# STATE AUDIT COMMITTEE

## WEDNESDAY, JUNE 29, 2022, 10:00 A.M.
## VIRTUAL CONFERENCE HELD VIA MICROSOFT TEAMS

Members Present: Philip Renaud, Chair
Glenn Roberts
Ann Gabriel
Gregory Long

Members Absent: David Beule

### Call to Order

The meeting was called to order at 10:06 a.m.

### Approval of Minutes

After confirming no corrections were necessary, Chairman Renaud asked for a motion to approve the minutes from the last State Audit Committee meeting held March 31, 2022. Mr. Long moved to approve the minutes. Mr. Roberts seconded the motion, with the four Committee members present finding in favor of approving the meeting minutes.

### Recognition of Glenn Roberts

Chairman Renaud acknowledged this is Mr. Roberts' last meeting as his term expires on June 30th and thanked him for his commitment in serving the State of Ohio.

### OBM Financial Reporting Update

Linda Shook, OBM Financial Reporting Manager, provided a summary of the FY 2022 financial audit timeline, noting the financial reporting team is in the early stages of the financial statement compilation. Ms. Shook shared that the financial reporting team has been working on implementing the new GASB 87 Lease Statement. Chairman Renaud inquired if there were any anticipated hurdles, with Ms. Shook indicating none at this time.

### External Audit Update

Jody Spisak, Senior Audit Manager of Information Systems Audit from the Auditor of State (AOS), provided an update on the FY 2022 SOC-1 audits over the Ohio Administrative Knowledge System (OAKS) and the State of Ohio Computer Center (SOCC). The entrance meeting for OAKS was held on February 23, 2022, while the Department of Administrative Services (DAS) waived the need for an entrance meeting for the SOCC engagement in late February. Fieldwork for both engagements commenced at the end of February. Mr. Spisak

noted there have been no major changes or delays in the engagements and he anticipates fieldwork to finish up in the next few weeks.

Debbie Liddil, Chief Auditor from AOS - State Region, provided a brief status on the FY 2022 financial statement audit and Single Audit of the State, both of which are in the planning stages. OBM signed the AOS engagement letter for the State's financial statement audit on May 25, 2022. The financial statement opinion date is planned for December 21, 2022 and the Single Audit opinion is planned for March 22, 2023. Ms. Liddil indicated she anticipates pandemic-related funding will continue to have an impact on the work AOS performs, with new programs requiring to be reviewed or additional testing to be completed. Ms. Liddil also noted AOS received the updated federal compliance supplement for the FY 2022 federal programs in May 2022.

Additionally, Ms. Liddil updated the Committee regarding Revised Code §117.11(B) audits (Audit in Public's Interest) that the AOS Performance Team is conducting at the Ohio Department of Job and Family Services related to the re-employment of unemployed individuals in Ohio, and at the Ohio Department of Medicaid related to testing of the public assistance alerts (PARIS).

**CAE Update**

Cindy Klatt, OBM Internal Audit's Chief Audit Executive, provided a summary of the draft FY 2023 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 around the risk assessment process that went into identifying the proposed engagements. 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 2022 annual internal audit plan progress and the status of remediation activities. The Committee members commended Internal Audit's efforts in working with the agencies in reducing the number of outstanding observations.

The Committee paused their meeting for lunch at 11:26 a.m. and reconvened with all four members present at 12:00 p.m.

*Executive Session* -- At 12:01 p.m., Chairman Renaud asked for a motion for the Committee to 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. Roberts moved to enter executive session and Ms. Gabriel seconded the motion. Chairman Renaud requested a roll call vote; Ms. Gabriel, Mr. Long, Mr. Roberts, and Chairman Renaud all approved. The Committee ended executive session at 1:57 p.m.

After Chairman Renaud confirmed there were no questions or abstentions, Mr. Long moved to accept the final assurance reports submitted by the Office of Internal Audit. The motion was

seconded by Mr. Roberts, with the four Committee members present finding in favor to accept 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 Aging – Access Controls
2. Department of Health – Maternal Infant Early Childhood Home Visiting Program
3. Department of Insurance – Access Controls
4. State Medical Board – Investigation Process
5. Department of Mental Health and Addiction Services – Payroll
6. Department of Natural Resources – IT Infrastructure
7. Department of Rehabilitation and Correction – Pharmacy Orders

**Open Discussion**

Ms. Klatt briefly discussed the State Audit Committee Self-Assessment, explaining the changes made. The Committee members had no additional feedback and accepted the changes.

Ms. Klatt informed the Committee that OBM had contracted with the firm Honkamp Krueger & Co. to perform the external assessment of the Office of Internal Audit. The external assessment will cover the Office of Internal Audit's activities from fiscal year 2022, with the results expected to be reported to the Committee at the December 2022 meeting.

Ms. Klatt noted that preparation of the OBM Internal Audit FY 2022 Annual Report is in process and will be finalized by August 1st. The Committee members will receive a copy of the report once it is complete.

Ms. Klatt shared that the first issue of the OBM Internal Audit Risk Bulletin, highlighting common audit issues and noteworthy items, was sent to agency directors last week. The committee members were also informed that the Office of Internal Audit had engaged Clark Shaefer Consulting to provide IT training for staff in late August 2022.

Ms. Klatt noted the next meeting will be held on September 29, 2022, with the Internal Audit Directors from BWC and Ohio Lottery Commission providing their updates to the Committee. Additionally, Joy DeMarco, OBM's General Counsel and Chief of Operations, will provide the members with an overview of OBM functions and Jim Kennedy, OBM Deputy Director of Enterprise Services, will share the material laws impacting the financial statements. Ms. Klatt reminded the Committee that the September meeting will return to in-person.

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