



**OBM**

Office of Internal Audit

# OBM Office of Internal Audit

## Fiscal Year 2012 Annual Audit Plan

*July 1, 2011 – June 30, 2012*

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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 21 state agencies' (as required by Ohio Revised Code section 126.47) risk environment in order to develop the audit plan for fiscal year 2012. 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 2012 Audit Prioritization Process

### Risk Assessment Methodology

In developing the audit plan, OIA performed a risk analysis for the 21 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 a comprehensive 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 three audit universe categories. Each audit universe category may have multiple auditable areas depending upon the state agency. The three audit universe categories are as follows:

Audit Universe	Description
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 and IT operations.
Enterprise Risks	Enterprise risks are risks common to all state agencies that result in one review for all agencies. Additionally, multi-agency reviews are risks common to a cluster of state agencies but not all 21 agencies in OIA oversight.



### 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 higher 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 2012 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 frequency of prior audits (OIA, Auditor of State, State Inspector General, actuaries, etc) may influence 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 48 identify the audit priorities and preliminary scope for the 21 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 2012 annual appropriation compared to other agencies. The GRF appropriation was removed from Dept. of Job and Family Services since the \$12 billion Medicaid program distorts the information.

Those audit universe categories colored in blue represent planned audit areas for OIA. Based upon discussions with the Auditor of State, we have identified in orange those areas planned for audit by the AOS in fiscal year 2012. 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 risk management/external 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.

The State Legislature recently passed legislation which included the Board of Regents (BOR) as part of OIA's oversight. OIA will identify the audit universe and perform an audit prioritization process for BOR in the first quarter of fiscal year 2012. The audit plan with the initial engagements will be presented to the State Audit Committee in September 2011.



## Audit Priorities and Resources

Based upon the audit prioritization process, OIA identified the following three priorities for the fiscal year 2012 annual plan:

- In fiscal year 2011, OIA performed IT general control reviews at 11 state agencies. The 2012 annual plan identifies 9 IT general control reviews to complete the two year process for these audits.
- There is an increased focus in fiscal year 2012 for end-to-end process reviews which result in more integrated audits of financial and IT audit staff. There are seven integrated audits planned in fiscal year 2012.
- A larger concentration of consulting activities will occur in fiscal year 2012 due to an increase in process changes and new systems at state agencies. These consulting activities include risk management, agency monitoring, privatization, cash collections, audit resolution, and mapping of processes. The consulting activities in the annual plan represent approximately 30% of engagement hours for the fiscal year.

To complete the financial and information technology engagements in this plan, OIA estimates approximately 17,000 financial audit hours and 10,500 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 2012.

The plan includes 15 public assurance audits scheduled for completion in fiscal year 2012. In addition, 17 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 21 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.

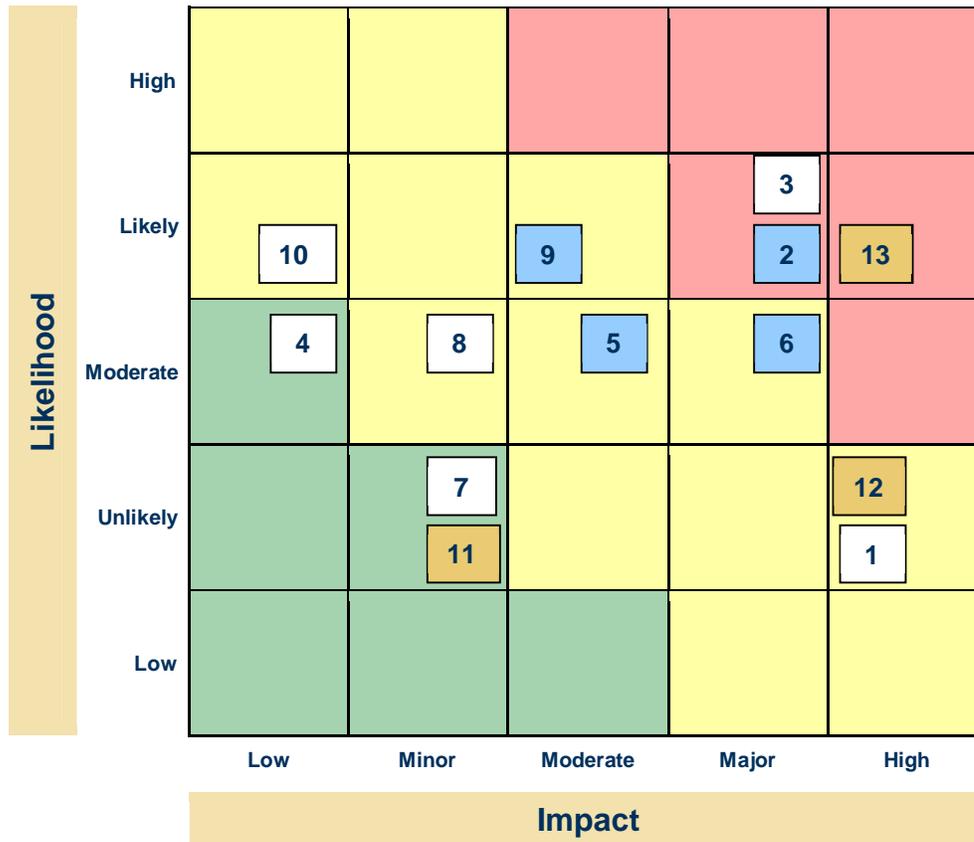
Each state agency is provided a memorandum of understanding (MOU) at the beginning of the fiscal year which identifies OIA's planned scope, audit fees, and other general provisions. The MOU will include an allotted amount of audit hours for follow up on agency remediation of previously issued observations. 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 2012 AUDIT PRIORITIES**

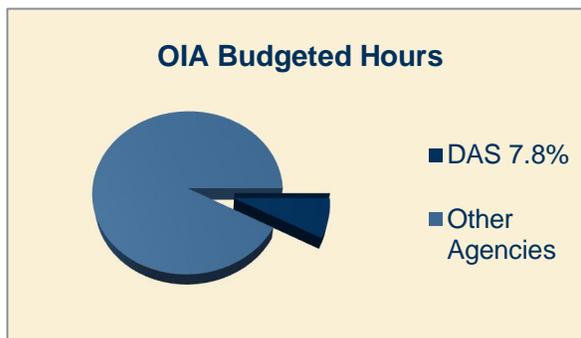
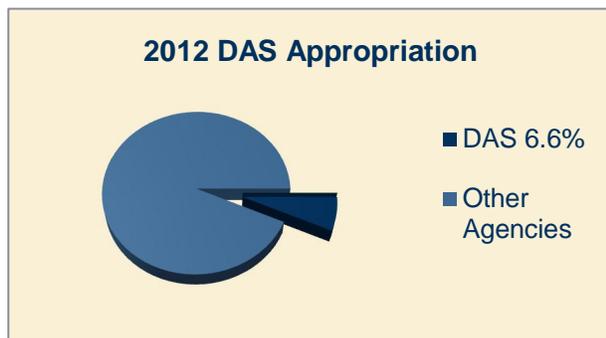


	<b>Description</b>	<b>Planned Audit Coverage</b>
1	Payroll Deductions	Not Planned (2011 OIA Audit)
2	State Employee Health Benefit Fund	OIA
3	Ohio Business Gateway	Not Planned (2011 OIA Audit)
4	General Services – Operations	Not Planned
5	IT Service Delivery	OIA
6	State Purchasing	OIA
7	State Printing	Not Planned
8	State Architect’s Office	Not Planned
9	MARCS Administration	OIA
10	Risk Management Reserve	Not Planned
11	Statewide Indirect Cost Allocation Plan	AOS
12	IT Security and Privacy	AOS
13	IT General Controls	AOS



**DEPARTMENT OF ADMINISTRATIVE SERVICES (DAS)**

**COMPARISON OF DAS TO ALL AGENCIES IN OIA OVERSIGHT**

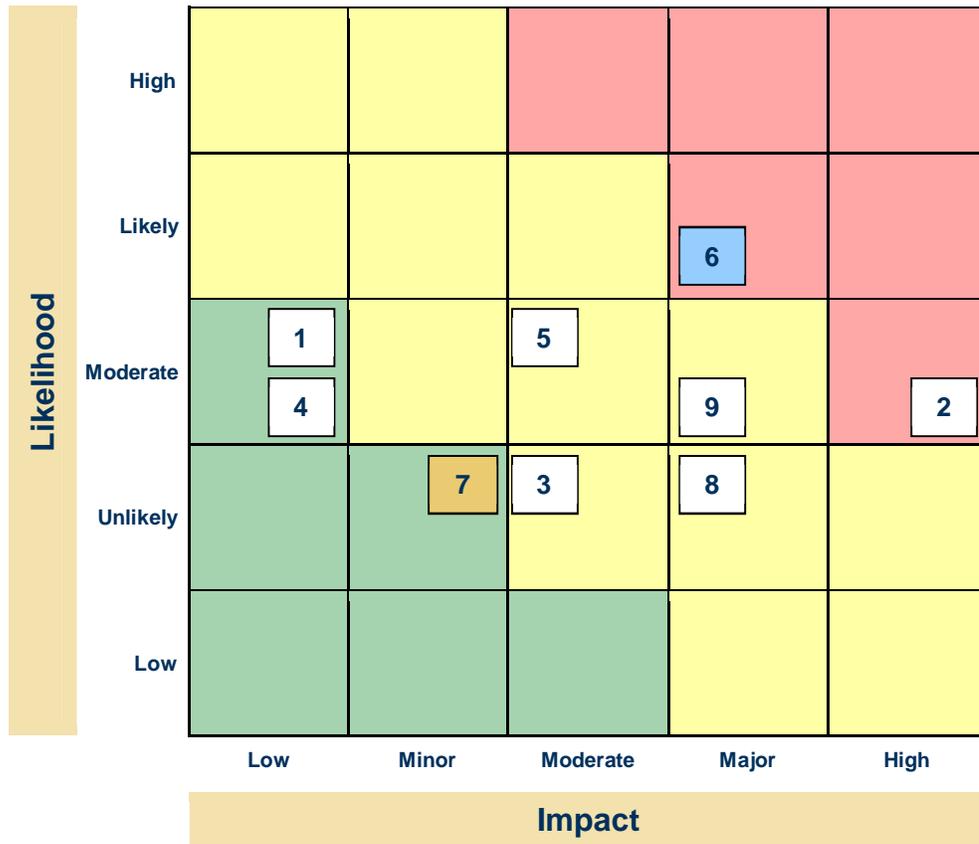


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
State Employee Health Benefit Fund	Large	The Department annually processes approximately \$500 million fund medical costs of the state’s self-insured health, dental, vision, and prescription programs for state employees. OIA will perform an assurance audit of key processes related to COBRA payments.
State Purchasing	Large	OIA will perform an assurance audit and evaluate operational efficiencies in the reverse auction process within state purchasing.
MARCS Administration	Medium	The multi-agency radio communication system (MARCS) is a wireless, digital network providing first response to public safety. OIA initiated this assurance audit in fiscal year 2011 and will finalize this year.
IT Service Delivery	Small	OIA will perform consulting services on the annual agency IT audit plan process and subsequent expenditures related to their plan.



**DEPARTMENT OF AGING  
FISCAL YEAR 2012 AUDIT PRIORITIES**

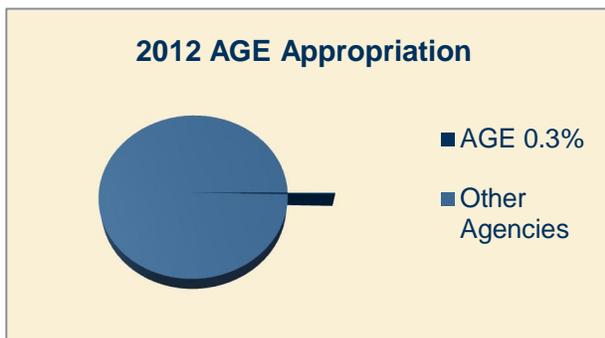


	Description	Planned Audit Coverage
1	Senior Community Services	Not Planned
2	Medicaid	Not Planned
3	Special Programs for Aging Parts B and C	Not Planned
4	Americorps Programs	Not Planned
5	PASSPORT/Residential Supplement	Not Planned
6	Area Agencies on Aging (AAA) Monitoring	OIA
7	Operating Expenses	AOS
8	IT Security and Privacy	Not Planned (2011 OIA Audit)
9	IT General Controls	Not Planned (2011 OIA Audit)



### DEPARTMENT OF AGING (AGE)

#### COMPARISON OF AGE TO ALL AGENCIES IN OIA OVERSIGHT

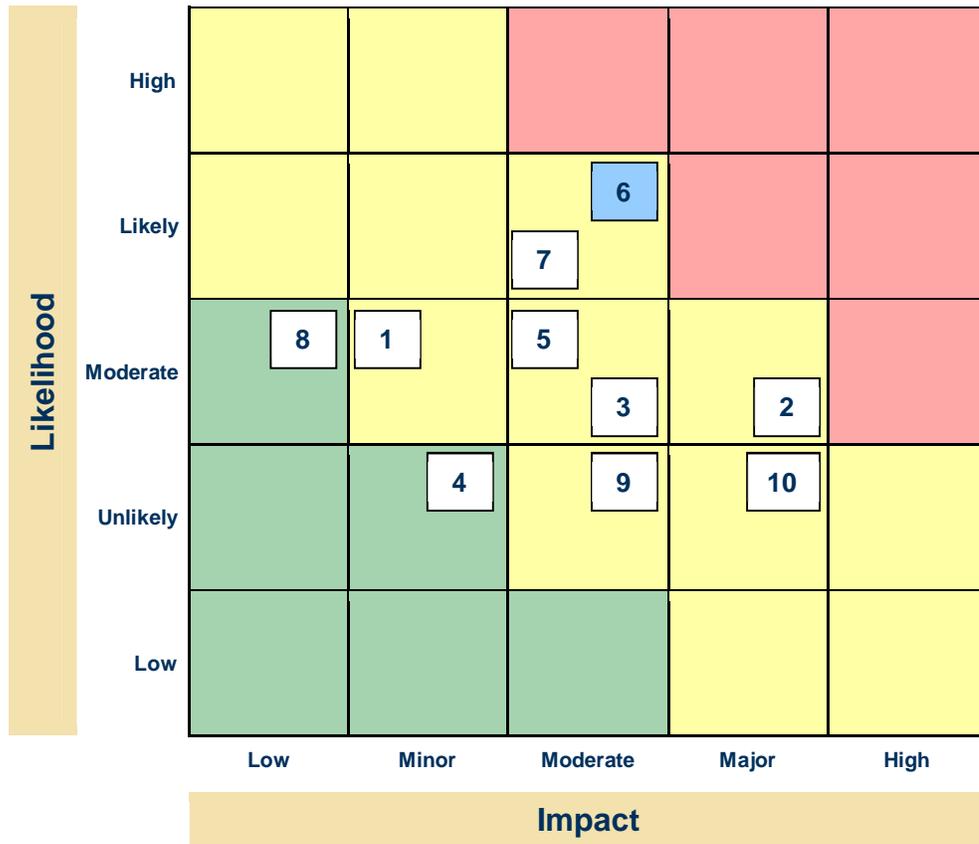


#### PRELIMINARY AUDIT SCOPE

Audit Areas	OIA Level of Effort	Description of Audit Scope
Area Agencies on Aging	Small	Aging has the responsibility to monitor the 12 Area Agencies on Aging that receive Department funding. OIA will perform an assurance audit on Aging's monitoring processes and efforts.



**DEPARTMENT OF AGRICULTURE  
FISCAL YEAR 2012 AUDIT PRIORITIES**



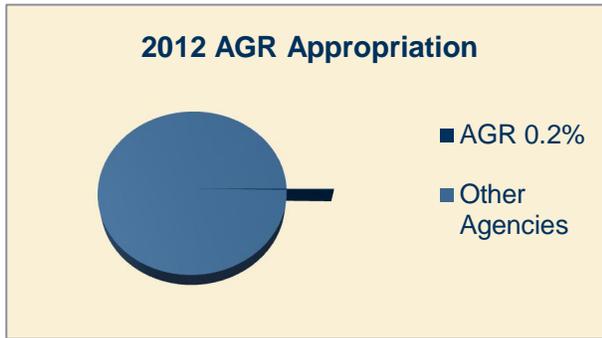
	Description	Planned Audit Coverage
1	Animal Disease Control Expenses	Not Planned
2	Meat Inspection	Not Planned
3	Central Support Indirect Cost	Not Planned
4	Commercial Feed and Seed	Not Planned
5	Dairy Industry Inspection	Not Planned
6	Amusement Ride Inspection	OIA
7	Animal and Consumer	Not Planned
8	Pesticide, Fertilizer, and Lime Inspection	Not Planned
9	IT Security and Privacy	Not Planned (2011 OIA audit)
10	IT General Controls	Not Planned (2011 OIA audit)

Note: The Auditor of State plans to perform a general revenue audit during fiscal year 2012.



**DEPARTMENT OF AGRICULTURE (AGR)**

**COMPARISON OF AGR TO ALL AGENCIES IN OIA OVERSIGHT**

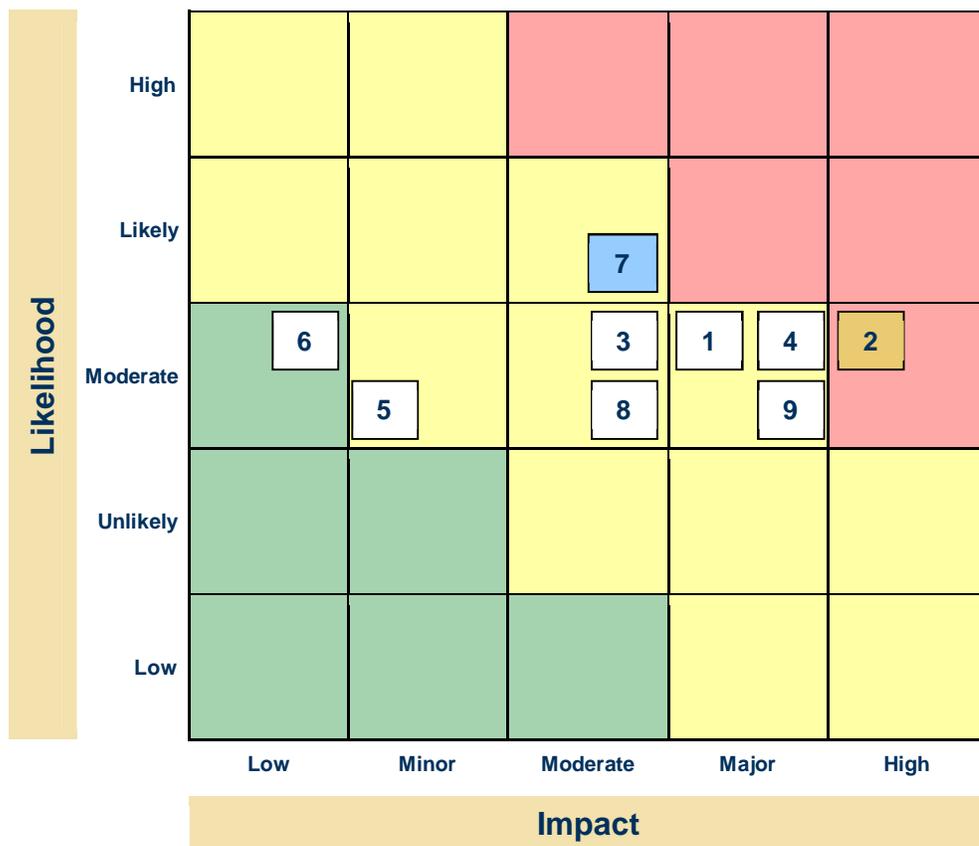


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Amusement Ride Inspection	Small	An assurance audit related to the amusement ride permit and revenue collection processes. There has been a reduction of staff and inherent risk with cash collections.



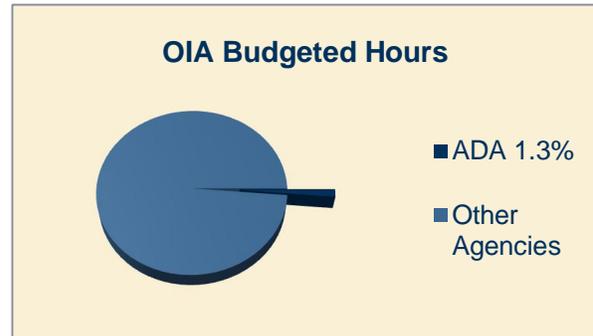
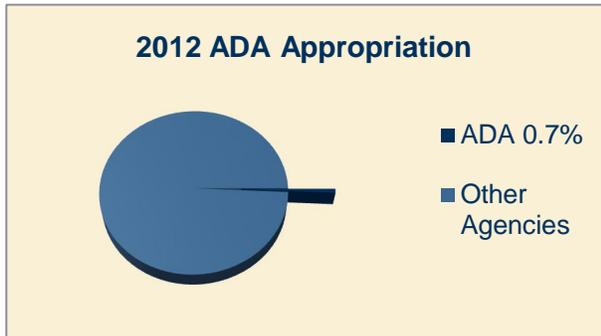
**DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES  
FISCAL YEAR 2012 AUDIT PRIORITIES**



	Description	Planned Audit Coverage
1	Treatment Services Expense	Not Planned
2	Substance Abuse Block Grant	AOS
3	Demonstration Grants	Not Planned
4	Medicaid	Not Planned
5	Statewide Treatment and Prevention	Not Planned
6	Problem Gambling Services	Not Planned
7	ADAMH Board Monitoring	OIA
8	IT Security and Privacy	Not Planned (2011 OIA audit)
9	IT General Controls	Not Planned (2011 OIA audit)



**DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES (ADA)  
COMPARISON OF ADA TO ALL AGENCIES IN OIA OVERSIGHT**

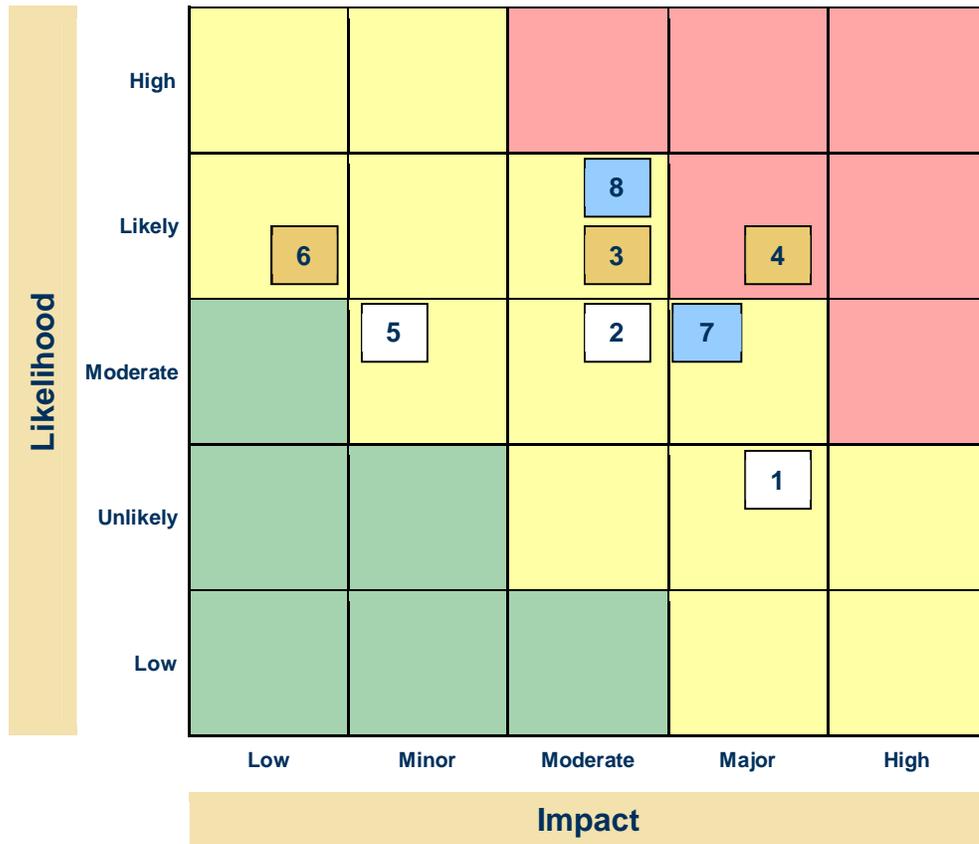


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
ADAMH Board Monitoring	Small	OIA will provide consulting to assist the agency in evaluating the adequacy of its subrecipient monitoring process and assist the agency in establishing benchmarks and processes to mitigate fraud, waste and abuse of its subrecipients.



**OFFICE OF BUDGET AND MANAGEMENT  
FISCAL YEAR 2012 AUDIT PRIORITIES**

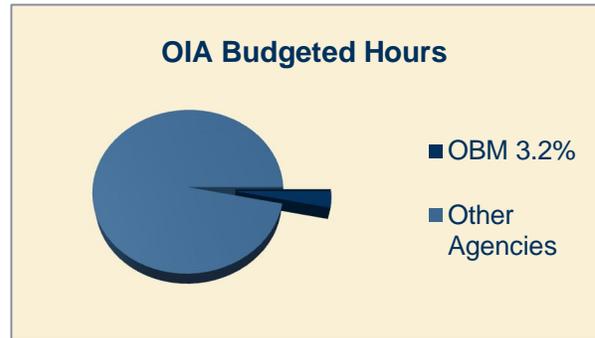
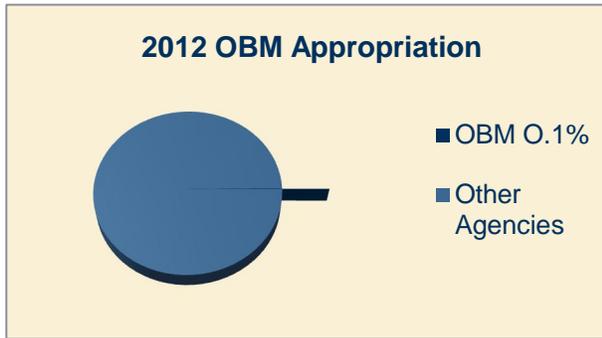


	Description	Planned Audit Coverage
1	Shared Services	Not Planned (2011 OIA audit)
2	Accounting Operations	Not Planned
3	Budget Development	AOS
4	Financial Reporting	AOS
5	Debt Management	Not Planned
6	Controlling Board	AOS
7	IT Security and Privacy	OIA
8	IT General Controls	OIA



**OFFICE OF BUDGET AND MANAGEMENT (OBM)**

**COMPARISON OF OBM TO ALL AGENCIES IN OIA OVERSIGHT**

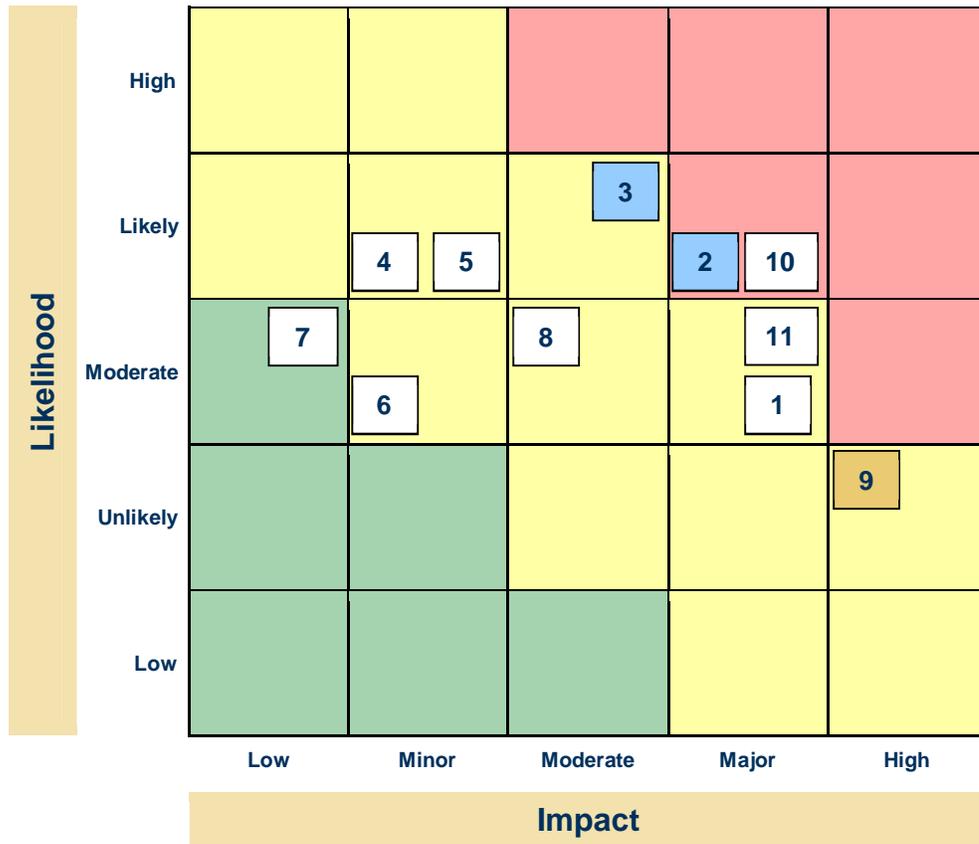


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Security and Privacy	Medium	OIA will perform a general controls assurance audit 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.
IT General Controls		
Various	Medium	OIA will perform consulting, as appropriate, related to Ohio Shared Services, financial reporting, state accounting, budgeting, or information technology.



**DEPARTMENT OF COMMERCE  
FISCAL YEAR 2012 AUDIT PRIORITIES**

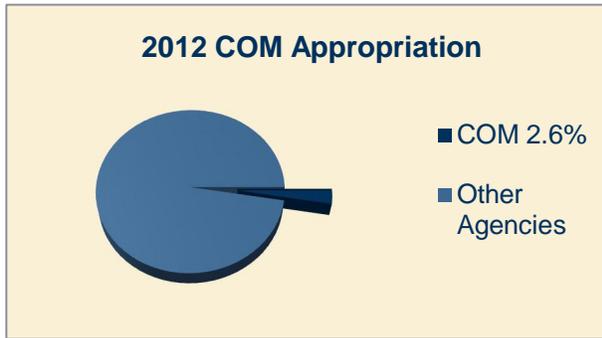


	Description	Planned Audit Coverage
1	Unclaimed Funds	Not Planned (2011 OIA audit)
2	Banks and Savings Institutions	OIA
3	State Fire Marshal	OIA
4	Real Estate	Not Planned
5	Securities	Not Planned
6	Credit Unions	Not Planned
7	Consumer Finance	Not Planned
8	Industrial Compliance	Not Planned
9	Liquor Control	AOS
10	IT Security and Privacy	Not Planned (2011 OIA audit)
11	IT General Controls	Not Planned (2011 OIA audit)



**DEPARTMENT OF COMMERCE (COM)**

**COMPARISON OF COM TO ALL AGENCIES IN OIA OVERSIGHT**

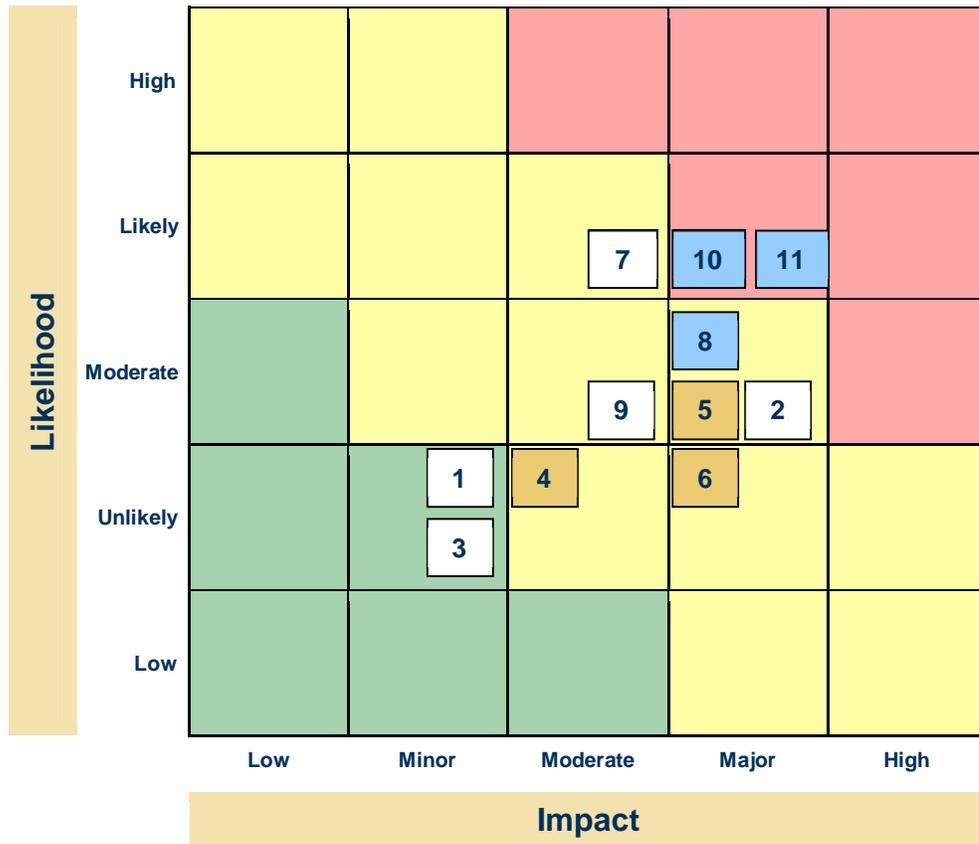


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Bank and Savings Institutions	Large	OIA will perform assurance on the licensing and/or chartering processes for key areas within the Division of Financial Institutions.
State Fire Marshal	Large	OIA will perform assurance related to the certification and/or licensing processes for key areas within the Division of State Fire Marshal.



**DEPARTMENT OF DEVELOPMENT  
FISCAL YEAR 2012 AUDIT PRIORITIES**

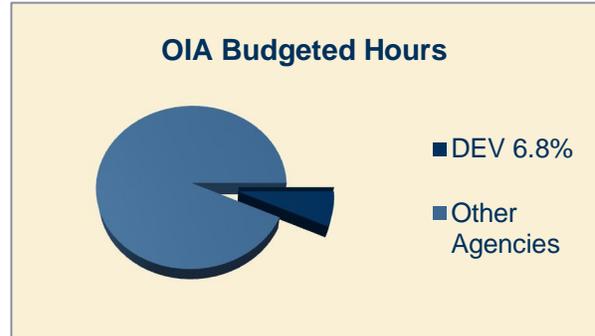
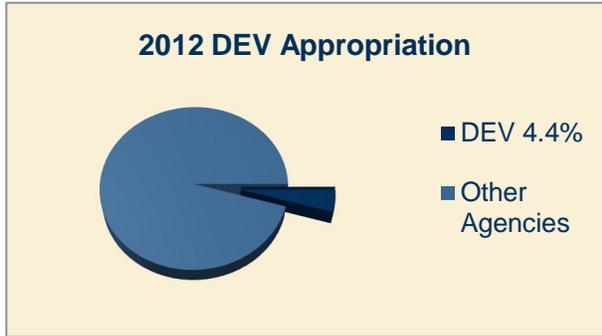


	<b>Description</b>	<b>Planned Audit Coverage</b>
1	Thomas Edison Program	Not Planned
2	Third Frontier Research Projects	Not Planned (2011 OIA audit)
3	Various Federal Projects	Not Planned (2011 OIA audit)
4	Community Development Block Grant	AOS
5	Home Energy Assistance Block Grant	AOS
6	Community Services Block Grant	AOS
7	HOME Program	Not Planned
8	Low Income Energy Assistance	OIA
9	Low/Moderate Income Housing Trust	Not Planned
10	IT Security and Privacy	OIA
11	IT General Controls	OIA



**DEPARTMENT OF DEVELOPMENT (DEV)**

**COMPARISON OF DEV TO ALL AGENCIES IN OIA OVERSIGHT**

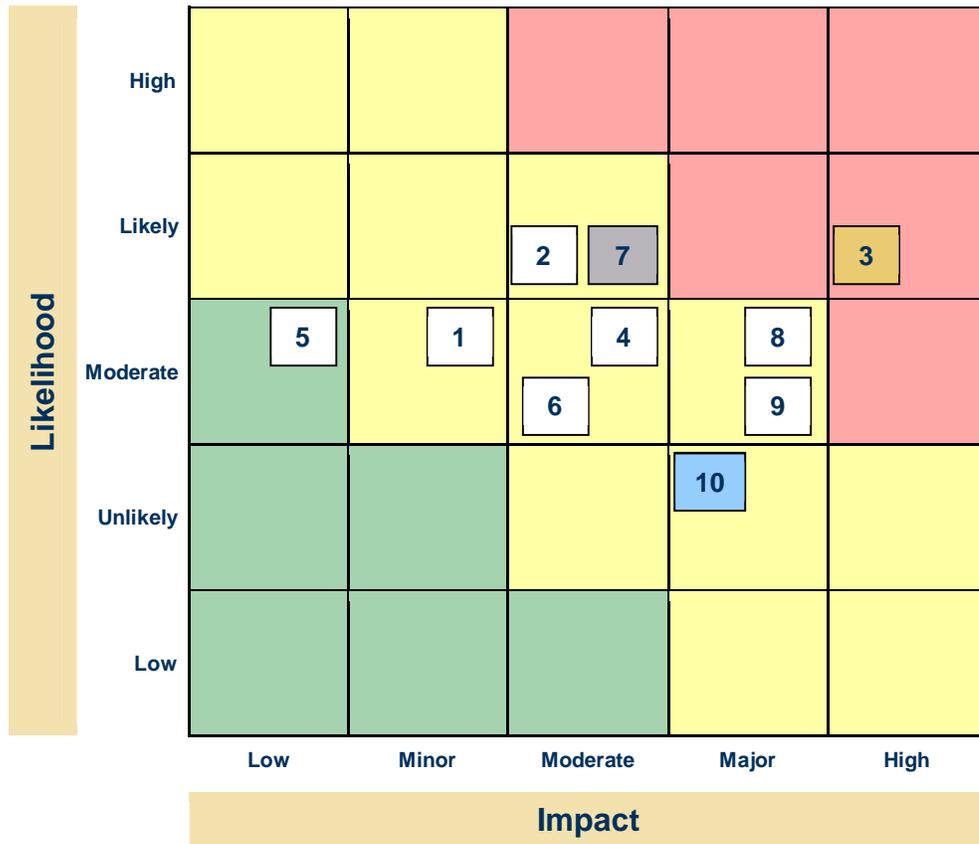


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Security and Privacy	Large	OIA will perform a general controls assurance audit 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.
IT General Controls		
Low-Income Energy Assistance	Medium	OIA will perform an assurance audit of the key controls related to the Low Income Energy Assistance program.
Various	Medium	OIA will perform consulting on the reconciliation and closeout activities of programs shifting to JobsOhio and transfer in of the Coal Development Fund.



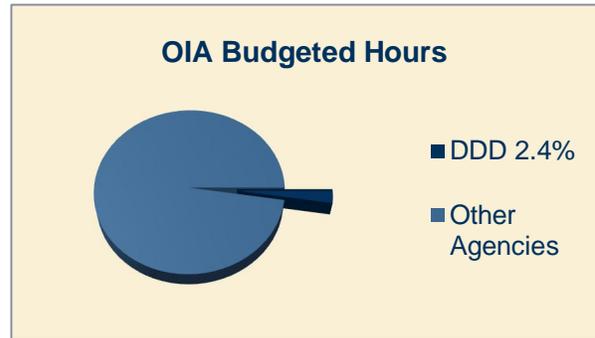
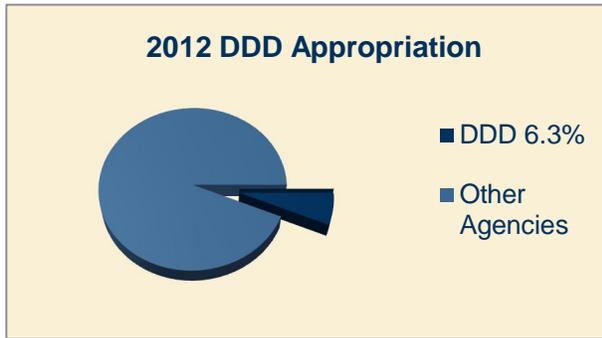
**DEPARTMENT OF DEVELOPMENTAL DISABILITIES  
FISCAL YEAR 2012 AUDIT PRIORITIES**



	<b>Description</b>	<b>Planned Audit Coverage</b>
1	DD Council	Not Planned
2	Community Social Service Programs	Not Planned
3	Medicaid	AOS
4	Developmental Centers	Not Planned
5	Operating and Services	Not Planned
6	Targeted Case Management	Not Planned
7	County Boards	OIA
8	IT Security and Privacy	Not Planned (2011 OIA audit)
9	IT Application Development	Not Planned (2011 OIA audit)
10	IT General Controls	OIA



**DEPARTMENT OF DEVELOPMENTAL DISABILITIES (DDD)  
COMPARISON OF DDD TO ALL AGENCIES IN OIA OVERSIGHT**

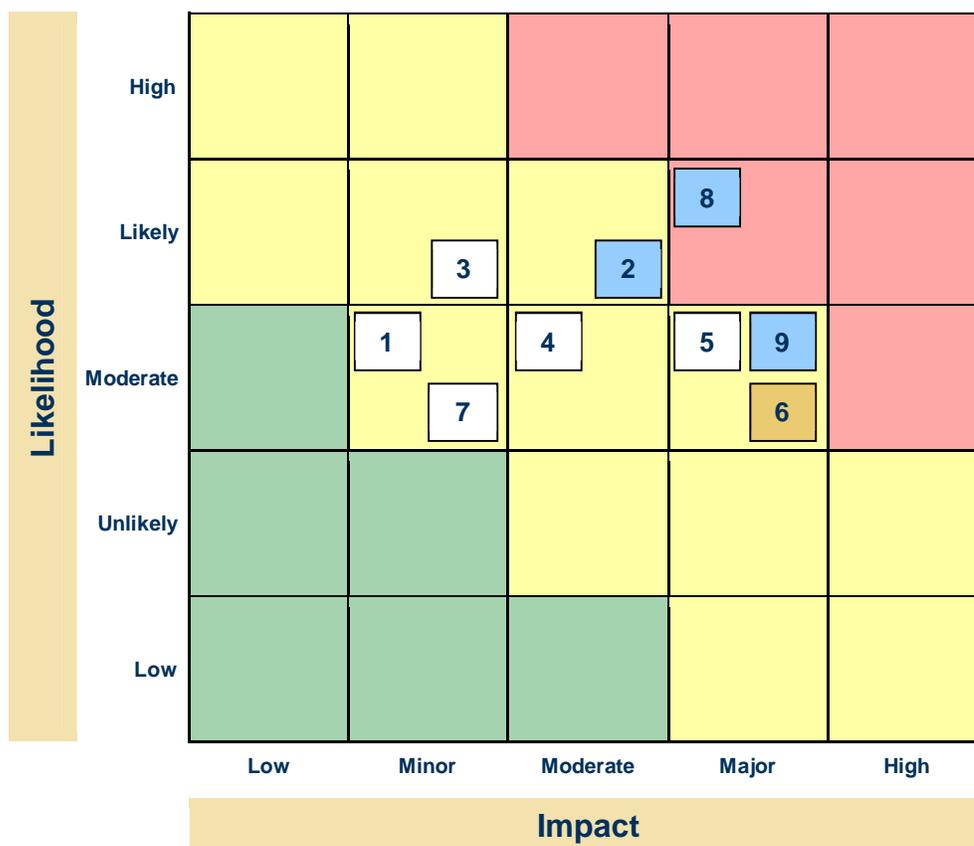


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
County Boards	Small	OIA will perform an assurance audit of the process over the allocation and distribution of State subsidies.
IT General Controls	Small	OIA will perform an assurance audit of the Department's virtualized environment.



**ENVIRONMENTAL PROTECTION AGENCY  
– FISCAL YEAR 2012 AUDIT PRIORITIES**

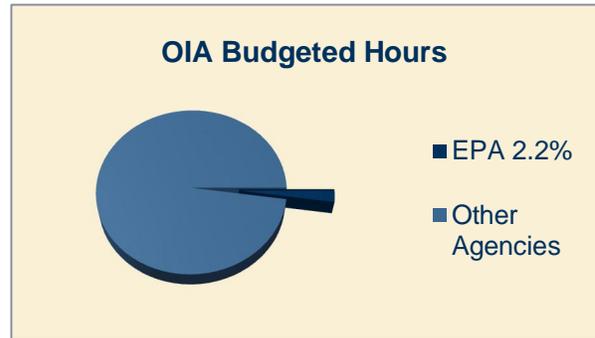
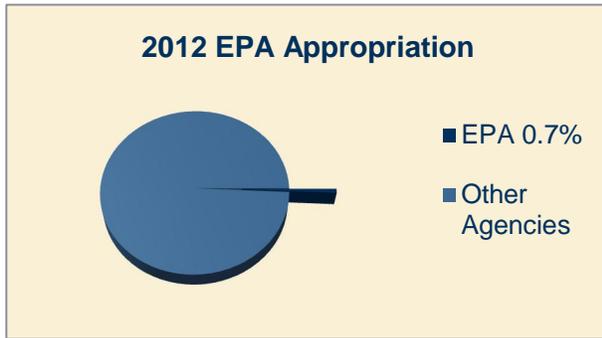


	Description	Planned Audit Coverage
1	Central Office Support	Not Planned
2	Solid Waste	OIA
3	Clean Air Permit Program	Not Planned
4	Surface Water	Not Planned
5	Auto Emissions	Not Planned
6	State Revolving Loan Programs	AOS
7	Air Pollution Control	Not Planned
8	IT Security and Privacy	OIA
9	IT General Controls	OIA



**ENVIRONMENTAL PROTECTION AGENCY (EPA)**

**COMPARISON OF EPA TO ALL AGENCIES IN OIA OVERSIGHT**

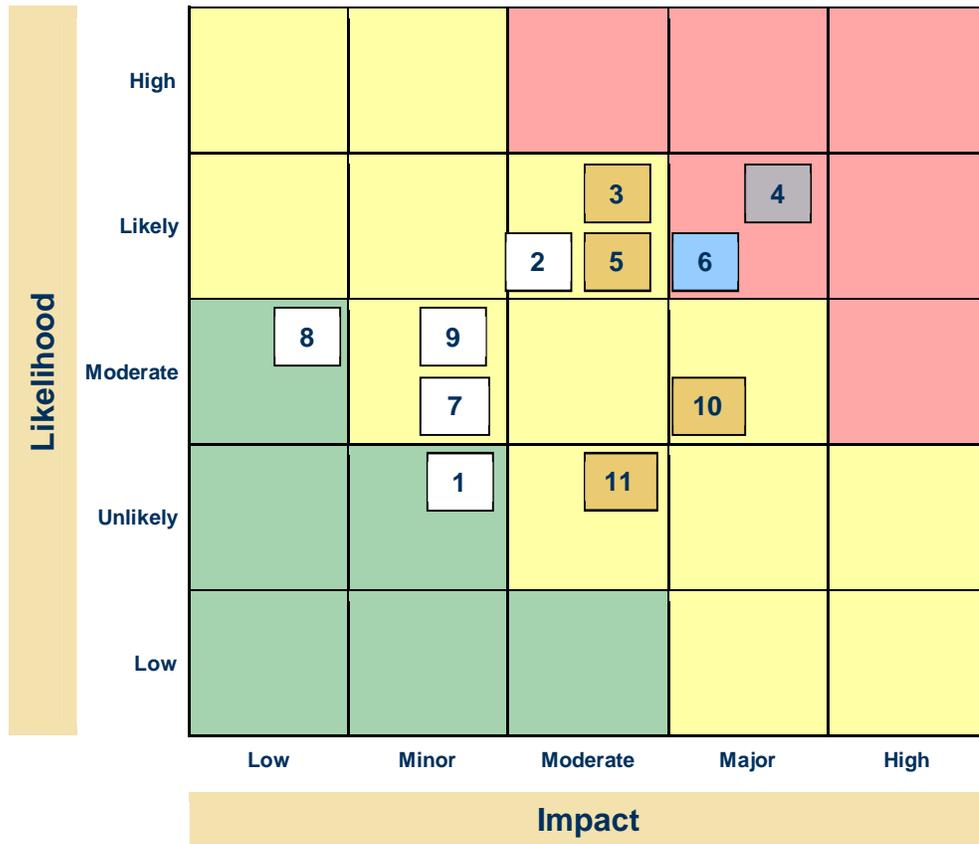


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Security and Privacy	Medium	OIA will perform a general controls assurance audit 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.
IT General Controls		
Solid Waste	Small	OIA will perform consulting around the process for construction and demolition debris fees.



**DEPARTMENT OF HEALTH  
FISCAL YEAR 2012 AUDIT PRIORITIES**

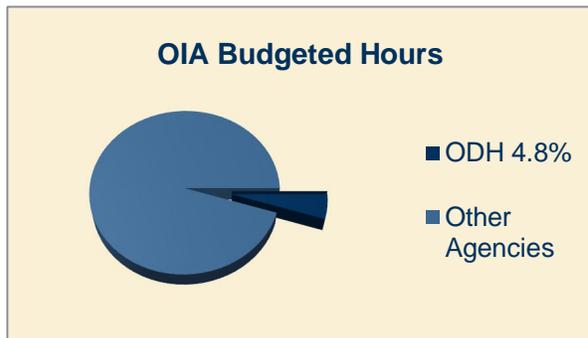
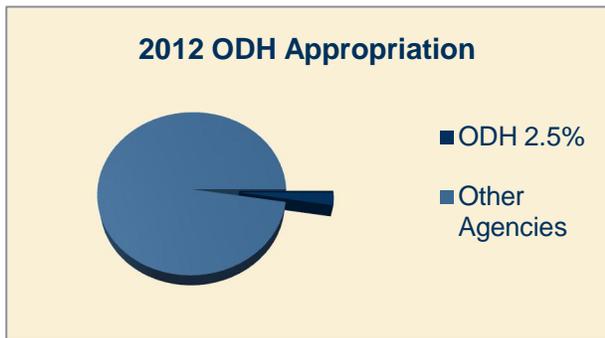


	Description	Planned Audit Coverage
1	Help Me Grow	Not Planned (2011 OIA audit)
2	Central Support Indirect Costs	Not Planned
3	Maternal Child Health Block Grant	AOS
4	Women, Infants, and Children	OIA and AOS
5	Medicaid	AOS
6	Other Federal Public Health Programs	OIA
7	Fee Supported Programs	Not Planned
8	Immunizations	Not Planned
9	Medically Handicapped Children	Not Planned
10	IT Security and Privacy	AOS
11	IT General Controls	AOS



**DEPARTMENT OF HEALTH (ODH)**

**COMPARISON OF ODH TO ALL AGENCIES IN OIA OVERSIGHT**

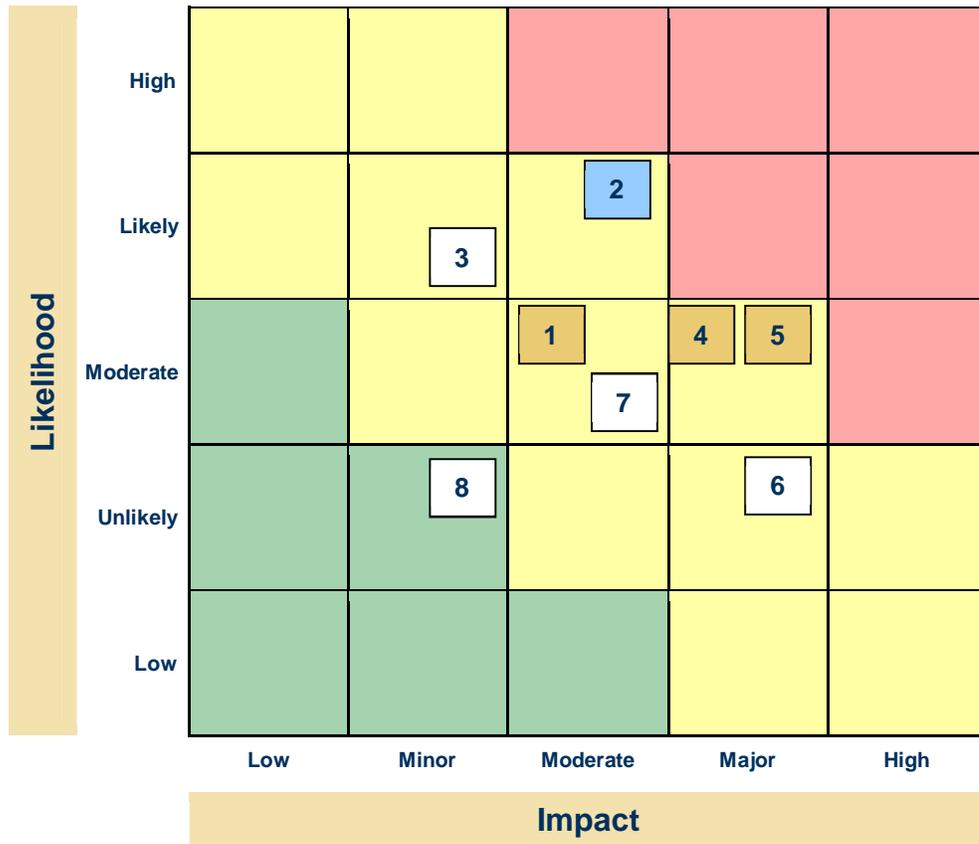


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Women, Infants, and Children	Large	OIA will perform consulting related to central grant management operation including an end-to-end review which includes application, administration, reporting, and closeout processes.
Other Federal Public Health Programs		
Various	Medium	OIA will provide consulting, as appropriate, related to the revenue process, audit comment resolution from the Auditor of State and federal government, and mapping of fiscal processes.



**DEPARTMENT OF INSURANCE  
FISCAL YEAR 2012 AUDIT PRIORITIES**

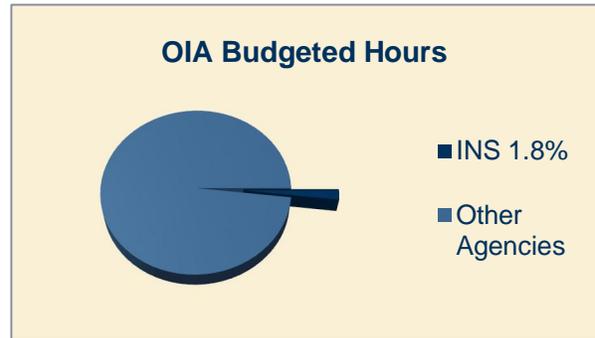
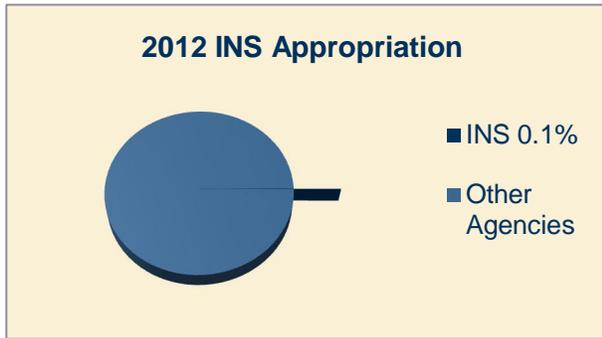


	Description	Planned Audit Coverage
1	Operating Revenue and Expenses	AOS
2	Operating - Licenses	OIA
3	Examinations	Not Planned
4	Domestic Insurance Collections	AOS
5	Foreign Insurance Collections	AOS
6	IT Security and Privacy	Not Planned (2011 OIA audit)
7	IT Application Development	Not Planned (2011 OIA audit)
8	IT General Controls	Not Planned (2011 OIA audit)



**DEPARTMENT OF INSURANCE (INS)**

**COMPARISON OF INS TO ALL AGENCIES IN OIA OVERSIGHT**

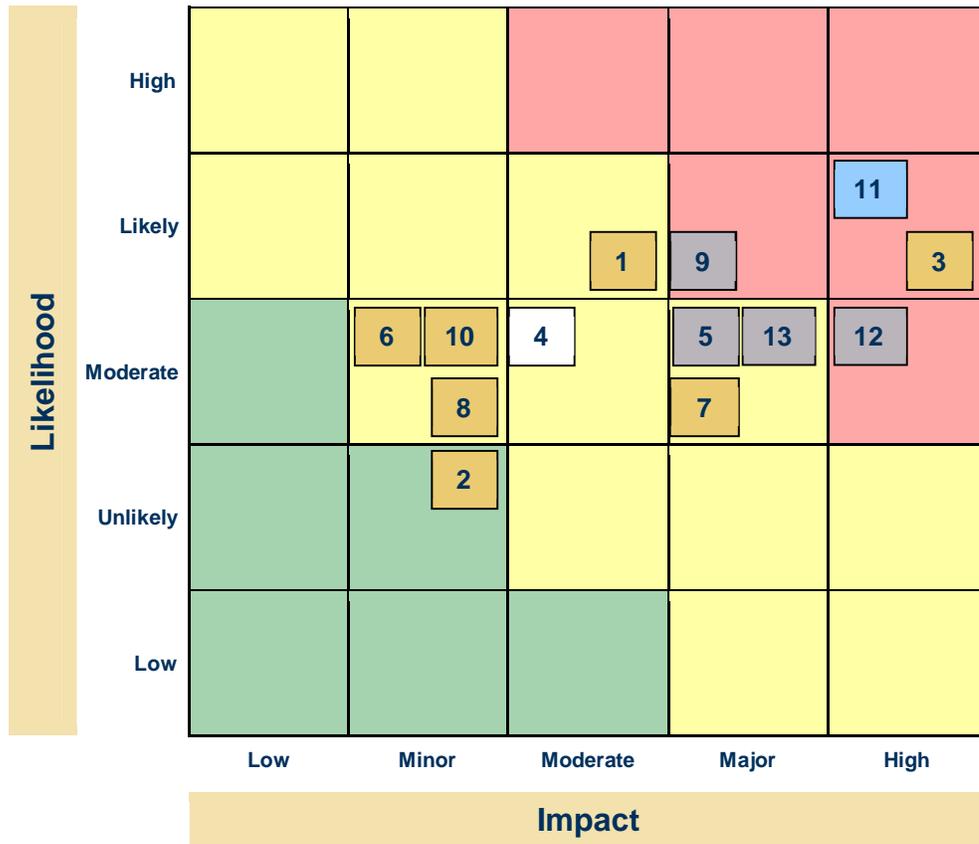


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Operating - Licenses	Medium	OIA will perform an assurance audit of the newly deployed electronic licensing system with a focus on both manual and automated controls.



**DEPARTMENT OF JOB AND FAMILY SERVICES  
FISCAL YEAR 2012 AUDIT PRIORITIES**



	Description	Planned Audit Coverage
1	Temporary Assistance for Needy Families	AOS
2	Child Care	AOS
3	Medicaid	AOS
4	Medicare Part D	Not Planned
5	Child Support	OIA and AOS
6	Food Assistance	AOS
7	Adoption/Foster Care	AOS
8	Workforce Investment Act	AOS
9	Unemployment Compensation	OIA and AOS
10	Hospital Care Assurance Program	AOS
11	IT Application Development	OIA
12	IT Security and Privacy	OIA and AOS
13	IT General Controls	OIA and AOS



**DEPARTMENT OF JOB AND FAMILY SERVICES (JFS)**

**COMPARISON OF JFS TO ALL AGENCIES IN OIA OVERSIGHT**



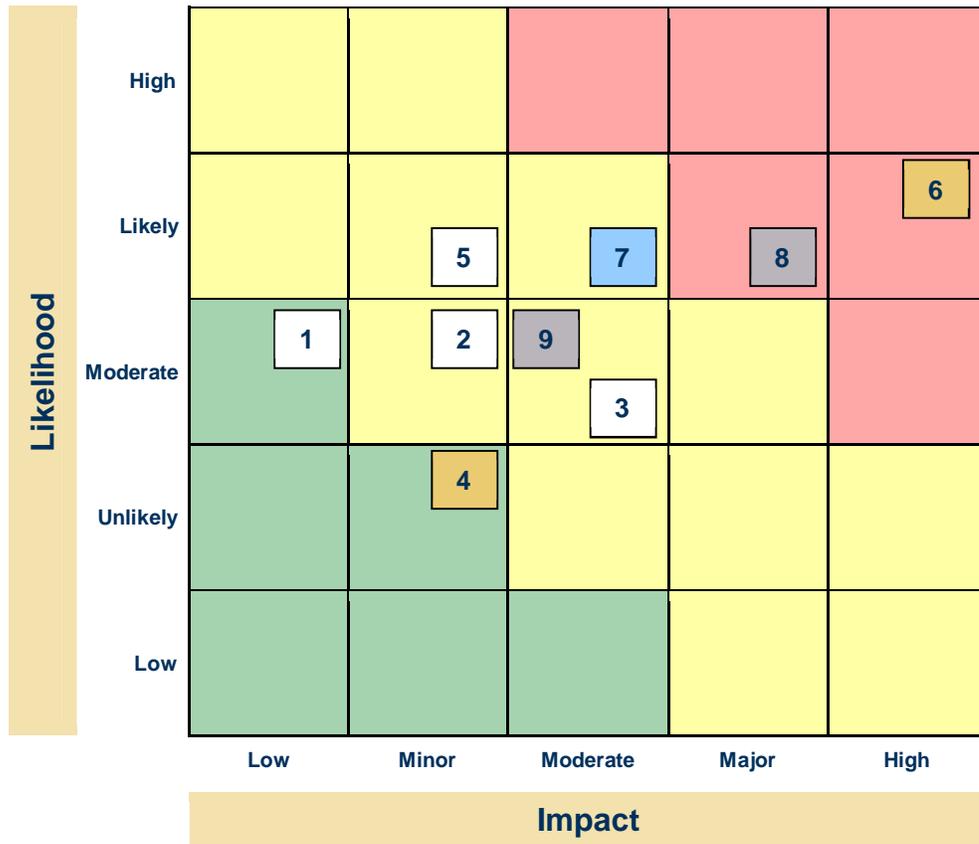
Note: General Revenue Fund was removed from chart

**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Application Development	Extra Large	OIA will perform a general controls assurance audit which will focus on Ohio Job Insurance (OJI), Client Registry Information System – Enhanced (CRIS-E), and 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.
IT Security and Privacy		
IT General Controls		
Unemployment Compensation	Large	OIA will continue to provide consulting related to business process diagrams on the Trade Adjustment Assistance program. Additionally, OIA will provide advisory assistance on the collection, aging, and tracking/monitoring project for Unemployment Compensation.
Child Support	Extra Large	OIA will perform end-to-end consulting related to the Child Support process including business process diagrams and key controls.
Various	Medium	OIA will provide consulting on audit resolution of selected prior Auditor of State comments related to cash management, federal reporting, customer service requests, and other areas.



**DEPARTMENT OF MENTAL HEALTH  
FISCAL YEAR 2012 AUDIT PRIORITIES**

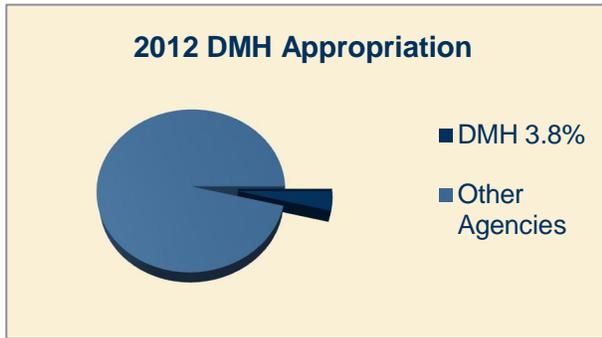


	Description	Planned Audit Coverage
1	Central Administration	Not Planned
2	Hospital Operating Expenses	Not Planned
3	Office of Support Services	Not Planned
4	Social Service Block Grant	AOS
5	Mental Health Block Grant	Not Planned
6	Medicaid	AOS
7	IT Application Development	OIA
8	IT Security and Privacy	OIA and AOS
9	IT General Controls	OIA and AOS



**DEPARTMENT OF MENTAL HEALTH (DMH)**

**COMPARISON OF DMH TO ALL AGENCIES IN OIA OVERSIGHT**

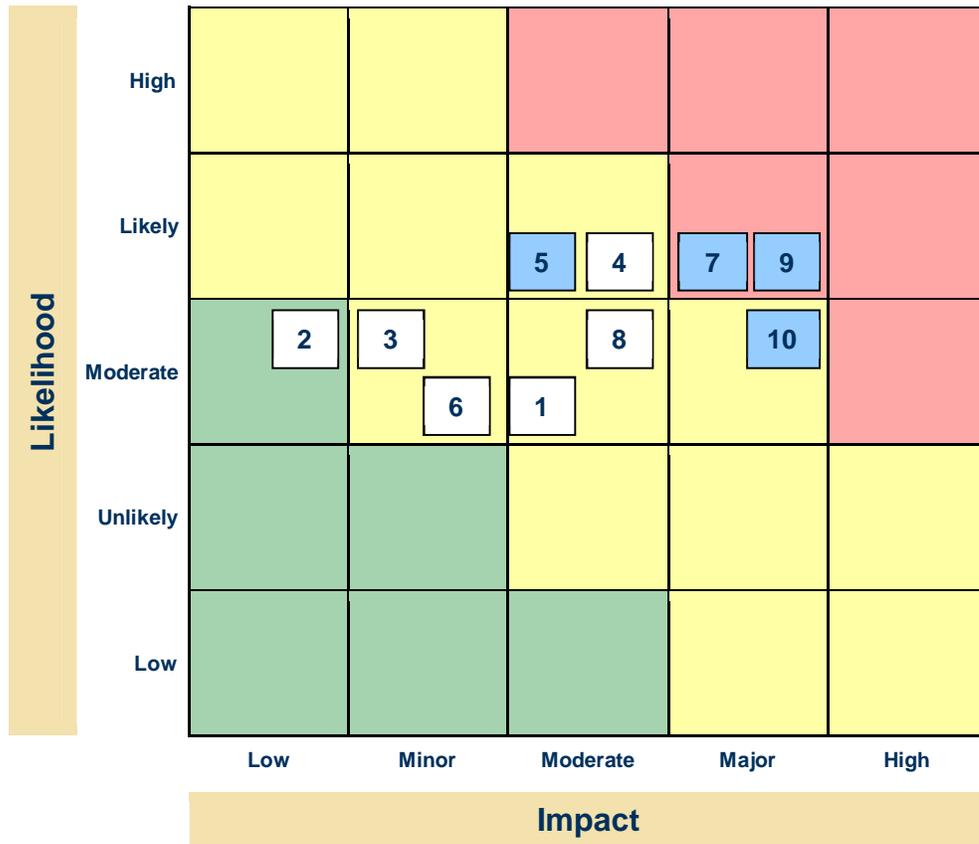


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Application Development	Medium	OIA will perform a general controls assurance audit 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 application development, security management, change management, computer operations and recoverability. The audit will exclude controls reviewed by the Auditor of State.
IT Security and Privacy		
IT General Controls		



**DEPARTMENT OF NATURAL RESOURCES  
FISCAL YEAR 2012 AUDIT PRIORITIES**



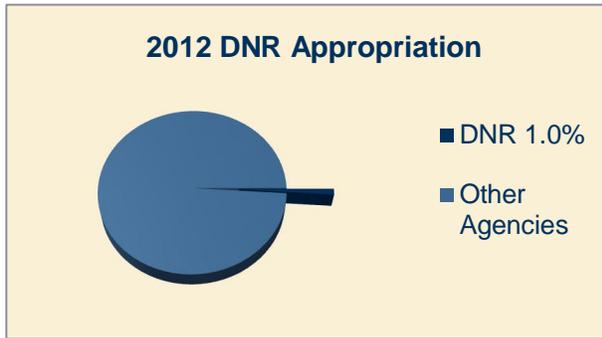
	Description	Planned Audit Coverage
1	Federal Abandoned Mine Lands	Not Planned
2	Reclamation	Not Planned
3	State Forest	Not Planned
4	State Park Operations	Not Planned
5	Oil and Gas Permit Fees	OIA
6	Soil and Water Districts	Not Planned
7	Wildlife Conservation	OIA
8	Watercraft	Not Planned
9	IT Security and Privacy	OIA
10	IT General Controls	OIA

Note: The Auditor of State plans to perform a general revenue audit during fiscal year 2012.



**DEPARTMENT OF NATURAL RESOURCES (DNR)**

**COMPARISON OF DNR TO ALL AGENCIES IN OIA OVERSIGHT**

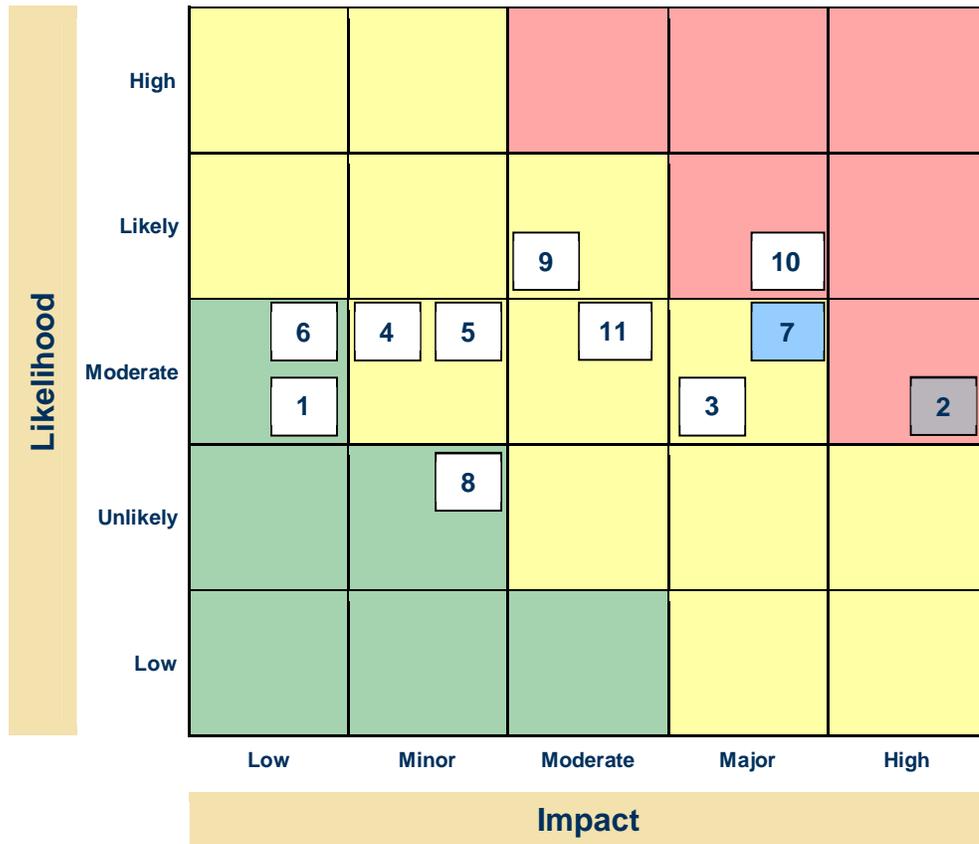


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Security & Privacy	Small	OIA will perform a general controls assurance audit 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.
IT General Controls		
Wildlife Conservation	Small	OIA will perform an assurance audit related to the recent deployment of the hunting and fishing license system.
Oil and Gas Permit Fees	Small	OIA will provide consulting related to process changes and internal control design involving the Oil and Gas Leasing Commission.



**DEPARTMENT OF PUBLIC SAFETY  
FISCAL YEAR 2012 AUDIT PRIORITIES**

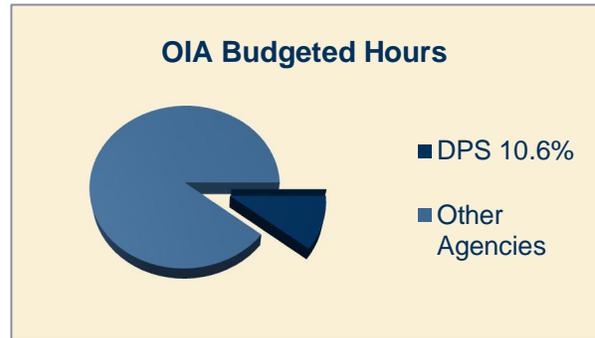
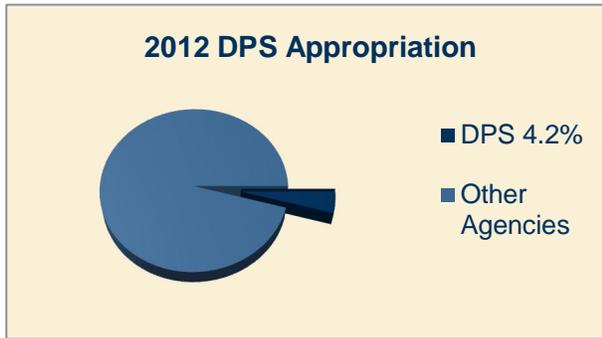


	Description	Planned Audit Coverage
1	Traffic Safety/Education	Not Planned
2	Bureau of Motor Vehicles	OIA and AOS
3	State Highway Patrol	Not Planned
4	Homeland Security	Not Planned
5	Emergency Medical Services	Not Planned
6	Investigations	Not Planned
7	Emergency Management Agency	OIA
8	Criminal Justice Services	Not Planned
9	IT Application Development	Not Planned (2011 OIA Audit)
10	IT Security and Privacy	Not Planned (2011 OIA Audit)
11	IT General Controls	Not Planned (2011 OIA Audit)



**DEPARTMENT OF PUBLIC SAFETY (DPS)**

**COMPARISON OF DPS TO ALL AGENCIES IN OIA OVERSIGHT**

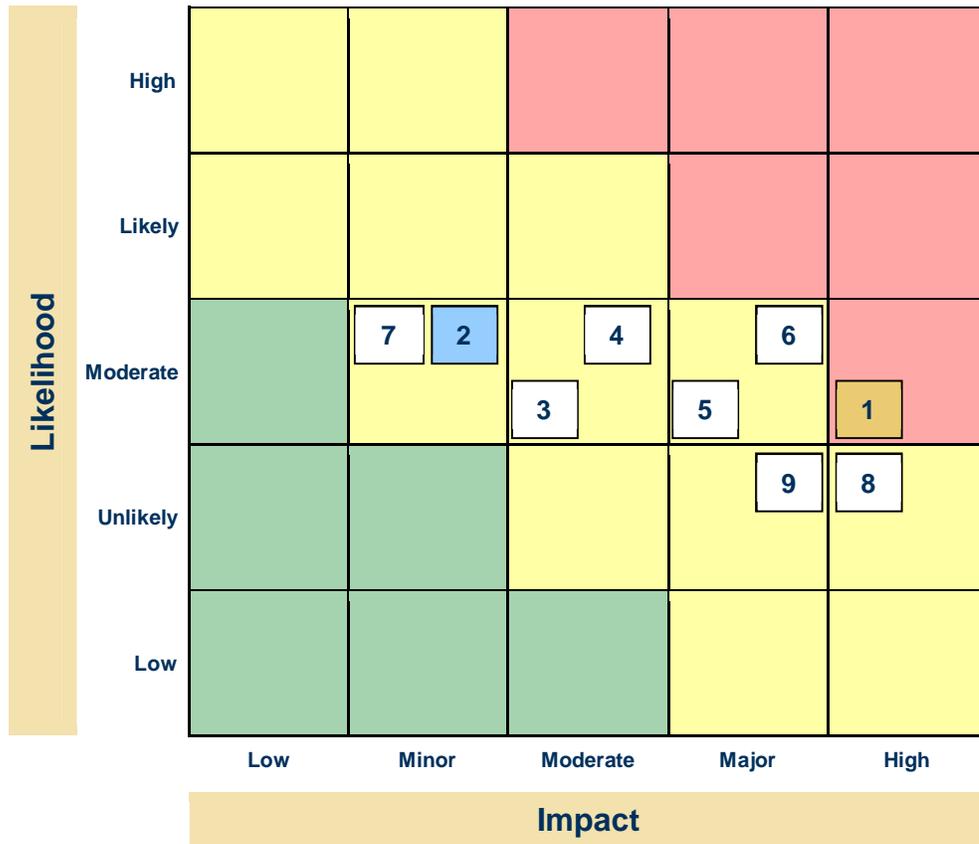


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Bureau of Motor Vehicles	Extra Large	OIA will perform an assurance audit of the Bureau of Motor Vehicles tax distribution process.
Various	Medium	OIA will perform an assurance audit related to the processing of checks with insufficient funds in the fiscal office, the Emergency Management Agency, and the State Highway Patrol.
Various	Large	OIA will perform various consulting services related to BMV operations, requirement by deputy registrars to accept debit and credit cards as payment for services, adequacy of the time and attendance system, and testing on the Exodus/migration project.



**DEPARTMENT OF REHABILITATION AND CORRECTION  
FISCAL YEAR 2012 AUDIT PRIORITIES**

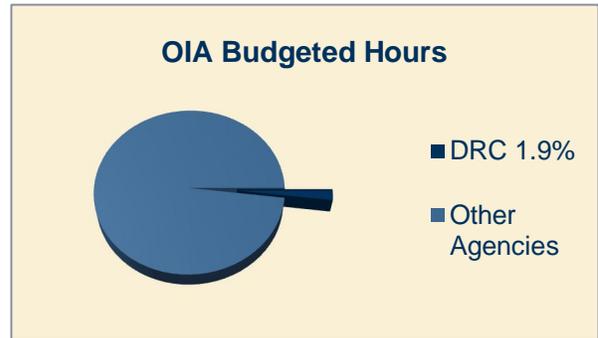
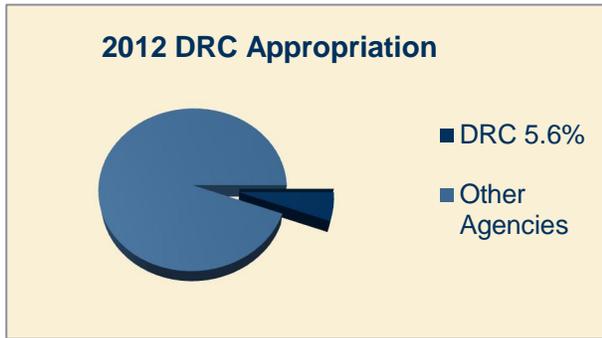


	Description	Planned Audit Coverage
1	Institutional Operations – Payroll	AOS
2	Institutional Operations – Non-payroll	OIA
3	Community Nonresidential Programs	Not Planned
4	Community Residential Programs	Not Planned
5	Parole and Community Operations	Not Planned
6	Institution Medical Services	Not Planned
7	Ohio Penal Industries	Not Planned
8	IT Security and Privacy	Not Planned (2011 OIA audit)
9	IT General Controls	Not Planned (2011 OIA audit)



**DEPARTMENT OF REHABILITATION AND CORRECTION (DRC)**

**COMPARISON OF DRC TO ALL AGENCIES IN OIA OVERSIGHT**

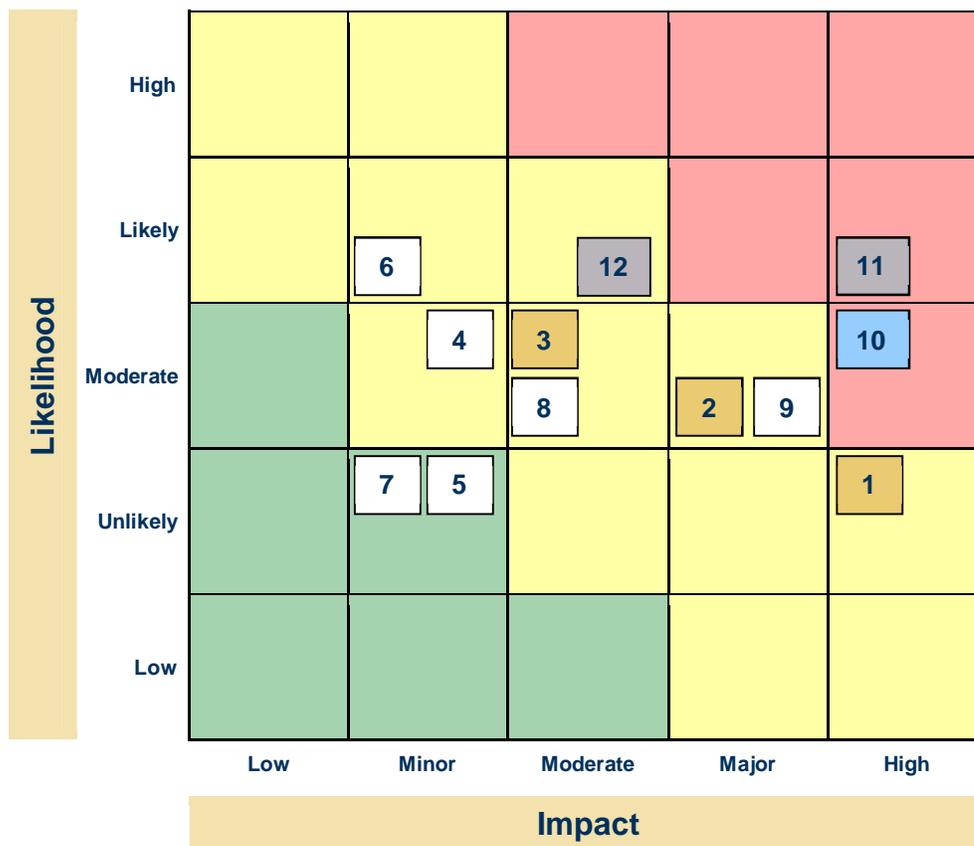


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Institutional Operations - Nonpayroll	Small	OIA will provide consulting services around the privatization of prisons.
Various	Small	OIA will provide an assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.



**DEPARTMENT OF TAXATION  
FISCAL YEAR 2012 AUDIT PRIORITIES**

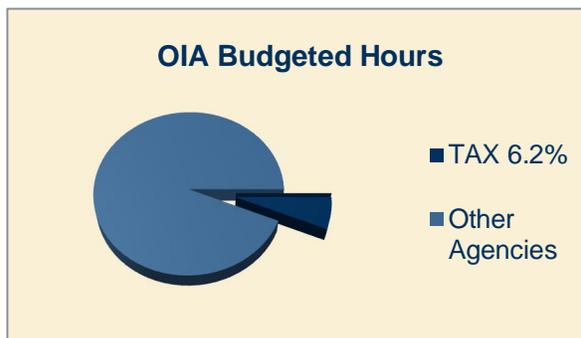
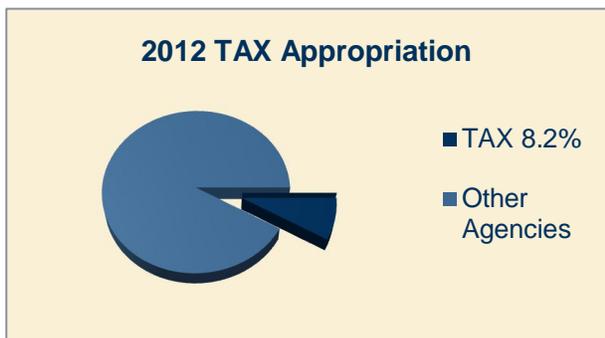


	<b>Description</b>	<b>Planned Audit Coverage</b>
1	Personal Income Taxes	AOS
2	Sales Taxes	AOS
3	Commercial Activity Taxes	AOS
4	Cigarette Taxes	Not Planned
5	Kilowatt Hour Taxes	Not Planned
6	Gasoline Excise Taxes	Not Planned
7	Permissive Tax Distribution	Not Planned
8	Property Tax Allocation	Not Planned
9	Tax Refunds	Not Planned (2011 OIA audit)
10	IT Application Development	OIA
11	IT Security and Privacy	OIA and AOS
12	IT General Controls	OIA and AOS



**DEPARTMENT OF TAXATION (TAX)**

**COMPARISON OF TAX TO ALL AGENCIES IN OIA OVERSIGHT**

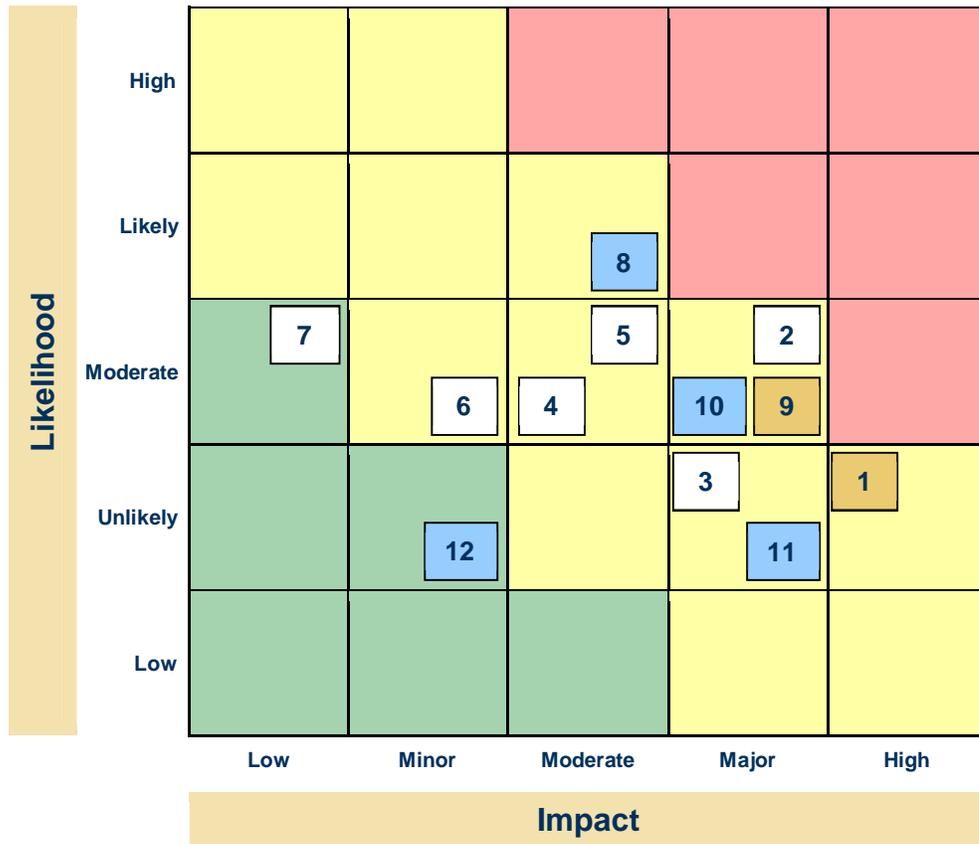


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Security and Privacy	Large	OIA will perform a general controls assurance audit which will focus on selected 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. The audit will span fiscal year 2012 and may be leveraged by the Auditor of State.
IT General Controls		
IT Application Development	Small	OIA will continue to perform consulting services related to the application development of the State Taxation Accounting and Revenue System (STARS).
Various	Small	OIA will perform an assurance audit of the processes around the handling of checks received by the agency.
Various	Small	OIA will perform consulting related to the classification upgrade for the tax agent and auditor positions.



**DEPARTMENT OF TRANSPORTATION  
– FISCAL YEAR 2012 AUDIT PRIORITIES**

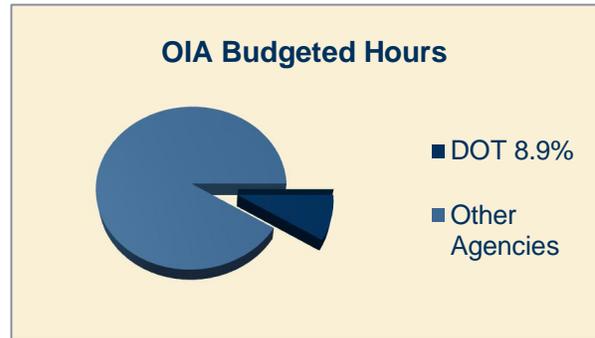
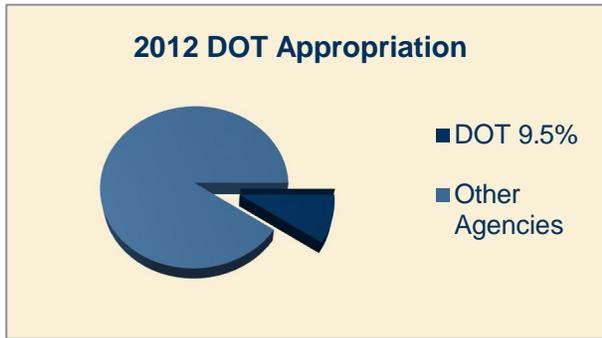


	Description	Planned Audit Coverage
1	Highway Construction – State Managed	AOS
2	Highway Construction – Local Managed	Not Planned (2011 OIA audit)
3	Highway Construction – Infrastructure Bank	Not Planned (2011 OIA audit)
4	Transportation Planning and Research	Not Planned
5	Public Transportation	Not Planned
6	Rail Transportation	Not Planned
7	Aviation	Not Planned
8	Administration	OIA
9	State Infrastructure Assets	AOS
10	IT Application Development	OIA
11	IT Security and Privacy	OIA
12	IT General Controls	OIA



**DEPARTMENT OF TRANSPORTATION (DOT)**

**COMPARISON OF DOT TO ALL AGENCIES IN OIA OVERSIGHT**

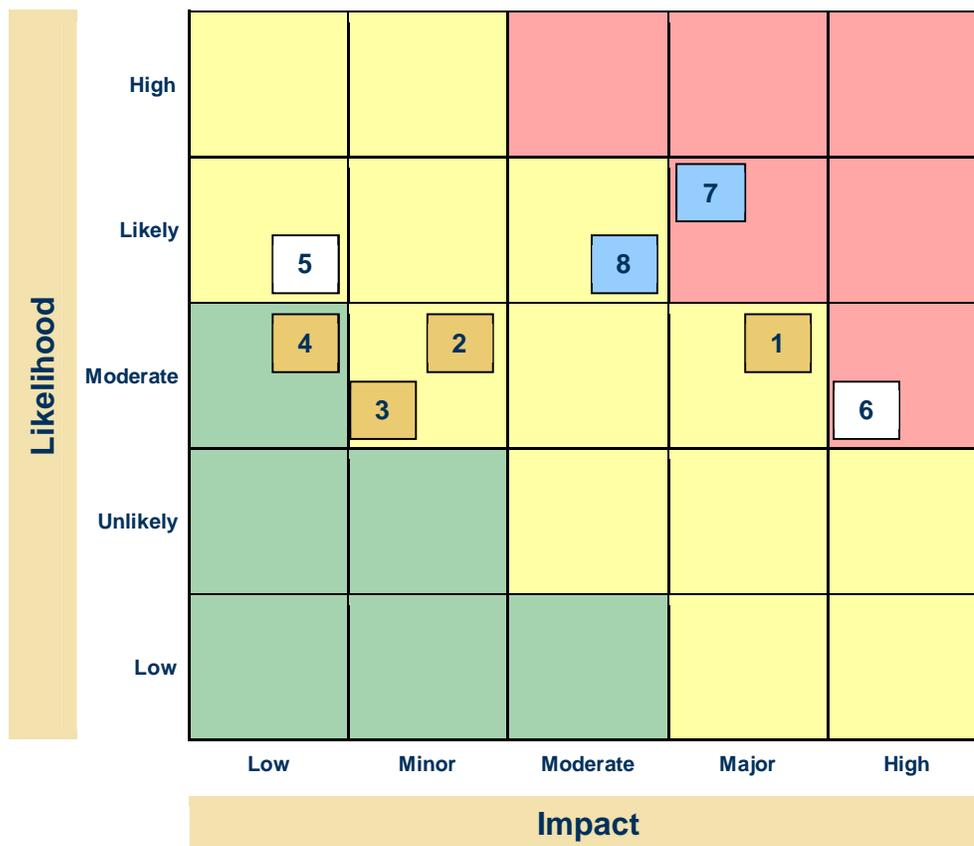


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
Administration	Large	OIA will perform assurance audits related to selected processes at district offices with a focus on key manual and automated controls.
Various	Large	OIA will perform consulting to help develop process maps and evaluate control design of the Public Transportation section and evaluate control design for recent changes to the Rail Transportation, Right of Way, and 3-way match and bidding processes.
IT Security and Privacy	Large	OIA will perform a general controls assurance audit which will focus on select technologies that support core financial processes. The technologies will be assessed against a set of control objectives across areas such as security management, change management, computer operations and recoverability. This work will be leveraged by the Auditor of State.
IT Governance		



**DEPARTMENT OF VETERANS SERVICES  
FISCAL YEAR 2012 AUDIT PRIORITIES**

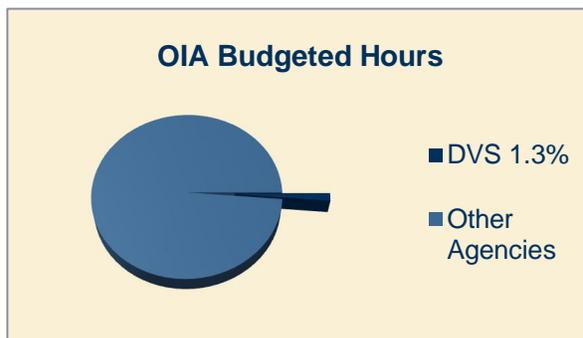
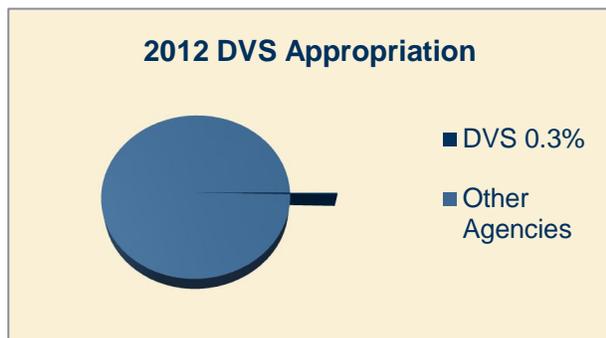


	<b>Description</b>	<b>Planned Audit Coverage</b>
1	Sandusky Veterans Facility – Payroll	AOS
2	Sandusky Veterans Facility – Non-payroll	AOS
3	Georgetown Veterans Facility – Payroll	AOS
4	Georgetown Veterans Facility – Non-payroll	AOS
5	State Operations	Not Planned
6	Veterans Bonus Program	Not Planned (2011 OIA audit)
7	IT Security and Privacy	OIA
8	IT General Controls	OIA



**DEPARTMENT OF VETERANS SERVICES (DVS)**

**COMPARISON OF DVS TO ALL AGENCIES IN OIA OVERSIGHT**

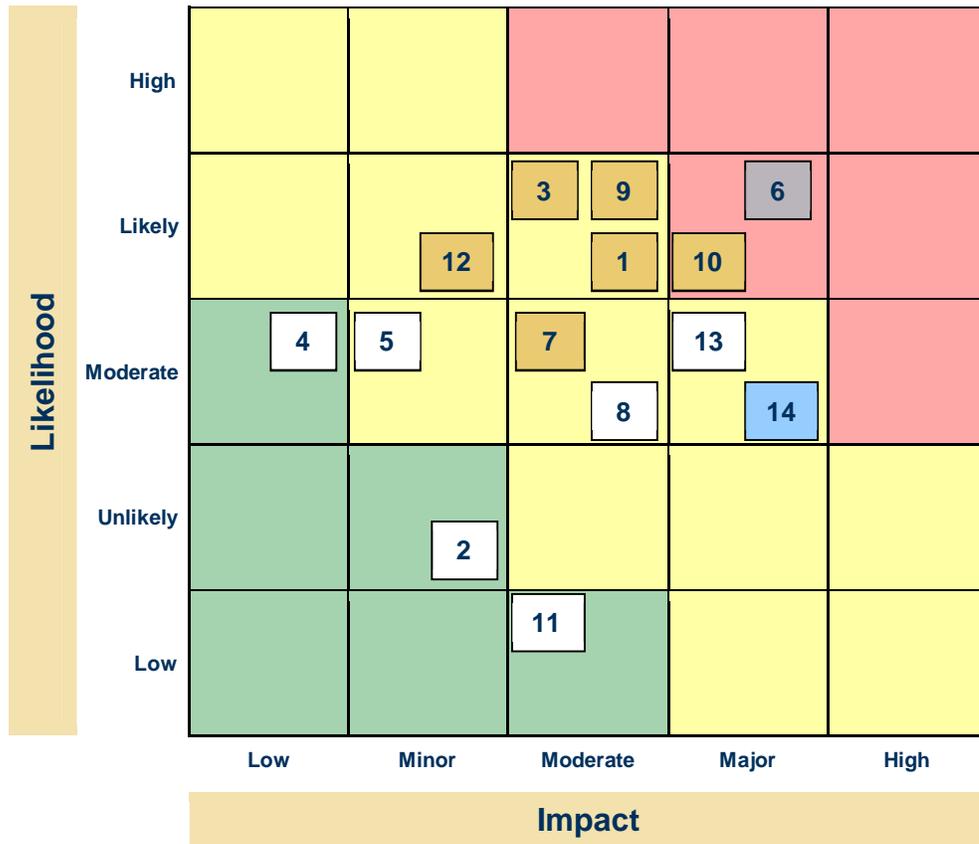


**PRELIMINARY AUDIT SCOPE**

Audit Areas	OIA Level of Effort	Description of Audit Scope
IT Security and Privacy	Small	OIA will perform a general controls assurance audit which will focus on select technologies that support core business processes at the Veterans facilities. The technologies will be assessed against a set of control objectives across areas such as security management, change management, computer operations and recoverability.
IT General Controls		



**BUREAU OF WORKERS COMPENSATION  
FISCAL YEAR 2012 AUDIT PRIORITIES**



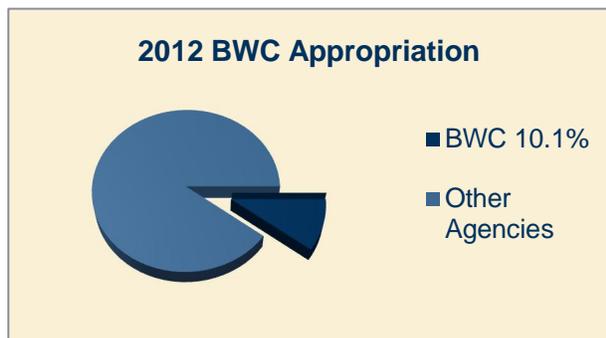
Note: BWC has a separate financial statement audit.

	Description	Planned Audit Coverage
1	Revenues: Fees and Assessments	BWC Auditors
2	Capital Assets	Not Planned
3	Cash and Investments	BWC Auditors
4	Expenditures: Payroll	Not Planned
5	Expenditures: State Funds	Not Planned
6	Expenditures: Claims	OIA and BWC Auditors
7	General Accounting & Financial Reporting	BWC Auditors
8	Self-Insurance	Not Planned
9	Reserves/Actuarial Reviews	BWC Hired Outside Expert
10	Rate-Making	BWC Auditors
11	Fraud & Investigative Services	Not Planned
12	Managed Care Organizations	BWC Auditors
13	IT Security and Privacy	Not Planned (2011 OIA audit)
14	IT General Controls	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**

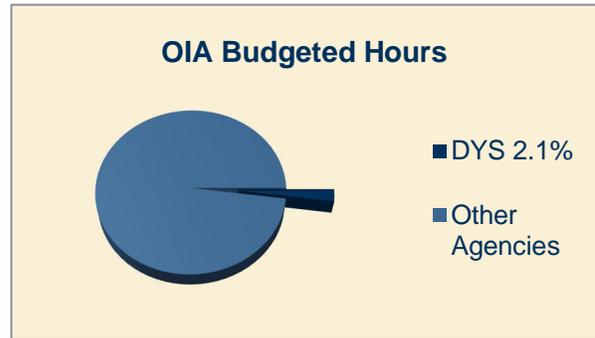
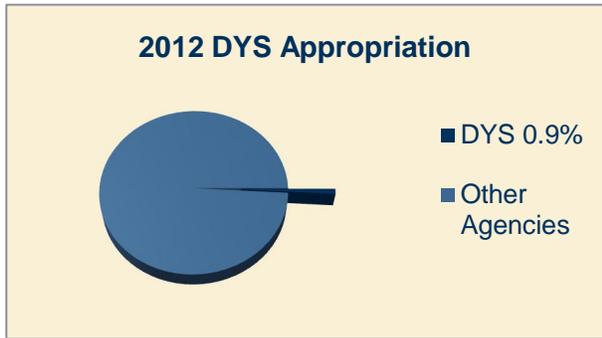
Audit Areas	OIA Level of Effort	Description of Audit Scope
Expenditures: Claims	Large	OIA will provide IT audit support for the BWC Audit Group related to the Medical Benefit Plan Design and EFT/EBT procedures engagements.
IT General Controls	Medium	OIA will perform a consulting risk assessment for the new Core systems project.
IT General Controls	Small	OIA will perform an assurance audit of the Bureau's virtualized environment.
IT General Controls	Small	OIA will perform an assurance audit of the Bureau's change management process.





**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
Various	Small	OIA will provide an assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions.
IT General Controls	Small	OIA will perform an assurance audit of the Department's virtualized environment.