



STATE AUDIT COMMITTEE

TUESDAY, JUNE 29, 2021, 10:00 A.M.
VIRTUAL CONFERENCE HELD VIA MICROSOFT TEAMS

Members Present: Philip Renaud, Chair
Glenn Roberts
David Beule
Ann Gabriel

Members Absent: Andrea Weaver

Call to Order

The meeting was called to order at 10:01 a.m.

Re-appointed Member

Chairman Renaud acknowledged Mr. Beule's return and re-appointment to the State Audit Committee and indicated the oath had been obtained prior to the meeting.

Approval of Minutes

Chairman Renaud asked for a motion to approve the minutes from the last State Audit Committee meeting held March 31, 2021. Mr. Roberts motioned to approve the minutes. Mr. Beule 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 2021 financial audit timeline, noting the financial reporting team is in the early stages of the financial statement compilation. Mr. Roberts inquired about the COVID impact on the timeline, with Ms. Shook acknowledging the timeline was built to consider the additional effort that will be required to address the COVID funds/programs.

External Audit Update

Steve Gibson, Senior Audit Manager of Information Systems Audit from the Auditor of State (AOS), provided an update on the FY 2021 SOC-1 audits over the Ohio Knowledge Administrative System (OAKS) and the State of Ohio Computer Center (SOCC). The entrance meetings were held in early February with field work commencing in mid-March for both; he indicated that both projects are off to a good start with no major issues or delays expected. Mr. Gibson anticipates the reports for these audits to be issued in September 2021.

Jacquie McKee, Assistant Chief Auditor from AOS – State Region, provided a brief status on the FY 2021 GAAP audit and Single Audit of the State, both of which are in the early stages. Interim testing began in early summer, with the financial statement opinion date planned for December 22, 2021 and the Single Audit opinion planned for March 23, 2022. Coronavirus relief funds (CRF) are expected to have a significant impact on planned testing; preliminary plans are to test CRF at eight agencies for FY 2021 compared to two for FY 2020. AOS also anticipates some challenges with the unemployment compensation claims payable as well as the impact that the fraudulent unemployment claims activities will have on statement disclosures. AOS is currently involved in preliminary discussions with JFS/OBM regarding this matter. Ms. McKee also noted there are additional delays for federal guidance this year, which could impact AOS' planned timelines.

Ms. McKee also updated the Committee regarding a Revised Code §117.11(B) audit (Audit in Public's Interest) that AOS is conducting at JFS related to unemployment fraud. AOS is currently working with JFS to obtain data to complete the work, with results anticipated by August 2021. Additionally, the AOS Performance Audit team is currently evaluating the unemployment insurance program from a customer assistance perspective and anticipates the review to be completed in September 2021.

CAE Update

Cindy Klatt, OBM Internal Audit's Chief Audit Executive, provided a summary of the draft FY 2022 Annual Audit Plan and discussed the proposed engagements for the state agencies. The Committee had the opportunity to review the draft plan prior to the meeting and asked for details on some of the planned projects. Ms. Klatt also updated the Committee on the meeting held with AOS management to coordinate audit efforts as required by IIA standards and Internal Audit's policies and procedures. She provided a high-level summary of the fourth quarter audit activities, including a summary on the FY 2021 annual internal audit plan progress and the status of remediation activities. The Committee members expressed concerns regarding the long-term outstanding observations and discussed possible solutions. Ms. Klatt thanked them for their input and noted she would consider the suggested solutions prior to the next meeting.

The Committee paused their meeting for lunch at 11:23 a.m. and reconvened with all four members present at 12:00 p.m.

Executive Session -- At 12:02 p.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. Mr. Beule seconded the motion, and Chairman Renaud requested a roll call vote; Ms. Gabriel, Mr. Beule, Mr. Roberts, and Chairman Renaud all approved. The Committee ended executive session at 2:03 p.m.

After confirming there were no questions or abstentions, Chairman Renaud made a motion to accept the final assurance reports submitted by the Office of Internal Audit. The motion was

seconded by Ms. Gabriel and a roll call vote was taken; Ms. Gabriel, Mr. Beule, Mr. Roberts, and Chairman Renaud all approved the motion of accepting the final assurance reports.

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

1. Department of Commerce – Unclaimed Funds Inventory
2. Department of Education – Student Wellness and Success
3. Department of Education – Fee and Refund Revenue Process
4. Environmental Protection Agency – Access Controls
5. Department of Mental Health and Addiction Services – Pharmacy Transportation
6. Opportunities for Ohioans with Disabilities - Third Party Services Funding
7. Department of Youth Services - RECLAIM

Open Discussion

Ms. Klatt briefly discussed the State Audit Committee Self-Assessment, explaining the purpose of the self-assessment is to assess whether the members are satisfied with the information they are receiving from Internal Audit, how the meetings are progressing, and whether the Committee is meeting its statutory obligations.

Ms. Klatt shared the Draft OBM Internal Audit FY 2021 Annual Report, to be finalized by August 1st. Ms. Klatt asked the committee members for any items to be included. Ms. Gabriel suggested including a historic table of staffing under the budget section to highlight resource needs. Chairman Renaud recommended additional information be added to highlight the completion of audits and favorability rating achieved in a time of unprecedented interruptions.

Ms. Klatt noted the next meeting will be held on September 29, 2021, with plans to have DAS Office of Information Technology present at the meeting. Additionally, the Internal Audit Directors from BWC and Ohio Lottery Commission will be presenting. Ms. Klatt also reminded the Committee that the September meeting will return to in-person.

The meeting was adjourned at 2:18 p.m.