

## **Audit Committee Agenda**

**William Green Building**

**Wednesday, April 29, 2009**

Level 2, Room 3

4:00 p.m. – 6:00 p.m.

### **Call to Order**

Ken Haffey, Committee Chair

### **Roll Call**

Mike Sourek, Scribe

### **Approve Minutes of March 19, 2009 meeting**

Ken Haffey, Committee Chair

### **New Business/Action Items**

1. External Audit  
Joseph J. Patrick, Jr., CPA Partner, Schneider Downs & Company
2. Office of Budget and Management, Office of Internal Audit Update  
Joe Bell, OBM Chief Audit Executive
3. Enterprise Report Review:
  - a. FY 2009 Administrative Cost Fund
  - b. FY 2010 Budget Preview  
Tracy Valentino, Chief Fiscal & Planning Officer
4. Effective date of discount rate change, possible vote  
Tracy Valentino, Chief Fiscal & Planning Officer
5. Audit Processes  
Caren Murdock, Chief of Internal Audit

### **Discussion Items\***

1. Open Discussion with Internal Auditor  
Caren Murdock, Chief of Internal Audit
2. FY 2010-2011 Budget Update  
Tracy Valentino, Chief, Fiscal and Planning
3. Committee Calendar  
Ken Haffey, Committee Chair

4. Inspector General Annual Report, Executive Session  
Joe Montgomery, Office of Inspector General
5. Quarterly Litigation Update, Executive Session, possible.  
James Barnes, Chief Legal Officer

**Adjourn**

Ken Haffey, Committee Chair

\*Not all discussion items have materials included.

**Next Meeting: Thursday, May 28, 2009**

5/1/2009 2:10 PM

**BUREAU OF WORKERS' COMPENSATION  
PRELIMINARY PROPOSED BUDGET SUMMARY  
FISCAL YEAR 2010  
In Millions**

**Funding Sources:**

Administrative Cost Fund	277.5
Safety & Hygiene	27.3
Ancillary Funds	0.6
	<u>305.4</u>

<b>Expense Description</b>	<b>Fiscal Year 2008 Actual Spending</b>	<b>Fiscal Year 2009 Estimated Spending</b>	<b>Fiscal Year 2010 Preliminary Budget</b>	<b>Percentage Variance FY09 to FY10</b>
Payroll	195.2	183.2	191.3	4.4%
Personal Services	22.7	12.8	12.9	0.8%
William Green Rent	20.2	20.6	19.9	-3.4%
Other Rent	11.5	11.7	15.0	28.2%
Software and Equipment Maintenance and Repairs	17.7	17.0	14.7	-13.5%
Inter Agency Payments	7.6	8.0	10.6	32.5%
Communications	6.8	6.9	6.7	-2.9%
Supplies and Printing	2.5	2.6	3.2	23.1%
Other Maintenance	3.2	3.3	3.6	9.1%
Equipment	9.4	0.8	3.0	275.0%
Subtotal	296.8	266.9	280.9	5.2%
Safety Grants and Long Term Care Loans	3.7	4.0	6.0	50.0%
Legislative Requirements			3.0	
Strategic Projects Examples: Rate Reform HPP Bill Payment Software and Hardware Upgrades		13.7	13.7	0.0%
Capital Improvements Examples: Cooling System Repairs Roof Repairs		3.6	1.8	-50.0%
Grand Total	300.5	288.2	305.4 22.7	6.0%
			328.1 Appropriation	



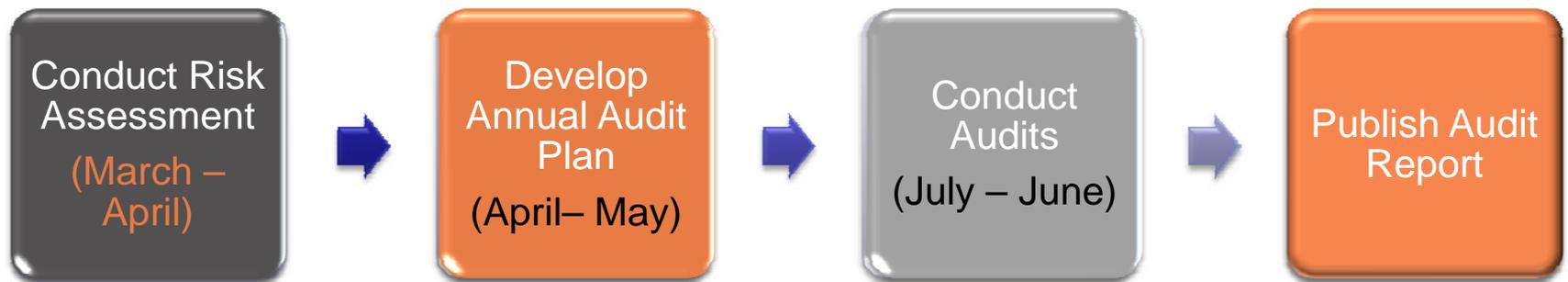
# Internal Audit Processes

BWC Internal Audit Division

# BWC Auditor Roles

- Assurance
  - Internal and system control effectiveness
  - Business process effectiveness & efficiency
  - Evaluate and improve effectiveness of risk management, control and governance
- Consulting
  - Document process diagrams
  - New program, system, and process consulting
  - Training and education (e.g. effective controls design, business process design)
  - Business process and internal control design

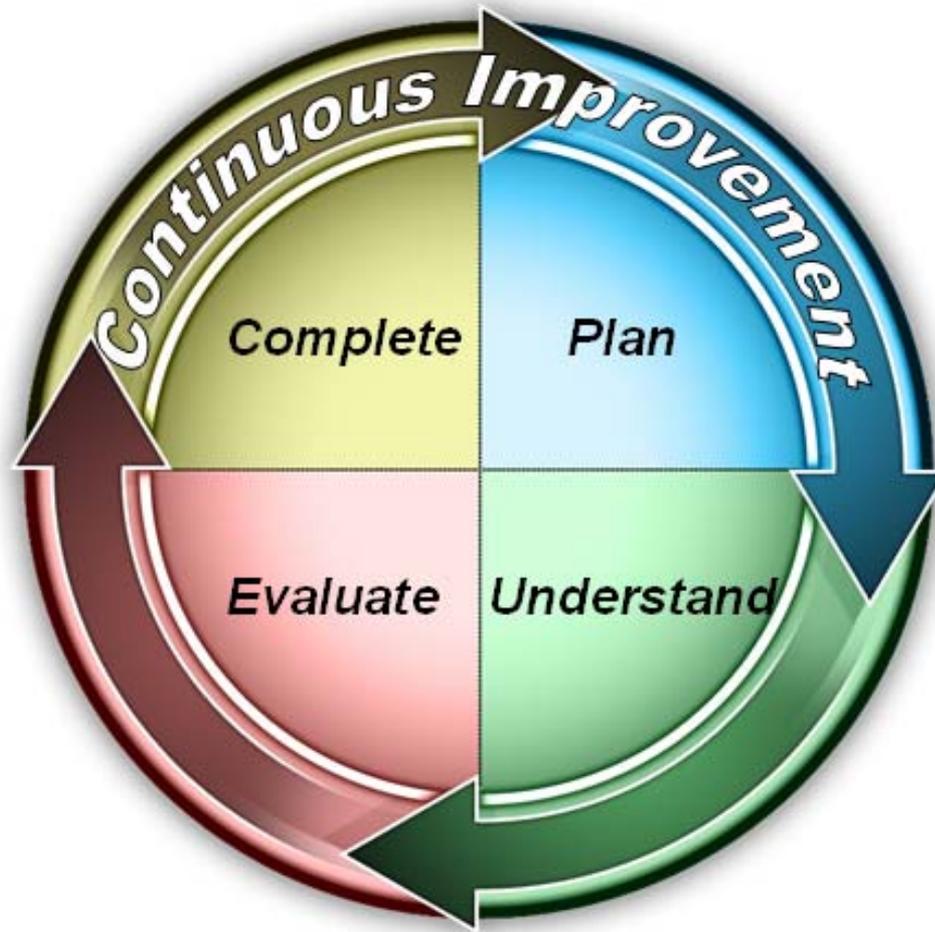
# Annual Audit Process

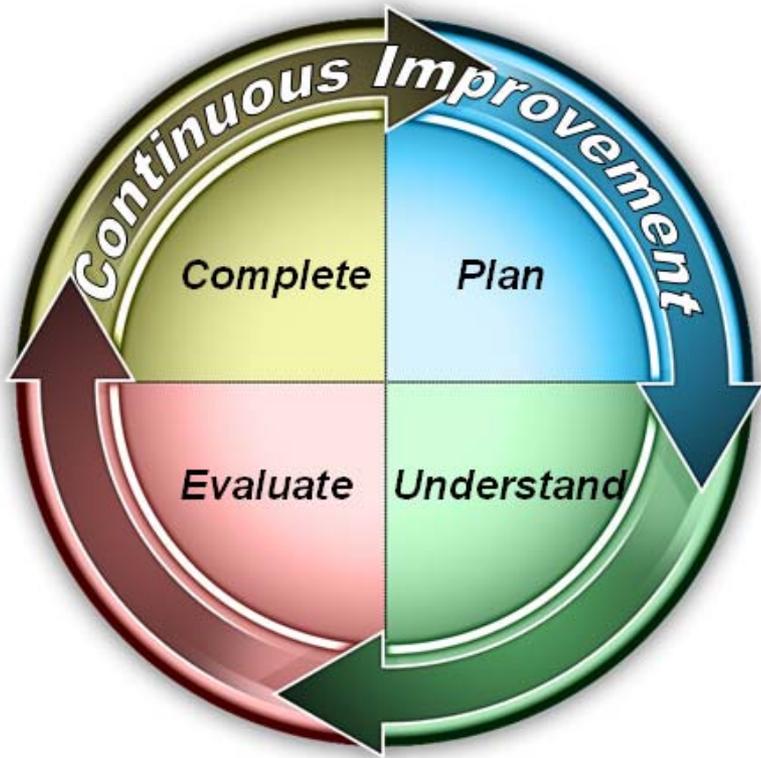


# Risk Assessment Process



- Initial Risk Assessment Conducted March – May
- Annual Audit Plan Presented to Audit Committee - June
- Risk Assessment Updated Quarterly



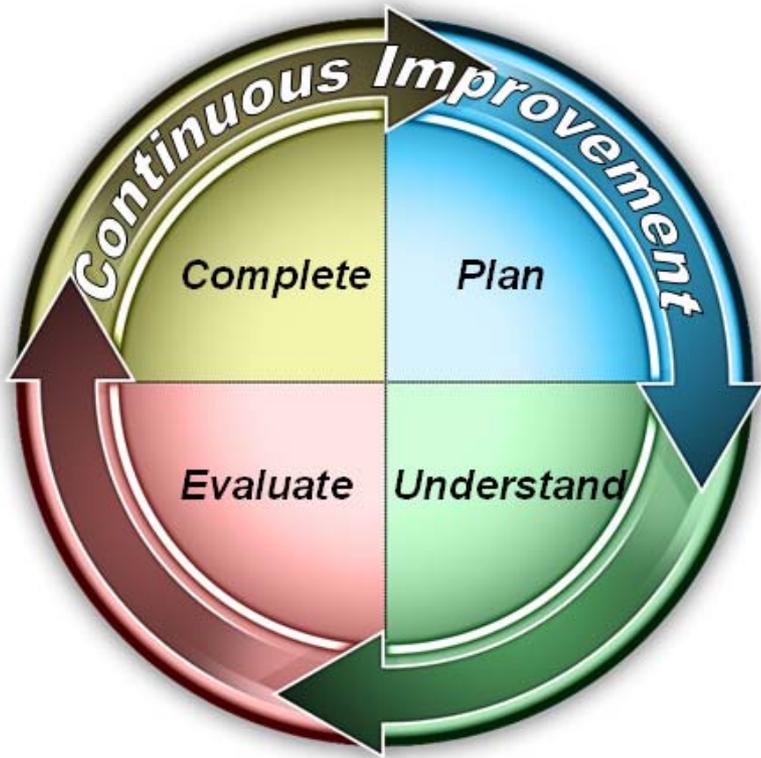


Scope Based on Annual Audit Plan

Engagement Pre-Planning

Entrance Conference

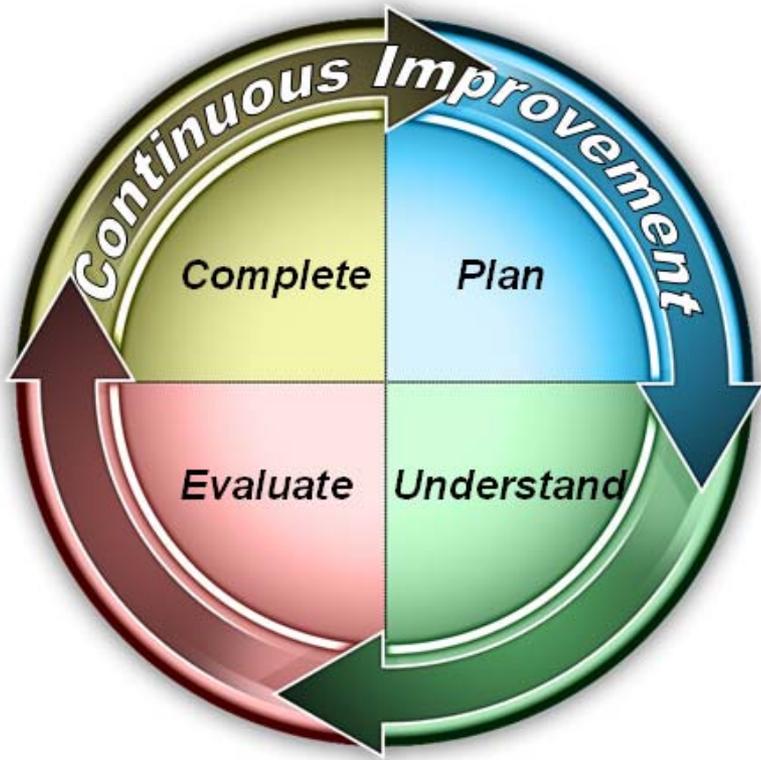
Preliminary Survey



Process Walk-Through

Document Business Process

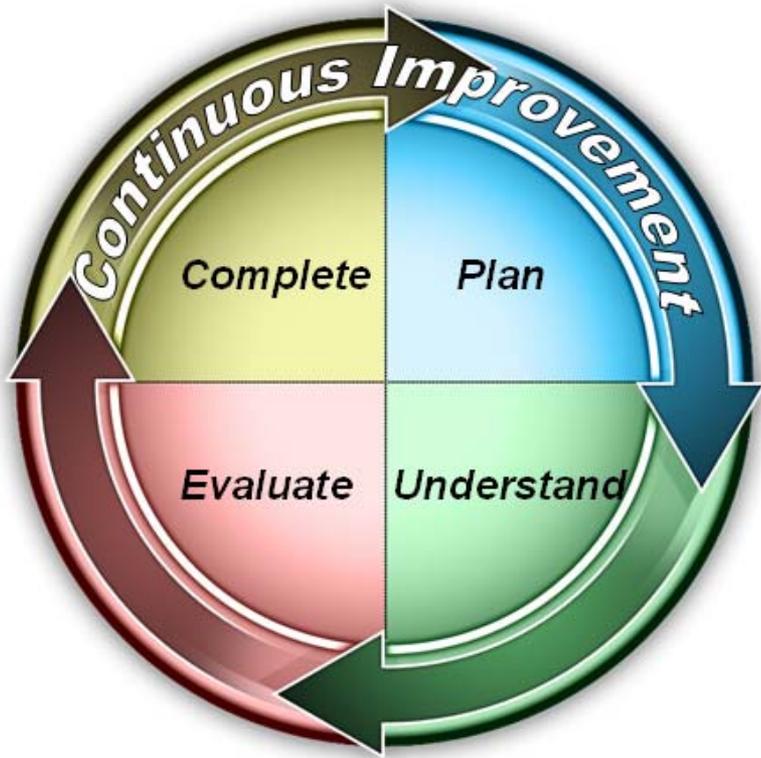
Finalize Audit Scope



Develop Testing Plan

Perform Tests

Validate / Communicate Results



Draft Report  
(Management)

Exit Conference

Publish Final Report

Present Report to Audit  
Committee

Quarterly Audit Follow Up



## Questions?

**Caren Murdock, CPA, CIA, CISA**

- **Chief of Internal Audit**
- 614-728-8021
- Caren.M.1@BWC.state.oh.us

# 12-Month Audit Committee Calendar

Date	April	Notes
4/29/2009	1. Discussion of External Audit	
	2. Quarterly Litigation Update	
	3. Effective Date of Discount Rate (possible vote)	
	4. Enterprise Report Review	
	5. Office of Internal Audit Update	
Date	May	
5/28/2009	1. Internal Audit QES Review	
	2. FY2010 Admin Budget - (1st reading)	
	3. Enterprise Report Review	
	4. Office of Internal Audit Update	
Date	June	
6/18/2009	1. FY2010 Audit Plan	
	2. FY2010 Financial Projections - (1st reading)	
	3. FY2010 Admin Budget (2 <sup>nd</sup> reading)	
	4. Enterprise Report Review	
	5. Office of Internal Audit Update	
Date	July	
7/30/2009	1. External Audit Update	
	2. FY2010 Financial Projections (2nd reading)	
	3. Enterprise Report Review	
	4. Quarterly Litigation Update	
Date	August	
8/27/2009	1. Internal Audit QES Review	
	2. Enterprise Report Review	
Date	September	
9/24/2009	1. External Audit Update	
	2. IG Semi-Annual Update	
	3. Enterprise Report Review	
Date	October	
10/29/2009	1. Operation Review Report	
	2. Charter Review	
	3. Enterprise Report Review	
	4. Quarterly Litigation Update	

# 12-Month Audit Committee Calendar

Date	November	Notes
11/19/2009	1. External Auditor Retention Letter	
	2. Annual Financials MD&A Review	
	3. Internal Audit QES Review	
	4. Comprehensive Report	
	5. Approve Committee Charter Changes	
	6. Enterprise Report Review	
Date	December	
	1. Enterprise Report Review	
Date	January 2010	
	1. Enterprise Report Review	
Date	February 2010	
	1. Internal Audit QES Review	
Date	March 2010	5/1/2009 2:10:10 PM