



**STATE AUDIT COMMITTEE**

**THURSDAY, DECEMBER 16, 2021, 10:00 A.M.**  
**RHODES STATE OFFICE TOWER**  
**30 EAST BROAD STREET, 35<sup>TH</sup> FLOOR, HUFFMAN PRAIRIE CONFERENCE ROOM**  
**COLUMBUS, OHIO 43215**

Members Present: Philip Renaud, Chair  
Ann Gabriel  
Gregory Long  
David Beule

Members Absent: Glenn Roberts

**Call to Order**

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

**Approval of Minutes**

After confirming no corrections were necessary, Chairman Renaud asked for a motion to approve the minutes of the September 29, 2021 meeting. Mr. Long moved for the minutes to be approved and Ms. Gabriel seconded the motion. The minutes were approved with all members present voting in favor to approve.

**OBM Financial Reporting Update**

Linda Shook, OBM Financial Reporting Manager, provided a summary of the FY 2021 financial statement audit timeline, noting that all deadlines and targets have been met thus far. OBM is coordinating with the Governor's office to have the Representation letter signed on the same date of the Auditor's opinion on the State's Annual Comprehensive Financial Report (ACFR), planned for December 22, 2021. After the opinion is issued, Ms. Shook shared that her team will be busy working on tasks related to the Single Audit; the Auditor's opinion date for the Single Audit is anticipated for March 23, 2022.

Jim Kennedy, OBM Senior Deputy Director of Enterprise Services, presented the Committee members with highlights from the State's FY 2021 unaudited financial statements.

**External Audit Update**

Steve Gibson, Assistant Chief Auditor of Information Systems Audit from the Auditor of State (AOS), provided a brief update on the FY 2021 SOC-1 audits over the Ohio Knowledge Administrative System (OAKS) and the State of Ohio Computer Center (SOCC). Mr. Gibson announced the audit reports for both SOC-1 reviews were issued on December 14<sup>th</sup>, with the SOCC audit receiving an unmodified opinion, and the OAKS audit receiving a modified opinion

due to issues with unauthorized access. In conjunction with the SOC-1 reports being released, a separate transmittal letter was issued to agency management for both audits, 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 2021 ACFR audit and the Single Audit of the State. Completion of the ACFR audit is in the final stretch; while several items are still being finalized, AOS anticipates an opinion date of December 22nd. Results of the audit will be discussed at the next Audit Committee meeting.

Ms. Liddil stated that with the financial statement audit wrapping up, the field staff will be focusing on single audit testing of 24 major federal programs at 12 separate state agencies. AOS intends to issue an opinion on both the Single Audit and the supporting Federal Schedule of Expenditures on March 22, 2022. Ms. Liddil shared that the federal government was issuing two addendums to the existing federal guidance/requirements related to the pandemic funding; one of the addendums had been received by AOS earlier in the week, with the second addendum expected by end of the calendar year. Ms. Liddil indicated the delayed release of the new guidance could impact the Single Audit opinion date if the guidance resulted in any additional testing to be completed. Testing on the American Rescue Plan dollars (pandemic-related funds) coming into the State will likely be continued as part of the FY 2022 Single Audit as spending of those dollars is ongoing at the local government level.

Ms. Liddil also provided the Committee with a brief update regarding the special review that AOS was conducting at ODJFS related to unemployment compensation. Conducted in accordance with Ohio Revised Code §117.11(B) (Audit in Public's Interest), the audit focus was related to unemployment fraud. Ms. Liddil shared the audit had been completed and a report was issued on October 28<sup>th</sup>, with several control issues noted therein.

### **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 2022 annual internal audit plan progress and the status of remediation activities. Ms. Klatt also provided the Committee members with an update on staffing resources, noting some shortage in resources which may have a slight impact on the annual internal audit plan completion percentage. In response to Chairman Renaud's request, Ms. Klatt indicated she would put together and share a comparison of the current year plan completion against prior years before the next quarterly meeting.

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

## Open Discussion

Ms. Klatt presented the draft State Audit Committee Charter to the committee members and noted the only edits she had tracked were date changes. The committee members had no additional edits or objections. Mr. Beule motioned to approve the State Audit Committee Charter as revised; Mr. Long 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 again noted the only edits to the document were date changes. There were no additional edits or objections by the Committee. Ms. Gabriel motioned to approve the updated Internal Audit Charter; Mr. Long seconded the motion. With no objections noted, the revised Internal Audit Charter was approved as presented.

Ms. Klatt confirmed the calendar year 2022 meeting dates with the Committee members as follows: March 31, June 29, September 29, and December 15. She also provided the Committee with a summary of items planned for the March 2022 audit committee meeting, including an update from AOS on the results from the audit of the FY 2021 financial statements and Single Audit. 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. After the members expressed an interest in learning about other functions within OBM if time allows and OBM personnel availability, Ms. Klatt responded she would discuss the matter with OBM leadership.

The Committee paused their meeting for lunch at 11:30 a.m. and reconvened with the four members present at 12:00 p.m.

*Executive Session* -- At 12:00 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. Long seconded the motion, and a roll call vote was taken; Ms. Gabriel, Mr. Long, Mr. Beule, and Chairman Renaud all approved. The Committee ended executive session at 1:15 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. Beule. No objections were noted.

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

1. Department of Commerce – Procurement Process
2. Department of Development – Cash Management
3. Job and Family Services – IT Security Controls - OFBA
4. Job and Family Services – IT Security Controls - CFIS
5. Department of Public Safety – Procurement Process
6. Department of Rehabilitation and Correction – Third Party Risk Management
7. Department of Taxation – Vulnerability Remediation
8. Department of Transportation – Urban Transit Program
9. Bureau of Workers' Compensation – Third Party Risk Management

The meeting was adjourned at 1:15 p.m.