



State Audit Committee

Mike DeWine, Governor
Jon Husted, Lt. Governor

Larry L. Long, Chairman

STATE AUDIT COMMITTEE

THURSDAY, SEPTEMBER 24, 2020, 10:00 A.M.
VIRTUAL CONFERENCE HELD VIA MICROSOFT TEAMS

Members Present: Larry Long, Chair
Ann Gabriel
Andrea Weaver

Members Absent: Glenn Roberts
David Beule

Call to Order

Chairman Long called the meeting to order at 10:00 a.m.

Approval of Minutes

Chairman Long asked for a motion to approve the minutes from the last State Audit Committee meeting held June 23, 2020. Ms. Gabriel motioned to approve the minutes. Chairman Long seconded the motion, with the three Committee members present finding in favor of approving the meeting minutes.

OBM Director Update

Chairman Long asked OBM Director Kimberly Murnieks for an update on the State's budget to provide to the Committee members. Director Murnieks noted the revenue was hit hard in the spring, but the State was able to end fiscal year 2020 with a balanced budget. So far, fiscal year 2021 is where it was anticipated to be, with the first two months' revenue above projections, but it is expected to settle and end the fiscal year balanced. The State's fiscal position is on solid ground and OBM budget staff are monitoring closely. Director Murnieks also shared that OBM's newly established Ohio Grants Partnership, which is intended to be the State's one-stop shop for grants, has played a major role in managing the CARES Act funding to ensure it is being used to provide relief where most needed.

BWC Internal Audit Update

David Kooser, BWC Internal Audit Director, provided the Committee with a brief update on the BWC annual internal audit plan status and results of the prior year's plan.

Lottery Internal Audit Update

Gregory Beyer, Director of Internal Audit, Lottery Commission, provided the Committee with a brief update on Lottery Commission's annual internal audit plan status and results of the prior year's plan.

OBM Financial Reporting Update

Linda Shook, OBM Financial Reporting Manager, provided a summary of the FY 2020 financial audit and Single Audit timeline, noting that there are no indications of delays and OBM is on track to meet key dates.

Jim Kennedy, OBM Senior Deputy Director of Enterprise Services, discussed the material laws relevant to the State's financial statements with the Committee members.

External Audit Update

Steve Gibson, Senior Audit Manager of Information Systems Audit from the Auditor of State (AOS) - State Region, provided an update of the FY 2020 SOC-1 audit over the Ohio Knowledge Administrative System (OAKS). The audit is currently in the final stages, with the report expected to be released by end of October. Mr. Gibson also noted the SOC-1 audit report over the State of Ohio Computer Center (SOCC), covering FY 2019 and FY 2020, should be finalized and released at about the same time. The audit team is currently in the process of completing the audit and drafting the report.

Debbie Liddil, Chief Auditor from AOS - State Region, provided the members with a status on the FY 2020 financial statement audit and Single Audit of the State. Testing related to the financial statements began in the spring. AOS staff experienced a delay in acquiring access to the eligibility system in order to perform eligibility testing, which will require the audit team to make up ground. Additionally, Ms. Liddil indicated that the new opinion unit added to the State's financial statements for the Coronavirus Relief Fund will result in additional testing. Regarding the State's single audit, Ms. Liddil noted AOS would evaluate the just-released federal audit guidance related to the pandemic funding to determine the impact on their testing approach.

CAE Update

Cindy Klatt, OBM Internal Audit's Chief Audit Executive, provided a high-level summary on the first quarter audit activities, including a summary on the FY 2021 annual internal audit plan progress and the status of remediation activities.

Ms. Klatt also provided an overview of the Internal Auditing standards (i.e., *Standards*), along with how OBM Internal Audit is complying with the *Standards*, as is required to be periodically communicated to the Committee by the *Standards*.

The Committee paused their meeting for lunch at 11:35 a.m. and reconvened with all three members present at 12:00 p.m.

Department of Administrative Services (DAS) Office of Information Technology Update

Ervan Rodgers, State CIO, and Katrina Flory, Deputy State CIO, DAS Office of Information Technology, provided an update about the IT Innovation Strategic Plan.

Executive Session -- At 12:18 p.m., Chairman Long moved that the Committee enter into executive session to discuss confidential matters exempted from public disclosure under Ohio Revised Code Sections 126.48 and 149.433. Preliminary reports of the Office of Internal Audit of the Office of Budget and Management and reports that constitute a security or infrastructure record are required to be kept confidential under Ohio law. Ms. Gabriel seconded the motion, and a roll call vote was taken; Ms. Gabriel, Ms. Weaver, and Chairman Long all approved. The Committee ended executive session at 1:39 p.m.

After confirming there were no questions or abstentions, Chairman Long moved that the State Audit Committee accept the assurance reports submitted by the Office of Internal Audit; the motion was seconded by Ms. Weaver. Chairman Long asked if all in favor and Ms. Weaver, Ms. Gabriel, and Chairman Long all approved.

Pursuant to these motions, the following four assurance reports were accepted in accordance with Revised Code Section 126.48:

1. Facilities Construction Commission – Change Order Process
2. Department of Health – Breast and Cervical Cancer Project
3. Department of Public Safety – Federal Grant Programs
4. Department of Transportation – IT General Controls

Open Discussion

Ms. Klatt provided the members with the draft CAE/Internal Audit Assessment and asked whether the members had any edits to discuss before finalizing the assessment. The three members indicated it could be finalized.

Ms. Klatt mentioned the recent Internal Audit Policies and Procedures updates and inquired on whether the members were interested in reviewing. Chairman Long indicated he was interested in reviewing and asked Ms. Klatt to provide a copy to all members.

Kelly Salomone, OBM Internal Audit's Chief of Quality Assurance, presented the results of her assurance review of Lottery's Internal Audit Department, covering calendar year 2019 activities.

Ms. Klatt briefly discussed the December meeting in which the Charters for the State Audit Committee and Internal Audit are scheduled for review. She indicated she would be contacting the members to review the charters for updates so they can be approved at the December meeting. Ms. Klatt noted that the meeting is currently scheduled to be held on December 17th but may need to be moved due to a conflict.

The meeting was adjourned at 1:50 p.m.