



OBM | Office of Internal Audit

OBM Office of Internal Audit

Fiscal Year 2013 Annual Audit Plan

July 1, 2012 – June 30, 2013



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Mission Statement

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

Introduction

The OBM Office of Internal Audit has performed an audit prioritization of the 22 state agencies' (as required by Ohio Revised Code section 126.47) risk environment in order to develop the audit plan for fiscal year 2013. Development of the assessment was based on various risk factors to the organization, as well as interviews with various members of management and other stakeholders.

The goal of the audit prioritization and audit plan is to facilitate a process of continuous improvement in both business processes and internal controls throughout the organization with the ultimate goal of improving services to Ohio's constituency.

Purpose

The purpose of internal audit is to provide an independent assessment of the adequacy of internal controls throughout the organization. The Institute of Internal Auditors (IIA) provides the following definition of internal auditing:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

The role of internal auditing includes some of the following activities:

- Evaluating and improving the adequacy and effectiveness of risk management, control, and governance processes;
- Evaluating the management process to determine whether reasonable assurance exists that management objectives and operational goals are achieved; and
- Providing process and managerial consulting to improve risk management, control and governance processes.



FY 2013 Audit Prioritization Process

Risk Assessment Methodology

In developing the audit plan, OIA performed a risk analysis for the 22 state agencies in OIA's oversight utilizing seven risk factors. The objective of the risk assessment is to ensure optimized assignment of audit resources through an understanding of the audit universe and the risks associated with each universe item.

The OBM Office of Internal Audit recognizes that most state agencies are at an informal stage of enterprise risk management. OIA plans to engage agency management on enterprise risk and lead them to a maturity level where they can independently assess their enterprise risk management processes over time. In the current audit plan, we obtained agency input for two of the seven risk factors (changes in systems, processes, & people and stakeholder concerns).

The audit prioritization process included the following activities:

- Planning the assessment and identifying the audit universe.
- Conducting the risk assessment with agency management.
- Internal analysis of the results.
- Discuss draft heat map with agency management.

Audit Universe

The agency heat maps are divided into two audit universe categories. Each agency audit universe has 6 to 14 categories depending upon the state agency. The primary source for determining the categories is the annual budget bill which identifies significant agency processes and functions. The two audit universe categories are as follows:

- Process Risks: Process risks represent significant revenue streams, disbursement categories, or other significant processes unique to the state agency.
- Operational Risks: Operational risks include auditable areas that span the state agency. These would include outsourced activities, IT general controls, and IT virtualization.

Enterprise risks are not presented separately since the State has one agency that provides service for central support functions which typically are part of each agency audit universe. These include legal representation (Ohio Attorney General); ethics enforcement (Ohio Ethics Commission); human resources (Department of Administrative Services); investments (Treasurer of State); risk management reserve (Department of Administrative Services); budgeting/financial reporting (Office of Budget and Management); and general debt issuance (Commissioners of the Sinking Fund).



Risk Factors

The seven risk factors utilized for the assessment were developed utilizing IIA guidance and historical knowledge of state government, as well as best practices in internal auditing. Each risk factor was scored based on likelihood of the risk and the measure of consequence of the event. The overall goal of the risk scoring approach is to ensure that OIA audits high and moderate risk areas routinely with the consideration of work performed by other auditors.

Once the various risk factors were rated, they were weighted in order to arrive at a composite risk score for each area, which was used to determine areas to prioritize for the fiscal year 2013 audit plan.

The seven risk factors and assigned weighting are as follows:

Risk Factors	Weight	Description
Control Design and Effectiveness	25%	The assessed reliability of the internal control system is important in judging the likelihood of errors in the system.
Materiality	25%	This factor focuses on the financial size, complexity, or sensitive nature of auditable areas.
Changes: System, Process, and People	15%	A dynamic environmental change, in terms of systems/processes/people, increases the probability of efficiencies as well as errors occurring. (Agency input was obtained for this risk factor.)
Stakeholder Concerns/ Reputational Risk	10%	Management or other stakeholder concerns can influence the priority of an auditable area and could take priority over other risk factors in some cases. The reputation of an agency can be impacted by failures in certain sensitive processes. (Agency input was obtained for this risk factor.)
Impact of Fraud, Waste, and Abuse	10%	The impact of illegal acts or wasteful spending can result in a heightened consequence with public funds regardless of the dollar amount.
Prior Audits	10%	The recency of prior audits (OIA, Auditor of State, State Inspector General, actuaries, etc.) may more accurately predict the likelihood of future outcomes.
Financial/Operational Reporting	5%	Accuracy of reported financial activity is magnified by anticipated use by outside parties.



State Agency Heat Maps and Preliminary Audit Scope

The state agency heat maps on pages 7 through 50 identify the audit priorities and preliminary scope for the 22 agencies based upon the seven risk factors. The audit universe categories are identified on a graph based upon likelihood and impact. The likelihood is the measure of the probability of an unfavorable event occurring while impact is the measure of the consequence of an unfavorable event occurring at the agency. Those areas in the upper right side corner of the heat map (red boxes) represent higher audit priorities while those in the lower left side corner (green boxes) represent lower audit priorities.

Each agency has a comparison pie chart to show their 2013 annual appropriation compared to other agencies. The Medicaid program was removed from the Ohio Department of Job and Family Services since the \$13.5 billion program is annually audited by the Auditor of State and distorts the information.

Those audit universe categories colored in blue represent planned audit areas for OIA. Based upon discussions with the Auditor of State (AOS), we have identified in orange those areas planned for audit by the AOS in fiscal year 2013. There are some areas planned for audit by both OIA and AOS while some areas are not planned by either audit group.

For the Bureau of Workers' Compensation (BWC), OIA plans to rely upon the financial audit work completed by the BWC internal audit team at BWC. In order for OIA to rely upon this work, OIA will perform the following:

- Consider the independence and objectivity of the BWC audit team.
- Assess the competencies and qualifications of the BWC audit team by verifying the professional experience, qualifications, and professional certifications of the audit team.
- Ensure that the work performed by the BWC audit team is appropriately planned, supervised, documented, and reviewed. Additionally, OIA will consider whether the audit evidence is sufficient to determine the extent of use and reliance on the work.
- Determine that audit significant observations have been communicated to the BWC Board of Director's Audit Committee. Additionally, evaluate the follow-up procedures by the BWC audit team to determine whether management has implemented the recommendations or assumed the risk of not implementing them.



Audit Priorities and Resources

Based upon the audit prioritization process, OIA identifies audit areas with a focus on rotational audit coverage over a four year span for moderate risk areas where no previous audit work has been completed. Additionally, OIA noted the following three concentrations of audit effort for the fiscal year 2013 annual plan:

- In fiscal year 2012, three state payment card engagements were completed. The current plan identifies six payment card audits including the overall program administration at the Office of Budget and Management.
- A significant audit of the tax credit program at both the Department of Development and the Department of Taxation.
- A larger effort at the Department of Administrative Services to provide audit support for consolidation and changes at the State of Ohio Computer Center.

To complete the financial and information technology engagements in this plan, OIA estimates approximately 17,500 financial audit hours and 11,700 IT audit hours will be necessary. OIA has the appropriate mix of financial and IT audit staff to complete the planned engagements for fiscal year 2013.

The plan includes 20 public assurance audits scheduled for completion in fiscal year 2013. In addition, 7 non-public assurance audits are planned which relate to secure IT information or audits at the Department of Taxation.

Planned Engagements

The preliminary audit scopes for the 22 agencies represent the initial planned audits based upon and evaluation of the agency audit priorities from the heat maps and discussions with agency management. OIA reserves the right to make changes to the preliminary scopes and schedules of the annual plan based on unplanned changes in an agency's risk profile or unforeseen events.

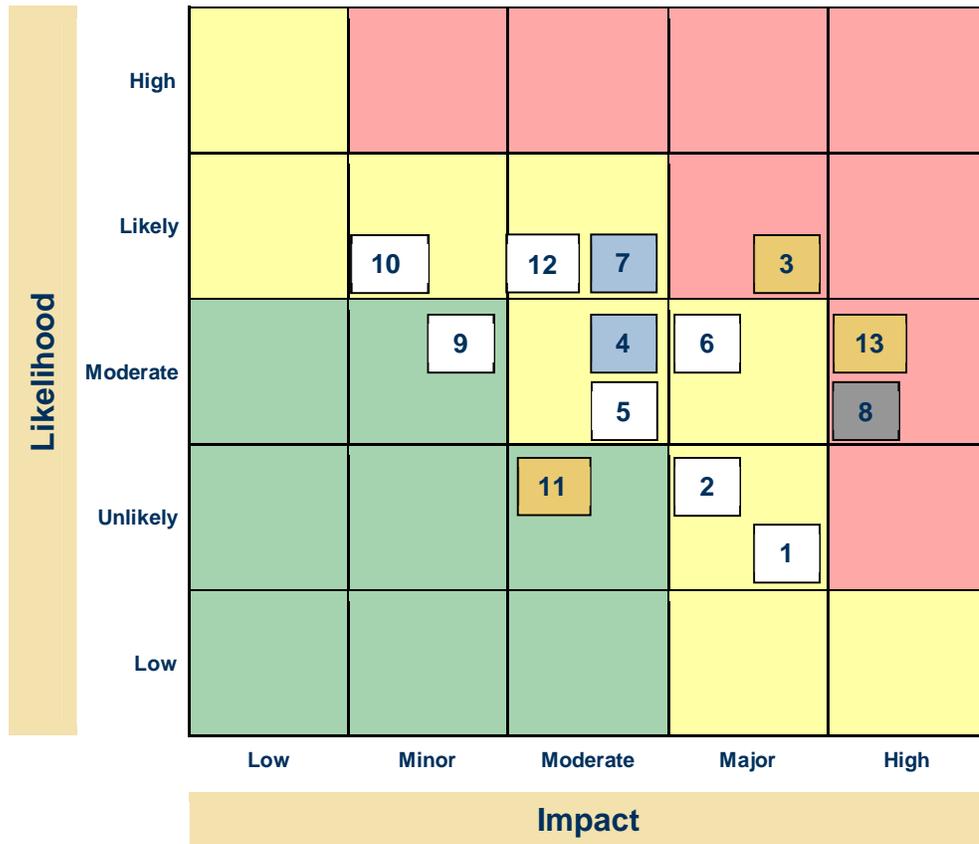
Each state agency is provided a memorandum of understanding (MOU) at the beginning of the fiscal year which identifies OIA's planned scope, audit fees, and other general provisions. The MOU will include an allotted amount of audit hours for follow up on agency remediation of previously issued observations. In addition, OIA may include additional audit areas if time allows.

The OIA level of effort included in the preliminary scope is as follows:

- Small – less than 300 audit hours
- Medium – between 300 and 500 audit hours
- Large – between 500 and 800 audit hours
- Extra Large – greater than 800 audit hours



**DEPARTMENT OF ADMINISTRATIVE SERVICES
FISCAL YEAR 2013 AUDIT PRIORITIES**

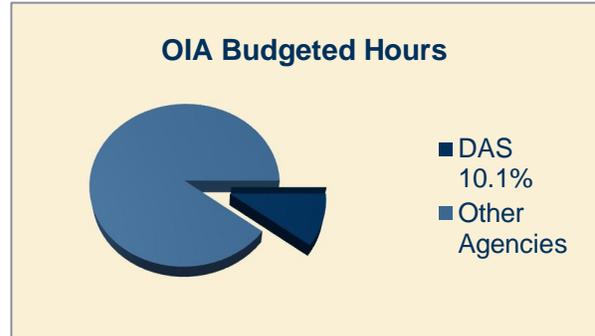
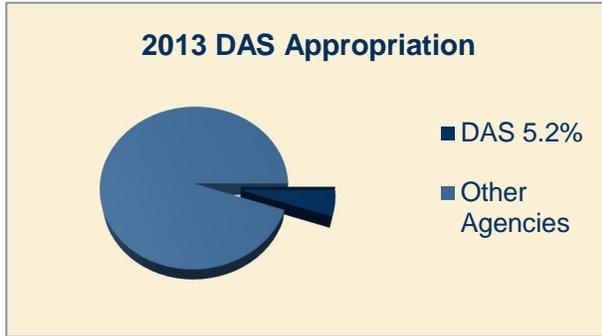


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Payroll Deductions	OIA			OIA
2	Employee Health Benefit Fund		OIA		
3	Ohio Business Gateway	OIA		AOS	
4	General Services – Operations	AOS		OIA	
5	IT Service Delivery		OIA		
6	State Purchasing		OIA		
7	Human Resources			OIA	
8	State of Ohio Computer Center (SOCC)	AOS	AOS	OIA/AOS	OIA/AOS
9	MARCS Administration		OIA		
10	Risk Management Reserve				OIA
11	Statewide Indirect Cost Allocation Plan	AOS	AOS	AOS	AOS
12	IT Virtualization				OIA
13	IT General Controls	AOS	AOS	AOS	AOS



DEPARTMENT OF ADMINISTRATIVE SERVICES (DAS)

COMPARISON OF DAS TO ALL AGENCIES IN OIA OVERSIGHT



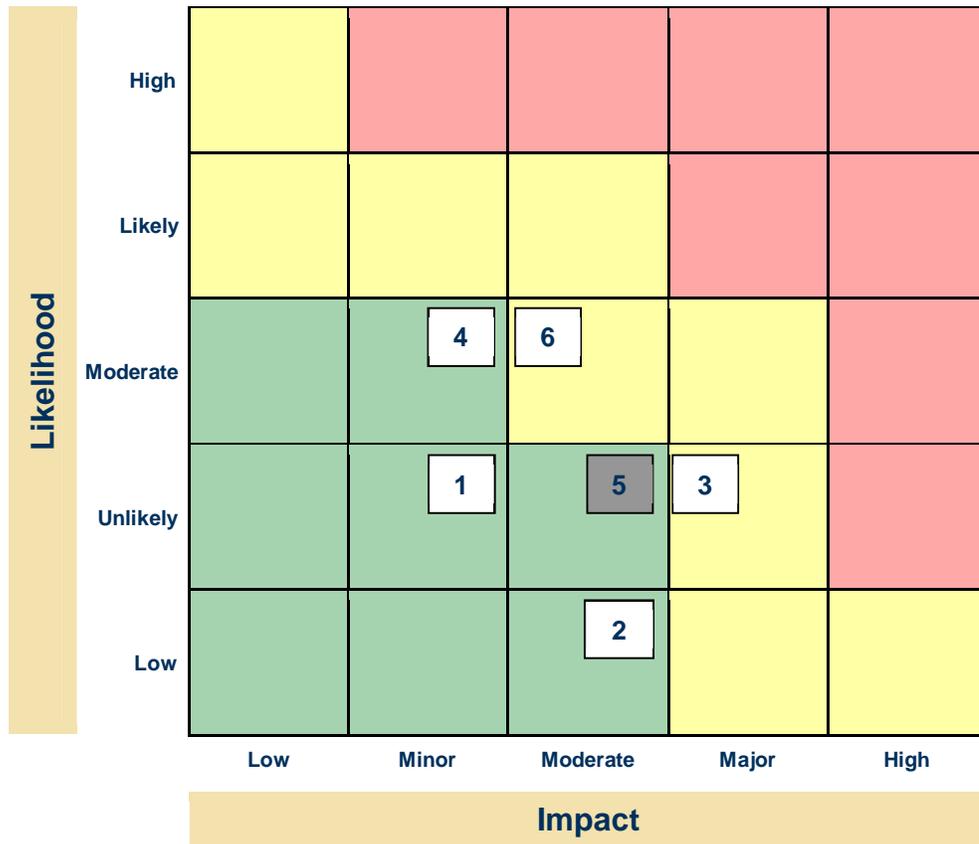
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Human Resources	Large	Assurance audit related to the payroll checkoff for accuracy and completeness of collections from state agencies.
General Services - Operations	Large	Consulting on the fleet management operation focused on rate development, vehicle utilization and management of the program.
State of Ohio Computer Center (SOCC)	Extra Large	Consulting related to operational enhancements planned at the SOCC and assurance on data center operations. Also, consulting on IT infrastructure consolidation and review of draft IT policies.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF AGING
FISCAL YEAR 2013 AUDIT PRIORITIES**

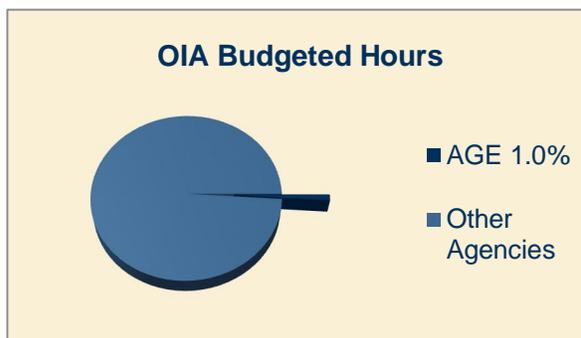
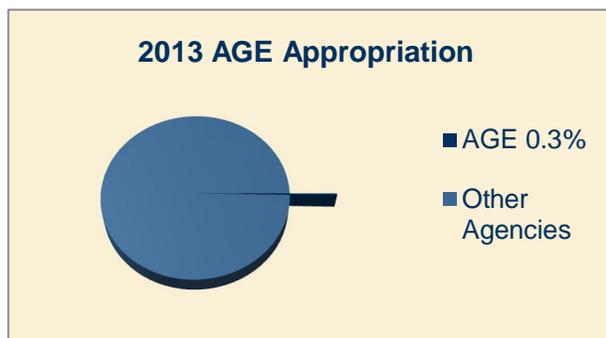


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Senior Community Services				
2	Special Programs for Aging Parts B & C	AOS			AOS
3	Area Agencies on Aging Monitoring	AOS	OIA		AOS
4	Operating Expenses		AOS	OIA/AOS	
5	IT Virtualization				OIA
6	IT General Controls		OIA		



DEPARTMENT OF AGING (AGE)

COMPARISON OF AGE TO ALL AGENCIES IN OIA OVERSIGHT



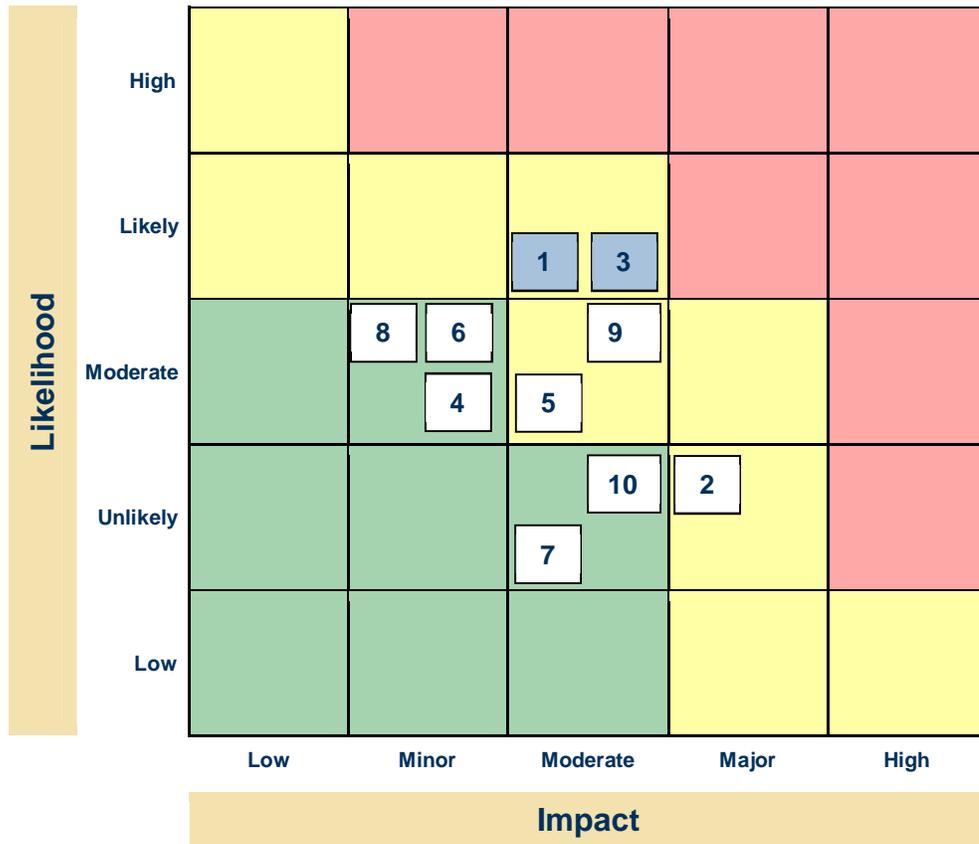
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Operating Expenses	Small	Assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF AGRICULTURE
FISCAL YEAR 2013 AUDIT PRIORITIES**



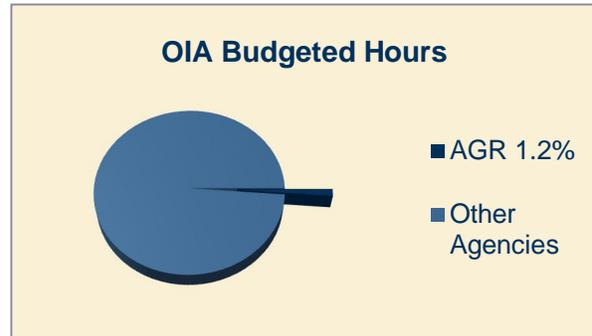
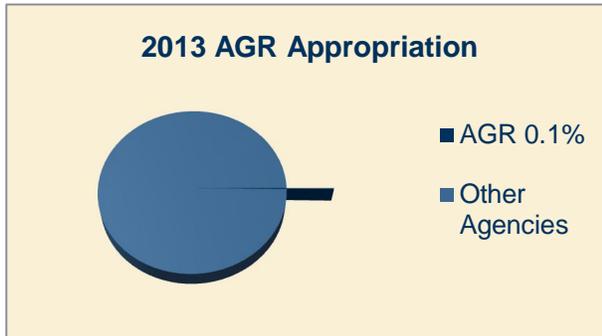
No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Animal Disease Control			OIA	
2	Meat Inspection				
3	Central Support			OIA	
4	Commercial Feed and Seed				
5	Dairy Industry Inspection				
6	Plant Industry & Large Animal Livestock				
7	Amusement Ride Inspection		OIA		
8	Pesticide, Fertilizer, & Lime Inspection				
9	IT Virtualization				OIA
10	IT General Controls	OIA			

Note: The Auditor of State performs a general revenue audit each year.



DEPARTMENT OF AGRICULTURE (AGR)

COMPARISON OF AGR TO ALL AGENCIES IN OIA OVERSIGHT



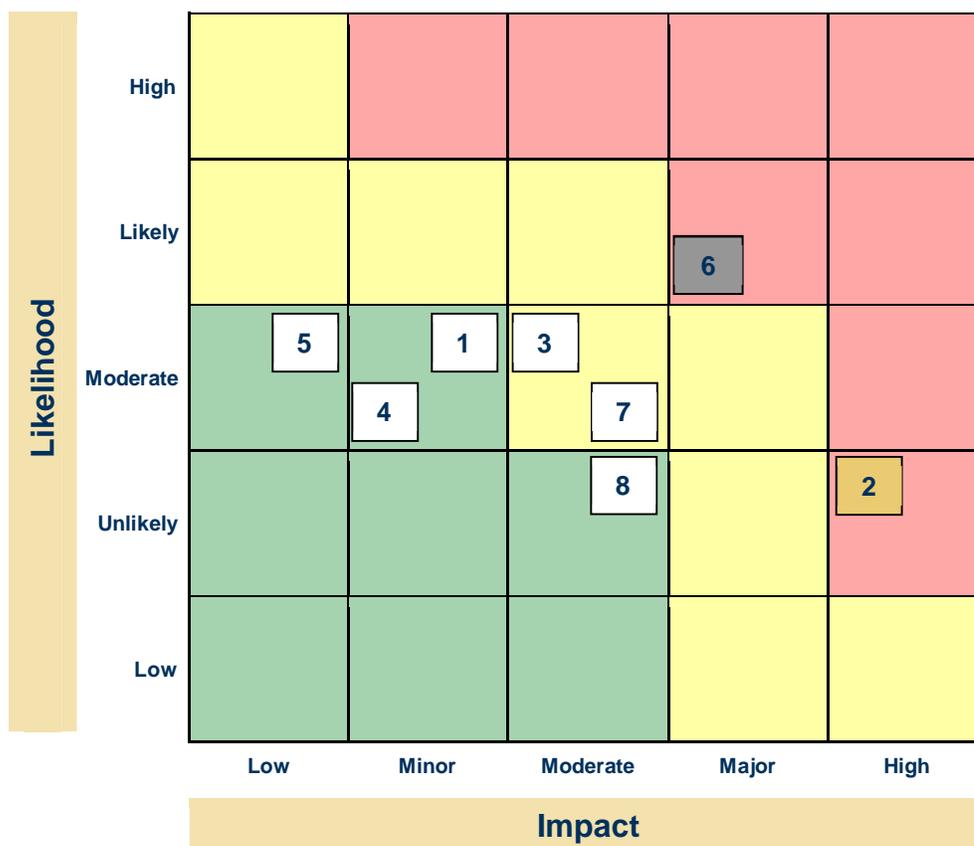
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Animal Disease Control	Medium	Consulting of various maintenance contracts for efficiency and effectiveness. Additionally, consulting will be offered for administration of new legislation related to exotic animals and puppy mills.
Central Support		

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES
FISCAL YEAR 2013 AUDIT PRIORITIES**



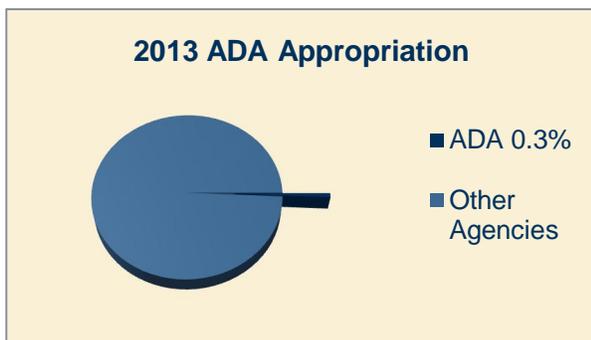
No.	Audit Universe Description	Past Coverage		Planned Coverage
		2011	2012	2013
1	Treatment Services Expense			
2	Substance Abuse Block Grant	AOS	AOS	AOS
3	Demonstration Grants			
4	Statewide Treatment and Prevention			
5	Problem Gambling Services			
6	ADAMH Board Monitoring	AOS	AOS	OIA/AOS
7	IT Virtualization			
8	IT General Controls	OIA		

Note: The Department of Alcohol and Drug Addiction Services plans to merge with the Department of Mental Health in July 2013.



DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES (ADA)

COMPARISON OF ADA TO ALL AGENCIES IN OIA OVERSIGHT

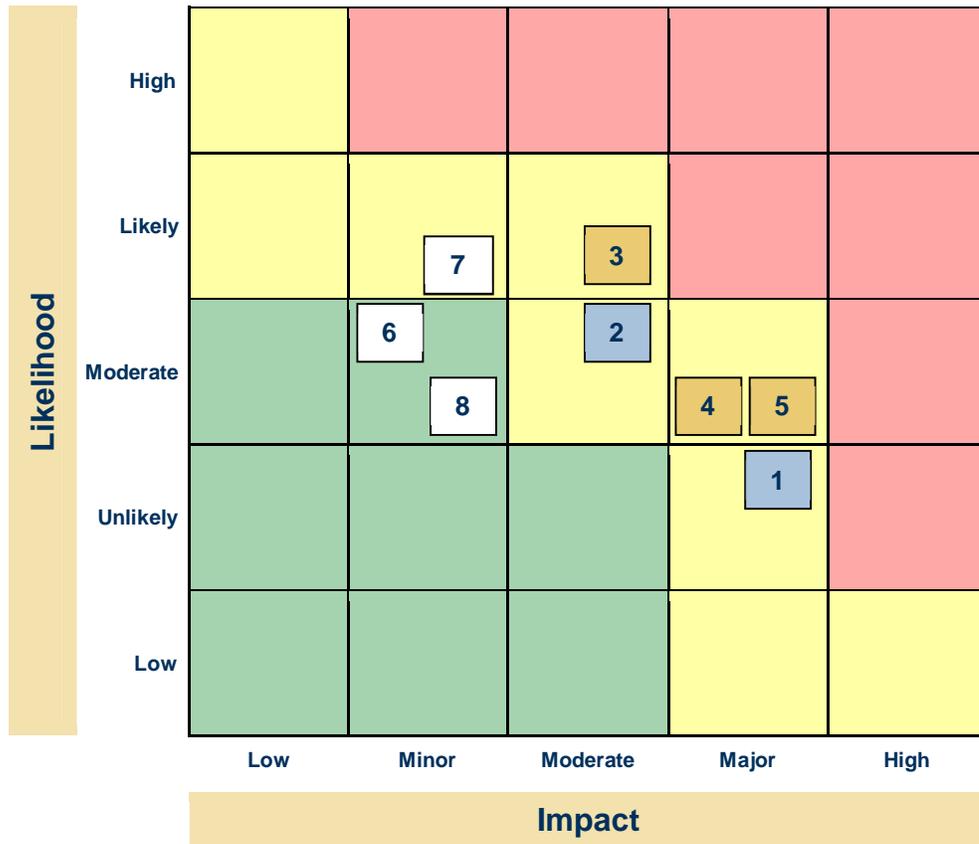


PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
ADAMH Board Monitoring	Small	Provide consulting to assist the agency as it merges its subrecipient monitoring function with the Department of Mental Health; procedures may include evaluating the adequacy of its subrecipient monitoring process, assessing benchmarks, and processes to mitigate fraud, waste and abuse of its subrecipients.



**OFFICE OF BUDGET AND MANAGEMENT
FISCAL YEAR 2013 AUDIT PRIORITIES**

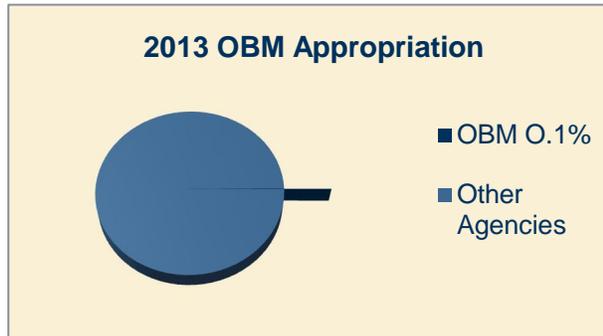


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Ohio Shared Services	OIA		OIA	OIA
2	Accounting Operations			OIA	
3	Budget Development	AOS	AOS	AOS	AOS
4	Financial Reporting	AOS	AOS	AOS	AOS
5	Debt Management	AOS	AOS	AOS	
6	Controlling Board		AOS		AOS
7	IT Virtualization				OIA
8	IT General Controls	OIA			



OFFICE OF BUDGET AND MANAGEMENT (OBM)

COMPARISON OF OBM TO ALL AGENCIES IN OIA OVERSIGHT



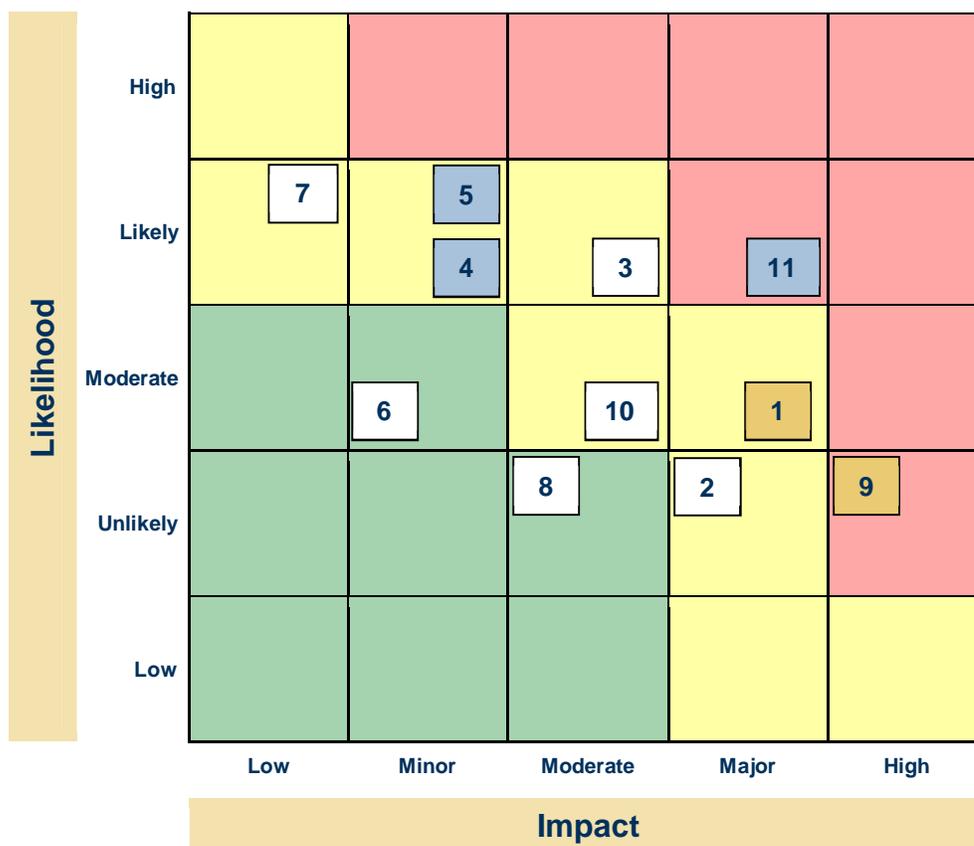
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Ohio Shared Services	Medium	Consulting and later assurance related to the development of control design over significant processing applications for later incorporation into the OAKS Service Organization Controls report (SOC 1).
Accounting Operations	Medium	Assurance over the administration of the State Payment Card program.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA’s budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF COMMERCE
FISCAL YEAR 2013 AUDIT PRIORITIES**

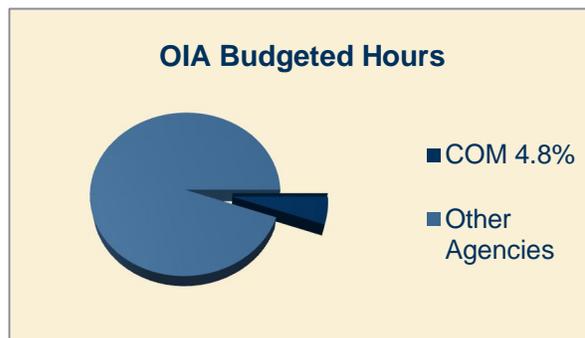
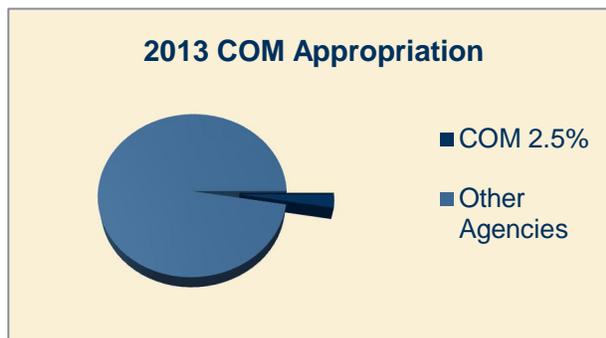


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Unclaimed Funds	OIA		AOS	
2	Banks and Savings Institutions				OIA
3	State Fire Marshal		OIA		
4	Real Estate			OIA	
5	Securities			OIA	
6	Credit Unions				
7	Consumer Finance				OIA
8	Industrial Compliance				
9	Liquor Control	AOS	AOS	AOS	AOS
10	IT Virtualization				OIA
11	IT General Controls	OIA/AOS		OIA	



DEPARTMENT OF COMMERCE (COM)

COMPARISON OF COM TO ALL AGENCIES IN OIA OVERSIGHT



PRELIMINARY AUDIT SCOPE

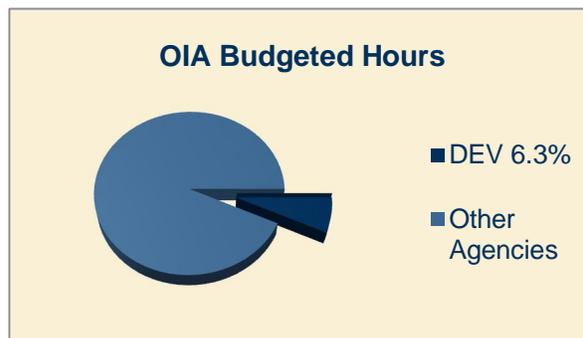
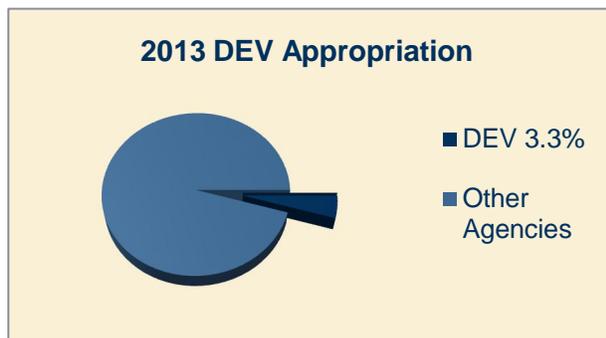
Audit Areas	OIA Level of Effort	Description of Audit Scope
Real Estate	Medium	Assurance on the licensing/permitting process for salespersons, brokers, and appraisers and identify areas for improvement and/or efficiencies.
Securities	Medium	Assurance related to the licensing/permitting process impacted by the transition to the electronic process and identify areas of improvement and/or efficiencies.
IT General Controls	Medium	General controls assurance audit which will focus on select technologies that support core business processes within the distributed network. The technologies will be assessed against a set of control objectives across areas such as security management, change management, computer operations and recoverability.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



DEPARTMENT OF DEVELOPMENT (DEV)

COMPARISON OF DEV TO ALL AGENCIES IN OIA OVERSIGHT



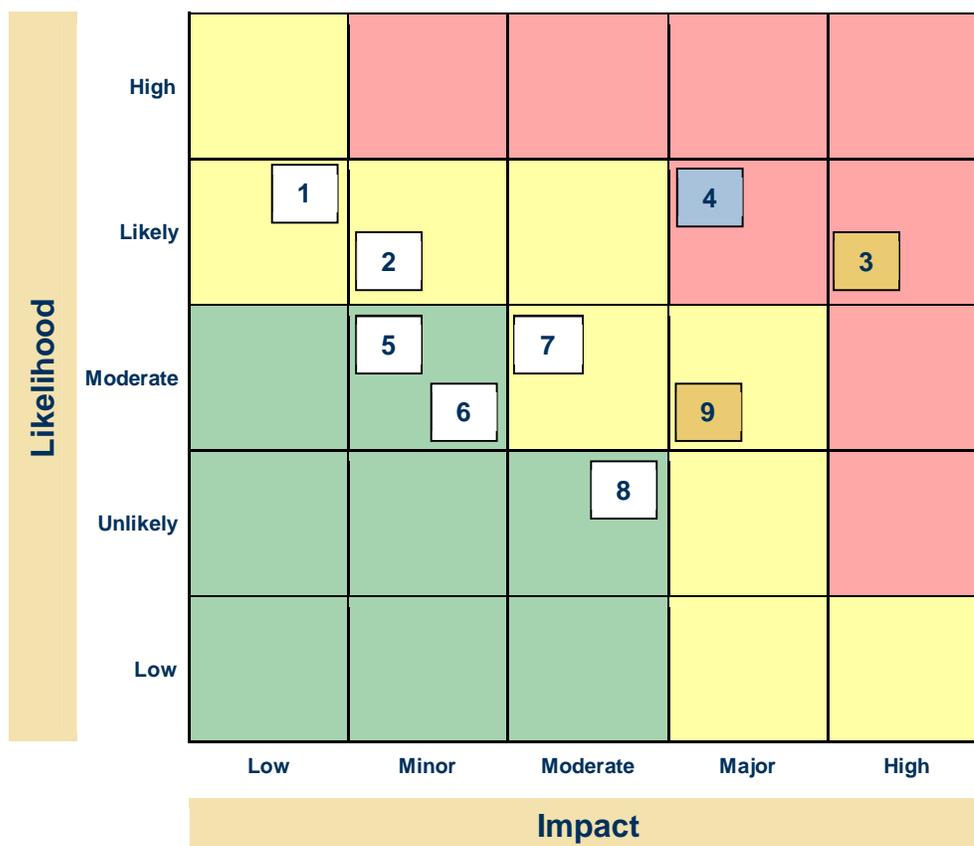
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Various State Grants and Tax Credits	Large	Assurance audit of various tax credits in conjunction with the Department of Taxation.
Low/Moderate Income Housing Trust	Medium	Assurance audit of the key controls related to the Low/Moderate Income Housing Trust Fund.
Various Audit Areas with Federal Programs	Small	Consulting on the reporting model and protocols related to External Audit Office's subrecipient monitoring process.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF DEVELOPMENTAL DISABILITIES
FISCAL YEAR 2013 AUDIT PRIORITIES**

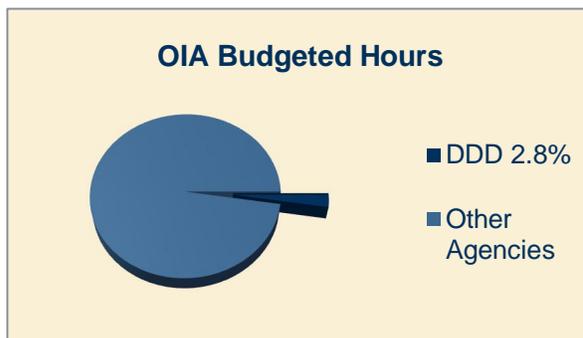
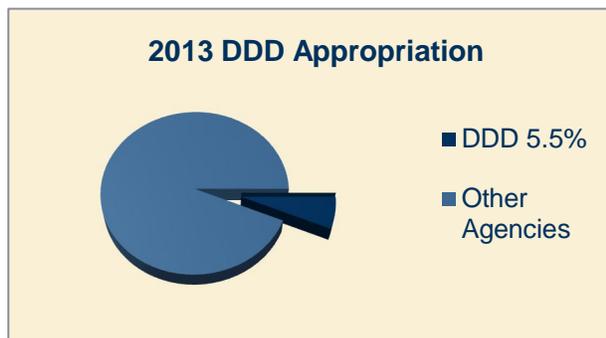


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	DD Council				
2	Community Social Service Programs				
3	Medicaid	AOS	AOS	AOS	AOS
4	Developmental Centers			OIA	OIA
5	Operating and Services				
6	Targeted Case Management				
7	County Boards				OIA
8	IT Virtualization		OIA		
9	IT General Controls	OIA		AOS	



DEPARTMENT OF DEVELOPMENTAL DISABILITIES (DDD)

COMPARISON OF DDD TO ALL AGENCIES IN OIA OVERSIGHT



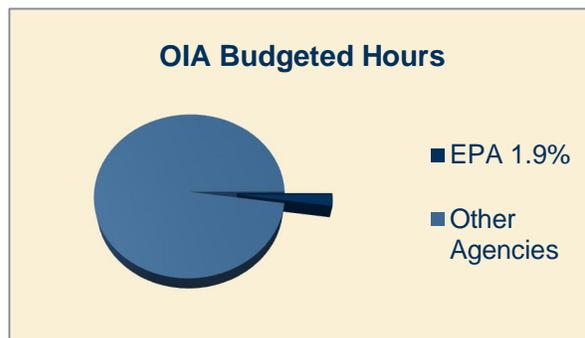
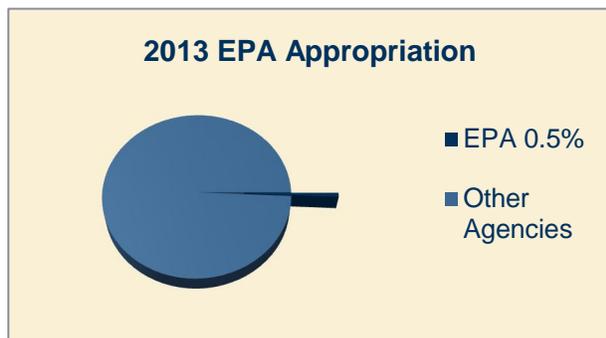
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Developmental Centers	Large	Assurance audit of the receipt and distribution of resident Medicaid funds at selected developmental centers.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**ENVIRONMENTAL PROTECTION AGENCY (EPA)
COMPARISON OF EPA TO ALL AGENCIES IN OIA OVERSIGHT**



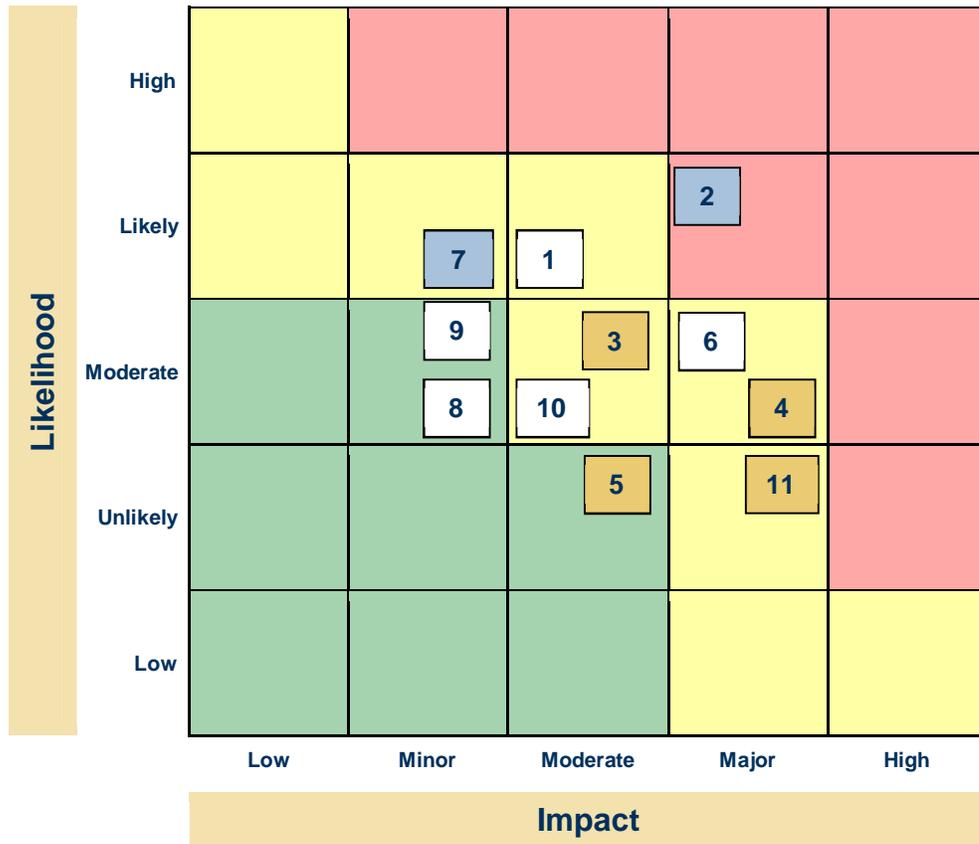
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Central Office Support	Small	Assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.
Solid Waste	Small	Assurance audit related to the newly implemented electronic payment process for solid waste and construction demolition and debris fees.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF HEALTH
FISCAL YEAR 2013 AUDIT PRIORITIES**

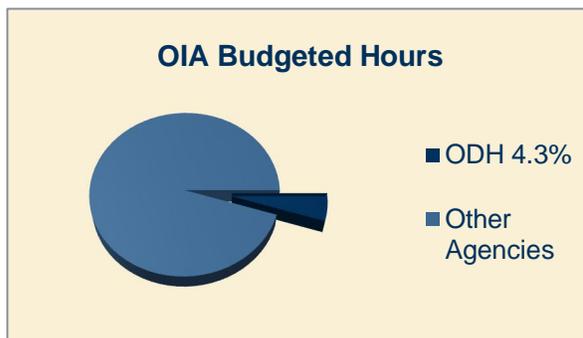
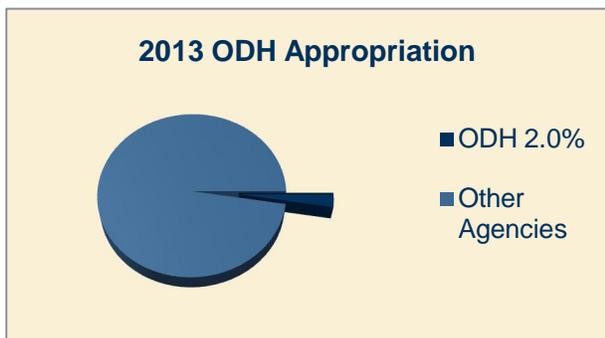


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Help Me Grow	OIA			
2	Central Indirect Costs	OIA	OIA	OIA	OIA
3	Maternal Child Health Block Grant	AOS	AOS	AOS	AOS
4	Women, Infants, and Children	AOS	AOS	AOS	AOS
5	Medicaid	AOS	AOS	AOS	AOS
6	Other Federal Public Health Programs		OIA		
7	Fee Supported Programs			OIA	
8	Immunizations				
9	Medically Handicapped Children				
10	IT Virtualization				OIA
11	IT General Controls	OIA	AOS	AOS	AOS



DEPARTMENT OF HEALTH (ODH)

COMPARISON OF ODH TO ALL AGENCIES IN OIA OVERSIGHT



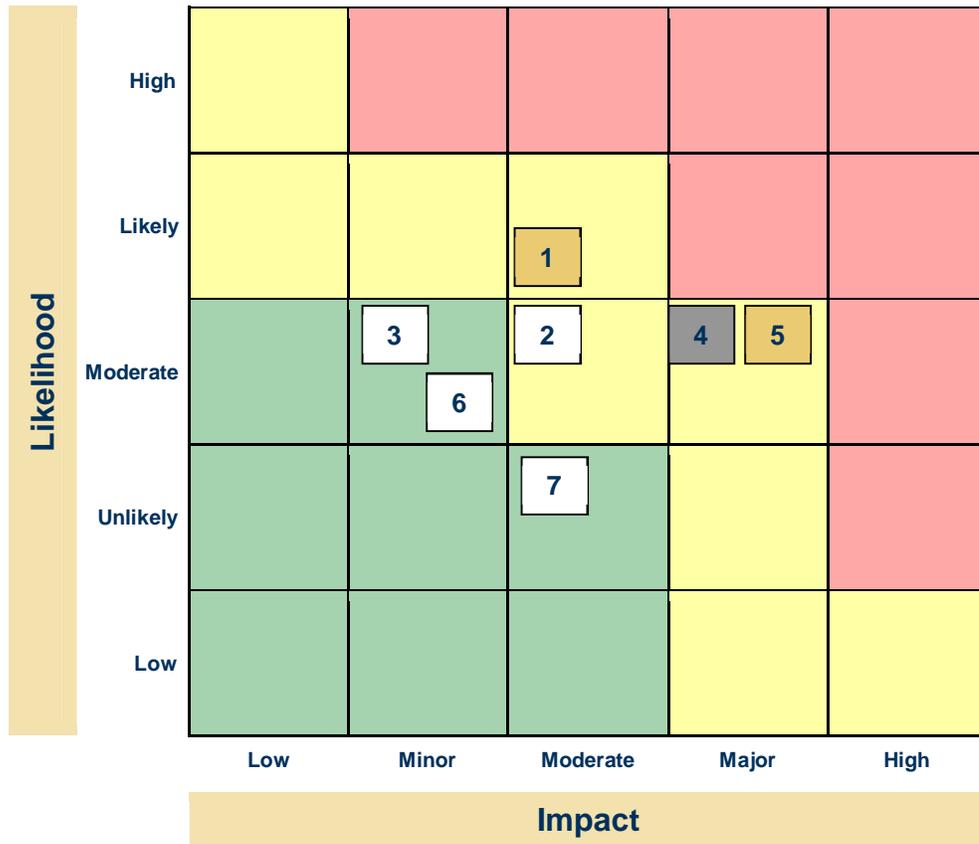
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Central Indirect Costs	Small	Assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.
Central Indirect Costs	Medium	Assurance audit related to the new procurement process which is changing from a decentralized to a centralized process.
Fee Supported Programs	Medium	Consulting related to the planned single invoice system within vital statistics. The initial invoicing is planned for October 2012.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF INSURANCE
FISCAL YEAR 2013 AUDIT PRIORITIES**

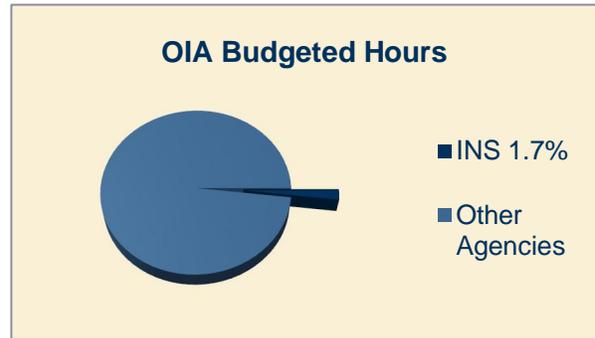
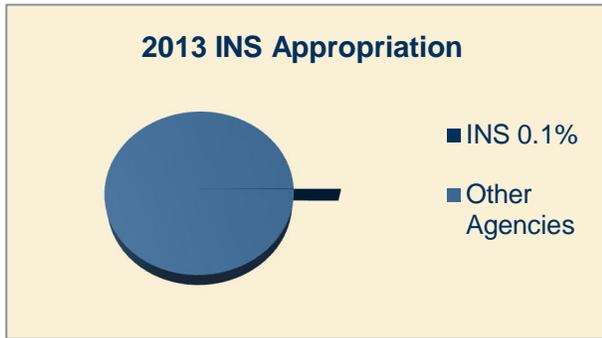


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Operating Revenue and Expenses	AOS	AOS	AOS	AOS
2	Operating - Licenses		OIA		
3	Examinations				
4	Domestic Insurance Collections	AOS	AOS	OIA/AOS	AOS
5	Foreign Insurance Collections	AOS	AOS	AOS	AOS
6	IT Virtualization				OIA
7	IT General Controls	OIA			



DEPARTMENT OF INSURANCE (INS)

COMPARISON OF INS TO ALL AGENCIES IN OIA OVERSIGHT



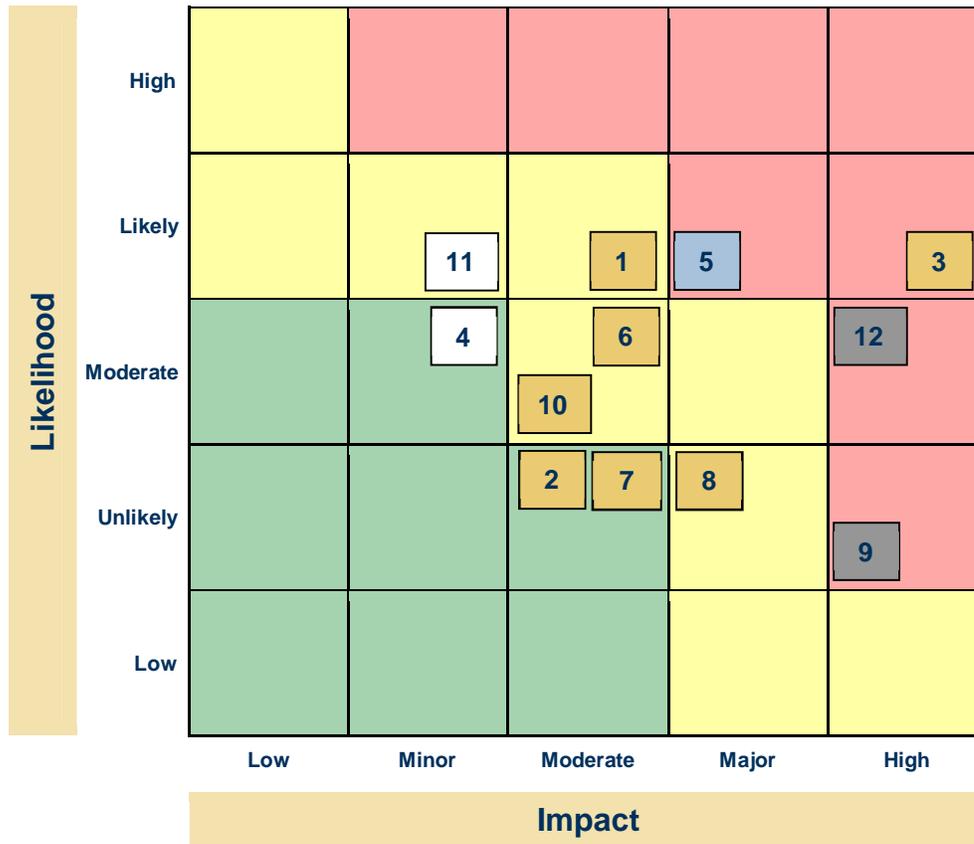
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Domestic Insurance Collections	Medium	Assurance design related to the security collateral process for insurance companies operating in the State of Ohio. There are approximately 500 security pledges held by various financial institutions.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF JOB AND FAMILY SERVICES
FISCAL YEAR 2013 AUDIT PRIORITIES**

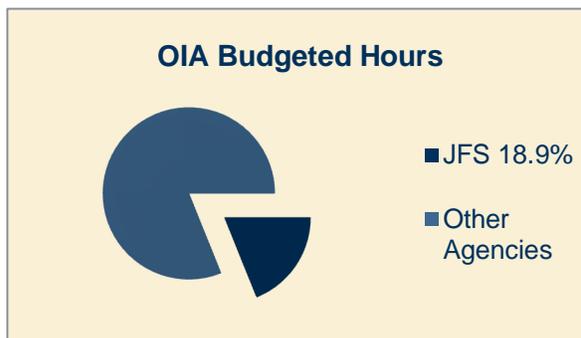
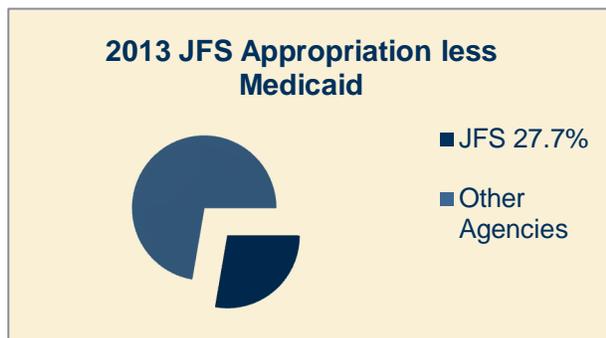


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Temporary Assistance for Needy Families	AOS	AOS	AOS	AOS
2	Child Care/Child Support (Federal)	OIA/AOS	AOS	AOS	AOS
3	Medicaid	AOS	AOS	AOS	AOS
4	Medicare Part D				
5	Child Support Collections/Disbursements			OIA	OIA
6	Food Assistance	AOS	AOS	AOS	AOS
7	Adoption/Foster Care	AOS	AOS	AOS	AOS
8	Workforce Investment Act	AOS	AOS	AOS	AOS
9	Unemployment Compensation	OIA/AOS	OIA/AOS	OIA/AOS	AOS
10	Hospital Care Assurance Program	AOS	AOS	AOS	AOS
11	IT Virtualization				OIA
12	IT General Controls	AOS	OIA/AOS	OIA/AOS	OIA/AOS



DEPARTMENT OF JOB AND FAMILY SERVICES (JFS)

COMPARISON OF JFS TO ALL AGENCIES IN OIA OVERSIGHT



Note: Medicaid was removed from chart

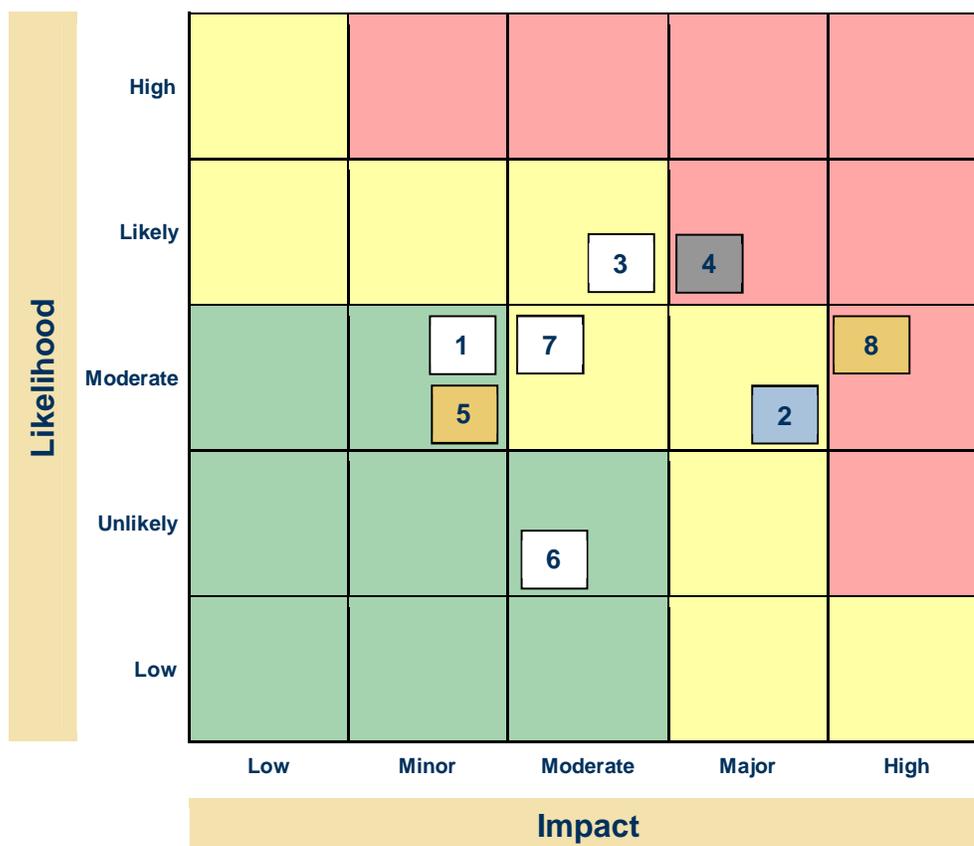
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT General Controls	Extra Large	General controls assurance audit which will focus on Employer Resource Information Center (ERIC) and Statewide Automated Child Welfare Information System (SACWIS). Additionally, consulting will be performed on Medicaid Information Technology System (MITS). The applications will be assessed against a set of control objectives across areas such as security management, change management, application development, computer operations and recoverability.
Unemployment Compensation	Large	Consulting related to productivity analysis to improve forecasting and data mining techniques for Unemployment Compensation.
Child Support Collections and Disbursements	Extra Large	The Child Support operation processes approximately \$2 billion annually. Perform end-to-end consulting related to the Child Support process including business process diagrams and key controls.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2013 AUDIT PRIORITIES**

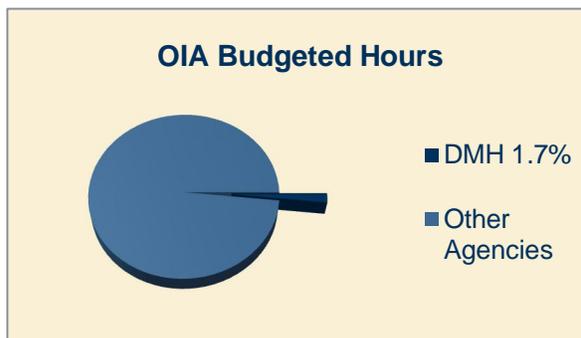
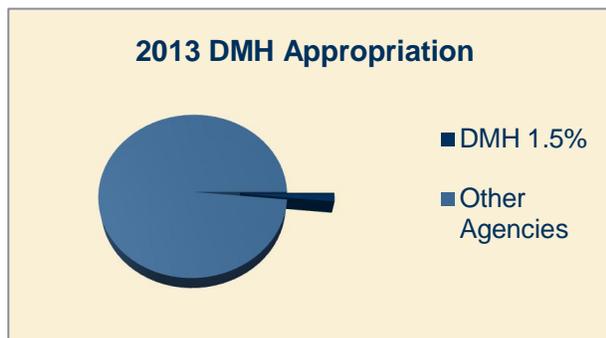


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Central Administration				
2	Hospital Operations			OIA	OIA
3	Office of Support Services				OIA
4	ADAMH Board Monitoring	AOS	AOS	OIA/AOS	AOS
5	Social Service Block Grant	AOS	AOS	AOS	AOS
6	Mental Health Block Grant				
7	IT Virtualization				OIA
8	IT General Controls	AOS	OIA/AOS	AOS	AOS



DEPARTMENT OF MENTAL HEALTH (DMH)

COMPARISON OF DMH TO ALL AGENCIES IN OIA OVERSIGHT



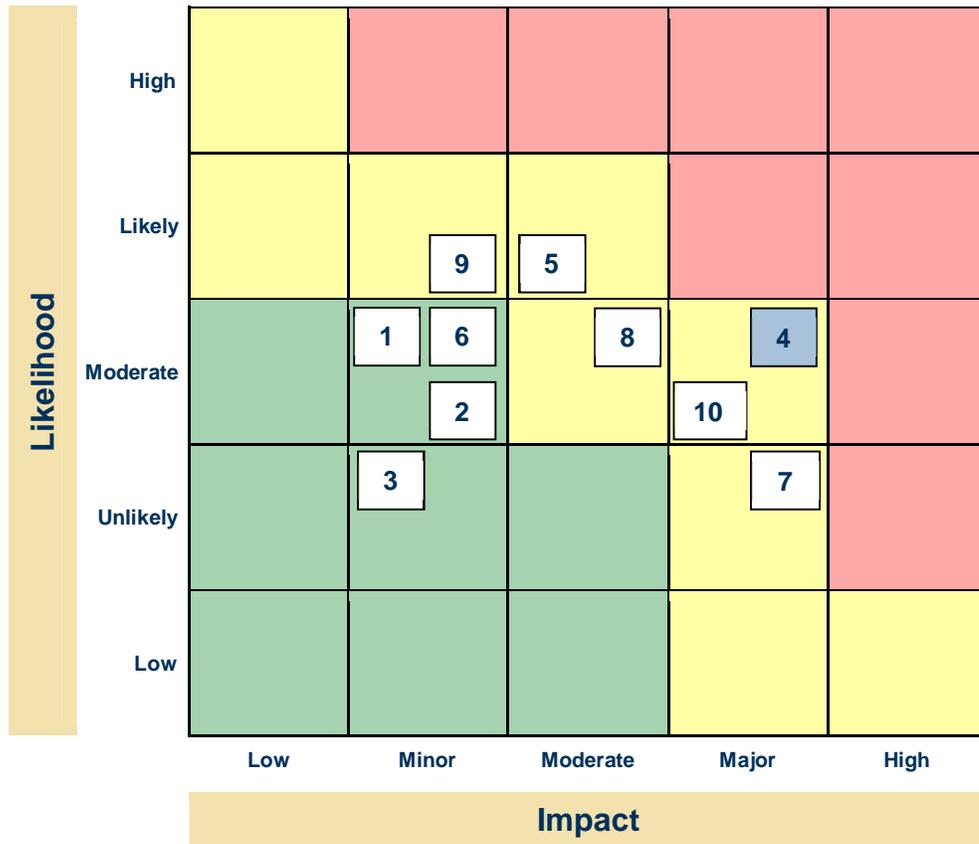
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
ADAMH Board Monitoring	Small	Provide consulting to assist the agency as it merges its subrecipient monitoring function with the Department of Alcohol and Drug Addiction Services; procedures may include evaluating the adequacy of its subrecipient monitoring process, assessing benchmarks, and processes to mitigate fraud, waste and abuse of its subrecipients.
Hospital Administration	Small	Assurance audit at selected DMH hospitals which will focus on select technologies that support core business processes. The technologies will be assessed against a set of control objectives across areas such as security management, change management, computer operations and recoverability.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF NATURAL RESOURCES
FISCAL YEAR 2013 AUDIT PRIORITIES**



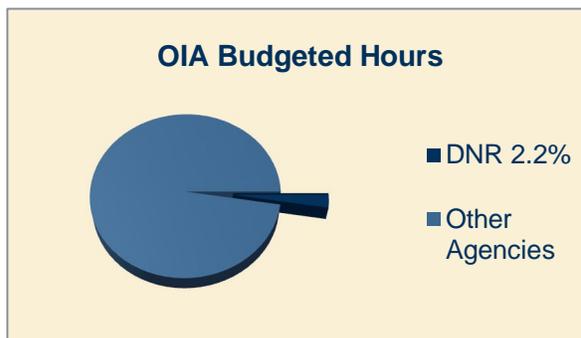
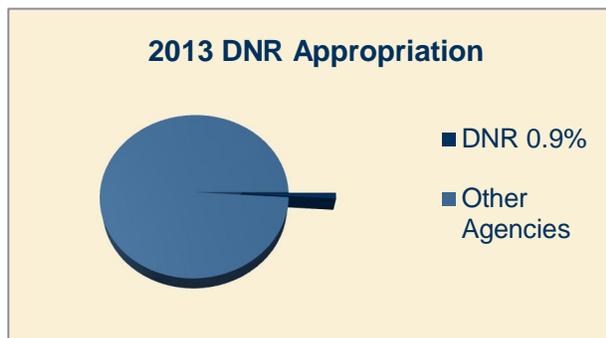
No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Federal Abandoned Mine Lands				
2	Reclamation				
3	State Forest	OIA			
4	State Park Operations			OIA	
5	Oil and Gas Permit Fees				OIA
6	Soil and Water Districts				
7	Wildlife Conservation		OIA		
8	Watercraft				OIA
9	IT Virtualization				
10	IT General Controls		OIA		

Note: The Auditor of State plans to perform a general revenue audit each fiscal year.



DEPARTMENT OF NATURAL RESOURCES (DNR)

COMPARISON OF DNR TO ALL AGENCIES IN OIA OVERSIGHT



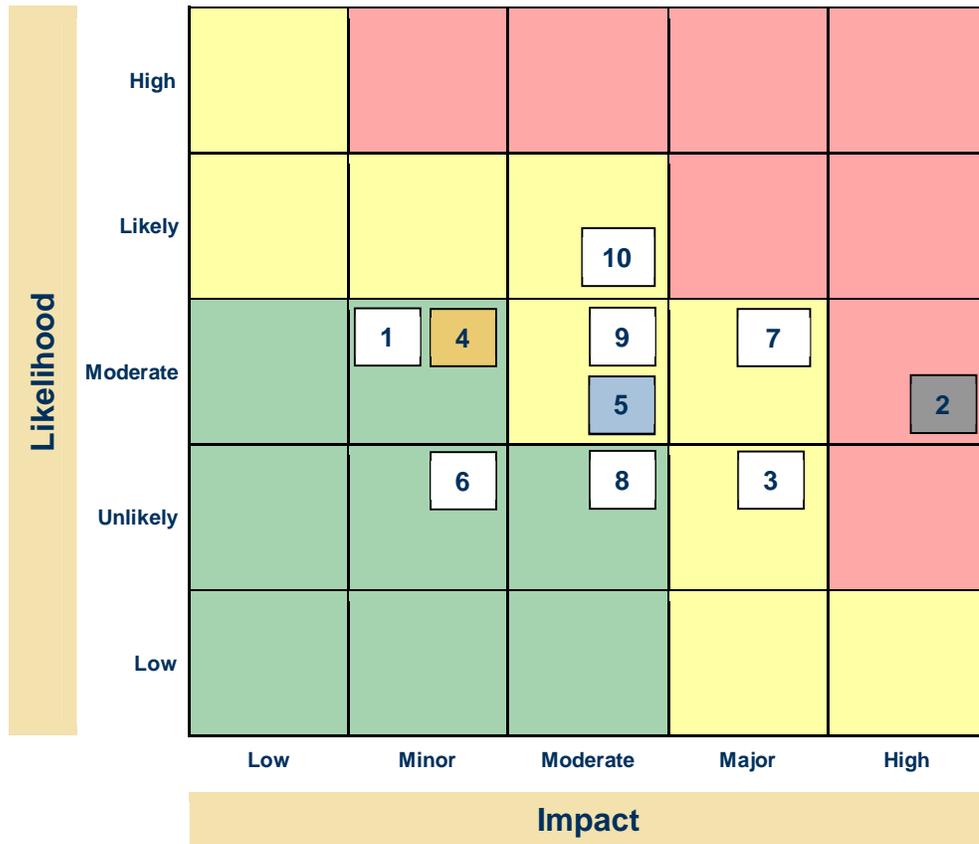
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
State Park Operations	Small	Assurance audit related to the revenue generated from the state park operations.
Various Audit Areas within DNR	Small	Assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF PUBLIC SAFETY
FISCAL YEAR 2013 AUDIT PRIORITIES**

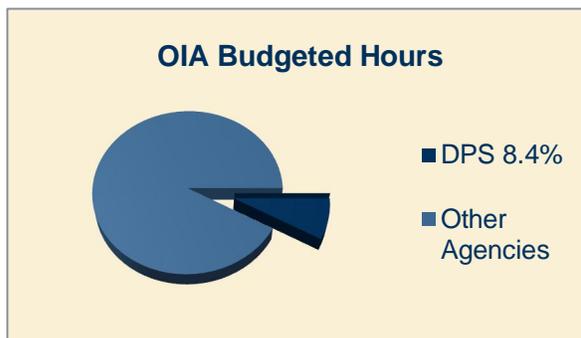
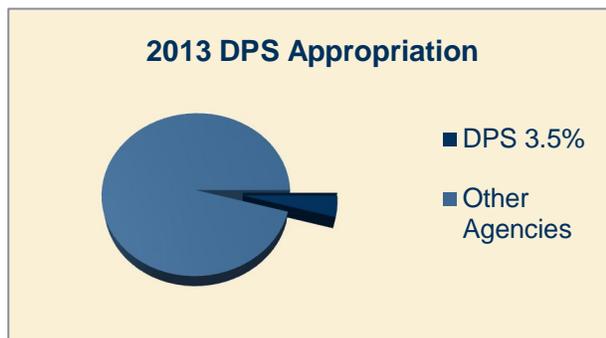


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Traffic Safety/Education				
2	Bureau of Motor Vehicles	OIA/AOS	OIA/AOS	OIA/AOS	AOS
3	State Highway Patrol		OIA		OIA
4	Homeland Security		AOS	AOS	
5	Emergency Medical Services			OIA	
6	Investigations				
7	Emergency Management Agency		OIA		OIA
8	Criminal Justice Services				
9	IT Virtualization				OIA
10	IT General Controls	OIA			



DEPARTMENT OF PUBLIC SAFETY (DPS)

COMPARISON OF DPS TO ALL AGENCIES IN OIA OVERSIGHT



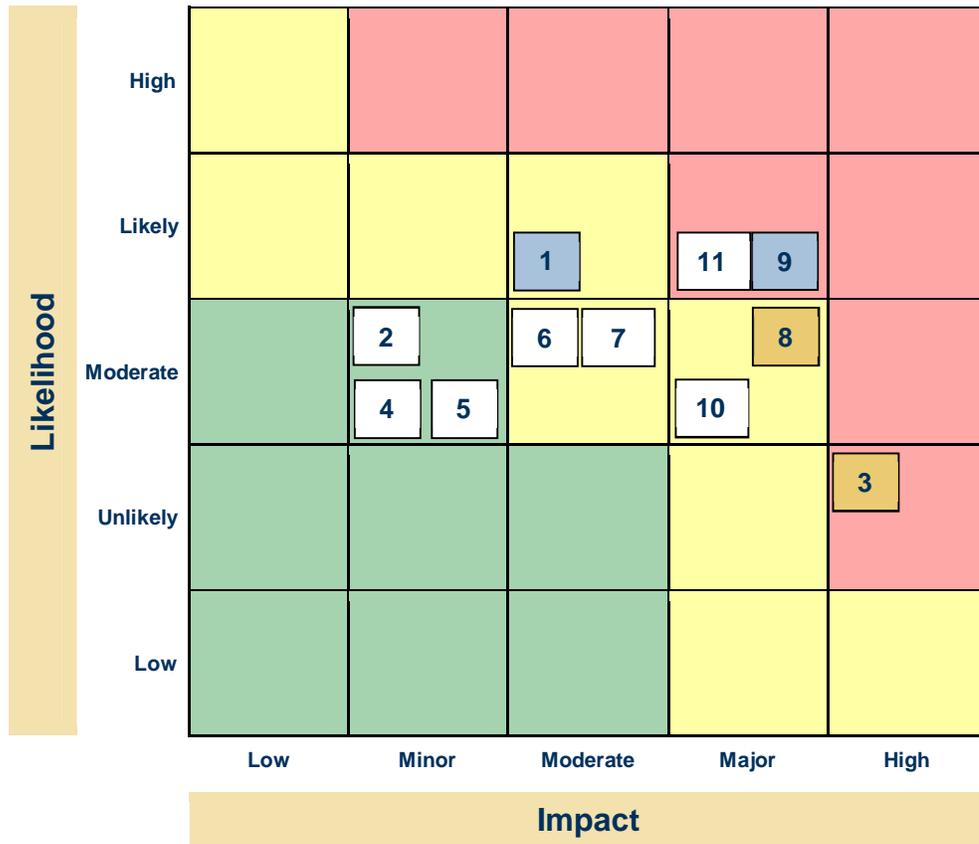
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Bureau of Motor Vehicles	Extra Large	Assurance audit of the administrative tax distribution process over Bureau of Motor Vehicles collections.
Emergency Medical Services	Medium	Assurance audit related to Emergency Medical Services' revenue and disbursement functions of its grant program.
Inventory at Various Audit Areas within DPS	Medium	Assurance on the DPS process for receiving, storing, distributing, and recording goods received at the Shipley Building.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**BOARD OF REGENTS
FISCAL YEAR 2013 AUDIT PRIORITIES**



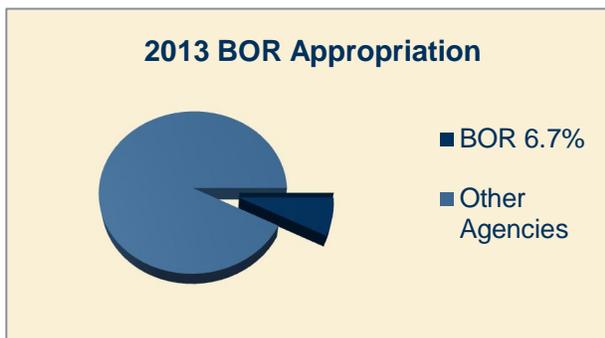
No.	Audit Universe Description	Past Coverage	Planned Coverage	
		2012	2013	2014
1	Choose Ohio First Scholarship		OIA	
2	Post-Secondary Adult Career – Tech Ed.			
3	State Share of Instruction	OIA/AOS	AOS	AOS
4	Cooperative Extension Service			
5	Ohio Agricultural R & D Center			
6	Adult Basic and Literacy Education			
7	Ohio College Opportunities Grant			OIA
8	Ohio Tuition Trust Authority	AOS	AOS	AOS
9	Shared IT Networks		OIA	
10	IT Virtualization			OIA
11	IT General Controls	OIA		

Note: BOR became part of OIA’s oversight in October 2011.



BOARD OF REGENTS (BOR)

COMPARISON OF BOR TO ALL AGENCIES IN OIA OVERSIGHT



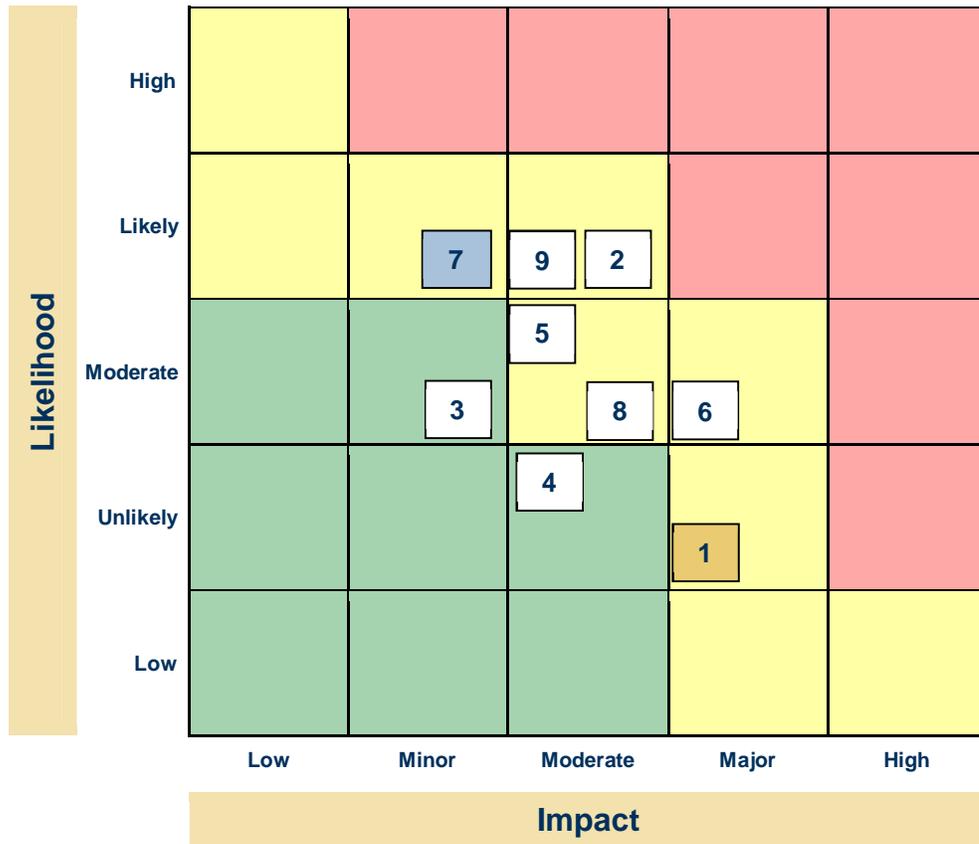
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Choose Ohio First Scholarship	Small	Assurance audit over the automated scholarship process; consulting will be offered during the transition from a manual to an automated process.
Shared IT Networks	Large	Consulting services related to the Memorandum of Understanding (MOU) agreements BOR has in place with various entities to ascertain project status and fund balance. Also consulting on the IT services BOR receives from OH-TECH.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



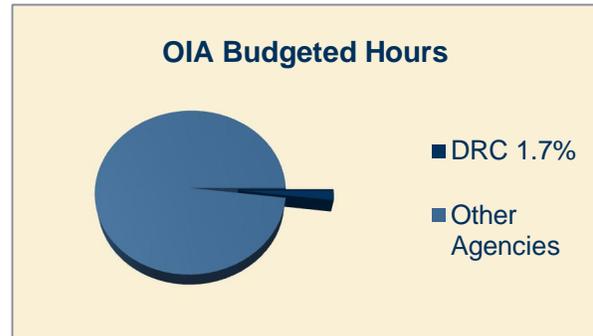
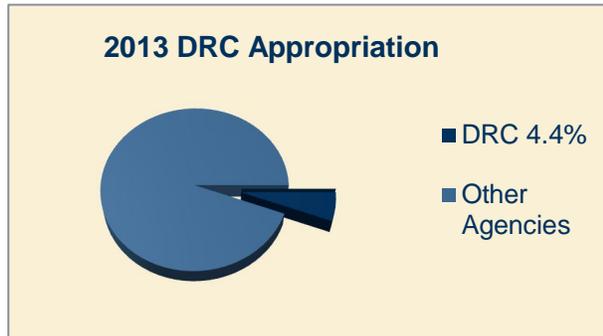
**DEPARTMENT OF REHABILITATION AND CORRECTION
FISCAL YEAR 2013 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Institutional Operations – Payroll	AOS	AOS	AOS	AOS
2	Institutional Operations – Non-payroll	AOS	OIA		
3	Community Nonresidential Programs				
4	Community Residential Programs				
5	Parole and Community Operations				OIA
6	Institution Medical Services				OIA
7	Ohio Penal Industries			OIA	
8	IT Virtualization				
9	IT General Controls	OIA			



**DEPARTMENT OF REHABILITATION AND CORRECTION (DRC)
COMPARISON OF DRC TO ALL AGENCIES IN OIA OVERSIGHT**



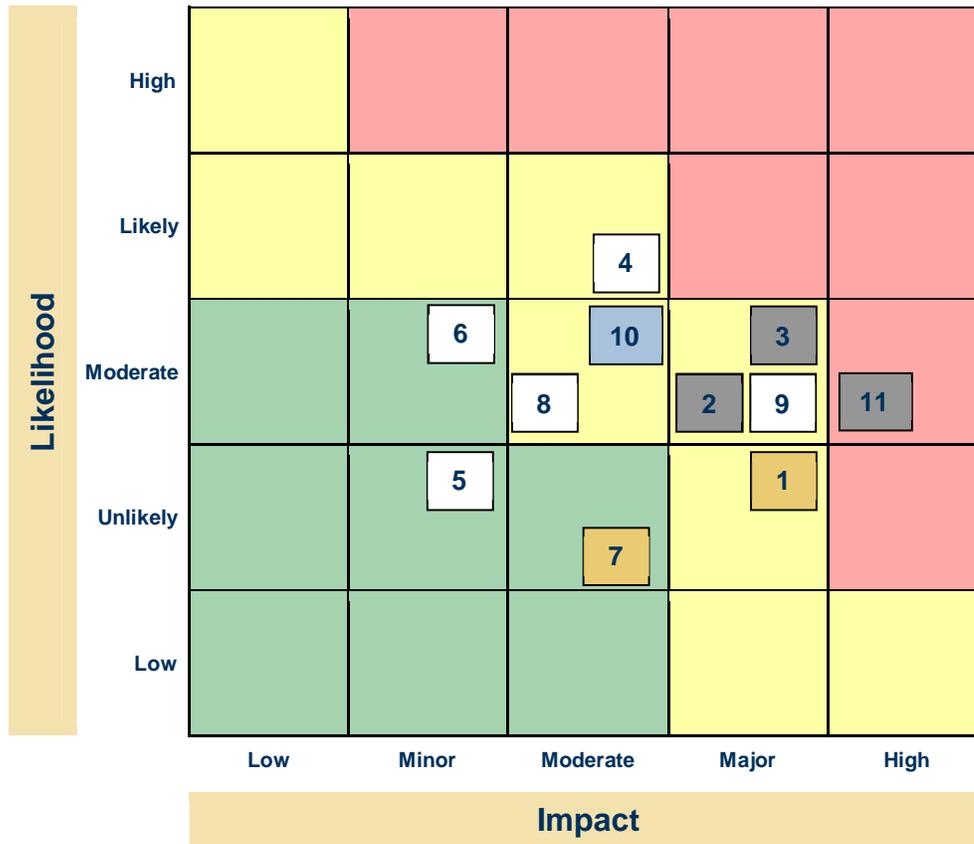
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Ohio Penal Industries	Medium	Consulting services on the ERP system functionality and the design of controls around the receivable and revenue processes.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF TAXATION
FISCAL YEAR 2013 AUDIT PRIORITIES**

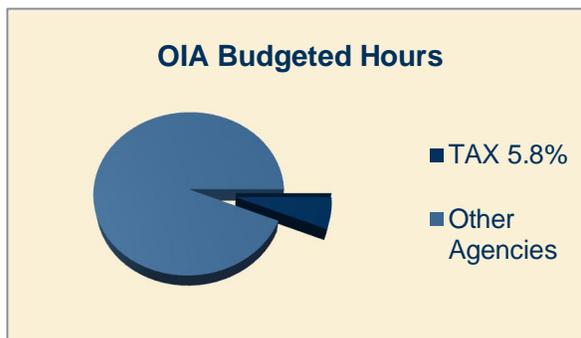
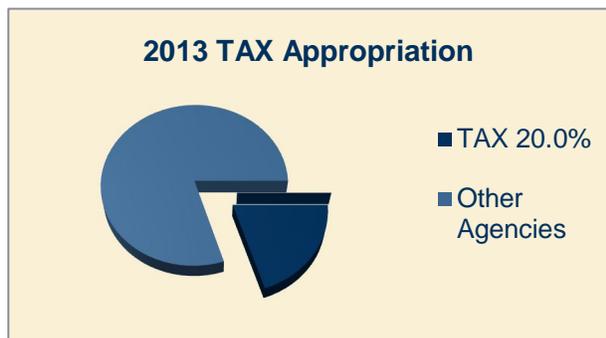


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Personal Income Taxes	AOS	OIA/AOS	AOS	AOS
2	Sales Taxes	AOS	OIA/AOS	OIA/AOS	AOS
3	Commercial Activity Taxes	AOS	AOS	OIA/AOS	AOS
4	Cigarette Taxes				OIA
5	Kilowatt Hour Taxes				
6	Gasoline Excise Taxes				
7	Permissive Tax Distribution	AOS	AOS	AOS	AOS
8	Property Tax Allocation				
9	Tax Refunds	OIA			OIA
10	IT Virtualization			OIA	
11	IT General Controls	OIA/AOS	AOS	OIA/AOS	AOS



DEPARTMENT OF TAXATION (TAX)

COMPARISON OF TAX TO ALL AGENCIES IN OIA OVERSIGHT



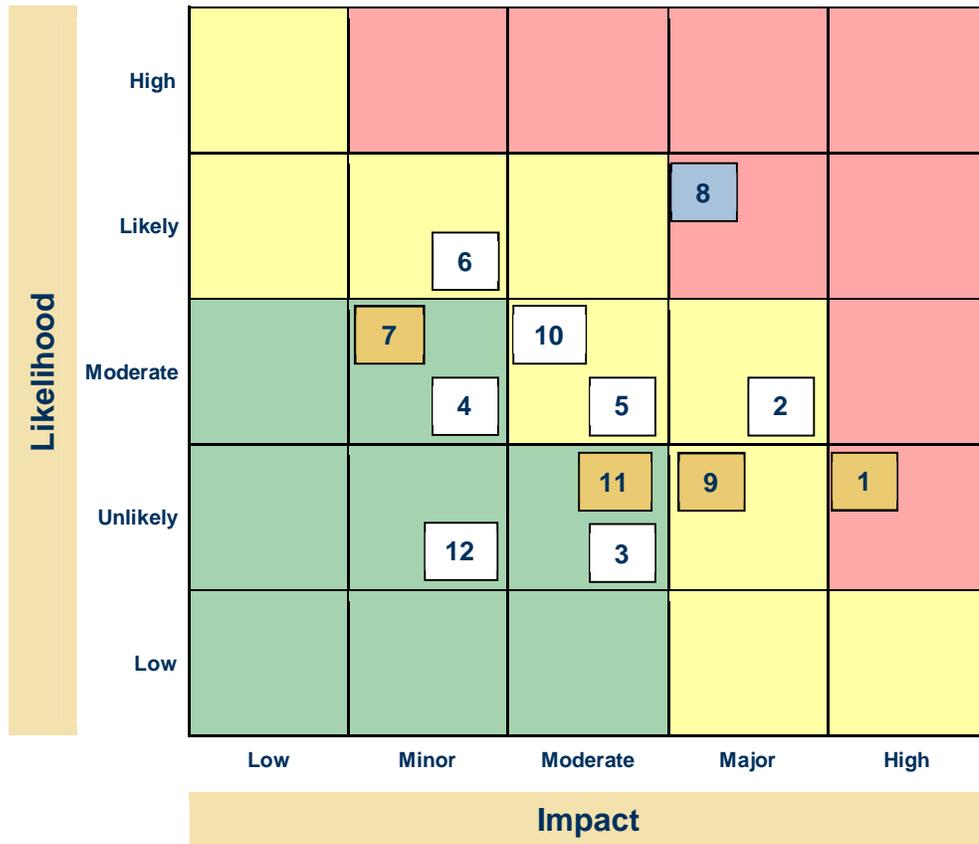
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Sales Taxes	Large	Assurance related to various tax credits issued by the State. This engagement will be performed in conjunction with the tax credits audit at the Department of Development.
Commercial Activity Taxes		
Various Tax Audit Areas	Medium	Consulting in the tax problem resolution area with a focus on process efficiencies, reporting, and monitoring.
IT Virtualization	Large	Assurance audit of the Department's virtualized environment. In addition, OIA will perform a general controls assurance audit on portions of IT technologies which are not a focus of the annual Auditor of State IT review.
IT General Controls		

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF TRANSPORTATION
FISCAL YEAR 2013 AUDIT PRIORITIES**

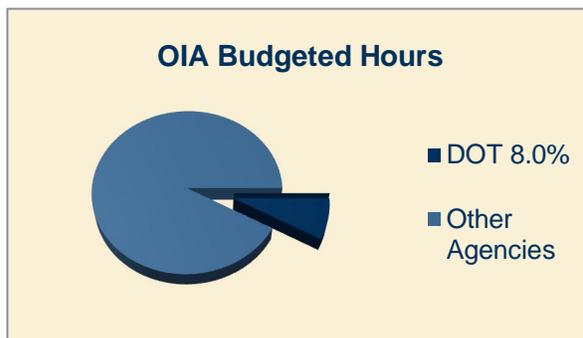
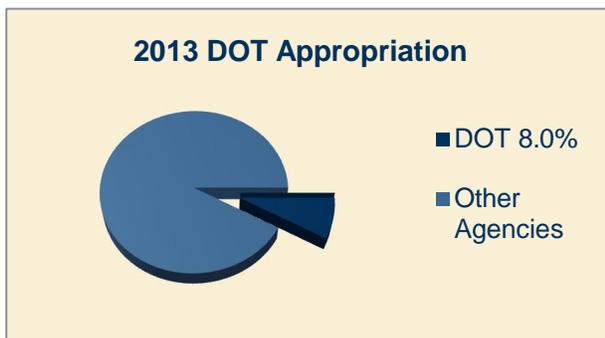


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Highway Construction – State Managed	AOS	AOS	AOS	AOS
2	Highway Construction – Local Managed	OIA			OIA
3	Highway Construction – Infrastructure Bank	OIA			OIA
4	Transportation Planning and Research				
5	Public Transportation		OIA		
6	Rail Transportation		OIA		
7	Aviation			AOS	
8	Administration		OIA	OIA	
9	State Infrastructure Assets	AOS	AOS	AOS	AOS
10	IT Virtualization				OIA
11	IT General Controls	OIA	OIA	AOS	AOS



DEPARTMENT OF TRANSPORTATION (DOT)

COMPARISON OF DOT TO ALL AGENCIES IN OIA OVERSIGHT



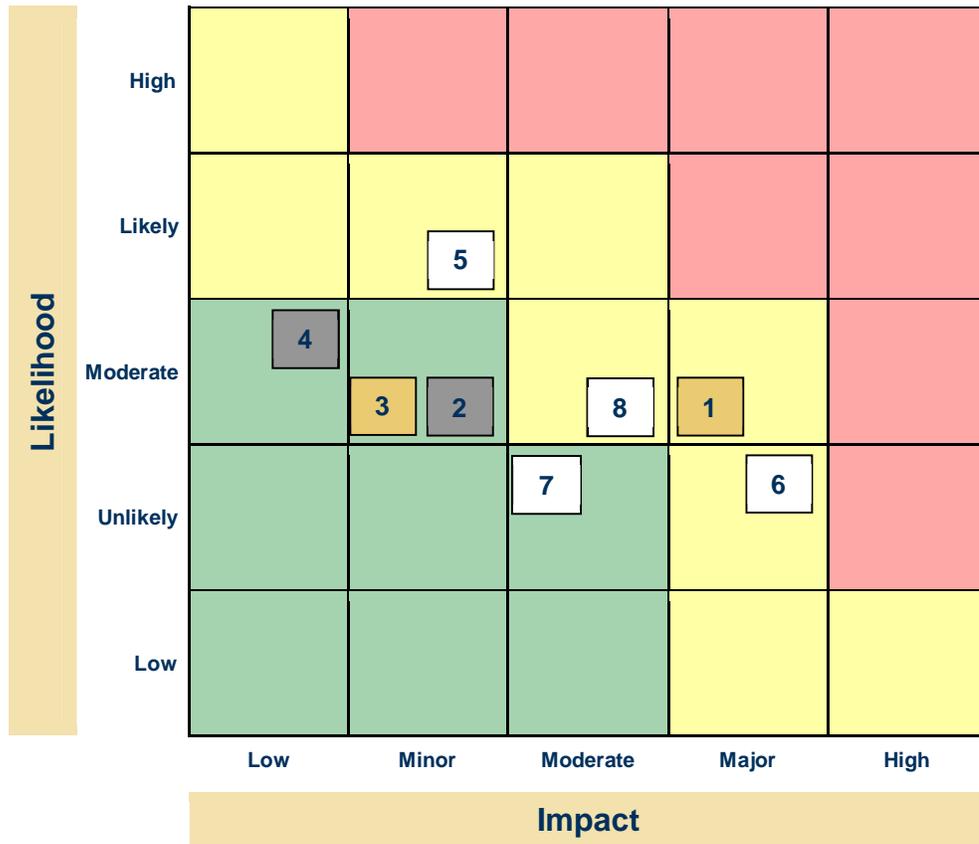
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Administration	Large	Assurance audits related to right-of-way activity at district offices and task order contracts at central office with a focus on process design and completeness.
Various Audit Areas	Extra Large	Consulting to help develop process maps and evaluate control design of engineering and parts contracts, Kronos payroll implementation, public private partnerships, and other selected information technology processes.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF VETERANS SERVICES
FISCAL YEAR 2013 AUDIT PRIORITIES**

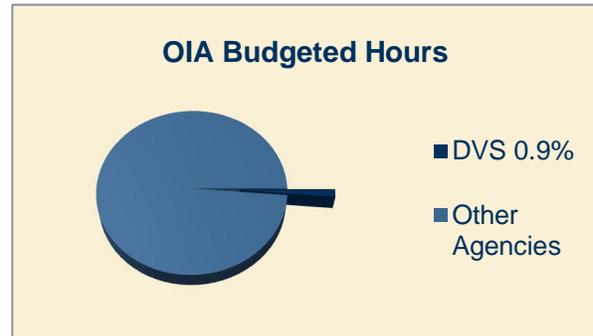
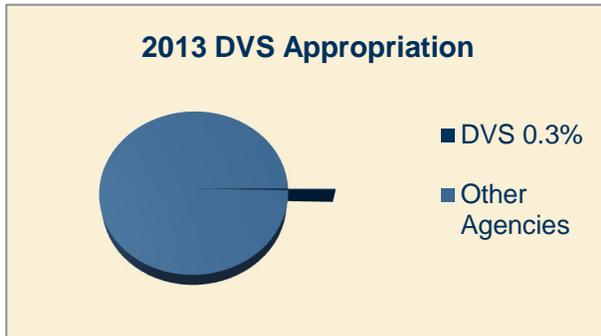


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Sandusky Veterans Facility – Payroll	AOS	AOS	AOS	AOS
2	Sandusky Veterans Facility – Non-payroll	AOS	AOS	OIA/AOS	AOS
3	Georgetown Veterans Facility – Payroll	AOS	AOS	AOS	AOS
4	Georgetown Veterans Facility – Non-payroll	AOS	AOS	OIA/AOS	AOS
5	State Operations				OIA
6	Veterans Bonus Program	OIA			
7	IT Virtualization				
8	IT General Controls		OIA		



DEPARTMENT OF VETERANS SERVICES (DVS)

COMPARISON OF DVS TO ALL AGENCIES IN OIA OVERSIGHT



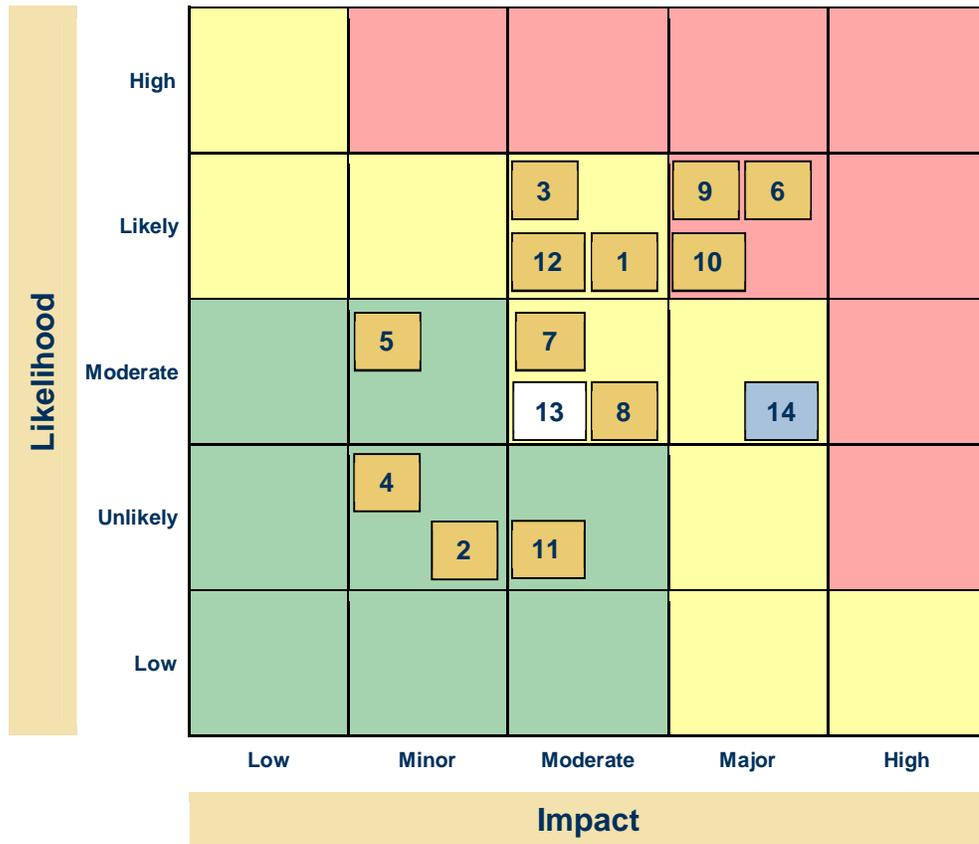
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Sandusky and Georgetown Veteran Facilities – Non-payroll	Small	Assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA’s budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**BUREAU OF WORKERS COMPENSATION
FISCAL YEAR 2013 AUDIT PRIORITIES**



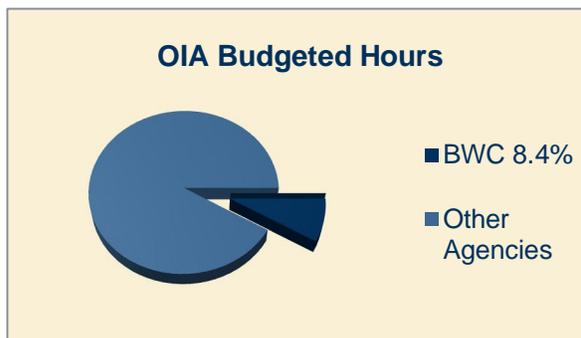
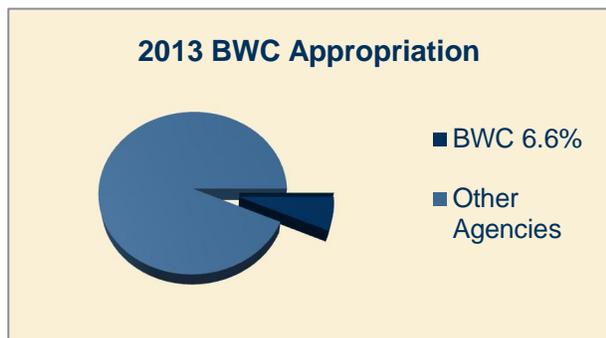
Note: OIA leverages the work of BWC internal auditors to perform non-IT services.

No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	Revenues: Fees and Assessments			BWC	BWC
2	Capital Assets			BWC	BWC
3	Cash and Investments	BWC	BWC	BWC	BWC
4	Expenditures: Payroll			BWC	BWC
5	Expenditures: State Funds			BWC	BWC
6	Expenditures: Claims	BWC	BWC	BWC	BWC
7	General Accounting & Financial Reporting	BWC	BWC	BWC	BWC
8	Self-Insurance	BWC		BWC	BWC
9	Reserves/Actuarial Reviews			BWC	BWC
10	Rate-Making	BWC		BWC	BWC
11	Fraud & Investigative Services			BWC	BWC
12	Managed Care Organizations	BWC		BWC	BWC
13	IT Virtualization		OIA		
14	IT General Controls	OIA		OIA	OIA



BUREAU OF WORKERS' COMPENSATION (BWC)

COMPARISON OF BWC TO ALL AGENCIES IN OIA OVERSIGHT



Note: OIA budgeted hours are for IT audit only.

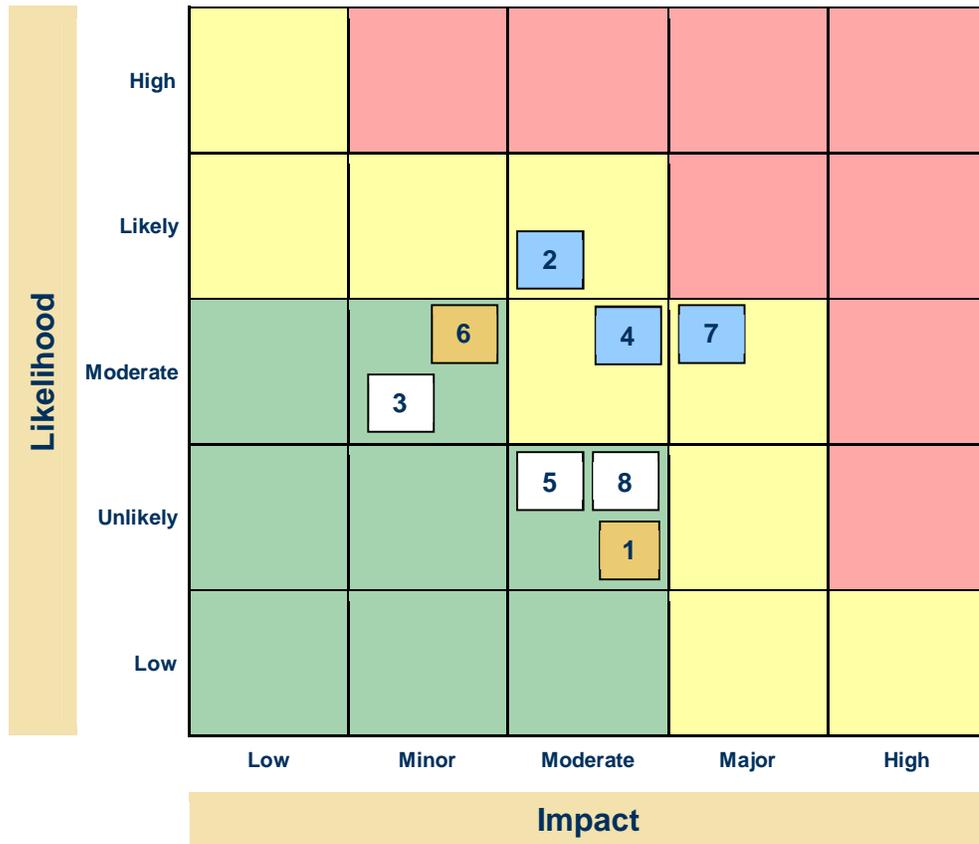
PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Various	Medium	Perform IT assurance services for integrated audit engagements identified by BWC Internal Audit Staff.
IT General Controls	Medium	Perform a consulting risk assessment for the new Core systems project.
IT General Controls	Extra Large	Assurance audit work related the Bureau's IT general controls in areas of change management, security, operations, and infrastructure. This work will result in frequent sampling and updates on a quarterly or semi-annual basis.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.



**DEPARTMENT OF YOUTH SERVICES
FISCAL YEAR 2013 AUDIT PRIORITIES**

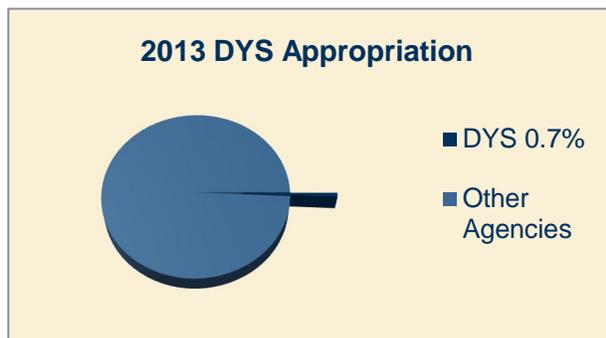


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2011	2012	2013	2014
1	State Correctional Facilities – Payroll	AOS	AOS	AOS	AOS
2	State Correctional Facilities – Non-payroll			OIA	
3	Parole Operations				
4	County Community Correctional Facilities			OIA	
5	Local Court Subsidies				
6	Administrative Operations	AOS	OIA/AOS	AOS	OIA/AOS
7	IT Virtualization			OIA	
8	IT General Controls	OIA			



DEPARTMENT OF YOUTH SERVICES (DYS)

COMPARISON OF DYS TO ALL AGENCIES IN OIA OVERSIGHT



PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
State Correctional Facilities – Non-payroll	Small	Consulting services around DYS' monitoring of county community correctional and state youth facilities.
County Community Correctional Facilities		
IT Virtualization	Small	Assurance audit of the Department's virtualized environment.

OIA will consider adding engagements that arise during fiscal year 2013 that can be completed within OIA's budget and add value to operational processes. Additionally, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.