

## STATE AUDIT COMMITTEE

**WEDNESDAY, DECEMBER 16, 2020, 10:00 A.M.**  
**VIRTUAL CONFERENCE HELD VIA MICROSOFT TEAMS**

Members Present: Philip Renaud, Chair  
Ann Gabriel  
Andrea Weaver  
Glenn Roberts

Members Absent: None

### Call to Order

Chairman Renaud called the meeting to order at 10:02 a.m.

### Introduction to New State Audit Committee Chair Philip Renaud

OBM Director Kimberly Murnieks introduced the new State Audit Committee Chair Philip Renaud and stated that he had taken his oath of office on October 26<sup>th</sup>.

### Approval of Minutes

Chairman Renaud asked for a motion to approve the minutes from the last State Audit Committee meeting held September 24, 2020. Mr. Roberts motioned to approve the minutes. Ms. Weaver seconded the motion, with the four Committee members present finding in favor of approving the meeting minutes.

### 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 all deadlines and targets have been met thus far. OBM intends to have the final State of Ohio Comprehensive Financial Statements on the OBM website by December 30, 2020, provided the audit opinion has been issued by that time.

Jim Kennedy, OBM Senior Deputy Director of Enterprise Services, discussed the State's FY 2020 financial statement highlights with the Committee members. In response to committee members' inquiry about the impact of the federal Coronavirus funding, Mr. Kennedy noted a separate opinion unit had been established to capture the activity related to this funding.

### External Audit Update

Steve Gibson, Senior Audit Manager of Information Systems Audit from the Auditor of State (AOS) - State Region, provided an update on the FY 2020 SOC-1 audit over the Ohio Knowledge Administrative System (OAKS). The opinion, dated December 4<sup>th</sup>, was released on

December 15<sup>th</sup>. Mr. Gibson noted there were no unmet control objectives. In conjunction with the SOC-1 report release, a transmittal letter was issued to agency management detailing several recommendations based on the work performed.

Mr. Gibson also shared that the SOC-1 audit report over the State of Ohio Computer Center (SOCC), covering FY 2019 and FY 2020, was released on December 15<sup>th</sup>, with an opinion date of November 25<sup>th</sup>. Mr. Gibson noted there was one unmet control objective for personnel security over termination of access. In conjunction with the SOC-1 report release, a transmittal letter was issued to agency management detailing several recommendations based on the work performed.

Debbie Liddil, Chief Auditor from AOS - State Region, provided the members with a status on the FY 2020 financial statement (CAFR) audit and the Single Audit of the State. Completion of the CAFR audit is in the final stretch; there are still several items to finalize but they are hopeful to issue the opinion on December 21<sup>st</sup>. Results of the audit will be discussed at the next Audit Committee meeting.

Ms. Liddil stated that with the financial statement audit concluding, the field staff are now focusing on single audit testing of 23 major federal programs at 13 separate state agencies. AOS intends to issue an opinion and release the Single Audit by the end of March, 2021, provided the federal government issues the pandemic funding guidance/requirements soon.

### **CAE Update**

Cindy Klatt, OBM Internal Audit's Chief Audit Executive, provided a staffing update and high-level summary on the second quarter audit activities, including a summary on the FY 2021 annual internal audit plan progress and the status of remediation activities. The committee members inquired about agencies accepting the risk of prior audit observations. Ms. Klatt informed the members an escalation process is in place to which the agency directors must acknowledge acceptance of risk. Agency risk acceptance items are highlighted in Internal Audit's public annual report.

As required by IIA standards, Ms. Klatt confirmed to the committee members the independence and objectivity of the internal audit activity, as well as the independence of the internal audit employees.

The Committee paused their meeting for lunch at 11:22 a.m. and reconvened with all four members present at 11:50 a.m.

*Executive Session* -- At 11:52 a.m., Chairman Renaud 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. Weaver seconded the motion,

and a roll call vote was taken; Ms. Gabriel, Ms. Weaver, Mr. Roberts, and Chairman Renaud all approved. The Committee ended executive session at 1:56 p.m.

After confirming there were no questions or abstentions, Chairman Renaud moved that the State Audit Committee accept the assurance reports submitted by the Office of Internal Audit; the motion was seconded by Mr. Roberts.

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

1. Department of Administrative Services – Enterprise Procurement
2. Department of Higher Education – Ohio College Opportunity Grants
3. Job and Family Services – Death Master File
4. Department of Mental Health and Addiction Services – Procurement
5. Department of Rehabilitation and Correction – Capital Expenditures
6. Department of Veterans Services – Access Controls
7. Bureau of Workers' Compensation – Teleworking Controls
8. Department of Youth Services - COVID-Related Procurement

### **Open Discussion**

Ms. Klatt presented the draft State Audit Committee Charter to the committee members and noted there were only a few minor edits to the document. The committee members had no additional edits or objections. Chairman Renaud motioned to approve the State Audit Committee Charter as revised; Ms. Gabriel seconded the motion. With no objections noted, the members approved the revised State Audit Committee Charter.

Ms. Klatt then presented the committee members with the draft Internal Audit Charter and noted the minor edits to the document. There were no additional edits or objections by the committee. Chairman Renaud asked for a motion to approve the revised Internal Audit Charter; Ms. Weaver motioned to accept, and Ms. Gabriel seconded the motion. With no objections noted, the revised Internal Audit Charter was approved as presented.

Ms. Klatt informed the committee of the calendar year 2021 meeting dates. She also provided the Committee with a summary of items planned for the March audit committee meeting. Chairman Renaud asked the committee members to think about how to gather feedback from the meetings and identify areas for improvement to make meetings valuable for everyone.

The meeting was adjourned at 2:07 p.m.