



**Audit Committee**

**Denise M. Farkas, CFA**  
Senior Vice President,  
Spero Smith Investment Advisers  
*representing investments*

**Thomas H. Bainbridge, Jr.**  
Partner,  
Ward, Kaps, Bainbridge,  
Maurer & Melvin  
*representing injured workers*

**Mary Beth Carroll**  
Vice President,  
FirstEnergy  
*representing self-insured employers*



**Audit Committee**

Agenda  
June 16, 2006  
William Green Building, Second Floor, Room 2  
10 a.m.

Chairman's comments..... Denise Farkas

Approval of previous meeting minutes ..... Denise Farkas

**Old business**

RFP process for independent auditor (update) .....  
..... Tracy Valentino and Barb Ingram

**New business**

Internal Audit Division/Audit plan methodology..... Joe Bell

Adjourn ..... Denise Farkas

The next WCOC Audit Committee meeting is scheduled for:  
10 a.m.  
July 20, 2006  
William Green Building, Second Floor, Room 2

**WORKERS' COMPENSATION OVERSIGHT COMMISSION  
AUDIT COMMITTEE**

**THURSDAY, MAY 25, 2006, 10:00 A.M.  
WILLIAM GREEN BUILDING  
THE NEIL SCHULTZ CONFERENCE CENTER  
30 WEST SPRING ST., 2<sup>nd</sup> FLOOR (MEZZANINE)  
COLUMBUS, OHIO 43215**

Members Present: Denise Farkas, Chairman  
Thomas Bainbridge, Jr.  
Mary Beth Carroll

Members Absent: None

**ROLL CALL**

Ms. Farkas called the meeting to order and the roll call was taken.

**CHAIRMAN COMMENTS**

Ms. Farkas reviewed the agenda.

**MINUTES OF APRIL 27, 2006**

Mr. Bainbridge moved that the minutes of the meeting of April 27, 2006, be approved. Ms. Farkas seconded and the minutes were approved by unanimous voice vote. Ms. Carroll abstained.

**OLD BUSINESS: REQUEST FOR PROPOSAL FOR INDEPENDENT AUDITOR**

Tracy Valentino, Chief Financial Officer, and Barb Ingram, Manager, Financial Reporting, reported on the Request for Proposal (RFP) for a new independent auditor. Ms. Valentino reported that the RFP will be issued May 30. KPMG has vacated its working space and had removed all of its papers from the building. In the event the new auditor needs the papers, they will be obtained through the Auditor of State. Ms. Ingram reported that the RFP

conference is scheduled for June 7 and responses are due June 21. The target dates are to start the new auditor on July 21 and to have the financial statements for both fiscal year 2005 and 2006 completed by November 30.

Ms. Farkas asked if candidates will be interviewed. Ms. Ingram replied that interviews will be an option if more than one firm scores well.

### **NEW BUSINESS: MEETING TIMES**

Ms. Farkas reported that future meetings of the Audit Committee will be held at 10:00 a.m. each month.

### **NEW BUSINESS: DISASTER RECOVERY UPDATE**

Leo Genders, Chief Information Officer, reported on the disaster recovery plans.

### **NEW BUSINESS: INTERNAL AUDIT QUARTERLY REPORT**

Cathy Moseley, Chief of Staff, introduced Joe Bell, new Chief of Internal Audit.

Keith Elliot, Manager, Internal Audit; Fred Booker, Manager, Internal Audit; and Nancy Barber, Director, MCO Audit; reported on the status of projects and changes in the department. Ms. Carroll and Ms. Farkas requested that Mr. Elliott report on the recommendations of closed audits which have not been implemented by BWC divisions and for which there are no plans for implementation.

### **ADJOURNMENT**

There was a motion and second for adjournment and the meeting was adjourned.

Prepared by: Larry Rhodebeck, BWC Attorney  
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June 7, 2006



## **INTERNAL AUDIT DIVISION**

### **SFY2007 Internal Audit Plan Methodology**

1. Developed audit risk assessment/annual audit planning (IIA Model) that defines risk factors, numeric rating scale, aging factors since last review.
2. Identified audit process population by division.
3. Interviewed management regarding risk/control concerns.
4. Mapped financial statement accounts to key processes.
5. Stratified processes by risk ratings and selected the type of audit planned and projected hours.

### **Ongoing**

1. Actively defining each engagement scope and objectives.
2. Scheduling audits for FY 2007.