



**OBM** | Office of Internal Audit

# OBM Office of Internal Audit

## Fiscal Year 2016 Annual Audit Plan

*July 1, 2015 – June 30, 2016*

---



Table of Contents

Mission Statement, Introduction, and Purpose .....2

FY 2016 Audit Prioritization Process .....3

Preliminary Audit Scope .....5

Appendix A .....15

    Adjutant General (ADJ) .....16

    Department of Administrative Services (DAS) .....17

    Department of Aging (AGE) .....18

    Department of Agriculture (AGR).....19

    Office of Budget and Management (OBM) .....20

    Department of Commerce (COM) .....21

    Department of Developmental Disabilities (DDD) .....22

    Development Services Agency (DSA) .....23

    Department of Education (ODE).....24

    Environmental Protection Agency (EPA) .....25

    Department of Health (ODH) .....26

    Department of Insurance (ODI) .....27

    Department of Job and Family Services (JFS) .....28

    Lottery Commission (OLC) .....29

    Department of Medicaid (ODM) .....30

    Department of Mental Health and Addiction Services (MHA).....31

    Department of Natural Resources (DNR) .....32

    Opportunities for Ohioans with Disabilities (OOD).....33

    Department of Public Safety (DPS).....34

    Public Utilities Commission (PUCO) .....35

    Board of Regents (BOR).....36

    Department of Rehabilitation and Correction (DRC) .....37

    Department of Taxation (TAX) .....38

    Department of Transportation (DOT) .....39

    Department of Veterans Services (DVS) .....40

    Bureau of Workers' Compensation (BWC) .....41

    Department of Youth Services (DYS) .....42

~~Appendix B – FY16 Appropriations Vs. Budgeted Audit Hours.....43~~



## Mission Statement

The OBM Office of Internal Audit (OIA) will provide independent, objective assurance and consulting activities designed to improve management practices, identify operational improvement, and reduce agency risk exposure.

## Introduction

OIA performed an audit prioritization of 27 state agencies' (as required by Ohio Revised Code section 126.47) risk environment in order to develop the audit plan for fiscal year 2016. Development of the assessment was based on various risk factors to the organization, as well as interviews with various members of management and other stakeholders. Section 126.45 (A) requires OIA to conduct audits at 26 agencies; other state agencies, such as the Department of Education, may request this service per Section 126.45(D). As such, other agencies could be added throughout the year.

The goal of the audit prioritization and audit plan is to facilitate a process of continuous improvement in both business processes and internal controls throughout the organization with the ultimate goal of improving services to Ohio's constituency.

## Purpose

The purpose of internal audit is to provide an independent assessment of the adequacy of internal controls throughout the organization. The Institute of Internal Auditors (IIA) provides the following definition of internal auditing:

*"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*

The role of internal auditing includes the following activities:

- Evaluating and improving the adequacy and effectiveness of risk management, control, and governance processes;
  - Evaluating the management process to determine whether reasonable assurance exists that management objectives and operational goals are achieved; and
  - Providing process and managerial consulting to improve risk management, control and governance processes.
-



## FY 2016 Audit Prioritization Process

### **Risk Assessment Methodology**

In developing the audit plan, OIA performed a risk analysis for the 27 state agencies in OIA's planned oversight utilizing seven risk factors. The objective of the risk assessment is to ensure optimized assignment of audit resources through an understanding of the audit universe and the risks associated with each universe item.

The OBM Office of Internal Audit recognizes that most state agencies are at an informal stage of enterprise risk management. OIA plans to engage agency management on enterprise risk and lead them to a maturity level where they can independently assess their enterprise risk management processes over time. In the current audit plan, we obtained agency input for two of the seven risk factors (changes in systems, processes, & people and stakeholder concerns).

The audit prioritization process included the following activities:

- Planning the assessment and identifying the audit universe.
- Conducting the risk assessment with agency management.
- Internal analysis of the results.
- Discuss draft heat map and planned audit areas with agency management.

### **Audit Universe**

Each agency audit universe has multiple categories depending upon the state agency. The primary source for determining the categories is the biennial budget bill which identifies significant agency processes and functions.

Enterprise risks are not presented separately since the State has one agency that provides services for central support functions which typically are part of each agency audit universe. These include legal representation (Ohio Attorney General); ethics enforcement (Ohio Ethics Commission); human resources/risk management reserve (Department of Administrative Services); investments (Treasurer of State); budgeting/financial reporting/shared services (Office of Budget and Management); and general debt issuance (Commissioners of the Sinking Fund).

The State has enacted significant changes to its IT environment through an IT Optimization initiative. Previously, OIA conducted IT General Control audits at the agencies. OIA's planned audit activities are aligned to these changes over the next few years. Key changes involve increased consulting at the design and implementation stages (centrally at the Department of Administrative Services), as well as decentralized assurance services at agencies (governance, application development, security controls, and operations).

---



## Risk Factors

The seven risk factors utilized for the assessment were developed using IIA guidance and historical knowledge of state government, as well as best practices in internal auditing. Each risk factor was scored based on likelihood of the risk and the measure of consequence of the event. The overall goal of the risk scoring approach is to ensure OIA audits high and moderate risk areas routinely with the consideration of work performed by other auditors. Over the next few years OIA plans to expand use of data analytics to increase areas of audit coverage, particularly in areas rated as low risk.

Once the various risk factors were rated, they were weighted in order to arrive at a composite risk score for each area, which was used to determine areas to prioritize for the fiscal year 2016 audit plan.

The seven risk factors and assigned weighting are as follows:

Risk Factors	Weight	Description
Control Design and Effectiveness	25%	The assessed reliability of the internal control system is important in judging the likelihood of errors in the system.
Materiality	25%	This factor focuses on the financial size, complexity, or sensitive nature of auditable areas.
Changes: System, Process, and People	15%	A dynamic environmental change, in terms of systems/processes/people, increases the probability of efficiencies as well as errors occurring. <i>(Agency input obtained)</i>
Stakeholder Concerns/ Reputational Risk	10%	Management or other stakeholder concerns can influence the priority of an auditable area and could take priority over other risk factors in some cases. The reputation of an agency can be impacted by failures in certain sensitive processes. <i>(Agency input obtained)</i>
Impact of Fraud, Waste, and Abuse	10%	The impact of illegal acts or wasteful spending can result in a heightened consequence with public funds regardless of the dollar amount.
Prior Audits	10%	The recency of prior audits (OIA, Auditor of State, State Inspector General, actuaries, etc.) may more accurately predict the likelihood of future outcomes.
Financial/Operational Reporting	5%	Accuracy of reported financial activity is magnified through anticipated use by outside parties.



## Preliminary Audit Scope

The state agency heat maps in Appendix A identify the audit priorities and preliminary scope for the 27 agencies based upon the seven risk factors. The audit universe categories are identified on a graph based upon likelihood and impact. The likelihood is the measure of the probability of an unfavorable event occurring while impact is the measure of the consequence of an unfavorable event occurring at the agency. Those areas in the upper right side corner of the heat map (red boxes) represent higher audit priorities while those in the lower left side corner (green boxes) represent lower audit priorities.

To reflect each agency's relational size, a comparison table is presented in Appendix B to show their proposed 2016 annual budgeted appropriation in relation to other agencies. The Departments of Education and Medicaid's appropriations are reported separately at the bottom of the schedule since their proposed appropriations could distort the overall schedule.

Based upon discussions with the Auditor of State (AOS), we have identified those areas planned for audit by the AOS in fiscal year 2016. There are some areas planned for audit by both OIA and AOS while some areas are not planned by either audit group.

For the Bureau of Workers' Compensation (BWC) and Ohio Lottery Commission (OLC), OIA plans to leverage the financial audit work completed by the BWC and OLC internal audit teams. In order for OIA to rely upon this work, OIA will perform the following:

- Review the independence and objectivity of the BWC and OLC internal audit teams.
- Assess the competencies and qualifications of the BWC and OLC audit teams by verifying the professional experience, qualifications, and professional certifications of the audit teams.
- Ensure the work performed by the BWC and OLC audit teams are appropriately planned, supervised, documented, and reviewed. Additionally, OIA will consider whether the audit evidence is sufficient to determine the extent of use and reliance on the work.
- Determine that audit significant observations have been communicated to the BWC Board of Directors' Audit Committee and OLC Audit Committee. Additionally, evaluate the follow-up procedures by the BWC and OLC audit teams to determine whether management has implemented the recommendations or assumed the risk of not implementing them.
- At least annually, OIA's Chief of Quality Assurance will provide the State Audit Committee with an assessment on the reliance of BWC and OLC's internal audit functions.



**Audit Priorities and Resources**

Based upon the audit prioritization process, OIA identifies audit areas with a focus on rotational audit coverage to include:

- High risk areas – every one to two years;
- Moderate risk areas - every three to four years; and
- Low risk areas - periodically, as appropriate

To complete the financial and information technology engagements in this plan, OIA estimates approximately 33,785 audit hours (17,845 financial, 13,905 IT and 2,035 Integrated) will be necessary. The chart below depicts that OIA has the appropriate mix of financial and IT audit staff to complete 95% of the planned engagements for fiscal year 2016.

	OIA Employees (total hours/25 auditors)	% Total
Annual Audit Hours Available/Employee	2,080	100%
Less: Holiday Hours	(80)	(4%)
Less: Leave Hours (vacation, personal, sick, adoption/childbirth)	(290)	(13%)
Less: Training (internal/external)	(80)	(4%)
Less: Administrative time [non-bill (payroll, email, supervision), breaks (union employees)]	(270)	(13%)
Less: Staff Replacement/Turnover (est. 3/yr.)	(60)	(3%)
Budgeted Hours/Employee	1,300	63%
x 25 employees	x 25	
Estimated Audit Hours before Remediation	32,500	
Less: Estimated Remediation Hours for Prior Year Projects	(425)	
Total estimated audit hours available	<b>32,075</b>	
Total estimated plan hours	<b>33,785</b>	
Estimated resources available to complete plan	<b>95%</b>	



## Planned Engagements

The following schedule represents planned audit areas based on an evaluation of agency audit priorities from heat maps and discussions with agency management.

OIA may revise audit areas and schedules of the annual plan. Based on anticipated changes in agency risk profiles, unplanned audits, and OIA staff changes, OIA will add audit areas that can be completed within OIA's budget and add value to operational processes. Also, OIA will perform validation testing to ensure management has taken appropriate corrective action on previously reported audit observations.

The OIA level of effort included in the audit areas is as follows:

- Small – less than 300 audit hours
- Medium – between 300 and 500 audit hours
- Large – between 500 and 800 audit hours
- Extra Large – greater than 800 audit hours

The planned audit areas for fiscal year 2016 are included below:

#	Agency	Audit Area	Level of Effort	Description of Audit Scope
1	ADJ	National Guard Scholarship	Medium	Assurance: Assess agency controls over administration of the scholarship program.
2	DAS	State Employee Health Benefit Fund	Small	Consulting: Review disability process
3	DAS	Operations	Large	Assurance: Assess controls over billing process in key business areas
4	DAS	IT Security & Privacy	Medium	Assurance: Account Management for DAS applications and automate the audit of the access controls
5	DAS	IT Governance	Small	Assurance: Business-IT Alignment Assessment



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
6	DAS	IT Infrastructure Services	Medium	Consulting: Update the SSAE16 to include the changes implemented at the SOCC. Build a classification matrix for virtual servers at the SOCC
7	DAS	IT Infrastructure Services	Medium	Assurance: Virtualization - perform VMWare admin review and GuestIOS image review
8	DAS	IT Infrastructure Services/IT Security & Privacy	Medium	Assurance: Assess the network security and IT perimeter security at the SOCC
9	AGE	IT Security	Small	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations (selective)
10	AGE	IT Security	Small	Assurance: Assess agency controls over IT and non-IT assets.
11	AGR	Animal and Food Safety	Medium	Consulting: Review processes and provide recommendations to assist with compliance to new federal rules
12	AGR	Consumer Labs	Medium	Assurance: Review controls over the financial processes in the Consumer Lab area
13	AGR	IT Governance	Small	Assurance: Business-IT Alignment Assessment
14	OBM	Accounting Operations	Small	Consulting: Review processes and provide recommendations on the revenue transaction cycle
15	OBM	Accounting Operations	Small	Consulting: Internal control framework - assist with the statewide implementation of the concepts in the Green Book
16	OBM	IT Operations	Medium	Assurance: Assess IT General Controls
17	COM	State Fire Marshal	Medium	Assurance: Assess controls over the Forensics Lab
18	COM	Administration	Medium	Assurance: Assess controls over the Voyager Card
19	COM	Unclaimed Funds	Medium	Assurance: Review key processes and the interest calculations for claims payments



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
20	DDD	Developmental Centers	Medium	Assurance: Assess controls over receipt/distribution of funds at select developmental centers.
21	DDD	Operating and Services	Small	Assurance: Assess agency controls over the use of the State Procurement and Voyager cards
22	DDD	IT Operations	Small	Assurance: Assess adherence to agency application development policy and procedures
23	DDD	IT Governance	Small	Consulting: Assess agency prioritization (governance) of initiatives involving IT
24	DSA	Federal Programs/Comm. Services	Small	Assurance: Assess Low-Income Home Energy Assistance Program objectives through data analysis
25	DSA	Financial Incentives/Tax Credits	Small	Assurance: Assess Business Tax Credit program objectives through data analysis
26	DSA	IT Security	Medium	Assurance: Assess agency controls over IT and non-IT assets
27	ODE	Student Support/Education Options	Medium	Assurance: Assess the process and controls of the key processes areas relating to the Child Nutrition program
28	ODE	School Foundations	Large	Assurance: Assess the process and controls of the key processes areas relating to the School Foundation program
29	ODE	Other Programs	Small	Assurance: Review of the key processes over the Straight A program (continued from FY 15)
30	ODE	Other Programs	Small	Consulting: Assess the procurement and payroll processes and controls for the State School for the Blind/School for the Deaf (continued from FY 15)
31	EPA	Administration	Small	Consulting: Review replacement solutions to agency's existing accounts receivable system
32	EPA	Air Pollution	Small	Assurance: Assess agency controls over permit process
33	EPA	IT Security	Small	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations (selective)



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
34	ODH	Office of Health Improvement and Wellness	Medium	Assurance: Assess controls over the Children with Medical Handicaps program
35	ODH	Office of Health Improvement and Wellness	Medium	Assurance: Assess controls over key processes in the Help Me Grow program
36	ODH	IT Governance	Small	Assurance: Business-IT Alignment Assessment
37	ODH	IT Operations	Medium	Consulting: Assist agency development of a risk-based strategy for updating its application portfolio
38	ODH	IT Security	Medium	Assurance: Assess agency controls over IT assets
39	ODI	Examinations	Medium	Assurance: Assess controls over the process within the Risk Assessment Module of agency system
40	ODI	IT Security	Small	Assurance: Assess agency controls over IT assets
41	ODI	Administration	Small	Assurance: controls and processes over the on-boarding and off-boarding processes (continued from FY 15)
42	JFS	Food Assistance	Small	Consulting: Evaluate SNAP EBT card data for additional monitoring opportunities over fraud and abuse (continued from FY 15)
43	JFS	Child Care (Licensing)	Medium	Consulting: Evaluate agency processes after implementation of new licensing system
44	JFS	Child Care	Medium	Consulting: Analyze Child Care data for indicators of potential fraud
45	JFS	IT Operations	Extra Large	Assurance: IT general controls for internal mainframe systems (SETS, CRIS-e, OFIS, CFIS)
46	JFS	IT Security	Large	Assurance: Assess agency processes for determining and maintaining device and software configurations
47	JFS	IT Operations	Medium	Consulting: Assist agency development of appropriate vendor management controls



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
48	OLC	Administration	Medium	Consulting: Review processes within the general accounting
49	OLC	Administration	Small	Assurance: Assess controls over supply and merchandise inventory
50	OLC	IT Operations/Contracts	Medium	Assurance: Assess external application controls for the Loyalty Program
51	OLC	Video Lottery Terminals (VLT)	Small	Assurance: Review VLT controls and compliance (continued from FY 15)
52	OLC	Assurance Review	Small	Assurance: Perform review of Lottery's Internal Audit's audit function, including audit plan, working papers, reports, and other items to support OIA audit reliance.
53	ODM	Nursing Facilities/ Hospitals/Managed Care	Large	Consulting: Evaluation of select Fee for Service vs. Managed Care processes for uniformity
54	ODM	Managed Care Plans (Systems Integration)	Medium	Consulting: Review of processes after full integration into the State's eligibility determination system
55	ODM	IT Governance	Small	Assurance: Business-IT Alignment Assessment
56	ODM	IT Operations	Medium	Assurance: Assess IT general controls
57	MHA	Hospital Services	Medium	Assurance: Assess agency controls over key hospital service processes
58	MHA	IT Governance/IT Operations	Small	Consulting: Review the IT application development process as well as the governance process
59	DNR	IT Operations	Medium	Assurance: Assess IT General Controls
60	DNR	IT Security	Medium	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations
61	DNR	Wildlife	Medium	Assurance: Assess agency controls over key processes within the Wildlife section



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
62	OOD	General Administration	Medium	Assurance: Assess controls over the Voyager Card
63	OOD	General Administration	Medium	Consulting: Assess controls over inventory and asset management
64	DPS	Bureau of Motor Vehicles	Medium	Assurance: Review accuracy of third party fee calculations for the International Registration Plan
65	DPS	Emergency Management Agency	Small	Assurance: Assess controls over sub-recipient monitoring process
66	DPS	IT Security	Medium	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations
67	DPS	IT Security	Medium	Assurance: Assess agency controls over IT and non-IT assets
68	DPS	Bureau of Motor Vehicles	Small	Consulting: Evaluate adequacy of controls and business rules associated with implementation of ATPS system replacement
69	PUC	IT Governance	Small	Assurance: Business-IT Alignment Assessment
70	PUC	IT Operations	Medium	Assurance: Assess IT General Controls
71	BOR	Scholarship/Grant/Loan Programs	Small	Assurance: Assess controls over War Orphans Scholarship Program
72	BOR	Adult Basic and Literacy Education	Medium	Assurance: Assess controls over the Adult Basic and Literacy Education Program (ABLE)
73	BOR	IT Operations	Small	Consulting: review design of controls for process changes associated with HEI system
74	DRC	Community Residential Program	Medium	Assurance: Assess controls over key processes within the Community Residential Program
75	DRC	IT Security	Medium	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations
76	TAX	Sales Taxes	Medium	Assurance: Assess controls over billings and adjustments
77	TAX	IT Security	Medium	Assurance: Assess agency controls over IT and non-IT assets
78	TAX	IT Operations	Small	Consulting: Assist agency development of appropriate vendor management controls



#	Agency	Audit Area	Level of Effort	Description of Audit Scope
79	DOT	Administration	Medium	Assurance: Assess controls over agency's management of operating contracts
80	DOT	Administration	Medium	Assurance/Consulting: Evaluate agency's vehicle turn-in/replacement process for efficiencies; assess agency controls over use of the Voyager cards
81	DOT	IT Operations	Large	Assurance: Assess IT General Controls
82	DOT	IT Security	Medium	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations
83	DVS	IT Governance	Small	Assurance: Business-IT Alignment Assessment
84	DVS	IT Security	Medium	Assurance: Assess alignment with NIST assurance controls for moderate risk organizations
85	BWC	IT Operations	Small	Assurance: Assess IT general controls
86	BWC	IT Security	Extra Large	Assurance: Assess alignment with SANS Top 20 security controls
87	BWC	IT Security	Medium	Assurance: Assess agency controls over IT and non-IT assets
88	BWC	IT Operations	Medium	Consulting: Evaluate new system development (CORE) and implementation activities
89	BWC	Assurance Review	Small	Assurance: Perform review of BWC Internal Audit's audit function, including audit plan, working papers, reports, and other items to support OIA audit reliance.
90	DYS	IT Security	Small	Assurance: Assess agency processes for determining and maintaining device and software configurations
91	DYS	IT Governance	Small	Assurance: business-IT alignment assessment
92	DYS	IT Security	Medium	Assurance: Assess agency controls over IT and non-IT assets



Each state agency is provided a memorandum of understanding (MOU) at the beginning of the fiscal year which identifies OIA's planned scope, audit fees, and other general provisions. The MOU will include an allotted amount of audit hours for follow up on agency remediation of previously issued observations. In addition, OIA may include additional audit areas if time allows.

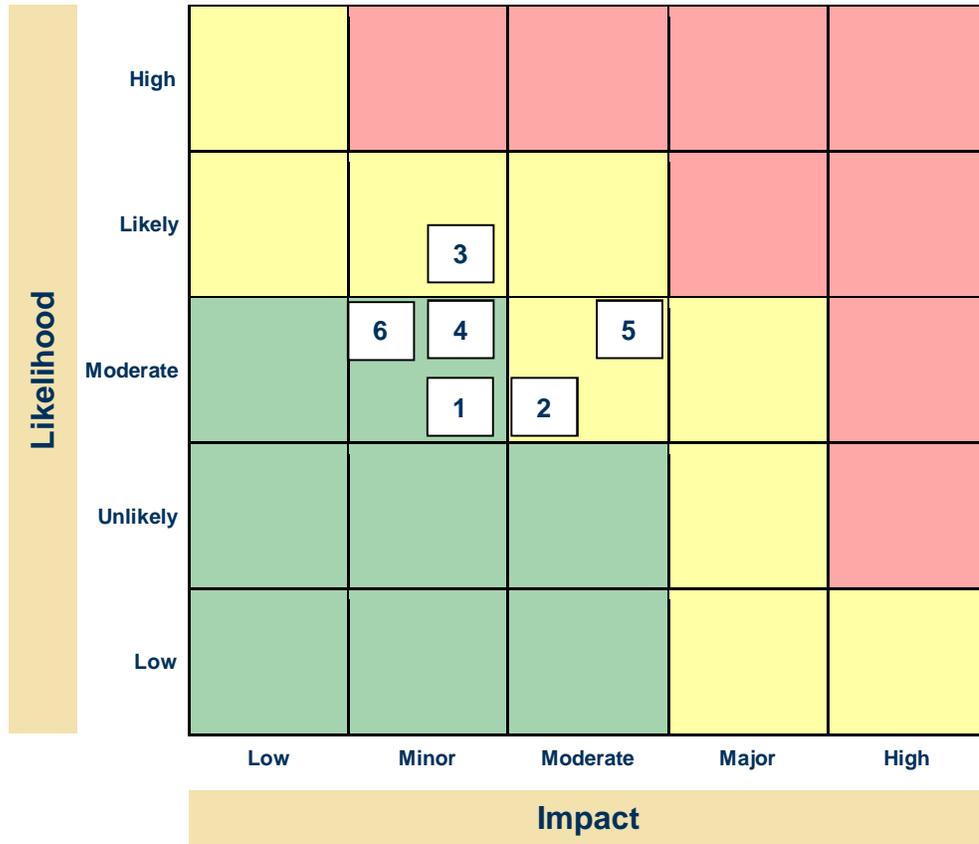


# Appendix A

## Agency Risk Heat Maps



**ADJUTANT GENERAL  
FISCAL YEAR 2016 AUDIT PRIORITIES**



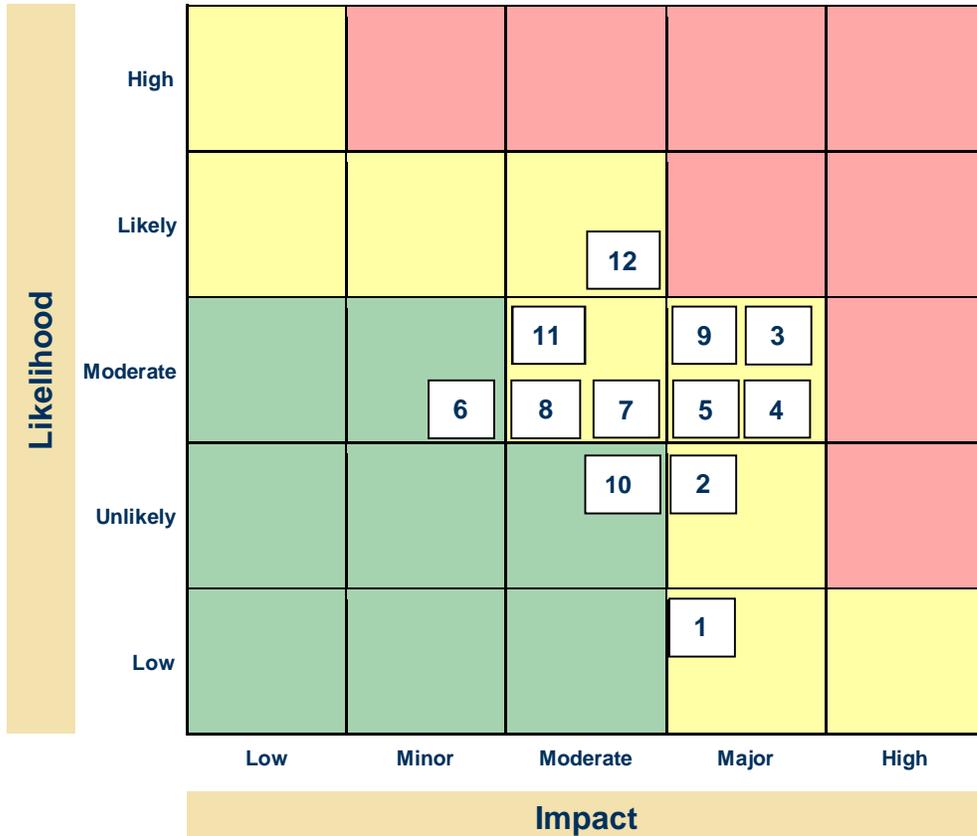
No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Billeting and Event Facilities		ü	AOS	AOS
2	Central Administration	ü	ü	AOS	AOS
3	National Guard Scholarship Program			OIA	
4	Property Management	ü	ü		
5	Armory Board Funds				OIA
6	Fleet Management				

Note: All IT systems and networks at ADJ are owned and managed by the federal government, therefore the IT systems are not under OIA oversight.

OIA began audit activities in FY 14.



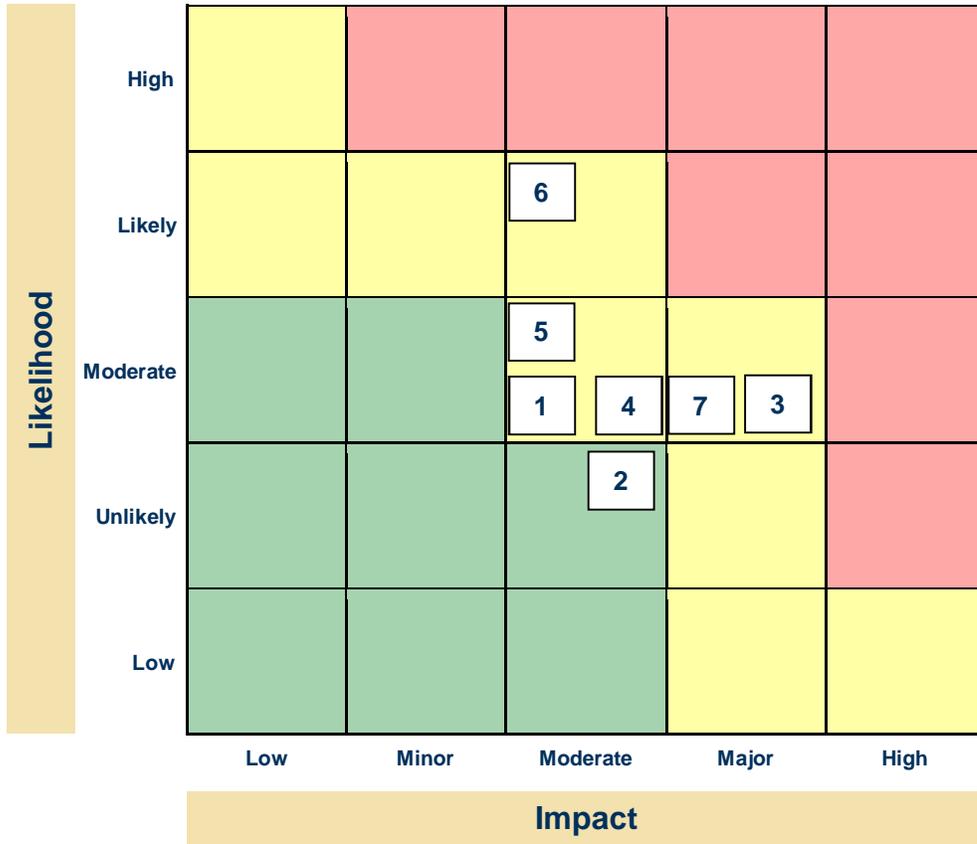
**DEPARTMENT OF ADMINISTRATIVE SERVICES  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Payroll		ü		
2	State Employee Health Benefit Fund			OIA	
3	Enterprise Applications/Online Svcs		ü		
4	General Services	ü	ü		OIA
5	IT Infrastructure Services	ü	ü	OIA/AOS	OIA/AOS
6	Central Services Agency	ü	ü	AOS	AOS
7	State Purchasing	ü			
8	Operations	ü	ü	OIA/AOS	AOS
9	IT Security & Privacy	ü		OIA	OIA
10	Statewide Indirect Cost Allocation Plan	ü	ü	AOS	AOS
11	IT Governance			OIA	
12	IT Operations				OIA



**DEPARTMENT OF AGING  
FISCAL YEAR 2016 AUDIT PRIORITIES**

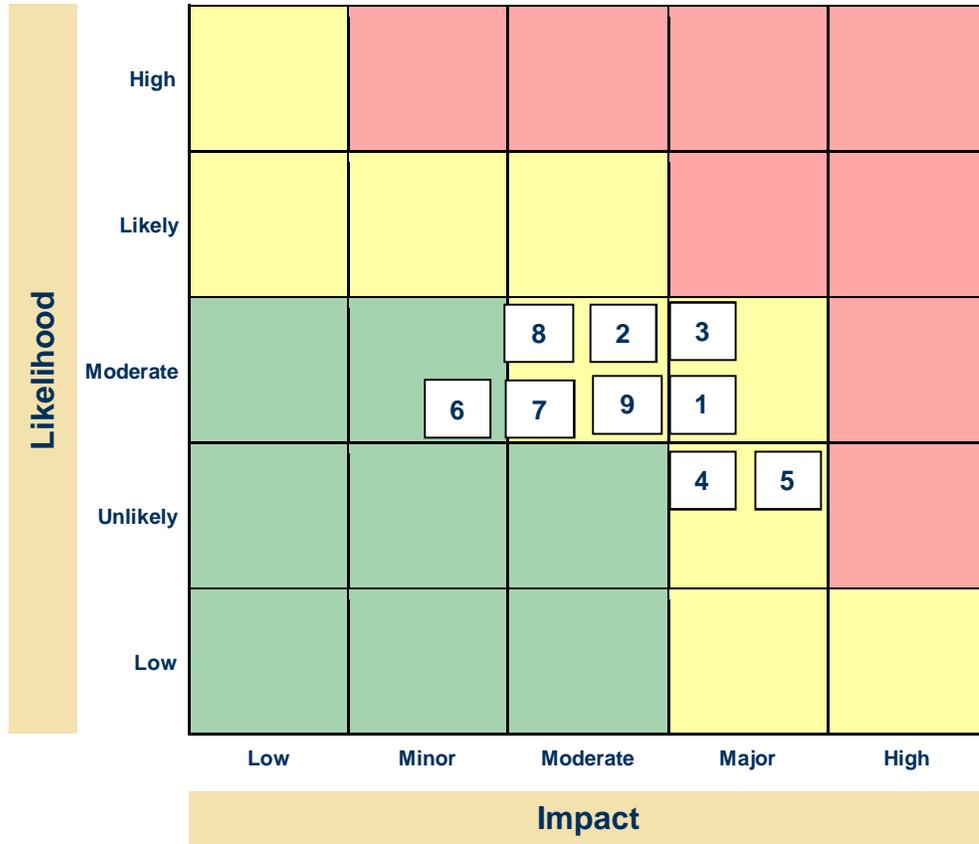


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Senior Comm Svcs/Medicaid Waiver		ü		
2	Federal Aging Grants			AOS	
3	Area Agencies on Aging				OIA
4	Administration	ü	ü	AOS	AOS/OIA
5	IT Governance		ü		
6	IT Operations				OIA
7	IT Security			OIA	





**OFFICE OF BUDGET AND MANAGEMENT  
FISCAL YEAR 2016 AUDIT PRIORITIES**

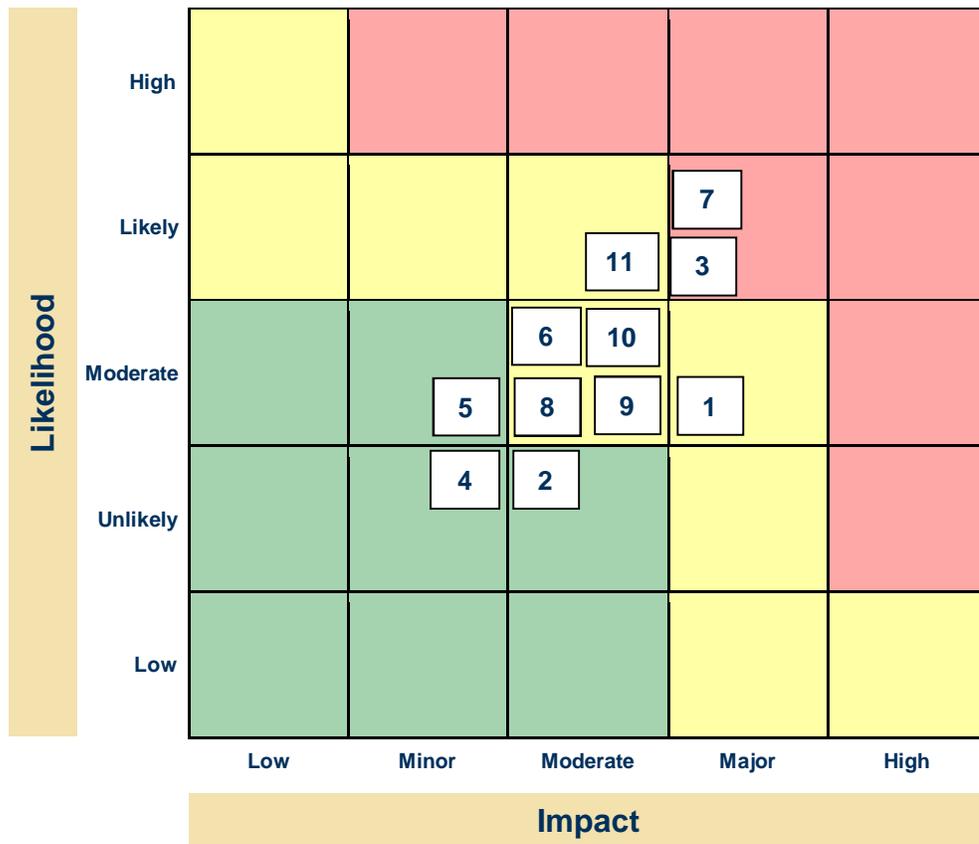


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Shared Services		ü		
2	Accounting Operations		ü	OIA	OIA
3	Budget Development & Implementation	ü	ü	AOS	AOS
4	Financial Reporting	ü	ü	AOS	AOS
5	Debt Management	ü			
6	Controlling Board		ü		AOS
7	IT Governance		ü		
8	IT Operations			OIA	
9	IT Security				OIA

Note: The Auditor of State performs a financial statement audit each year.



**DEPARTMENT OF COMMERCE  
FISCAL YEAR 2016 AUDIT PRIORITIES**

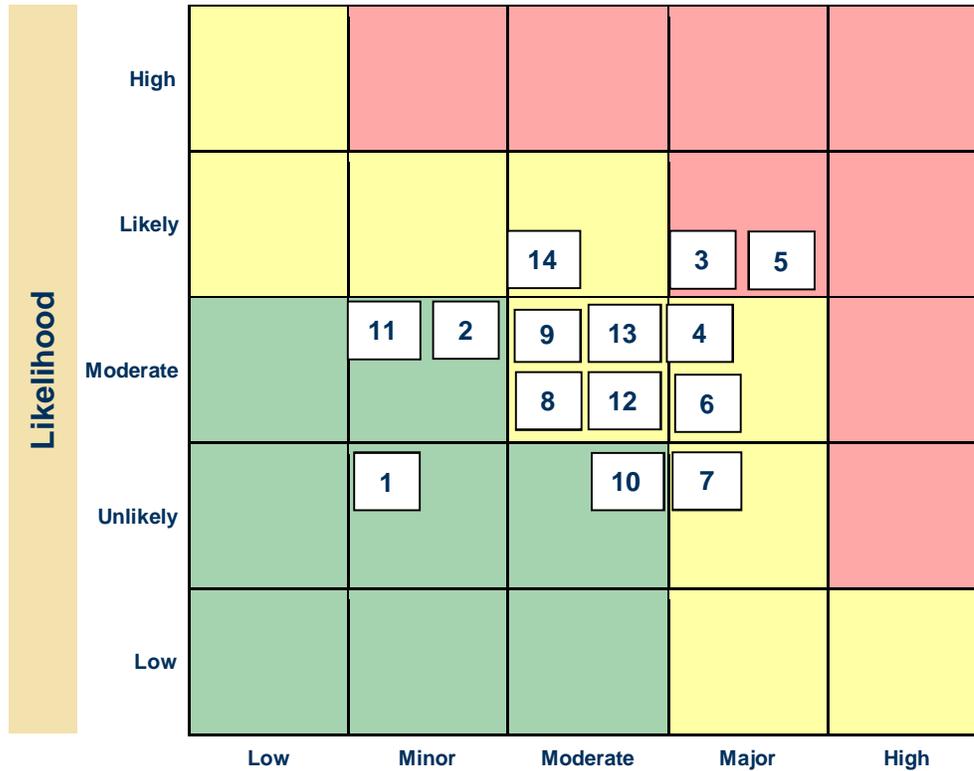


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Unclaimed Funds			AOS/OIA	
2	Division of Financial Institutions		ü		
3	State Fire Marshal	ü		OIA	OIA
4	Real Estate				
5	Securities	ü			
6	Industrial Compliance		ü		OIA
7	Liquor Control	ü	ü		OIA
8	Administration			AOS/OIA	AOS/OIA
9	IT Governance		ü		
10	IT Operations	ü			
11	IT Security		ü		





**DEVELOPMENT SERVICES AGENCY  
FISCAL YEAR 2016 AUDIT PRIORITIES**

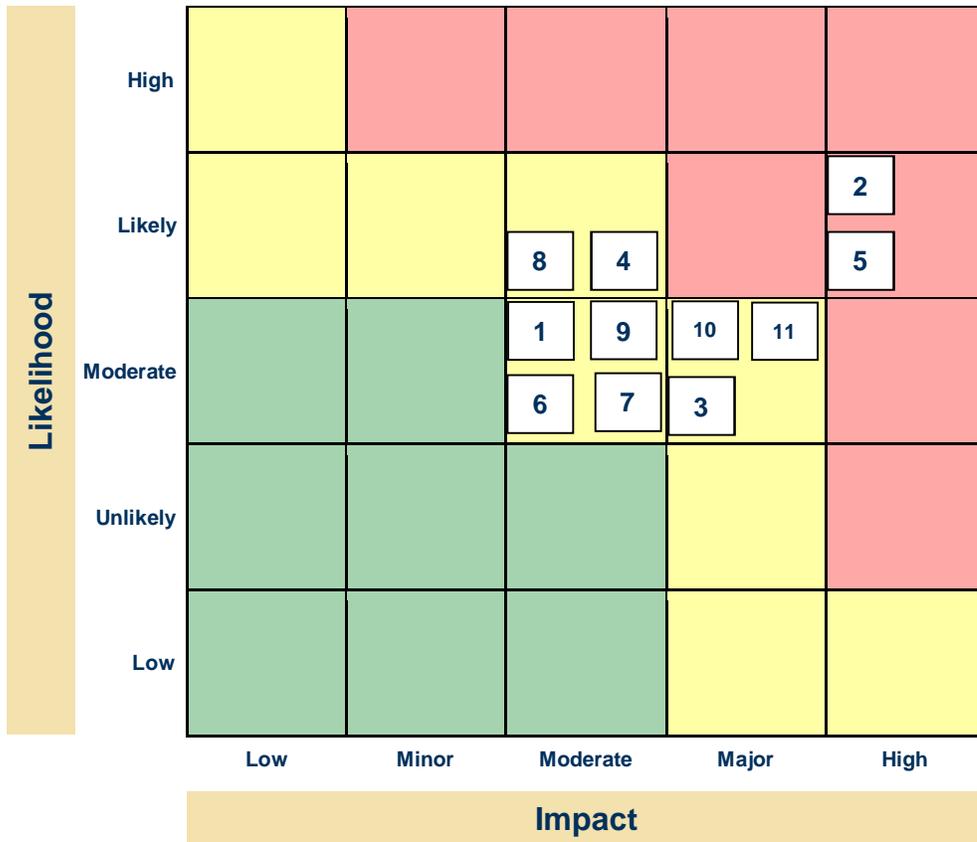


**Impact**

No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	State Grants/Community Svc Division				
2	State Grants/Business Svcs Division				
3	Financial Incentives-Grants				OIA
4	Financial Incentives-Loans	ü	ü		OIA
5	Financial Incentives-Tax Credits		ü	OIA	
6	Federal Programs-Community Services	ü	ü	AOS/OIA	AOS
7	Federal Programs-Community Dvlopmt	ü	ü	AOS	AOS
8	Federal Programs-Energy/Redevelop	ü	ü	AOS	AOS
9	Tourism Ohio		ü		
10	Office of Loan Administration	ü	ü	AOS	AOS
11	Administration		ü	AOS	AOS
12	IT Governance		ü		
13	IT Operations		ü		OIA
14	IT Security		ü	OIA	



**DEPARTMENT OF EDUCATION  
FISCAL YEAR 2016 AUDIT PRIORITIES**

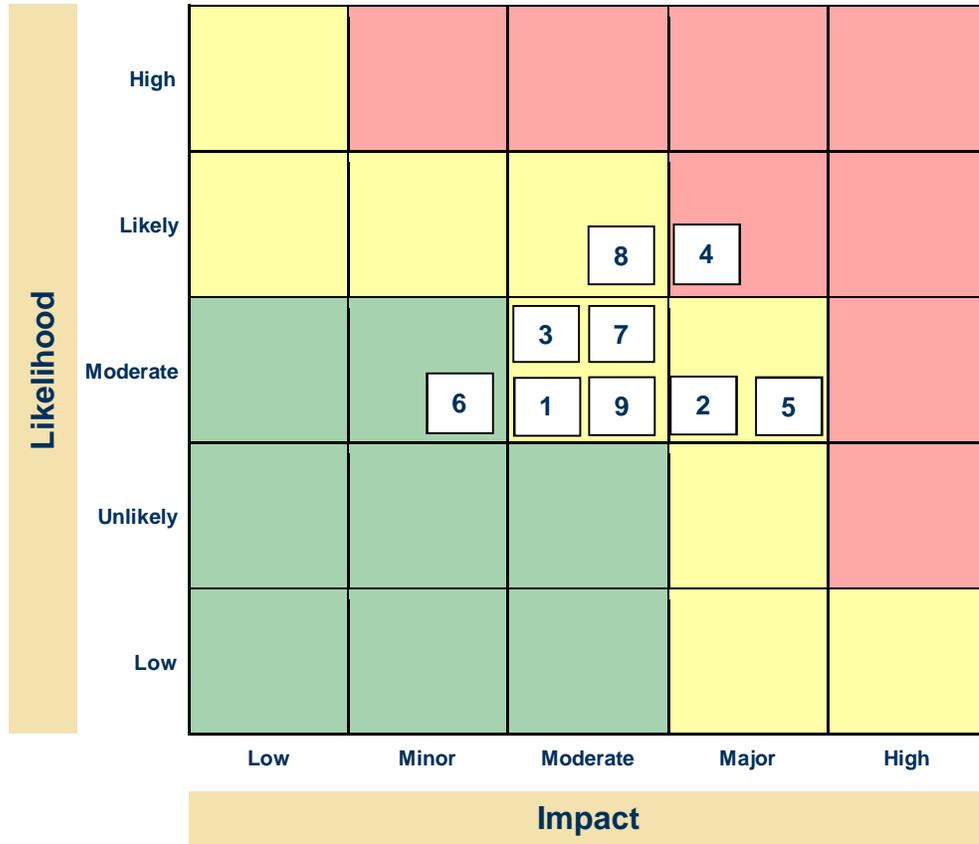


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014*	2015	2016	2017
1	Curriculum & Assessment				
2	Student Support/Education Options			OIA	OIA
3	Accountability/Contin. Improvement			AOS	AOS
4	Teaching Profession				
5	School Foundation			OIA	
6	Finance & Other Operations			AOS	AOS
7	Grant Monitoring & Closeout		ü	AOS	AOS
8	Other Programs			OIA	
9	IT Governance				
10	IT Operations			AOS	AOS
11	IT Security				OIA

\*Volunteered for OIA to perform internal audit services per ORC 126.45(D), starting in FY 2015.



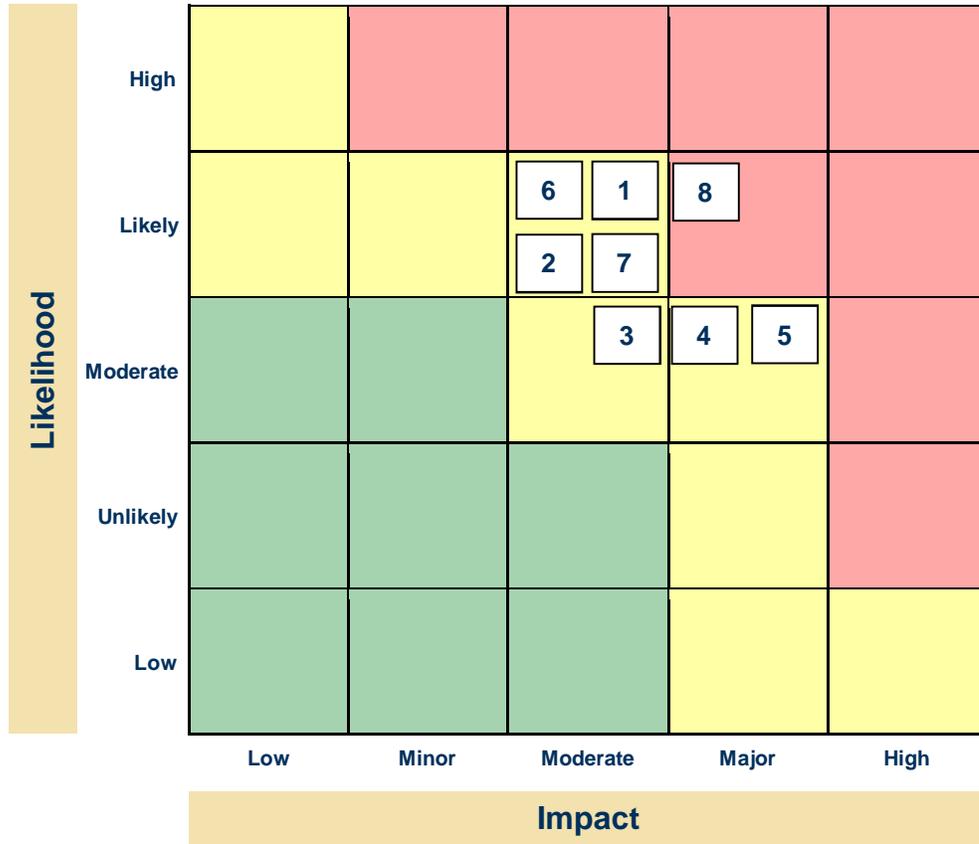
**ENVIRONMENTAL PROTECTION AGENCY  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Administration	ü	ü	OIA	OIA
2	Materials and Waste Management		ü		
3	Surface Water				OIA
4	State Revolving Loan Programs	ü	ü	AOS	AOS
5	Air Pollution			OIA	
6	Environmental Education		ü		
7	IT Governance		ü		
8	IT Operations				OIA
9	IT Security			OIA	



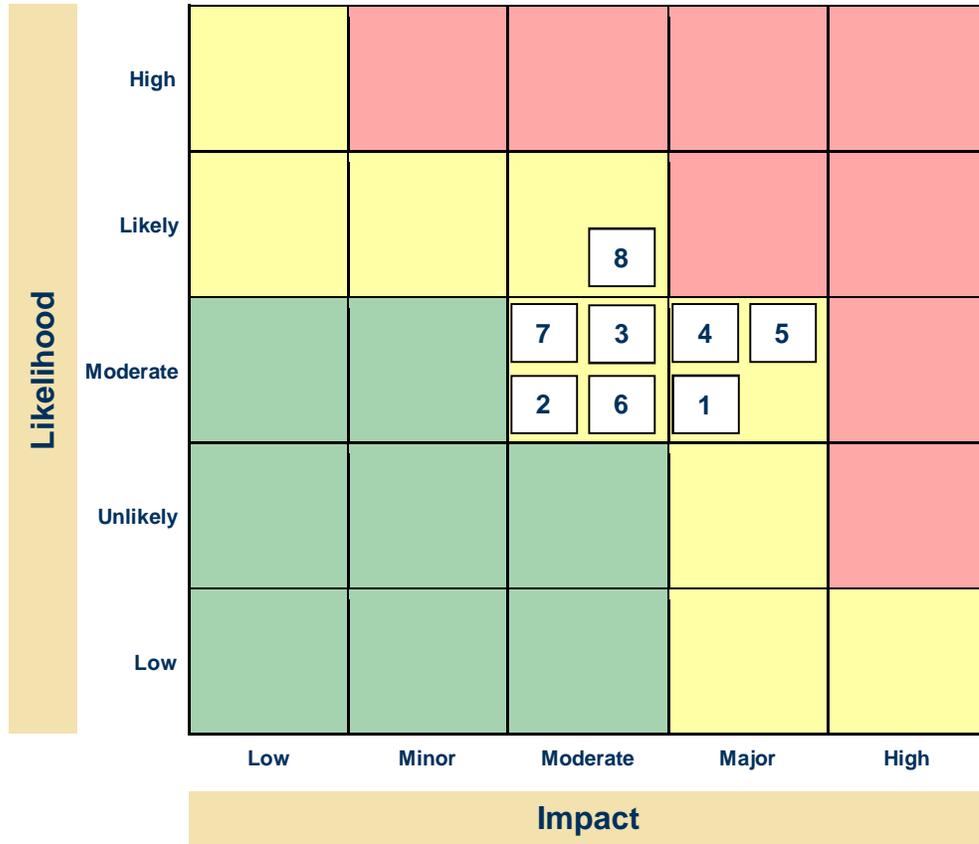
**DEPARTMENT OF HEALTH  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Health Improvement and Wellness	ü	ü	OIA	
2	Administration	ü	ü	AOS	AOS
3	Maternal Child Health Block Grant		ü		
4	Women, Infants, and Children			AOS	OIA
5	Preventive and Preparedness	ü		OIA	
6	IT Governance			OIA	
7	IT Operations			OIA	OIA
8	IT Security		ü	OIA	



**DEPARTMENT OF INSURANCE  
FISCAL YEAR 2016 AUDIT PRIORITIES**

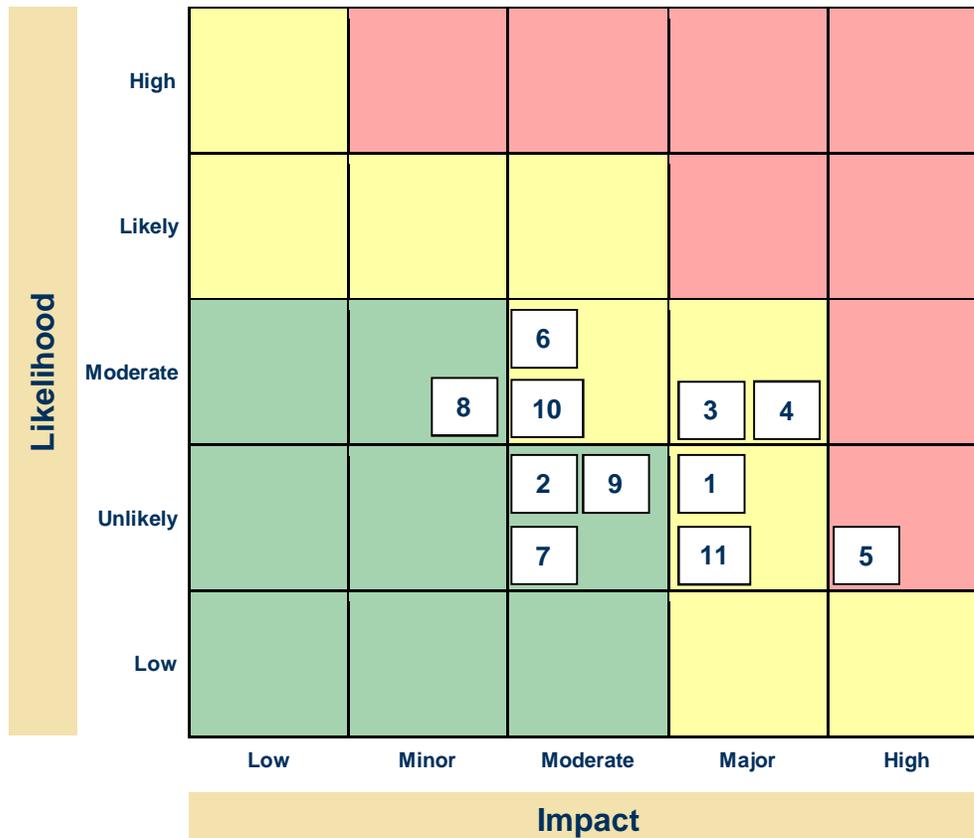


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Administration	ü	ü	AOS/OIA	AOS
2	Licenses			OIA	
3	Examinations				OIA
4	Domestic Insurance Collections	ü	ü	AOS	AOS
5	Foreign Insurance Collections	ü	ü	AOS	AOS
6	IT Governance		ü		
7	IT Operations				OIA
8	IT Security			OIA	





**OHIO LOTTERY COMMISSION  
FISCAL YEAR 2016 AUDIT PRIORITIES**

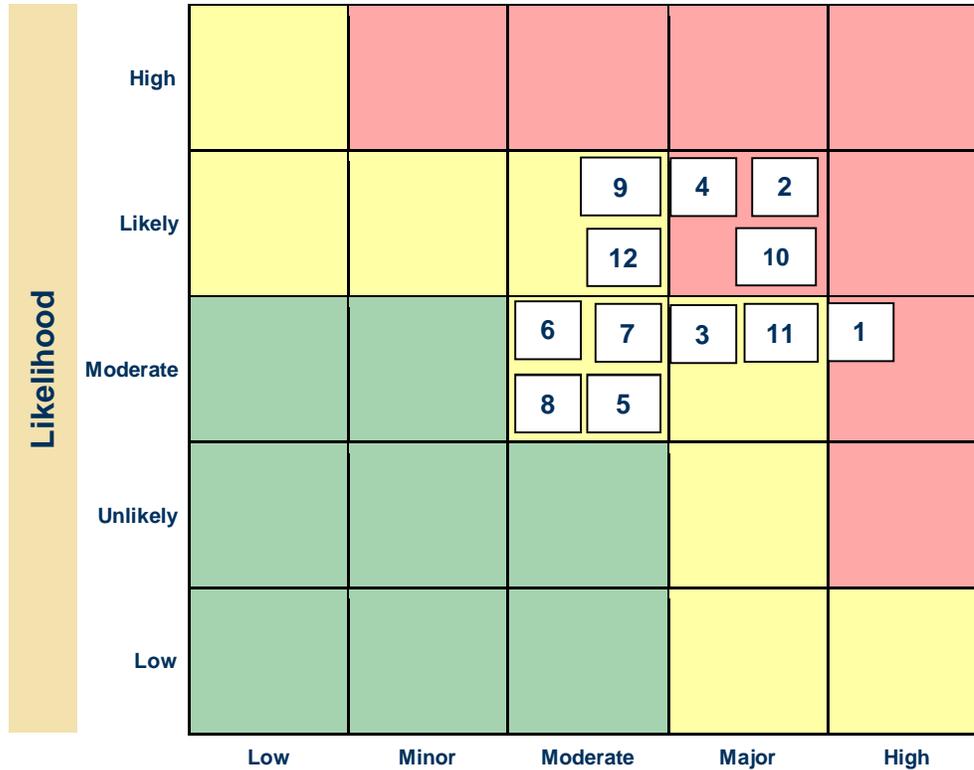


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Administration	ü	ü	OIA/AOS	OIA/AOS
2	Asset Inventory	ü	ü		
3	Prize Payments	ü	ü	OLC/AOS	AOS
4	Contracts	ü	ü	OIA	OIA
5	Games and Drawings	ü	ü	OLC/AOS	AOS
6	Compliance and Inspections	ü	ü	OLC	OLC
7	Video Lottery Terminals	ü	ü	OIA	
8	Customer Focused Areas		ü	OLC	
9	IT Governance		ü		
10	IT Operations		ü	OIA/AOS	OIA/AOS
11	IT Security		ü	OLC	

OIA began audit activities in FY 14.



**DEPARTMENT OF MEDICAID  
FISCAL YEAR 2016 AUDIT PRIORITIES**



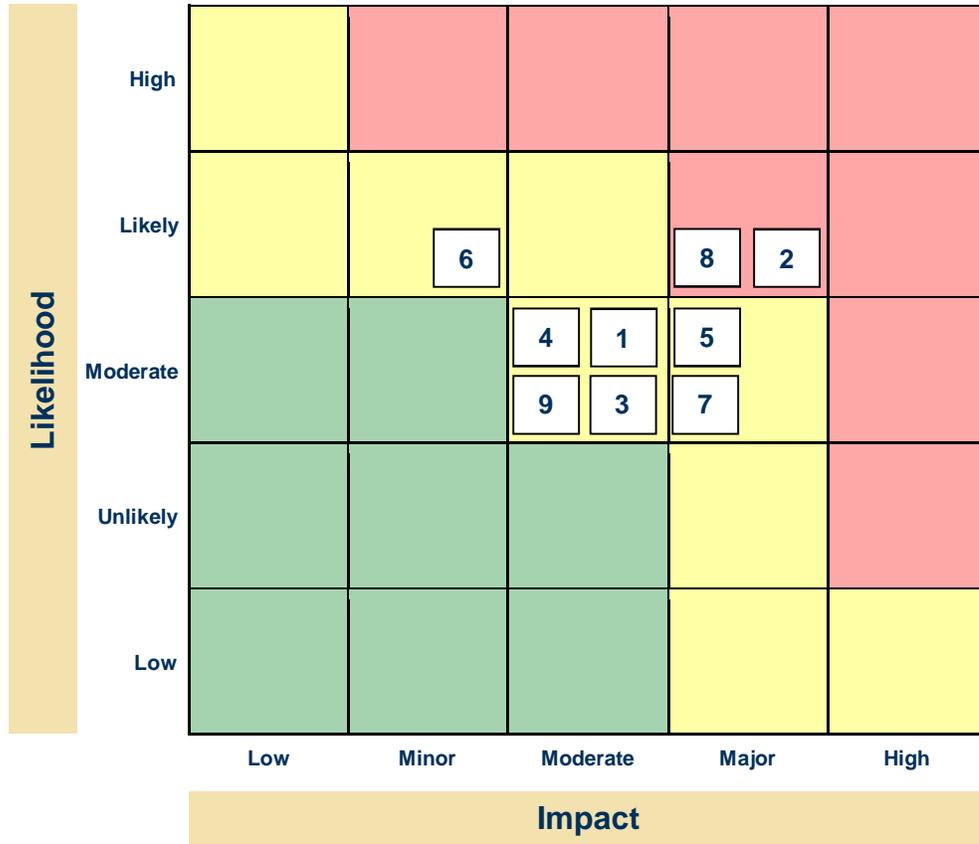
**Impact**

No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Unified Medicaid	ü	ü	AOS	AOS
2	Eligibility Determination Systems	ü	ü	AOS	AOS
3	Fraud and Abuse		ü		OIA
4	Home & Community Based Services		ü		OIA
5	Nursing Facilities			OIA	
6	Managed Care	ü	ü	OIA/AOS	AOS
7	Hospital Care Program	ü	ü	AOS	AOS
8	Hospitals			OIA	
9	Administration	ü			
10	IT Governance			OIA	
11	IT Operations	ü	ü	OIA	OIA
12	IT Security		ü		

OIA began audit activities in FY 14.



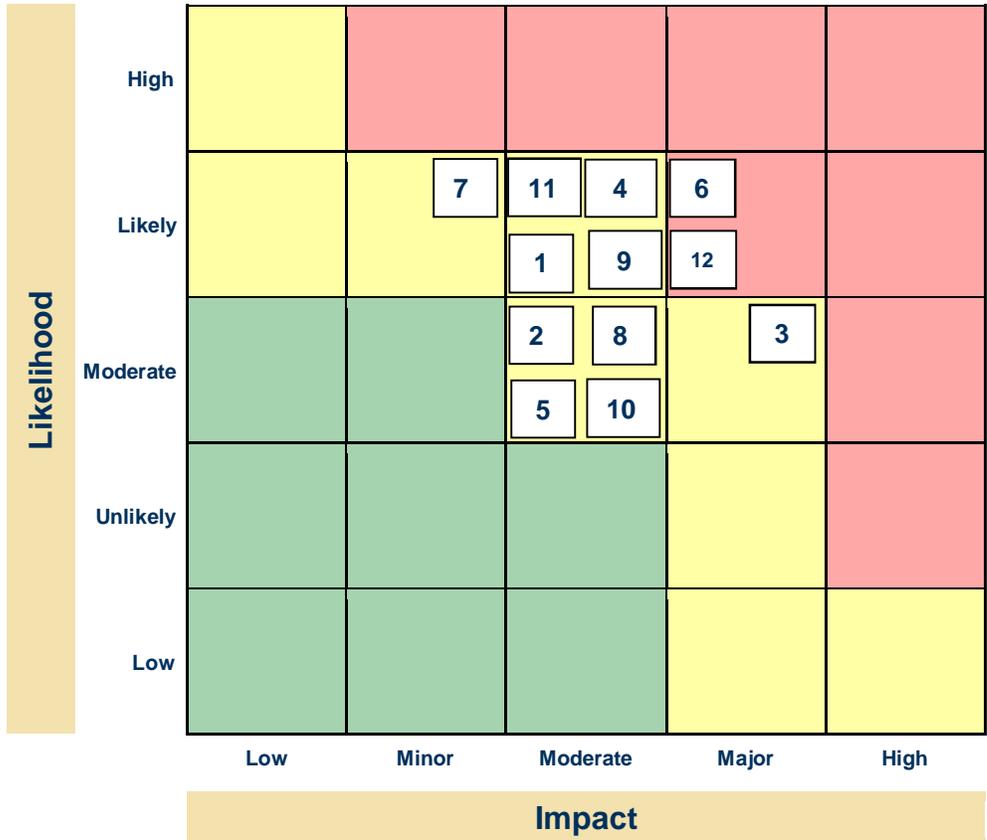
**MENTAL HEALTH AND ADDICTION SERVICES  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Central Administration/Program Mgt	ü	ü		
2	Hospital Services			OIA	
3	Office of Support Services	ü			
4	ADAMH Board Monitoring				OIA
5	Community & Recovery Services	ü	ü	AOS	AOS
6	Prevention Services				OIA
7	IT Governance		ü	OIA	
8	IT Operations			OIA	
9	IT Security				OIA



**DEPARTMENT OF NATURAL RESOURCES  
FISCAL YEAR 2016 AUDIT PRIORITIES**

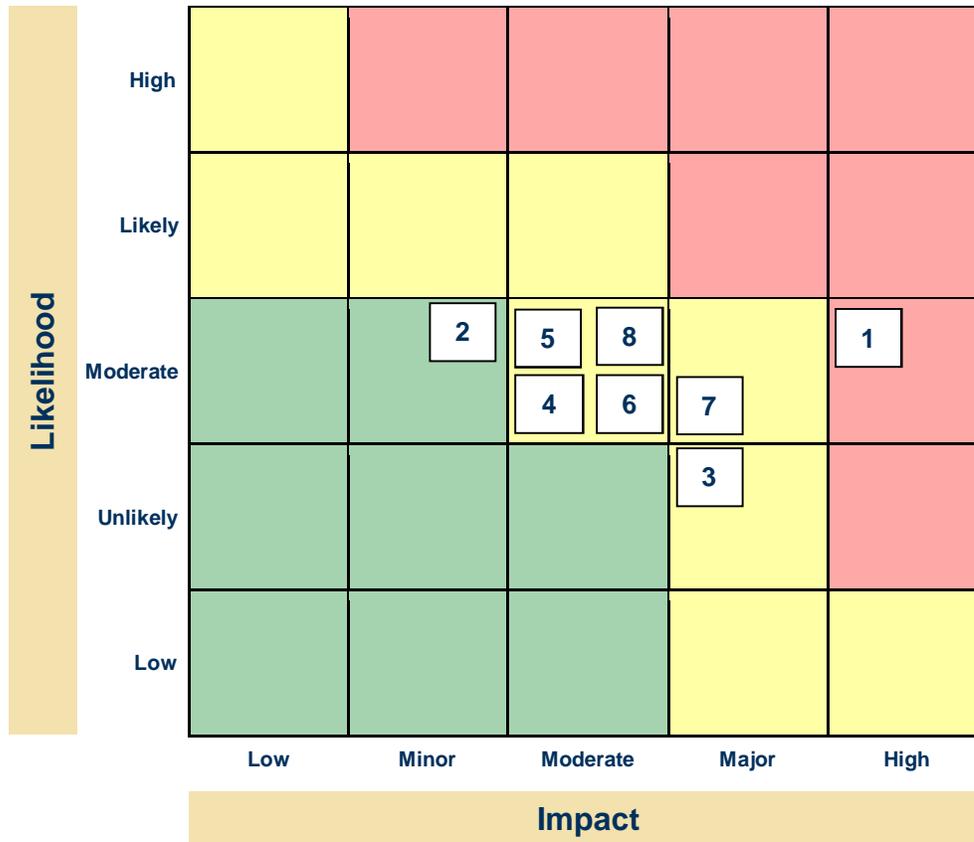


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Mineral Resources Management				
2	State Forest				
3	State Park Operations				OIA
4	Oil and Gas	ü	ü		
5	Soil and Water	ü			
6	Wildlife			OIA	
7	Watercraft		ü		
8	General Administration		ü	AOS	OIA/AOS
9	Asset Management				OIA
10	IT Governance		ü		
11	IT Operations			OIA	
12	IT Security			OIA	

Note: The Auditor of State plans to perform a general revenue audit each fiscal year.



**OPPORTUNITIES FOR OHIOANS WITH DISABILITIES  
FISCAL YEAR 2016 AUDIT PRIORITIES**

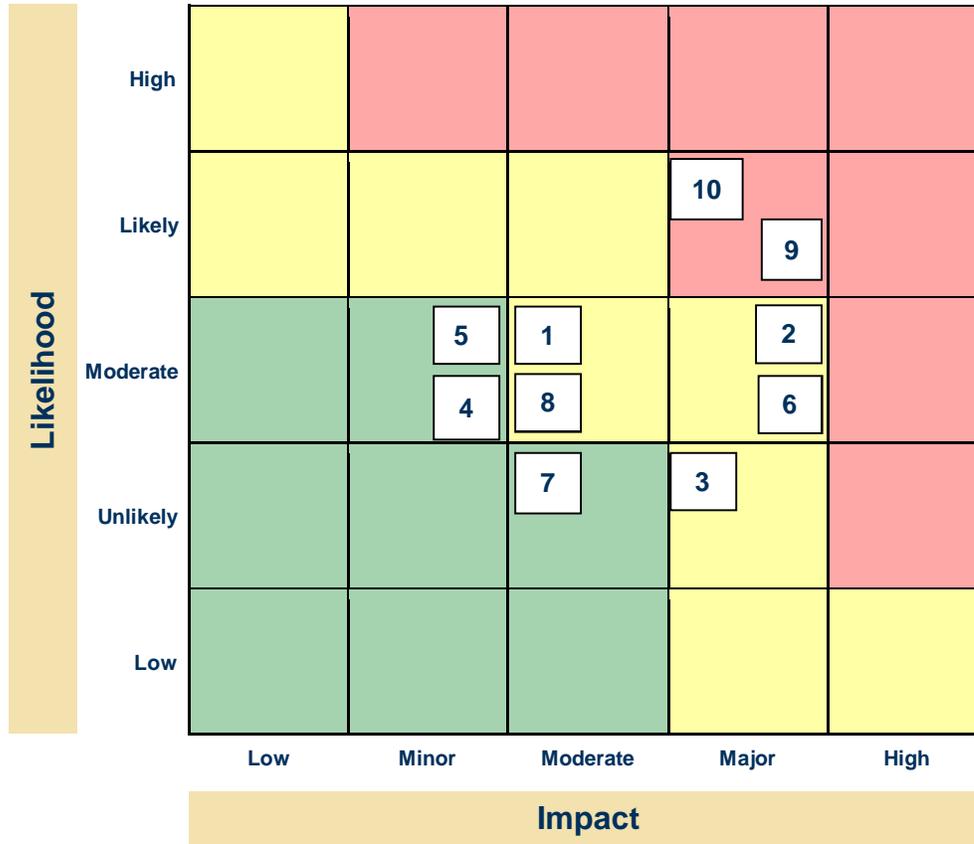


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Vocational Rehabilitation	ü	ü		AOS
2	Independent Living				
3	Disability Determination	ü			AOS
4	General Administration		ü	OIA	
5	Business Enterprise	ü			
6	IT Governance		ü		
7	IT Operations	ü			
8	IT Security				OIA

OIA began audit activities in FY 14.



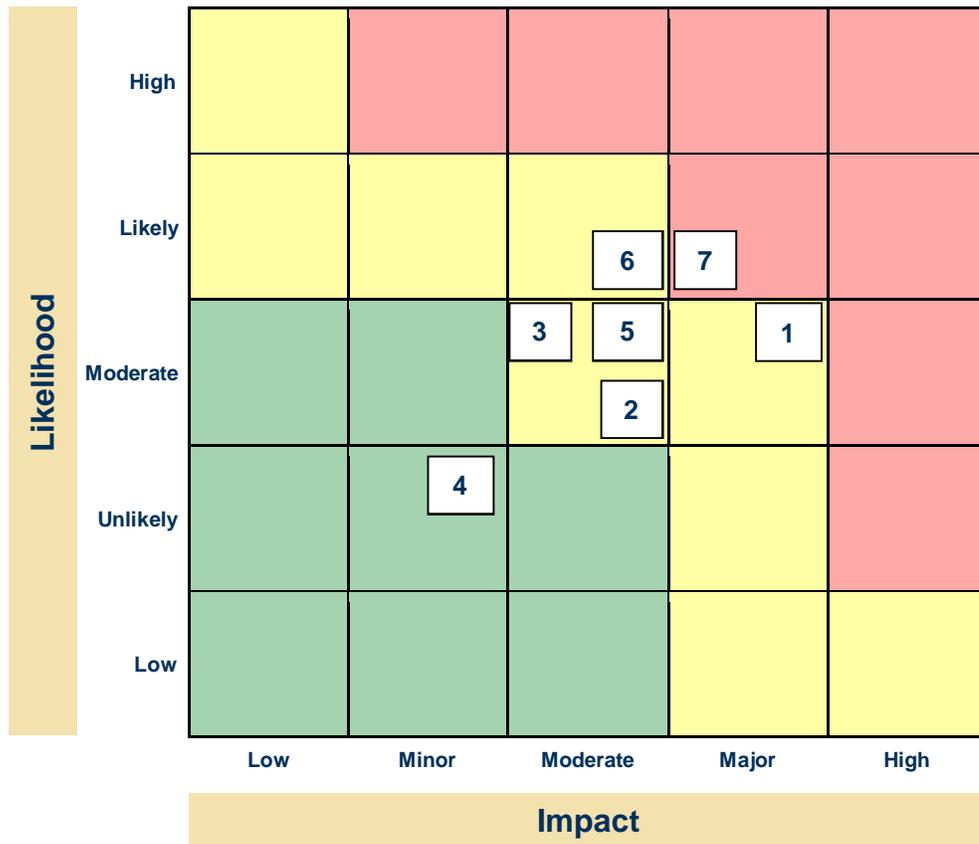
**DEPARTMENT OF PUBLIC SAFETY  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Traffic Safety/Education		ü	AOS	OIA
2	Bureau of Motor Vehicles		ü	OIA	
3	State Highway Patrol	ü	ü		
4	Homeland Security				AOS
5	Emergency Medical Services				
6	Emergency Management Agency	ü	ü	OIA	AOS
7	Criminal Justice Services	ü			
8	IT Governance		ü		
9	IT Operations	ü	ü		OIA
10	IT Security			OIA	



**PUBLIC UTILITIES COMMISSION  
FISCAL YEAR 2016 AUDIT PRIORITIES**

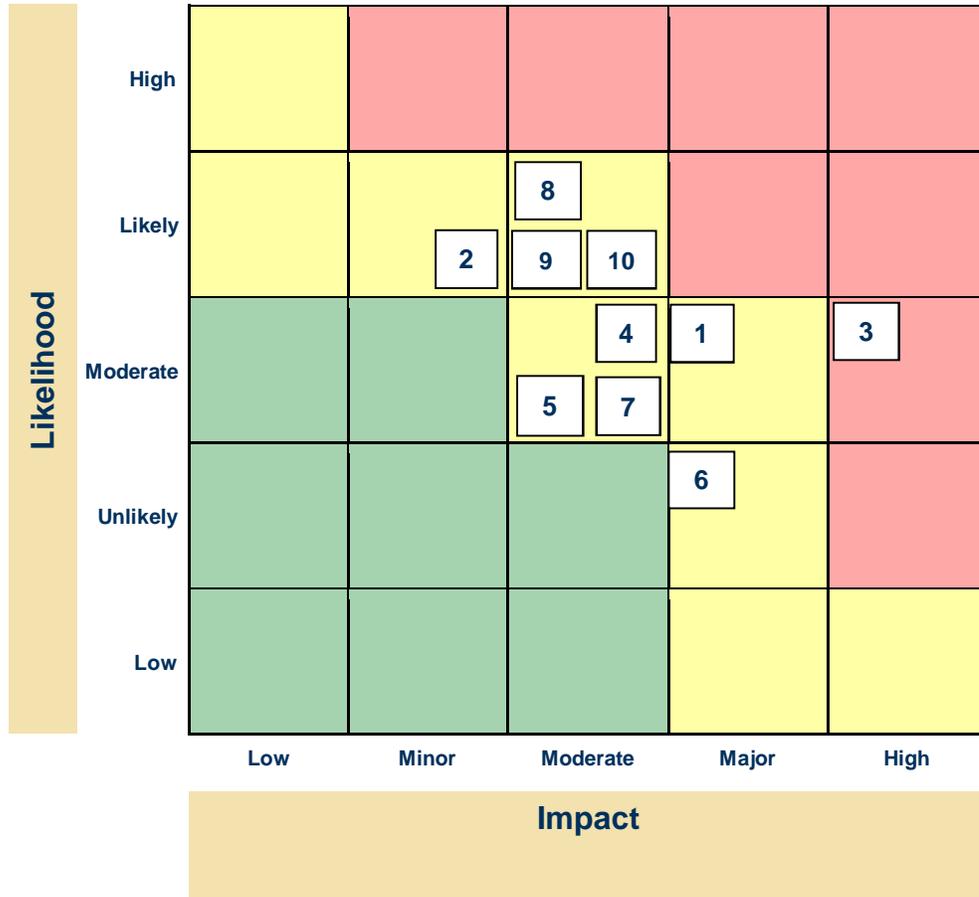


No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Utility Regulation	ü	ü		
2	Transportation Regulation				OIA
3	General Administration	ü		AOS	
4	Customer Complaints		ü		
5	IT Governance			OIA	
6	IT Operations			OIA	
7	IT Security				OIA

OIA began audit activities in FY 14.



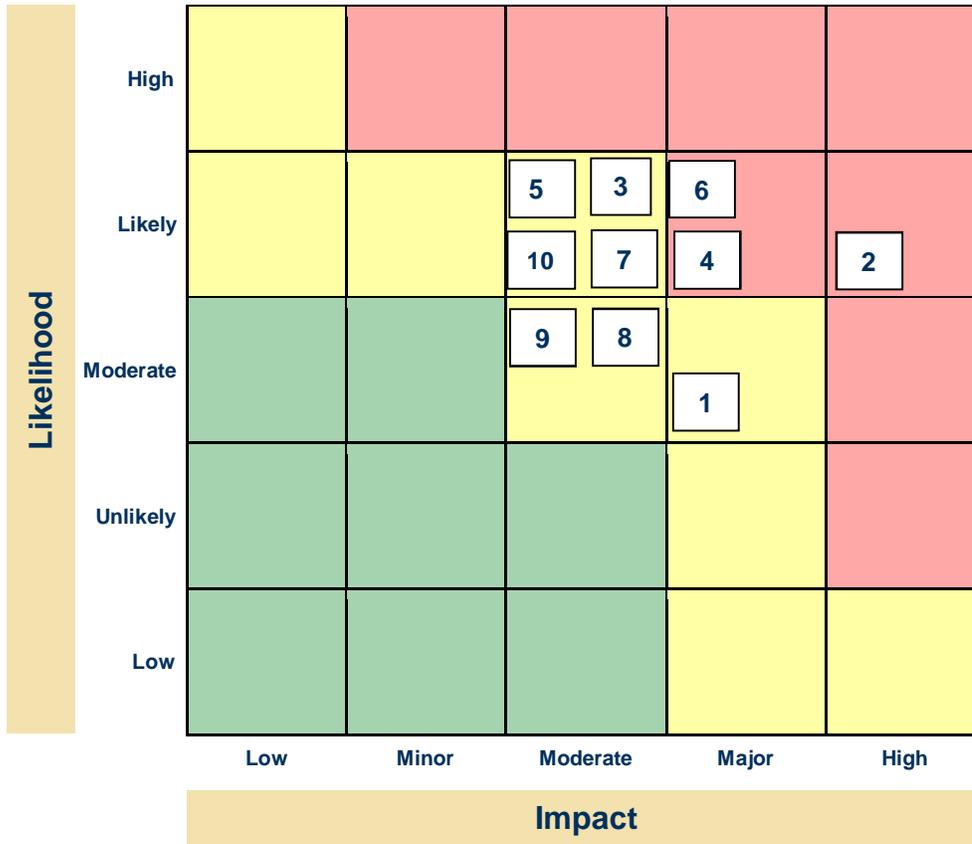
**BOARD OF REGENTS  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Scholarship, Grant & Loan Programs			OIA	
2	Post-Secondary Adult Career–Tech Ed.				OIA
3	State Share of Instruction	ü	ü	AOS	
4	Adult Basic and Literacy Education			OIA	
5	Ohio College Opportunities Grant	ü			
6	Ohio Tuition Trust Authority	ü	ü	AOS	AOS
7	Contract/Vendor Management	ü	ü		
8	IT Governance				
9	IT Operations			OIA	
10	IT Security				OIA



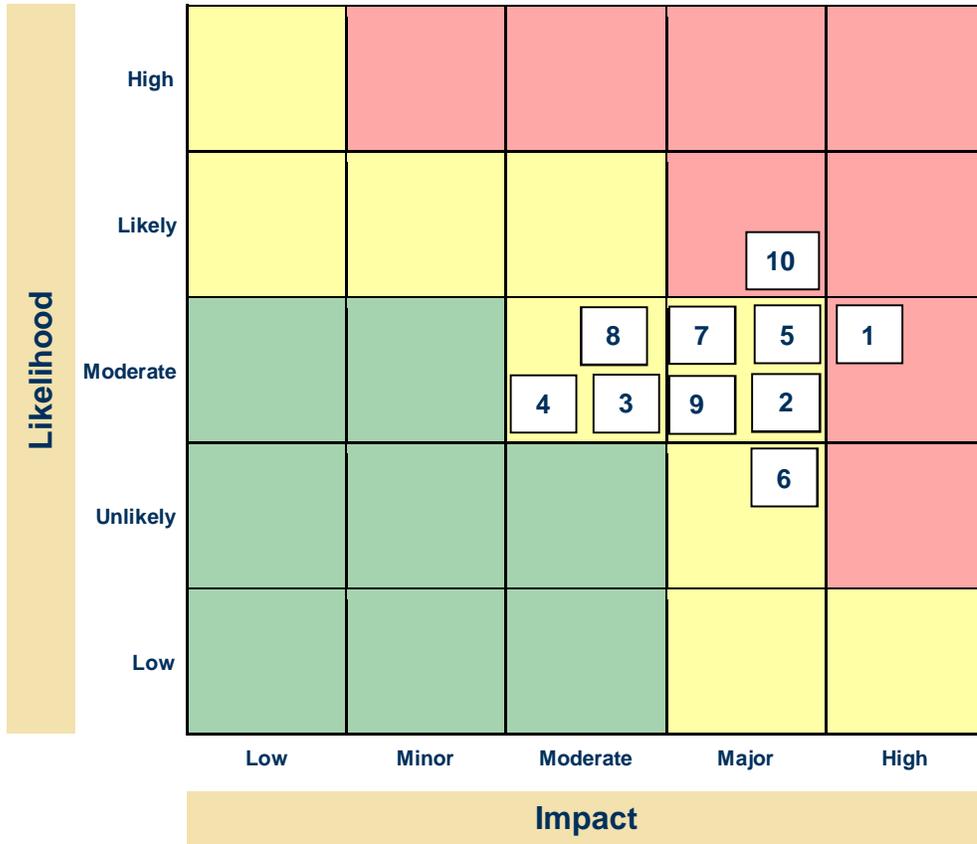
**DEPARTMENT OF REHABILITATION AND CORRECTION  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Institutional Operations – Payroll	ü	ü	AOS	AOS
2	Institutional Operations/Admin/Non-payroll	ü	ü	AOS	
3	Community Nonresidential Programs		ü		OIA
4	Community Residential Programs			OIA	
5	Parole and Community Operations				
6	Institution Medical Services				OIA
7	Ohio Penal Industries				OIA
8	IT Governance		ü		
9	IT Operations	ü			
10	IT Security			OIA	



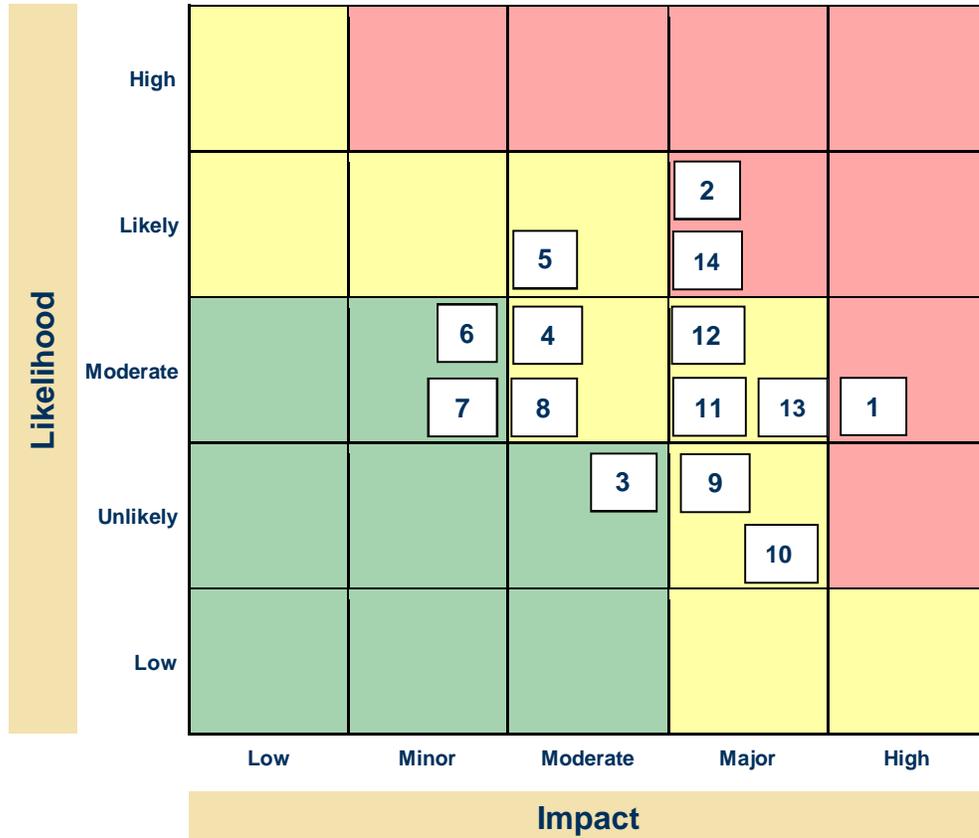
**DEPARTMENT OF TAXATION  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Personal Income Taxes	ü	ü	AOS	AOS
2	Sales Taxes	ü	ü	OIA/AOS	AOS
3	Commercial Activity Taxes	ü	ü	AOS	AOS
4	Excise & Other Taxes		ü		
5	Gasoline Excise (Motor Vehicle Fuel) Taxes	ü	ü	AOS	OIA/AOS
6	Permissive Tax Distribution	ü	ü	AOS	AOS
7	Revenue Distribution	ü	ü	AOS	AOS
8	IT Governance		ü		
9	IT Operations			OIA/AOS	AOS
10	IT Security			OIA	



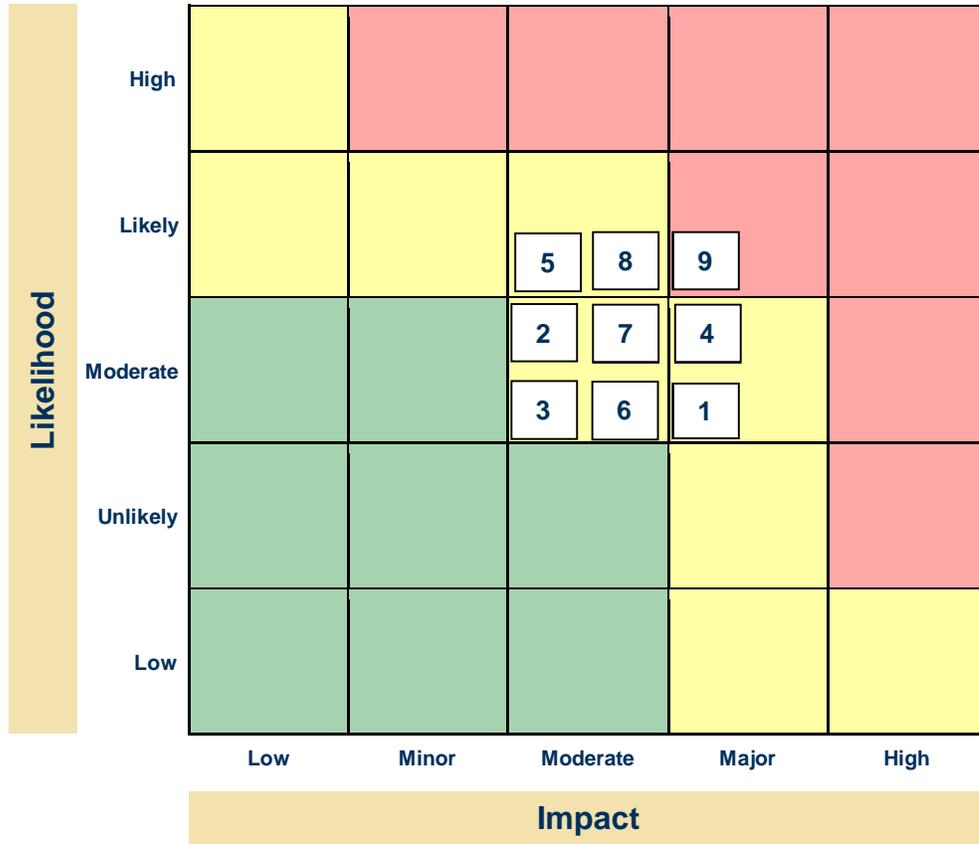
**DEPARTMENT OF TRANSPORTATION  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Highway Construction – State Managed	ü	ü	AOS	AOS
2	Highway Construction – Local Managed				OIA
3	Highway Construction – Infrastructure Bank	ü	ü	AOS	AOS
4	Transportation Planning and Research		ü		
5	Public Transportation				OIA
6	Rail Transportation				
7	Aviation				
8	Administration	ü	ü	OIA	
10	State Infrastructure Assets	ü	ü	AOS	AOS
11	District Operations	ü			
12	IT Governance		ü		
13	IT Operations	ü	ü	OIA	OIA
14	IT Security			OIA	



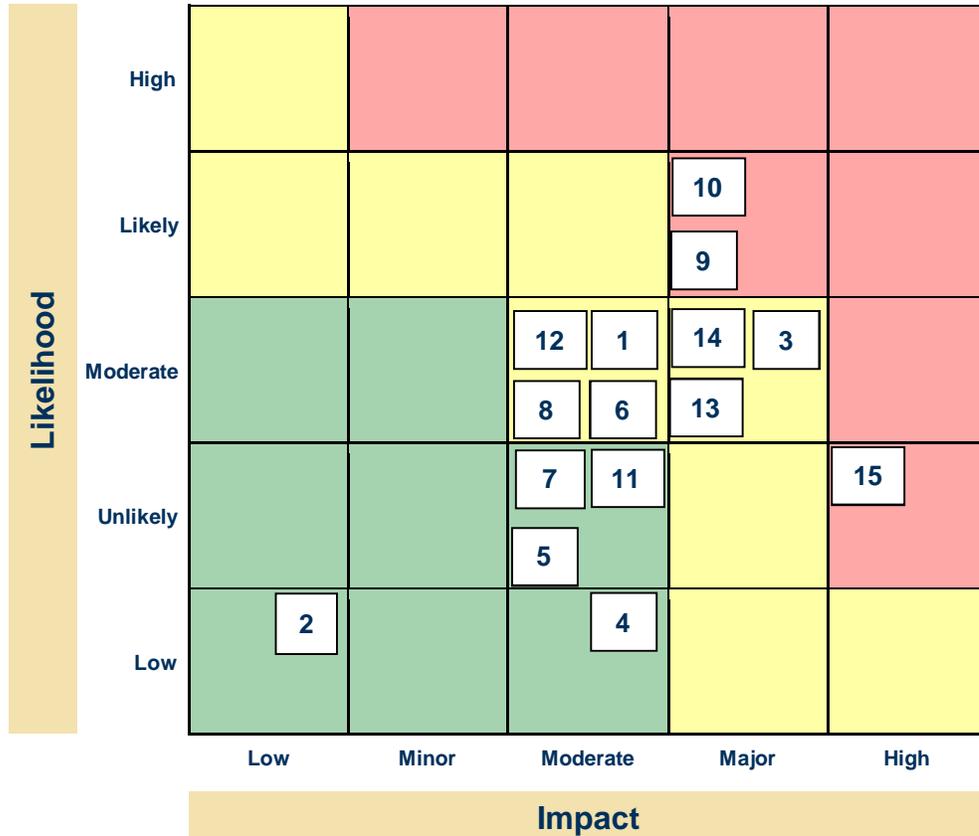
**DEPARTMENT OF VETERANS SERVICES  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Sandusky Veterans Facility – Payroll	ü	ü	AOS	AOS
2	Sandusky Veterans Facility – Non-payroll	ü	ü	AOS	AOS
3	Georgetown Veterans Facility – Payroll	ü	ü	AOS	AOS
4	Georgetown Veterans Facility – Non-payroll	ü	ü	AOS	AOS
5	State Operations		ü		OIA
6	Veterans Bonus Program				OIA
7	IT Governance			OIA	
8	IT Operations				
9	IT Security			OIA	



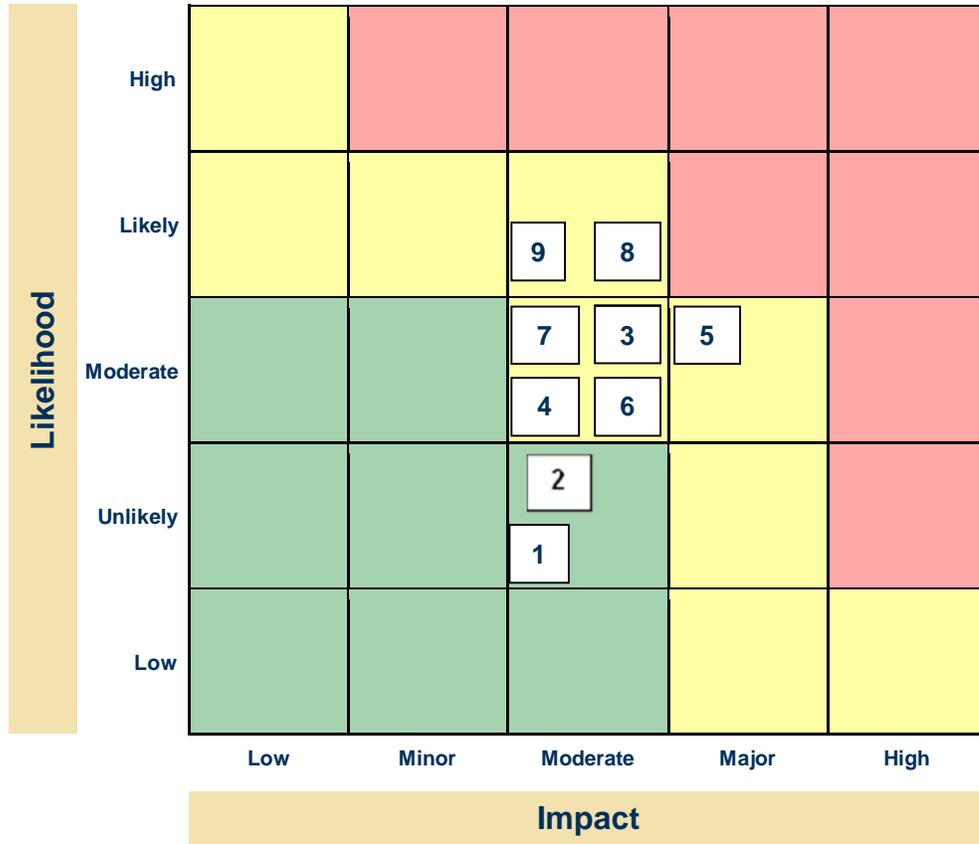
**BUREAU OF WORKERS' COMPENSATION  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	Revenues: Fees and Assessments	ü	ü	AOS/BWC	AOS/BWC
2	Capital Assets			BWC	
3	Cash and Investments	ü	ü	AOS/BWC	AOS/BWC
4	Payroll				BWC
5	Expenditures	ü	ü	AOS	AOS
6	Claims	ü	ü	BWC	BWC
7	General Accounting & Financial Reporting	ü	ü	AOS/BWC	AOS/BWC
8	Self-Insurance	ü	ü	BWC	BWC
9	Reserves/Actuarial Reviews	ü	ü	AOS/BWC	AOS/BWC
10	Rate-Making	ü	ü	BWC	BWC
11	Fraud & Investigative Services				BWC
12	Managed Care Organizations	ü	ü	BWC	BWC
13	IT Governance		ü	BWC	
14	IT Operations	ü	ü	OIA	OIA
15	IT Security			OIA	OIA



**DEPARTMENT OF YOUTH SERVICES  
FISCAL YEAR 2016 AUDIT PRIORITIES**



No.	Audit Universe Description	Past Coverage		Planned Coverage	
		2014	2015	2016	2017
1	State Correctional Facilities – Payroll	ü	ü	AOS	AOS
2	State Correctional Facilities – Non-payroll	ü	ü	AOS	AOS
3	Parole Operations				OIA
4	County Community Correctional Facilities				OIA
5	Local Court Subsidies/Reclaim	ü			
6	Administrative Operations	ü	ü	AOS	AOS
7	IT Governance			OIA	
8	IT Operations				OIA
9	IT Security			OIA	



**APPENDIX B**

**AGENCY FY 15 APPROPRIATIONS VS. BUDGETED AUDIT HOURS**

	Agency Name	Appropriation Dollars (in millions) FY 16 (p. 44 *)	%	FY 16 Estimated Audit Hours	% (p.44)
1	Adjutant General	\$54	0.2%	429	1.4%
2	Department of Administrative Services	2,285	8.7%	2,786	9.2%
3	Department of Aging	91	0.3%	429	1.4%
^4	Department of Agriculture	64	0.2%	700	2.3%
^5	Office of Budget and Management	29	0.1%	700	2.3%
^6	Department of Commerce	190	0.7%	1,714	5.7%
7	Development Services Agency	1,254	4.8%	1,071	3.5%
^8	Department of Developmental Disabilities	2,736	10.4%	1,071	3.5%
9	Environmental Protection Agency	183	0.7%	586	1.9%
^10	Department of Health	658	2.5%	1,429	4.7%
11	Department of Insurance	37	0.1%	571	1.9%
12	Department of Job and Family Services	3,458	13.2%	4,000	13.2%
13	Lottery Commission	362	1.4%	857	2.8%
14	Department of Mental Health & Addiction Services	693	2.6%	643	2.1%
^15	Department of Natural Resources	338	1.3%	1,014	3.4%
^16	Opportunities for Ohioans with Disabilities	263	1.0%	1,071	3.5%
^17	Department of Public Safety	688	2.6%	2,143	7.1%
18	Public Utilities Commission	53	0.2%	571	1.9%
^19	Board of Regents	2,548	9.7%	786	2.6%
^20	Department of Rehabilitation and Correction	1,667	6.4%	714	2.4%
^21	Department of Taxation	2,381	9.1%	1,500	5.0%
^22	Department of Transportation	3,486	13.3%	1,857	6.1%
23	Department of Veterans Services	88	0.3%	429	1.4%
24	Bureau of Workers' Compensation (incl. revenues)	2,369	9.0%	2,500	8.3%
25	Department of Youth Services	231	.9%	643	2.1%
	Total Not Including Education and Medicaid	\$26,203	100%	30,214	100%
26	Department of Education	\$10,729		1,714	
27	Department of Medicaid	\$24,142		1,857	
	Total Audit Plan - Budgeted Hours			33,785	



Footnotes for Appropriation vs. Budgeted Hours Schedule on page 43

*Note: Auditor of State coverage is not included in the analysis on page 43*

\* Appropriations were not yet approved by the Ohio General Assembly when this planning document was finalized

^ The percentage level of effort at some agencies differed by more than two percent when compared to the percentage of appropriations for various reasons, including:

- entity had higher risk audit areas that required audit attention and had a relatively low amount of Auditor of State audit hours (AGR, COM, DPS, ODH, DNR, OOD – *higher OIA audit hours as compared to appropriations*)
- entity has a relatively high number of Auditor of State audit hours and has endeavored to lower overall risk (TAX, DOT – *lower OIA audit hours as compared to appropriations*)
- Medicaid monies at DDD skew their operating position (DDD - *lower OIA audit hours as compared to appropriations*)
- Monies to colleges and universities skew their operating position (BOR - *lower OIA audit hours as compared to appropriations*)
- Payroll, which is 57% of their total expenditures, is regularly reviewed by the Auditor of State (DRC - *lower OIA audit hours as compared to appropriations*)
- Entity wishes to have strong OIA presence (OBM - *higher OIA audit hours as compared to appropriations*)