



John R. Kasich
Governor

OBM

Timothy S. Keen
Director

State Audit Committee
Sunset Review Committee
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Mr. Chairman, members of the Sunset Review Committee, thank you for the opportunity to provide testimony on behalf of the State Audit Committee. My name is Cindy Klatt, and I am the Chief Audit Executive for the Office of Internal Audit within the Office of Budget and Management, which is the division that works with and reports to the State Audit Committee.

The State Audit Committee is a relatively new public body, created in 2008 through Substitute House Bill 166 of the 127th General Assembly, which consolidated state internal audit functions into the OBM Office of Internal Audit and established the State Audit Committee as an independent advisory board. The formal establishment of a centralized internal audit function, combined with a governing audit committee, is a common best practice among both private sector and governmental organizations.

The Committee meets quarterly and consists of five public uncompensated members, external to the State's management structure, who collectively have financial, governmental accounting, and information technology expertise. The members include a public member appointed by the Governor, who serves as chair, two public members appointed by the President of the Senate, and two public members appointed by the Speaker of the House of Representatives. The committee structure and number of members provides a model of good governance such that the Committee is easily able to reach consensus in an independent manner.

The main statutory duties of the State Audit Committee are to review and comment on the statewide internal audit plan and review, comment, and approve final audit reports of the Office of Internal Audit. The scope of the Committee's review includes direct internal audit oversight of more than 26 state agencies. Apart from the external audit functions provided by the Auditor of State, the Office of Internal Audit independently reviews and evaluates agency governance processes for effective internal controls and risk management. In State Fiscal Year 2015, the

Office of Internal Audit completed 94 projects reviewing various agency programs and procedures, each of which was reviewed by the State Audit Committee. In addition to the work related to the Office of Internal Audit, the State Audit Committee reviews and comments on the process used by OBM to prepare the State of Ohio Comprehensive Annual Financial Report and the unaudited financial statements submitted to the Auditor of State. The Committee also interacts with management from other state agencies as deemed necessary for high risk issues and/or corrective actions.

The work of the State Audit Committee is very important to the Office of Internal Audit and the management of the State as the Committee provides independent advice and direction to improve agency management and the efficient use of state resources. Given the importance of this work, I recommend reauthorization by the Sunset Review Committee. Thank you again for the opportunity to testify on behalf of the State Audit Committee, I am happy to respond to any questions you may have.