



## STATE AUDIT COMMITTEE

**TUESDAY, SEPTEMBER 29, 2009, 10:00 A.M.**  
**VERN RIFFE CENTER FOR GOVERNMENT AND THE ARTS**  
**77 SOUTH HIGH STREET, 31<sup>ST</sup> FLOOR, SOUTH CONF. ROOM A**  
**COLUMBUS, OHIO 43215**

Members Present: William Shkurti, Chair  
William Keip  
Richard Mueller  
Beverly Vitaz

### Call to Order

Mr. Shkurti called the meeting to order at 10:00 A.M.

### Approval of Minutes

The minutes of the meeting held March 10, 2009, were unanimously approved.

### OBM Financial Reporting Process Update

Tom Holsinger, Director of OBM State Accounting, opened by updating the committee on the efforts of OBM in providing financial information for two fiscal year audits – FY 08 and FY 09. His staff is currently working to issue the CAFR for fiscal year 2008 and gather data for the fiscal year 2009 audit. He stated that most agencies have their information submitted but the larger state agencies who utilize independent audit firms have October 2009 deadlines for the FY 09 audit. Two agencies have asked for extensions and a log is kept of agencies who request extensions and the extension date.

Chairman Shkurti asked what the impact was to the financials. Amy Hall explained that this would mean that a column would be missing from the ledger until the financial data is received. Chairman Shkurti emphasized that agencies must stay on schedule and encouraged Tom Holsinger and Amy Hall to utilize whatever leverage was needed to get the financial data in a timely manner so that deadlines are met.

Chairman Shkurti suggested that OBM work to get the processes aligned and Tom Holsinger assured the committee members that it is OBM's goal to continue to work through the issue and get back on target. Rich Mueller asked if there was anything that could be done proactively. Mr. Holsinger explained that OBM and the Auditor of State's office would be looking at proactive

measures in the future. He explained that the interdependency between OBM and the AOS creates unique situations and sometimes unavoidable delays.

Chairman Shkurti stated that he would like for the AOS and OBM to review the current process and re-evaluate it and begin to work out a new proactive system that could be utilized for the next audit. He emphasized the need to keep aligned in the timing of audits. He asked that the committee be updated on the progress at the December meeting.

### **FY 08 SAS 70 Management Remediation Update**

Sam Orth, Chief Information Officer, Department of Administrative Services, provided the update of the OAKS remediation efforts for the FY 08 SAS-70 audit findings. He stated that 92% of the findings had been remediated. Mr. Orth indicated that the OAKS Managed Services migration to a Tier III data center is planned for late February 2010. OAKS Managed Services successfully executed a current environment disaster recover test in mid-September.

Mr. Orth also explained that in conjunction with moving OAKS to the new data center, that hardware upgrades and disaster recovery capabilities would be implemented and tested prior to the cutover to the new center. Several other functions will be implemented that are designed to address data security, privacy and operational findings. Mr. Orth stated that he would provide an update on this transition at the March 2010 meeting.

### **External Audit Update**

Cynthia Klatt, Chief Auditor, State Region, Auditor of State's office, indicated that her office had received the FY 08 financial statements which were due June 30. She explained that her office was working to issue an audit opinion on the financial statements. She also indicated that there was federal program testing ongoing at several agencies and expected to finalize the federal work in conjunction with the audit of the FY 08 financials. She also has been told that her Office would receive the FY 09 financials in December.

Bob Hinkle explained that they will continue to work with OBM on timelines for future audits. Chairman Shkurti asked Mr. Hinkle what their involvement was with the federal stimulus funds. Mr. Hinkle explained that their stimulus money tracking system currently included only local government ARRA monies, and that they are working with OBM to obtain state agency ARRA information downloaded from OAKS. They are also working with the GAO.

Maria Jackson and Jim Swonger provided updates on the status of the FY 09 SAS 70 audit by explaining that they were in the field work phase and hoped to have that wrapped up by the end of September with the SAS 70 being released in November. Ms. Jackson stated that the period of their review would be through June 30, 2009, and how the controls were operating during that

period. Rich Mueller asked what it meant for state agencies and Ms. Jackson explained that the SAS 70 report is primarily for the auditors of the state agencies, including the Auditor of State.

### **Chief Audit Executive Update**

Joe Bell updated the members on the progress of the Office of Internal Audit and its continuing role in the federal stimulus project. He stated that September 30 was the cutoff for the first submission of the ARRA Section 1512 report to the OMB. The 1512 report is due to the federal OMB by October 10 and a report would become public at the beginning of November.

Mr. Bell then provided the committee members with a finalized Suspected Fraud, Abuse, Wrongdoing Reporting Process document that explains the steps taken when reporting suspicious activity.

Jim Kennedy provided an update on the status of the annual audit plan. Mr. Kennedy reviewed the various projects and explained what type of report the committee could expect to receive. Committee members asked for a few modifications to be made to the document that would note if the projects are on time and relate the importance of the project.

At 11:23 A.M. Chairman Shkurti moved the committee meeting into executive session for the purpose of discussing confidential matters exempted from public disclosure per Ohio Revised Code 126.48.

The committee ended executive session at 1:00 P.M. and the meeting was adjourned with no further discussion.

### **Open Items for December 1, 2009 Meeting**

- Status of proactive system for gathering financial data from agencies for the 2009 annual external audit.

**Responsible party:** Tom Holsinger, Amy Hall, Bob Hinkle, Cindy Klatt

- SAS 70 Update – provide a timeline of activity/testing procedures before going live with the new Tier III data center.

**Responsible party:** Sam Orth

- Annual Plan Update – document revision

**Responsible party:** Jim Kennedy



**State Audit  
Committee**

**Ted Strickland**, Governor

**William J. Shkurti**, Chairman