li> </ul>	N/A
<p><b>People Management:</b></p> <ul style="list-style-type: none"> <li>Develop an agency specific job classification series within OIA for IT positions to ensure IT auditors have necessary technical expertise.</li> </ul>	June 2014
<ul style="list-style-type: none"> <li>Enhance knowledge of new and existing clients through orientation training of client key lines of business and maintain documentation in a central repository.</li> </ul>	December 2013
<ul style="list-style-type: none"> <li>Establish a workgroup with data mining skill sets to enhance audit planning strategies. Also, document data analytic considerations for each engagement to improve engagement effectiveness.</li> </ul>	January 2014
<ul style="list-style-type: none"> <li>Develop a career progression system via a skills matrix by auditor to align with the competency framework, compare required skills to existing staff, perform a gap analysis for future needs, and develop a strategy to reduce the resource gap through training, tools development, co-sourcing, and outsourcing as appropriate.</li> </ul>	March 2014
<p><b>Professional Practices:</b></p> <ul style="list-style-type: none"> <li>Facilitate enterprise risk management (ERM) framework development at the OBM State Accounting and evaluate opportunities to further ERM capabilities at other agencies.</li> </ul>	June 2015
<ul style="list-style-type: none"> <li>Solicit review and comment on OIA's Annual Plan from the Governor's Office.</li> </ul>	June 2013
<ul style="list-style-type: none"> <li>Conduct external assessment of LOT internal audit activities.</li> </ul>	July 2014
<ul style="list-style-type: none"> <li>Implement recommendations from external quality assessment.</li> </ul>	June 2015
<ul style="list-style-type: none"> <li>Develop global benchmarking comparisons to world class IA activities for costs and relevant key performance indicators (eg IIA's GAIN reports) in a dashboard format.</li> </ul>	June 2015



Element / Future Strategies	Implementation Date
<p><b>Performance Management and Accountability:</b></p> <ul style="list-style-type: none"> <li>A summary schedule will be added within OIA's Annual Plan to reflect planned audit resource hours allocated by agency.</li> </ul>	June 2013
<ul style="list-style-type: none"> <li>OIA will maintain a data repository of payroll time charged by engagement to enhance real time monitoring of engagement budgets and quarterly billings.</li> </ul>	July 2013
<ul style="list-style-type: none"> <li>Actively work with agency management to help resolve AOS' comments designated as material weaknesses or comments that are repeated or sensitive in nature.</li> </ul>	June 2015
<ul style="list-style-type: none"> <li>Develop remediation tracking schedule and escalation process on status of IT audit comments to mirror financial process. Add Audit Committee requests as necessary.</li> </ul>	January 2014
<p><b>Organizational Relationships and Culture:</b></p> <ul style="list-style-type: none"> <li>The OIA CAE and audit chiefs/managers become more engaged and involved in monthly IT MAC-CIO leadership meetings and quarterly CFO/CIO meetings to anticipate emerging issues and enhance our value-added services.</li> </ul>	June 2014
<ul style="list-style-type: none"> <li>CAE and audit chiefs establish formal quarterly 'touch point' meetings with top management to facilitate relationship building, trust, awareness of change, and OIA focus toward areas of value add and priorities to management.</li> </ul>	January 2014
<ul style="list-style-type: none"> <li>Expand CAE participation in agency and state-wide mission critical committees; facilitate organizational learning by identifying changes in the overall business environment that impacts the state.</li> </ul>	June 2015
<p><b>Governance Structures:</b></p> <ul style="list-style-type: none"> <li>Issue a communication to state agencies not in OIA's oversight of the new language proposed in ORC 126.45 (D) and the option to request OIA services.</li> </ul>	August 2013



## 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

<p><b>Services and Roles of Internal Auditing</b></p> <p><b>Level 2 – Infrastructure</b></p> <p><b>Compliance Auditing</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA Policy and Procedure Manual describe the nature of assurance services provided to the state agencies in OIA oversight.</li> <li>• OIA Annual Plan provides a preliminary audit scope for assurance audits planned for the fiscal year.</li> <li>• Audit observations included in public reports are supported by management’s response or corrective action.</li> <li>• 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 is provided between assurance and consulting engagements.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Work papers support results and conclusions developed in the assurance reports.</li> <li>• Current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li> <li>• Assurance reports are made available after review and comment by the State Audit Committee, to the public on OIA’s website.</li> <li>• Current OIA Annual Plan, after review and comment by the State Audit Committee, is available to the public on OIA’s website.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Provide the State Audit Committee with a breakout of resource allocation between assurance (compliance auditing) and consulting engagements.</li> </ul>	



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

<b>Services and Roles of Internal Auditing</b> <b>Level 3 – Integrated</b> <b>Advisory Services</b>	<b>In Practice</b>
<p><b>Purpose:</b> 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 directed toward facilitation rather than assurance and include training, performance and control self-assessment, counseling and advice.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"><li>• OIA Policy and Procedure Manual describes the nature of consulting services provided to the state agencies in OIA oversight.</li><li>• OIA’s Annual Plan provides a preliminary audit scope for consulting engagements planned for the fiscal year.</li><li>• The signed state agency memorandum of understanding describes the scope of consulting engagements and the method of reporting results.</li><li>• State Audit Committee receives a quarterly status of annual plan and a breakout of quarterly resource allocation between assurance and consulting engagements.</li></ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"><li>• Work papers support results and conclusions developed in consulting memos.</li><li>• Current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li><li>• Consulting memos are public records after review by the State Audit Committee.</li><li>• Quarterly summary of consulting activities are presented to State Audit Committee.</li><li>• Current OIA Annual Plan, after review and comment by the State Audit Committee, is available to the public on OIA’s website.</li></ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"><li>• Provide the State Audit Committee with a resource allocation between assurance (compliance auditing) and consulting engagements.</li><li>• Engage state agency directors and senior management by providing consulting services for new projects in the development and implementation stages.</li></ul>	



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

<b>Services and Roles of Internal Auditing</b> <b>Level 3 – Integrated</b> <b>Performance/Value-for-Money Audits</b>	<b>In Practice</b>
<p><b>Purpose:</b> 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 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><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA Policy and Procedure Manual describe the nature of assurance and consulting services provided to the state agencies in OIA oversight.</li> <li>• OIA Annual Plan provides a preliminary audit scope for assurance audits planned for the fiscal year.</li> <li>• Audit observations included in public reports are supported by management’s response or corrective action.</li> <li>• State Audit Committee receives a quarterly status of the current annual plan and remediation activity that has occurred related to previously issued observations.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Work papers support results and conclusions developed in the assurance reports.</li> <li>• Current OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li> <li>• Assurance reports are made available after review and comment by the State Audit Committee, to the public on OIA’s website.</li> <li>• 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.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Develop audit scope and objectives in future OIA Annual Plans that focus on revenue enhancement or economy of operations for certain agency processes.</li> <li>• Provide staff training on operational auditing techniques.</li> </ul>	



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

<p><b>People Management</b>  <b>Level 2 – Infrastructure</b>  <b>Skilled People Identified and Recruited</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• OIA utilizes statewide IT position descriptions to ensure IT auditors have necessary technical expertise.</li> <li>• 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.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• The Department of Administrative Services has included the OIA specific job classification series on its website.</li> <li>• Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio website.</li> <li>• OIA’s Annual Report displays the qualifications and experience level of OIA which is available on the OIA website.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Promote professional certifications (CIA, CGAP, CISA, and CPA) within OIA.</li> <li>• Attract and retain qualified audit professionals for OIA.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• Develop an agency specific job classification series within OIA for IT positions to ensure IT auditors have necessary technical expertise.</li> </ul>	



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

<b>People Management</b> <b>Level 2 – Infrastructure</b> <b>Individual Professional Development</b>	<b>In Practice</b>
<p><b>Purpose:</b> To ensure that internal auditors continuously maintain and enhance their professional capabilities.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Policy and Procedures Manual (Chapter 15) states an expectation of 40 hours of continuing professional education (CPE) for each OIA staff member.</li> <li>• 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).</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA developed a CPE tracking system within SharePoint to maintain the number of training hours for each staff member. Scanned certificates of attendance are included, if available.</li> <li>• 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.</li> <li>• OIA’s 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.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Promote staff participation within local professional chapters of AGA, IIA, and ISACA.</li> <li>• Provide 40 hours of CPE for OIA staff and maintain a CPE tracking system.</li> </ul>	



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

<b>People Management</b> <b>Level 3 – Integrated</b> <b>Workforce Coordination</b>	<b>In Practice</b>
<b>Purpose:</b> 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.	
<b>Activities Performed:</b> <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• Effective December 2010, OIA provides a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan.</li></ul>	
<b>Measurement/Verification:</b> <ul style="list-style-type: none"><li>• 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.</li><li>• The OIA monthly monitoring report is maintained with the bi-weekly senior team meeting attachments.</li></ul>	
<b>Current Strategies:</b> <ul style="list-style-type: none"><li>• Provide a monthly monitoring report which identifies staffing resources available compared to remaining audit hours necessary to complete the OIA Annual Plan.</li><li>• Provide a quarterly update for the State Audit Committee of audit resources available to meet the OIA Annual Plan.</li></ul>	



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

<p><b>People Management</b>  <b>Level 3 – Integrated</b>  <b>Professionally Qualified Staff</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To staff the internal audit activity with professionally qualified staff and retain the individuals who have demonstrated a minimum level of competence.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA maintains 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.</li> <li>• OIA utilizes statewide IT position descriptions to ensure IT auditors have necessary technical expertise.</li> <li>• OIA encourages staff to participate in the following Central Ohio professional chapters: Association of Government Accountants (AGA), Institute of Internal Auditors (IIA), and Information Systems Audit and Control Association (ISACA).</li> <li>• OIA reimburses for study materials so staff can pursue the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified Government Auditing Professional (CGAP) designations.</li> <li>• OIA’s Policy and Procedures Manual (Chapter 15) indicates an annual expectation of 40 hours of continuing professional education (CPE) for each OIA staff member.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s specific job classification series is located on DAS’ website.</li> <li>• OIA’s Annual Report displays the qualifications and experience level of OIA auditors.</li> <li>• OIA’s CPE tracking system maintains training hours and certificates for each auditor.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Promote local professional chapter participation (AGA, IIA, and ISACA) and encourage professional certifications (CIA, CISA, and CGAP).</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• Develop an agency specific job classification series within OIA for IT positions to ensure IT auditors have necessary technical expertise.</li> </ul>	



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

<p><b>People Management</b>  <b>Level 3 – Integrated</b>  <b>Team Building and Competency</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To develop staff capacity to function effectively in a team environment, beginning with focus on the individual project team.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• Quarterly “all hands” meetings to discuss Audit Committee results and OIA updates. Continue CAE and staff 1:1 meetings to enhance OIA operations and audit activities.</li> <li>• Provide soft skills training via OBM’s Training Department or AGA training sessions.</li> <li>• Align IT Seniors to serve as team leads where they have a technical expertise.</li> <li>• OIA conducts integrated audits with both the financial and IT auditors participating on an engagement where financial and IT controls exist.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Quarterly “all hands” meeting materials are maintained on a shared directory.</li> <li>• OIA’s CPE tracking system maintains training hours and certificates for each auditor.</li> <li>• Current OIA Annual Plan and quarterly plan updates are available on OIA’s website.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Provide “all hands” quarterly meetings and periodic CAE individual meetings with staff to promote common communication and team building.</li> <li>• Offer soft skills as part of the training plan for OIA staff.</li> <li>• Perform integrated financial and IT audits that share team competencies.</li> <li>• Refine roles and expectations for all levels of OIA employees.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Enhance knowledge of new and existing clients through orientation training of client key lines of business and maintain documentation in a central repository.</li> <li>• Establish a workgroup with data mining skill sets to enhance audit planning strategies. Also, document data analytic considerations for each engagement to improve engagement effectiveness.</li> </ul>	



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

<b>People Management</b> <b>Level 4 – Managed</b> <b>Internal Audit Activity Supports Professional Bodies</b>	<b>In Practice</b>
<b>Purpose:</b> To provide leadership and professional development opportunities for the internal audit staff by supporting their involvement and participation in professional bodies.	
<b>Activities Performed:</b> <ul style="list-style-type: none"><li>• OIA encourages staff to participate in the following Central Ohio professional chapters: Association of Government Accountants (AGA), Institute of Internal Auditors (IIA), and Information Systems Audit and Control Association (ISACA).</li><li>• CAE encourages staff members to seek leadership positions in local professional organizations.</li></ul>	
<b>Measurement/Verification:</b> <ul style="list-style-type: none"><li>• OIA maintains a schedule of staff participation in professional organizations and the leadership positions held.</li><li>• OIA performance evaluations recognize leadership participation in professional organizations.</li></ul>	
<b>Current Strategy:</b> <ul style="list-style-type: none"><li>• Senior management continues to support of OIA participation in leadership positions of local professional organizations.</li><li>• Maintain a schedule of staff participation in professional organizations and the leadership positions held.</li><li>• Utilize OIA specific performance appraisal to emphasize the value of leadership participation in professional organizations.</li></ul>	



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

<p><b>People Management</b>  <b>Level 4 – Managed</b>  <b>Workforce Planning</b></p>	<p><b>Strategic Goal</b></p>
<p><b>Purpose:</b> To coordinate workforce activities to achieve current business needs of the IA activity. Workforce planning involves developing a workforce plan that sets out the resources, skills, training, and tools required to conduct the audits that have been identified (or are proposed) in the periodic audit and services plan.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA performs a risk-based Annual Plan which identifies key risks and identifies appropriate staffing or sourcing needs to conduct the audit activities. The plan estimates the required number of financial and IT audit hours needed to complete the plan. These hours are compared to the staffing capacity to meet the plan.</li> <li>• OIA’s Policy and Procedures Manual (Chapter 15) states an expectation of 40 hours of continuing professional education (CPE) for each OIA staff member.</li> <li>• OIA has developed an internal practice to encourage OIA staff to participate in a maximum of two professional local chapters.</li> <li>• OIA reimburses for study materials so staff can pursue the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified Government Auditing Professional (CGAP) designations.</li> <li>• OIA assesses software tools needed to assist in conducting each engagement.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Plan compares audit needs to available resources.</li> <li>• OIA’s Annual Report displays the qualifications and experience level of OIA auditors.</li> <li>• OIA’s CPE tracking system maintains training hours and certificates for each auditor.</li> <li>• OIA’s software tools are maintained in the listing of OIA contracts.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• Develop a career progression system via a skills matrix by auditor to align with the competency framework, compare required skills to existing staff, perform a gap analysis for future needs, and develop a strategy to reduce the resource gap through training, tools development, co-sourcing, and outsourcing as appropriate.</li> </ul>	



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

<p><b>People Management</b>  <b>Level 4 – Managed</b>  <b>IA Contributes to Management Development</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To integrate the development of the organizations’ managers with the training and experiences of the IA activity and vice versa. The organization and the IA activity pursue a strategy to encourage people with a good understanding of governance, risk management, and controls to work and contribute throughout the organization.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA encourages staff to participate in professional local chapters. OIA reimburses for study materials so staff can pursue the CIA, CISA, and CGAP designations.</li> <li>• OIA’s Policy and Procedures Manual indicates an annual expectation of 40 hours of CPE for each OIA staff member. OIA has developed an internal practice to provide senior auditor and manager training to enhance future manager skills.</li> <li>• OIA performs education training for the OBM Training Academy to future agency leaders on governance, risk management, and internal controls. Annual training on internal audit best practices and trends is provided to IT professionals at Multi-Agency CIO (MAC) meetings. Training on governance, risk management, and controls is provided annually to State Audit Committee Members. OIA employees also provide periodic internal audit training to OBM’s new employees.</li> <li>• A formal auditor rotation policy does not exist between OIA and agencies, however, IA professionals periodically solicit and attain management roles.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Report displays the qualifications and experience level of OIA auditors.</li> <li>• OIA’s CPE tracking system maintains training hours and certificates for each auditor.</li> <li>• OIA maintains a repository of educational training presentations given.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Enhance knowledge of new and existing clients through orientation training of client key lines of business and maintain documentation in a central repository.</li> </ul>	



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

<p><b>People Management</b>  <b>Level 5 – Optimizing</b>  <b>Leadership Involvement with Professional Bodies</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To facilitate and support top leaders of the IA activity becoming key leaders within relevant professional bodies. In addition to making contributions to the profession through their volunteer work, the CAE and other internal auditors will become thought leaders and influence the growth and evolution of the profession. Participating in the administration and/or leadership of professional bodies helps auditors learn and practice higher-level people skills, since their roles vis-à-vis their colleagues requires different means of interacting from their “auditor” or “manager” role within their own organization.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA encourages staff to participate in leadership roles within the following professional chapters: AGA, IIA, and ISACA.</li> <li>• CAE participates on IIA’s International Committees (Public Sector; Committee on Research on Education Advisors - CREA); serves on IIA Central Ohio Chapter’s Board of Trustees; serves on Ohio Society of CPA’s Leadership Advisory Council; and member of Franklin University’s Accounting Advisory Committee.</li> <li>• CAE actively participates in Central Ohio’s bi-annual CAE roundtable training.</li> <li>• CAE and other staff members routinely conduct training at local and national events.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s central tracking system maintains a listing of leadership activities by auditor.</li> <li>• OIA maintains a library of education and research materials from CREA participation for staff to expand their awareness and knowledge of emerging IA issues.</li> <li>• CAE roundtable meetings provide thought leadership materials that are shared with OIA employees and incorporated into OIA practices.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Continue to support OIA leadership participation and training at local, national and international professional chapter events (AGA, IIA, and ISACA).</li> </ul>	



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

<b>Professional Practices</b> <b>Level 2 – Infrastructure</b> <b>Audit Plan Based on Management/Stakeholder Priorities</b>	<b>In Practice</b>
<b>Purpose:</b> 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.	
<b>Activities Performed:</b> <ul style="list-style-type: none"><li>• The current OIA Annual Plan includes the following:<ul style="list-style-type: none"><li>○ A risk-based methodology with involvement of key stakeholders on audit and consulting priorities.</li><li>○ An audit universe divided by state agency with identification of work to be performed by the Auditor of State, BWC internal auditors, and LOT internal auditors to reduce duplication of effort.</li><li>○ Preliminary audit areas and scope with a planned level of effort by OIA.</li><li>○ OIA financial and information technology resources necessary to complete the annual plan.</li><li>○ Review and comment by the OBM Director and State Audit Committee.</li></ul></li></ul>	
<b>Measurement/Verification:</b> <ul style="list-style-type: none"><li>• Annual Plan, which outlines OIA’s risk-based methodology, is available to the public on OIA’s website.</li><li>• Quarterly plan updates are provided to the State Audit Committee for review and comment.</li></ul>	
<b>Current Strategy:</b> <ul style="list-style-type: none"><li>• Complete an annual risk-based audit plan and quarterly plan updates.</li></ul>	
<b>Future Strategy:</b> <ul style="list-style-type: none"><li>• Solicit review and comment on OIA’s Annual Plan from the Governor’s Office.</li></ul>	



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

<p><b>Professional Practices</b>  <b>Level 2 – Infrastructure</b>  <b>Professional Practices and Processes Framework</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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>.</li> <li>• OIA Policy and Procedure Manual provide guidance on planning, performing, documenting, and reporting results for individual engagements.</li> <li>• Review changes to IIA <i>Standards</i>, practice advisories, practice guides and position papers.</li> <li>• OIA electronic working papers in Teammate provide a logical working paper framework to support audit conclusions.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA Internal Audit Charter is available to the public on OIA’s website.</li> <li>• OIA Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li> <li>• OIA quarterly “all hands” meetings contain updates on new IIA guidance.</li> <li>• Working papers support the results and conclusions developed in the public reports.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Maintain standardized audit approaches that create consistent, repeatable processes.</li> <li>• Provide training to auditors on newly issued IIA guidance.</li> </ul>	



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

<b>Professional Practices</b> <b>Level 3 – Integrated</b> <b>Risk-based Audit Plans</b>	<b>In Practice</b>
<b>Purpose:</b> 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.	
<b>Activities Performed:</b> <ul style="list-style-type: none"><li>• The current OIA Annual Plan includes the following:<ul style="list-style-type: none"><li>○ A risk-based methodology with involvement of key stakeholders on audit priorities, changes in people/process/technology, and stakeholder concerns..</li><li>○ An audit universe divided by state agencies with identification of work to be performed by the Auditor of State, BWC internal auditors, and LOT internal auditors to reduce duplication of effort.</li><li>○ Each audit universe area is assessed based on likelihood and impact.</li><li>○ Preliminary audit priorities focus on high risk areas or areas significant to agency management.</li><li>○ Review and comment by the OBM Director and State Audit Committee.</li></ul></li><li>• OIA obtains a signed memorandum of understanding from senior management of each agency which signifies concurrence with the preliminary audit scope.</li></ul>	
<b>Measurement/Verification:</b> <ul style="list-style-type: none"><li>• 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.</li><li>• Signed agency memorandums of understanding are public records available for public inspection upon request.</li></ul>	
<b>Current Strategy:</b> <ul style="list-style-type: none"><li>• Complete an annual risk-based audit plan and quarterly updates to the plan which focus the plan on higher risk areas.</li></ul>	
<b>Future Strategy:</b> <ul style="list-style-type: none"><li>• Solicit review and comment on OIA’s Annual Plan from the Governor’s Office.</li></ul>	



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

<p><b>Professional Practices</b>  <b>Level 3 – Integrated</b>  <b>Quality Management Framework</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Policy and Procedure Manual provides guidance on continuous improvement as well as internal and external quality assessments.</li> <li>• An external quality review was performed by the IIA in November 2012 for fiscal year 2012 activity and all categories were rated as “generally conforms” to IIA <i>Standards</i>.</li> <li>• OIA has developed practice aids for internal quality assessments.</li> <li>• OIA conducts annual external assessments on BWC and LOT internal audit activities to facilitate audit reliance and coordination.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li> <li>• Results of internal assessments of OIA and external assessments of BWC and LOT internal audit activities are maintained in OIA’s Sharepoint directory.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Conduct internal assessments of OIA and external assessments of BWC internal audit activities with follow-up action plans to improve processes or fully comply with <i>Standards</i>. Share results annually with State Audit Committee.</li> <li>• Solicit client surveys to obtain feedback on assurance and value-added services.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Facilitate enterprise risk management (ERM) framework development at OBM State Accounting and evaluate opportunities to further ERM capabilities at other agencies.</li> <li>• Conduct external assessment of LOT internal audit activities.</li> </ul>	



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

<p><b>Professional Practices</b>  <b>Level 5 – Optimizing</b>  <b>Strategic IA Planning</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To understand the organization’s strategic directions and emerging issues and risks, and change the IA activity’s skill sets and audit services to meet future needs.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• Review the State’s biennial budget bill to identify strategic initiatives and align audit activities with changes in people, processes and technology. OIA participates in the State’s IT optimization plans to identify strategic IT initiatives and align OIA’s plan with appropriate consulting and assurance activities.</li> <li>• Meet with agency directors and senior management to solicit input on value added audit priorities and emerging risks for the annual plan. Coordinate audit coverage of key risks with AOS senior management and internal auditors at BWC and LOT.</li> <li>• Submit an annual plan which is subject to review and comment by the OBM Director and State Audit Committee. Key processes are to be reviewed every 2-3 years. Provide quarterly updates to the plan which focus on changes/emerging risks.</li> <li>• Develop rigorous training and professional development program to enhance knowledge and skill sets on emerging issues.</li> <li>• Formal OIA 2-year strategic plan is maintained and progress is tracked and reported in OIA’s annual report.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Current OIA Annual Plan, Annual Report, and Strategic Plan are available to the public on OIA’s website.</li> <li>• OIA senior team meetings document quarterly contact of key agency management.</li> <li>• OIA’s CPE tracking system maintains training hours and certificates for each auditor.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Solicit review and comment on OIA’s Annual Plan from the Governor’s Office.</li> <li>• Enhance knowledge of new and existing clients through orientation training of client key lines of business and maintain documentation in a central repository.</li> </ul>	



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

<p><b>Professional Practices</b>  <b>Level 5 – Optimizing</b>  <b>Continuous Improvement in Professional Practices</b></p>	<p><b>Strategic Goal</b></p>
<p><b>Purpose:</b> To integrate the performance data, global leading practices, and feedback received from ongoing quality assurance and improvement processes to continuously strengthen and develop the IA activity’s capacity to deliver world-class internal auditing.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• Annually review and update OIA’s charter, policies, procedures, and practice aids to reflect world-class audit activities.</li> <li>• Implement recommendations from ongoing quality assurance and improvement programs (QAIP) that originate from internal assessments, client survey results, state audit committee recommendations, performance metrics, and technical guidance updates.</li> <li>• Participate in professional associations (AGA, IIA, and ISACA) and global professional forums to incorporate global leading practices into the OIA audit activity.</li> <li>• Share leading practices, performance improvements, and emerging global trends with the State Audit Committee and agency senior management to foster continuous process improvement.</li> <li>• OIA’s Policy and Procedures Manual (Chapter 15) indicates an annual expectation of 40 hours of continuing professional education (CPE) for each OIA staff member.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s charter, policies, procedures, and practice aids reflect world-class auditing.</li> <li>• OIA’s annual report reflects QAIP results, continuous improvement activities and contributions to the state’s governance, risk management, and control processes.</li> <li>• External assessment of OIA is performed every 5 years.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Implement recommendations received from external quality assessment.</li> <li>• Develop global benchmarking comparisons to world class IA activities for relevant key performance indicators (eg IIA’s GAIN reports).</li> </ul>	



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

<p><b>Performance Management and Accountability</b>  <b>Level 2 – Infrastructure</b>  <b>Internal Audit Business Plan</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To establish a periodic plan for delivering the services of the internal audit activity, including administrative and support services, and the expected results.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Plan and quarterly plan updates, after review and comment by the State Audit Committee, are available to the public on OIA’s website.</li> <li>• OIA budget to actual expenses are included in the OIA Annual Report.</li> </ul>	
<p><b>Current Strategies:</b></p> <ul style="list-style-type: none"> <li>• Operate on a fiscal year budget and monitor variances between actual and budgeted expenses.</li> <li>• Prepare an annual report which provides budget to actual expense comparisons.</li> </ul>	



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

<p><b>Performance Management and Accountability</b>  <b>Level 2 – Infrastructure</b>  <b>Internal Audit Operating Budget</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To be allocated and use its own operating budget to plan the services of the internal audit activity.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 inquires.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• The signed agency memorandums of understanding, which includes OIA billable amounts, are public records available for public inspection upon request.</li> <li>• 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.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Monitor the approved OIA operating budget.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• A summary schedule will be added within OIA’s Annual Plan to reflect planned audit resource hours allocated by agency.</li> </ul>	



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

<b>Performance Management and Accountability</b> <b>Level 3 – Integrated</b> <b>Internal Audit Management Reports</b>	<b>In Practice</b>
<b>Purpose:</b> To receive and use information to manage the internal audit activity’s day-to-day operations, support decision-making, and demonstrate accountability.	
<b>Activities Performed:</b> <ul style="list-style-type: none"><li>• 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.</li><li>• OIA completes a monthly report on individual chargeable hours against charge benchmarks established by staff level.</li><li>• OIA’s Annual Report, subject to review and comment by the State Audit Committee, includes fiscal year budget activity by category with budget to actual expense comparisons.</li></ul>	
<b>Measurement/Verification:</b> <ul style="list-style-type: none"><li>• The OIA monthly monitoring report and chargeable hours report are maintained with the bi-weekly senior team meeting attachments.</li><li>• The OIA Annual Report is available on the OIA website.</li></ul>	
<b>Current Strategy:</b> <ul style="list-style-type: none"><li>• Provide relevant reports to OIA management and summary information to the State Audit Committee.</li></ul>	
<b>Future Strategy:</b> <ul style="list-style-type: none"><li>• OIA will maintain a data repository of payroll time charged by engagement to enhance real time monitoring of engagement budgets and quarterly billings.</li></ul>	



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

<p><b>Performance Management and Accountability</b>  <b>Level 3 – Integrated</b>  <b>Performance Measures</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> To develop meaningful indicators and measures that enable the internal audit activity to measure and report on its progress against targets to ensure 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><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• OIA completes a monthly report on individual chargeable hours against charge benchmarks established by staff level.</li> <li>• The OIA Annual Report includes fiscal year budget activity by expense category with budget to actual expense comparisons.</li> <li>• 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.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA monthly monitoring report and chargeable hours report are maintained with the bi-weekly senior team meeting attachments.</li> <li>• OIA’s Annual Report is available on the OIA website.</li> <li>• Quarterly audit activity updates are presented to the State Audit Committee for review and comment.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Provide relevant reports to OIA management and summary information to the State Audit Committee.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• Develop cost comparisons to relevant industry data (eg IIA’s GAIN reports) for costs and key performance indicators in a dashboard format.</li> </ul>	



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

<p><b>Performance Management and Accountability</b>  <b>Level 3 – Integrated</b>  <b>Cost Information</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Report includes fiscal year budget activity by expense category with budget to actual expense comparisons.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• The OIA Annual Report is available on the OIA website.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Capture OIA cost information on a monthly basis and produce a monthly monitoring report on budget and actual cost information.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• OIA will maintain a data repository of payroll time charged by engagement to enhance real time monitoring of engagement budgets and quarterly billings.</li> <li>• Develop cost comparisons to relevant industry data for costs and key performance indicators in a dashboard format.</li> </ul>	



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

<p><b>Performance Management and Accountability</b>  <b>Level 4 – Managed</b>  <b>Integration of Qualitative and Quantitative Performance Measures</b></p>	<p><b>Strategic Goal</b></p>
<p><b>Purpose:</b> To enable the IA activity to use information on performance to measure and monitor fluctuations that affect its results. The activity has balanced its use of quantitative and qualitative data to help it achieve its strategic objectives.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• Formal strategic plan contains 2-year strategic objectives for OIA, progress is tracked and reported in OIA’s annual report.</li> <li>• Implement recommendations from ongoing QAIP that originate from internal assessments, client survey results, state audit committee recommendations, performance metrics, and technical guidance updates.</li> <li>• Report quarterly to Audit Committee on OIA audit comment remediation status.</li> <li>• Participate on OBM’s Audit Oversight Workgroup to monitor agency remediation of AOS management letter comments and report results annually to Audit Committee.</li> <li>• Performance measures cover stakeholder satisfaction, internal audit processes and results, and innovations and capabilities (training, technology, business knowledge).</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Report displays a full integration of qualitative and quantitative measures to ensure OIA’s strategic objectives are met.</li> <li>• Annually report results from OBM’s Audit Oversight Workgroup to Audit Committee.</li> <li>• Quarterly report remediation status of OIA’s recommendations to Audit Committee.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Develop global benchmarking comparisons to world class IA activities for costs and relevant key performance indicators (eg IIA’s GAIN reports) in a dashboard format.</li> <li>• Actively work with agency management to help resolve AOS’ comments designated as material weaknesses or comments that are repeated or sensitive in nature.</li> <li>• Develop remediation tracking schedule and escalation process on status of IT audit comments to mirror financial process. Add Audit Committee requests as necessary.</li> </ul>	



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

<b>Organizational Relationships and Culture</b> <b>Level 2 – Infrastructure</b> <b>Managing within the Internal Audit Activity</b>	<b>In Practice</b>
<p><b>Purpose:</b> 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 OIA managers are focused on carrying out the business of the internal audit activity.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Policy and Procedure Manual describes the OIA team structure as well as roles and responsibilities of each audit level.</li> <li>• OIA has an 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. Also, OIA uses statewide IT position descriptions to ensure IT auditors have necessary technical expertise.</li> <li>• OIA completes a monthly monitoring report to identify year end staffing capacity, remaining audit hours in annual plan, variances, and audit hours subject to billing.</li> <li>• OIA electronic working papers in Teammate provide a logical working paper framework to enhance standardization, supervision, and security of OIA work product. Also, quarterly client billings are based on employee payroll charge codes.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li> <li>• OIA’s specific job classification series is located on DAS’ website.</li> <li>• The OIA monthly monitoring report and chargeable hours report are maintained with the bi-weekly senior team meeting attachments.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• Develop an agency specific job classification series within OIA for IT positions to ensure IT auditors have necessary technical expertise.</li> <li>• OIA will maintain a data repository of payroll time charged by engagement to enhance real time monitoring of engagement budgets and quarterly billings.</li> </ul>	



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

<p><b>Organizational Relationships and Culture</b>  <b>Level 3 – Integrated</b>  <b>Coordination with Other Review Groups</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• OIA meets with other services providers (BWC auditors, LOT auditors, State Inspector General, and federal oversight agencies) as necessary to share information and coordinate activities.</li> <li>• The State Audit Committee receives updates at each quarterly meeting from the AOS and OIA with a focus on improved coordination of audit services.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Policy and Procedures Manual provides uniform guidance to auditors and is updated at least annually.</li> <li>• Minutes from State Audit Committee meetings are available on the OIA website.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Coordinate audit activities with the AOS and other service providers (BWC auditors, LOT auditors, State Inspector General, and federal oversight agencies) to reduce duplication of effort and minimize the overall audit cost to the agencies.</li> </ul>	



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

<b>Organizational Relationships and Culture</b> <b>Level 3 – Integrated</b> <b>Integral Component of Management Team</b>	<b>Strategic Goal</b>
<p><b>Purpose:</b> 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.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Plan includes a risk-based methodology with involvement of key agency management.</li> <li>• OIA obtains a signed MOU from senior management of each agency which signifies concurrence with the preliminary audit scope.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Annual Plan and quarterly plan updates are available to the public on OIA’s website.</li> <li>• Signed agency MOUs are public records available for public inspection upon request.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• The OIA CAE and audit chiefs/managers become more engaged and involved in monthly IT MAC-CIO leadership meetings and quarterly CFO/CIO meetings to anticipate emerging issues and enhance our value-added services.</li> </ul>	



## Appendix B.28 – IA-CM: Key Process Area Summaries

<p><b>Organizational Relationships and Culture</b>  <b>Level 4 – Managed</b>  <b>CAE Advises and Influences Top-level Management</b></p>	<p><b>Strategic Goal</b></p>
<p><b>Purpose:</b> To facilitate the organization’s understanding and appreciation of the vision, leadership, and foresight of the CAE; develop a relationship with top-level management to foster frank exchanges. Senior management values CAE advice on strategic issues.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• CAE communicates with agency directors via annual plan meetings; audit results distributed to governor, legislature, agency directors, and key agency management. CAE advocates agency use of OIA consulting services to provide insight and advice.</li> <li>• CAE on OBM executive team, advises on emerging and strategic issues at bi-weekly meetings; CAE meets monthly with OBM Director to foster collaboration and trust between internal auditors and management; CAE and IT Chiefs participate and share IA best practices and trends at Multi-Agency CIO (MAC) monthly meetings.</li> <li>• CAE/Chiefs provide training at OBM's Training Academy to future agency leaders.</li> <li>• CAE supports top management by developing a formal, transparent, cooperative relationship with external auditors and encourage reliance on OIA’s work.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s strategic and annual plans align with OIA’s vision and strategic goals; annual plan reflects audit coordination and reliance; audit committee materials reflect ongoing coordination of OIA and AOS; quarterly audit plan updates provide percent of OIA consultative efforts; OIA annual report lists unplanned consultative requests.</li> <li>• Top management supports the relationships and advice of OIA through implementation of audit recommendations and client satisfaction surveys.</li> <li>• Meeting agendas and training evidence involvement of OIA with top management.</li> </ul>	
<p><b>Future Strategies:</b></p> <ul style="list-style-type: none"> <li>• CAE and audit chiefs establish formal quarterly ‘touch point’ meetings with top management to facilitate relationship building, trust, awareness of change, and OIA focus toward areas of value add and priorities to management.</li> </ul>	



### Appendix B.29 – IA-CM: Key Process Area Summaries

<b>Organizational Relationships and Culture</b> <b>Level 5 – Optimizing</b> <b>Effective and Ongoing Relationships</b>	<b>Strategic Goal</b>
<p><b>Purpose:</b> To use strong relationship management skills of the CAE for maintaining appropriate visibility and alignment with key stakeholders, management, and audit committee needs and expectations.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• CAE on OBM executive team, advises on emerging and strategic issues at bi-weekly meetings; CAE meets monthly with OBM Director to foster collaboration and trust between internal auditors and management; CAE and IT Chiefs participate and share IA best practices and trends at Multi-Agency CIO (MAC) monthly meetings.</li> <li>• CAE reports to committee; routinely interacts with Audit Committee members; and contributes to audit committee effectiveness through refinement of charter/calendar/self-assessment, coordination of guest speakers and advanced materials, committee member training, etc.</li> <li>• CAE maintains a mutually respectful relationship with the external auditors (AOS), Inspector General’s Office, and any other oversight bodies (federal agencies).</li> <li>• OIA’s policies, procedures and activities are aligned with values, visions and strategic objectives.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA maintains close coordination of audit activities, informal and formal meetings, and sharing/co-sourcing of audit activities – often denoted in audit plan and updates.</li> <li>• OIA’s strategic and annual plans align with OIA’s vision and strategic goals toward continuous improvement; annual plan reflects audit coordination and reliance; audit committee materials reflect ongoing coordination of OIA and AOS.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• CAE and audit chiefs establish formal quarterly ‘touch point’ meetings with top management to facilitate relationship building, trust, awareness of change, and OIA focus toward areas of value add and priorities to management.</li> <li>• Expand CAE participation in agency and state-wide mission critical committees; facilitate organizational learning by identifying changes in the overall business environment that impacts the state.</li> </ul>	



## Appendix B.30 – IA-CM: Key Process Area Summaries

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



## Appendix B.31 – IA-CM: Key Process Area Summaries

<p><b>Governance Structures</b>  <b>Level 2 – Infrastructure</b>  <b>Full Access to the Organization’s Information, Assets, and People</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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.”</li> <li>• OIA’s Charter indicates that OIA will have unrestricted access to all functions, systems, property, and personnel in the conduct of their duties.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio website.</li> <li>• OIA’s Charter is available to the public on OIA’s website.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• None necessary</li> </ul>	



## Appendix B.32 – IA-CM: Key Process Area Summaries

<b>Governance Structures</b> <b>Level 3 – Integrated</b> <b>Funding Mechanisms</b>	<b>In Practice</b>
<p><b>Purpose:</b> To establish a robust and transparent funding process that ensures adequate resources to allow the internal audit activity to discharge its obligations.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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 audit conducts internal audit 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 audit.”</li> <li>• The current funding model is a combination of a payroll charges 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.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Ohio Revised Code Section 126.45 is currently in effect and available to the public on the State of Ohio’s website.</li> <li>• OIA budgets are public records available for public inspection upon request.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Maintain an adequate funding mechanism to recover OIA expenses.</li> </ul>	



## Appendix B.33 – IA-CM: Key Process Area Summaries

<p><b>Governance Structures</b>  <b>Level 3 – Integrated</b>  <b>Management Oversight of the Internal Audit Activity</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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 <i>Standards</i> from the Institute of Internal Auditors.</li> <li>• 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.</li> <li>• 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.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Ohio Revised Code Section 126.46 is currently in effect.</li> <li>• The State Audit Committee Charter is available to the public on OIA’s website.</li> <li>• OIA external assessment results were communicated to the Governor’s Office and agency directors by the OBM Director.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• None necessary</li> </ul>	



## Appendix B.34 – IA-CM: Key Process Area Summaries

<b>Governance Structures</b> <b>Level 4 – Managed</b> <b>CAE Reports to Top-level Authority</b>	<b>In Practice</b>
<b>Purpose:</b> 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.	
<b>Activities Performed:</b> <ul style="list-style-type: none"><li>• Section 126.45 of the Ohio Revised Code states:<ul style="list-style-type: none"><li>○ The Director of OBM, with the approval of the governor, shall appoint for the office of internal auditing a CAE.</li></ul></li><li>• Section 126.47 of the Ohio Revised Code states:<ul style="list-style-type: none"><li>○ The CAE of the office of internal audit shall submit an annual plan to the State Audit Committee for review and comment before the beginning of each fiscal year.</li><li>○ 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.</li></ul></li><li>• OIA's Charter indicates the CAE shall report administratively to the OBM Director or designee and in an advisory capacity to the State Audit Committee.</li></ul>	
<b>Measurement/Verification:</b> <ul style="list-style-type: none"><li>• Ohio Revised Code Sections 126.45 and 126.47 are currently in effect and available to the public on the State of Ohio website.</li><li>• OIA's Charter is available to the public on OIA's website.</li></ul>	
<b>Future Strategy:</b> <ul style="list-style-type: none"><li>• Solicit review and comment on OIA's Annual Plan from the Governor's Office.</li></ul>	



## Appendix B.35 – IA-CM: Key Process Area Summaries

<p><b>Governance Structures</b>  <b>Level 4 – Managed</b>  <b>Independent Oversight of the Internal Audit Activity</b></p>	<p><b>In Practice</b></p>
<p><b>Purpose:</b> 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><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• 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 directed by OIA comply with the <i>Standards</i> from the Institute of Internal Auditors. All Audit Committee members are external to state government which indicates a level of independence from state government. Additional, the member composition requires at least one member to be a financial expert; one member holds an active, inactive, or retired CPA license; one member familiar with government financial accounting; one member familiar with information technology systems, and one member represent the public.</li> <li>• 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.</li> <li>• 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.</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• Ohio Revised Code Sections 126.46 and 126.47 are currently in effect.</li> <li>• The State Audit Committee Charter is available to the public on OIA’s website.</li> </ul>	
<p><b>Current Strategy:</b></p> <ul style="list-style-type: none"> <li>• Assist Audit Committee in developing an ongoing self-assessment and CAE assessment mechanism to improve the feedback and quality of meetings.</li> </ul>	



### Appendix B.36 – IA-CM: Key Process Area Summaries

<p><b>Governance Structures</b></p> <p><b>Level 5 – Optimizing</b></p> <p><b>Independent Oversight of the Internal Audit Activity</b></p>	<p><b>Strategic Goal</b></p>
<p><b>Purpose:</b> To fully actualize the IA activity’s independence, power, and authority.</p>	
<p><b>Activities Performed:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Charter defines the mission, purpose, authority, and professional standards. The Charter indicates the CAE shall report administratively to the OBM Director/designee and in an advisory capacity to the State Audit Committee; ORC Section 126.45 created OIA as well as the appointment and qualifications of the CAE.</li> <li>• ORC Section 126.46 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.</li> <li>• OBM management and legislature expanded OIA’s oversight from 19 agencies in 2009 to 26 in 2014. Also, proposed legislative language in ORC Section 126.45 (D) allows state entities outside OIA’s oversight the option to request OIA services:  “<i>At the request of any other organized body, office, or agency established by the laws of the state for the exercise of any function of state government that is not described in division (A) of this section, the office of internal audit may direct an internal audit of all or part of that body, office, or agency.</i>”</li> </ul>	
<p><b>Measurement/Verification:</b></p> <ul style="list-style-type: none"> <li>• OIA’s Charter is available to the public on OIA’s website.</li> <li>• Ohio Revised Code Section 126.45 and 126.46 are currently in effect.</li> </ul>	
<p><b>Future Strategy:</b></p> <ul style="list-style-type: none"> <li>• Issue a communication to state agencies not in OIA’s oversight of the new language proposed in ORC 126.45 (D) and the option to request OIA services.</li> </ul>	



## 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 5 – Workforce Projection

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

### **Professional Practices**

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

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

### **Performance Management and Accountability**

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.

### **Governance Structures**

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

Description: The oversight of OIA is legally restricted to 26 state agencies and does not extend to all state government.