



Audit Committee

Agenda
August 24, 2006
William Green Building, Second Floor, Room 2
8 a.m.

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

Chairman's comments Denise Farkas

Old business

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

New business

Internal Audit's Quarterly Report – Executive Summary Joe Bell

Adjourn

Adjourn..... Denise Farkas

**WORKERS' COMPENSATION OVERSIGHT COMMISSION
AUDIT COMMITTEE**

**FRIDAY, JULY 20, 2006, 8:00 A.M.
WILLIAM GREEN BUILDING
THE NEIL SCHULTZ CONFERENCE CENTER
30 WEST SPRING ST., 2nd 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.

OLD BUSINESS: REQUEST FOR PROPOSAL FOR INDEPENDENT AUDITOR

Robert Hinkle, Chief Deputy Auditor, reported that July 19 was the deadline for submission of proposals and that none were received. Ms. Farkas asked what is the process now and the timelines. Mr. Hinkle replied that both the fiscal year 2005 and fiscal year 2006 audits will be completed by December 31. The Auditor of State has had some discussions on options if no responses were received and now choices can be made. Ms. Farkas asked if the Auditor will have a plan by the next meeting of the Audit Committee. Mr. Hinkle replied the Auditor would like to report to the Audit Committee much sooner.

Mr. Mabe requested weekly updates by phone call with minutes kept. Cathy Moseley, Chief of Staff will coordinate.

Ms. Moseley directed that the Auditor work with BWC Internal Audit. Jim Kennedy, Deputy Auditor, stated that the Auditor was working with the Office of Budget and Management to obtain funding for the audits. Ms. Moseley further directed that the weekly update would be held at 4 p. m. on Thursdays. Mr. Hinkle confirmed that there will be an engagement letter issued between BWC and the Auditor.

MINUTES OF JUNE 16, 2006

Ms. Carroll moved that the minutes of the meeting of June 16, 2006, be approved. Mr. Bainbridge seconded and the minutes were approved by unanimous voice vote.

INTERNAL AUDIT'S FISCAL YEAR 2007 AUDIT PLAN

Joe Bell, Chief Internal Auditor, reported on the audit plan for fiscal year 2006. Projects include operational audits, internal control reviews, and compliance audits. The department anticipates devoting 1,000 hours to the external audits during the first and second quarters.

Ms. Carroll asked if the Internal Audit Division could add a project on bankruptcy charges to the self-insuring employers. The Self-Insured Community is concerned with the accuracy and adequacy of assessments. Keith Elliott, Director, Internal Audit, reviewed highlights of the last such audit and Mr. Bell stated he would provide a copy of that report to the Audit Committee.

Mr. Bainbridge asked why Internal Audit would be spending the entire year auditing the auto-adjudication process, Managed Care Organizations (MCOs), and the alternative investments. Mr. Bell replied that MCO audits go on throughout the year. The projects for auto adjudication and alternative investments (such as the coin investments) are in the nature of periodic consultation on the processes or providing manpower.

Mr. Mabe stated that the strengthening of the internal audit process was among the most important of changes for BWC, even if it resulted in more bad news.

Ms. Carroll requested that future agendas include time for Mr. Bell to air concerns about internal controls and Ms. Farkas agreed they would.

ADJOURNMENT

There was a motion by Ms. Carroll for adjournment, second by Mr. Bainbridge, and the meeting was adjourned.

Prepared by: Larry Rhodebeck, BWC Attorney
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July 26, 2006