

**WORKERS' COMPENSATION BOARD OF DIRECTORS  
AUDIT COMMITTEE**

**THURSDAY, OCTOBER 25, 2007, 4:30 PM  
WILLIAM GREEN BUILDING  
THE NEIL SCHULTZ CONFERENCE CENTER  
30 WEST SPRING ST., 2<sup>ND</sup> FLOOR (MEZZANINE)  
COLUMBUS, OHIO 43215**

Members Present:     Kenneth Haffey, Chair  
                              William Lhota  
                              Philip Fulton

Others present at the request of the Committee:

                              Joe Patrick, Schneider Downs  
                              Tracy Valentino, Interim Chief Financial Officer  
                              Joe Bell, Chief of Internal Audit

**CALL TO ORDER**

Mr. Haffey called the meeting to order at 4:40 PM and the roll call was taken.

**MINUTES OF SEPTEMBER 26, 2007**

The minutes were approved on a motion by Mr. Lhota, seconded by Mr. Fulton.

**NEW BUSINESS / ACTION ITEMS**

**Review and approval of Audit Committee Charter**

Discussion was made of the draft of the Audit Committee Charter. The only change was a provision requiring the Audit Committee to meet nine times per year. No other substantive changes were made, only reordering of existing provisions. Some language has been modified to comply with law. Further review and approval of the charter will be done at next month's meeting.

**Review of BWC's Annual Financial Statements – Executive Session**

A motion was made by Mr. Lhota, and seconded by Mr. Fulton, to enter executive session, at 4:45 PM, for the purpose of discussing confidential information pertaining to financial statements and external audit matters.

**External Audit Update – Executive Session**

A motion was made by Mr. Lhota, and seconded by Mr. Fulton, to end executive session at 5:46 PM.

## **DISCUSSION ITEMS**

### **Audit Committee Annual Calendar**

Mr. Fulton asked about the process for adding items to an agenda. Mr. Lhota stated that members can suggest items be added to an agenda, but should first consider whether the proposed item is appropriate for committee consideration or rather an operating issue that the Administrator needs to introduce. Mr. Lhota stressed that he wanted to encourage Directors to make suggestions for the agenda, while at the same time ensure that operational issues are directed to the Administrator.

Joe Bell, Chief of Internal Audit, noted that the Audit Committee had been planning for the Inspector General to provide updates of activity every six months. Mr. Lhota noted the Audit Committee and the Board of Directors would both welcome updates from the Inspector General any time the office is available, and not limit the Inspector General to updates every six months.

Ms. Falls suggested that, in the future, joint committee meetings be conducted on issues relating to the discount rate, as well as other issues of mutual interest between committees. Mr. Fulton suggested that the Board identify those areas of mutual interest.

### **Internal Audit Legislative Update**

Mr. Bell apprised the Audit Committee of legislative developments. Mr. Bell discussed House Bill 166 and Senate Bill 146. Both bills address internal controls of state agencies and put internal audit oversight within the Office of Budget and Management. Mr. Bell reported that it is unclear at this time how this bill could impact the Bureau and its Board of Directors. House Bill 166 passed the Ohio House of Representatives on October 9, 2007. Mr. Bell will continue to monitor the developments of these two bills.

Mr. Fulton left the meeting at 6:15 PM.

### **Open Discussion with Internal Auditor**

There was a brief open discussion with Mr. Bell.

## **ADJOURNMENT**

A motion was made by Mr. Haffey, and seconded by Mr. Lhota to adjourn at 6:17 PM.