



## STATE AUDIT COMMITTEE

THURSDAY, DECEMBER 17, 2015, 10:00 A.M.  
RHODES STATE OFFICE TOWER  
30 EAST BROAD STREET, 35<sup>TH</sup> FLOOR, JUPITER/SATURN CONFERENCE ROOMS  
COLUMBUS, OHIO 43215

Members Present: Paolo DeMaria  
Ryan Hecht  
Robert Sielschott  
Tom Zitter

Members Absent: N/A

### Call to Order

Chairman DeMaria called the meeting to order at 10:05 a.m. Mr. Zitter entered the meeting at 10:10 a.m.

### Approval of Minutes

Mr. Hecht moved for the minutes of the meeting held September 24, 2015 to be approved with no additions or corrections. Mr. Sielschott seconded the motion and all members unanimously approved with no objections.

### OBM Financial Reporting Update

Jim Kennedy, OBM Senior Deputy Director for Services & Operations, provided the financial reporting update. Mr. Kennedy discussed the contents of the audit timeline and the summary of the unaudited FY 15 financial statements.

### External Audit Update

Maria Jackson, Assistant Chief Auditor - Information Systems Audit from the Auditor of State provided an update about the released FY 15 Service Organization Controls (SOC) 1 audit. Debbie Liddil, Chief Auditor from the Auditor of State. State Region, provided a status on the audit of the FY 15 Comprehensive Annual Financial Report (CAFR) and single audit. The audit opinion on the state CAFR is expected to be issued on Tuesday, December 22.

## CAE Update

Cindy Klatt, Chief Audit Executive, provided an update to the committee on second quarter activities of the FY 16 internal audit plan as well as the results of the financial audit remediation dashboard. Ms. Klatt confirmed the organizational independence and objectivity of the Office of Internal Audit (OIA), as well as the independence of OIA's staff. She also provided an update of the progress on OIA's FY16-17 Strategic Plan.

## Ohio IT Optimization Update

Stu Davis, State Chief Information Officer, provided an update to the Committee on recent Office of Information Technology (OIT) efforts towards IT Optimization. This included additional state agencies moving their servers to the State of Ohio Computer Center (SOCC), enacting software agreements, reducing overall number of IT employees, and utilizing the cloud. Mr. Davis indicated that his next update to the Committee will include the results of their client satisfaction survey.

The Committee paused their meeting for lunch at 11:45 p.m. and reconvened with all members present at 12:15 p.m.

*Executive Session* -- At 12:15 p.m., Chairman DeMaria moved that the Committee enter into executive session for the purpose of discussing 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, infrastructure security records and related updates are required to be kept confidential under Ohio law. Mr. Hecht seconded the motion. A roll call vote was taken and Mr. Hecht, Mr. Zitter, Mr. Sielschott, and Chairman DeMaria voted in the affirmative; thus, the motion was approved. The Committee moved out of Executive Session at 1:28 p.m.

Chairman DeMaria made a motion to approve ten assurance reports and voiced his abstention regarding a report for the Department of Education; the motion was seconded by Mr. Sielschott. Pursuant to this motion, the Committee approved the following ten assurance reports in accordance with Revised Code Section 126.48:

1. Department of Administrative Services – Enterprise Application Access Control
2. Department of Commerce – Voyager Card and Fleet Management
3. Department of Developmental Disabilities – Cambridge Developmental Center
4. Department of Developmental Disabilities – Columbus Developmental Center
5. Department of Developmental Disabilities – IT Operations – Access Control
6. Department of Education – Straight A Program
7. Environmental Protection Agency – Air Pollution: Title V Renewal Permit Process
8. Department of Higher Education – Adult Basic and Literacy Program

9. Department of Public Safety – IT Security (NIST)
10. Department of Taxation – Asset Management

### **Open Discussion**

Chairman DeMaria discussed the State Audit Committee (SAC) charter, a governing document that is reviewed and approved by the Committee on an annual basis. Recommended revisions included adding member expense reimbursement language, since the existing charter did not contemplate mileage and parking reimbursement for out-of-town Committee members, as well web address changes and other clarifications and enhancements to existing language. Chairman DeMaria moved that the SAC charter be approved as revised; Mr. Hecht seconded the motion and all four members unanimously approved.

Chairman DeMaria discussed the OIA Charter, a governing document that provides an overview of functions and activities of the Office of Internal Audit. In order to update the charter to mirror OIA's current practices, recommended revisions included: adding OIA's vision statement; adding the submission of a summary of public assurance reports to legislation; updating information such as CAE name and a state agency name change, and; other clarifications and enhancements to existing language. Chairman DeMaria moved that the OIA Charter be approved as revised; Mr. Zitter seconded the motion and all members unanimously approved.

Cindy Klatt provided an overview of the Green Book to the Committee, which is an internal control framework modeled after concepts from COSO (Committee of Sponsoring Organizations of the Treadway Commission) and recommended by the federal government. OIA will be consulting with OBM in fiscal year 2017 as to how to best implement the Green Book internal control framework at the state agencies.

Chairman DeMaria asked the members for any feedback regarding the meeting. Mr. Zitter asked for definitions to common acronyms used in the meeting. In addition, calendar year 2016 meeting dates were confirmed to be March 24, June 28, September 22, and December 15.

The meeting was adjourned at 2:00 p.m.

### **Open Items for March, 2016 meeting**

1. Schedule periodic IT Optimization updates with State Chief Information Officer Stu Davis and State Chief Information Security Officer

Responsible Party: Cindy Klatt

2. Auditor of State technical update (as needed)

Responsible Party: Debbie Liddil

3. OIA Strategic Plan – Establish specific action steps and provide updates at each meeting

Responsible Party: Cindy Klatt