

BWC Board of Directors

AUDIT COMMITTEE

Thursday, May 26, 2011, 3:30 p.m.

William Green Building

30 West Spring Street, 2nd Floor (Mezzanine)

Columbus, Ohio 43215

Members Present: Kenneth Haffey, Chair
Robert Smith, Vice Chair
Stephen Lehecka
Dewey Stokes
Nicholas Zuk

Members Absent: None

Other Directors Present: James Hummel, Thomas Pitts, Larry Price, Mark Palmer

Counsel Present: Tom Sico, Assistant General Counsel
Janyce Katz, Assistant Attorney General

Staff Present: Stephen Buehrer, Administrator
Keith Elliott, Interim Chief, Internal Audit
Tracy Valentino, Chief of Fiscal and Planning
Don Berno, Board Liaison

Scribe: Jill Whitworth

CALL TO ORDER – MAY 26, 2011

Mr. Haffey called the meeting to order at 3:30 PM and the roll call was taken. All committee members were present.

MINUTES OF APRIL 28, 2011

The minutes were approved without changes by unanimous voice vote.

REVIEW/APPROVE AGENDA

There were no changes to the agenda. The agenda was approved by unanimous voice vote.

NEW BUSINESS / ACTION ITEMS

- 1. Motions for Board Consideration**
 - a. For Second Reading**
 - 1. FY 2012 Administrative Budget**

Tracy Valentino, Chief of Fiscal and Planning, presented the FY 2012 Administrative Budget for second reading. There has been a slight adjustment in the requested budget for FY 2012 (July 1, 2011 through June 30, 2012) from \$279.1 million to \$279.7 million. The change reflects an increase in personal service costs, and special counsel fees for legal representation. The budget is \$9.3 million less than the \$289 million appropriated by the General Assembly, and 1.5% less than the amount approved for FY 2011.

In response to a question from Mr. Smith, Ms. Valentino advised that there is some flexibility to move programs among the more general line items in the Administrative Cost Fund.

Mr. Smith moved that Audit Committee recommend that the BWC Board of Directors approve the Administrator's recommendation for the Fiscal Year 2012 annual Administrative Budget. This motion consents to a Fiscal Year 2012 budget of \$279.7 million dollars for the operation of the Bureau of Workers' Compensation and the BWC Board of Directors as presented here today. The motion was seconded by Mr. Zuk and approved by unanimous voice vote.

2. Internal Audit Division Charter

Keith Elliott, Internal Audit Division (IAD) Interim Chief, presented the revised Internal Audit Division Charter, a copy of which is incorporated by reference into the minutes. The charter is intended to conform to the Institute of Internal Auditors (IIA) International Professional Practices Framework in defining the purpose, responsibility and authority of IAD. It also addresses reporting responsibilities, records and personnel access, and scope of internal audit activities.

Mr. Elliott reviewed multiple revisions to the charter and comments thereto. The majority of the changes are intended to be consistent with IIA sample charter language, or reflect statutory language. Several citations to Ohio Revised Code 4121.129 were removed as being inapplicable. Mr. Haffey was complimentary of the revised charter as making sense in terms of good governance.

Mr. Stokes moved that the Audit Committee of the BWC Board of Directors approve the Internal Audit Division Charter as presented here today, and refer the document to the Board for review and approval. This approval will fulfill the requirements of the Institute of Internal Auditors International Professional

Practices Framework and will be documented as such in the meeting minutes. The motion was seconded by Mr. Smith and approved by unanimous voice vote.

DISCUSSION ITEMS

1. Open Discussion with Internal Auditor

Mr. Elliott, IAD manager, reported that 6 reviews are in process – 4 in field work and 2 in final phase. Six completed audits will be presented with the June Quarterly Executive Summary. Validation is also being done for prior audit comments to make sure that corrective action has been taken, or management has accepted the risk.

Mr. Elliott recognized Kim Baughn, Administrative Assistant, who is leaving BWC to work for OSU Hospitals.

2. Committee Calendar

There were no changes to the calendar. The June meeting will feature a review of the FY2012 Internal Audit plan.

ADJOURNMENT

Mr. Smith moved to adjourn the meeting. The motion was seconded by Mr. Stokes and approved by unanimous voice vote. The meeting adjourned at 3:52 PM.