

# Auditor of State

## Role and Overview

The Auditor of State (AUD), an elected constitutional officer, is responsible for auditing all public offices in Ohio including cities, villages, townships, school districts, universities, state agencies, boards, and commissions. As an independent guardian of the public trust, the office's primary responsibility is to ensure that public funds are spent legally and appropriately by Ohio governments and affiliated entities. This is achieved through financial audits that consist of reviews of the methods, accuracy, and legality of an entity's accounts and financial statements, as well as internal controls. In addition to financial audits, the Auditor of State conducts performance audits, which lead to efficient and effective governments by identifying ways to maximize program or service results by reducing waste and duplication of services and implementing best practices. Other types of audits conducted by the Auditor of State include Medicaid provider audits to identify noncompliance with federal and state regulations, and special audits when there is suspected fraud, waste, and abuse of public funds. The Auditor of State is also responsible for financial supervision of schools and local governments placed in fiscal emergency. In addition, the Auditor of State provides assistance to local governments through accounting services, use of financial management software (the Uniform Accounting Network), and training to local public officers. The office has five major divisions: the Audit Division, the Legal Division, the Policy and Public Affairs Division, the Local Government and Performance Division, and the Administration Division. The Auditor of State has approximately 820 employees.

More information regarding the Auditor of State is available at <http://www.ohioauditor.gov>.

## Agency Priorities

- Ensure that all public funds are spent appropriately and in accordance with state and local laws. This is achieved through providing timely, quality, and efficient auditing and accounting services to all public offices in Ohio including cities, villages, schools, universities, counties, townships, state agencies, boards, and commissions.
- Assist state agencies and local governments in building sustainable, balanced budgets by identifying cost savings and efficiencies through the use of performance audits.
- Conduct audits of Medicaid providers to identify and report on the overpayment of Medicaid funds, as well as other instances of noncompliance with federal and state rules and regulations. Audit services are provided pursuant to statute and are critical to minimize the state's exposure to fraud, waste, and abuse.
- Identify fraud, waste, and abuse of public funds through the execution of special audits.
- Support local governments through a variety of services, which include: conducting performance audits; providing training, technical assistance, consulting services, and continuing education; and developing recommendations and efficiency improvements in an effort to save taxpayer dollars.
- Help restore to financial solvency school districts and local governments in states of fiscal caution, watch, or emergency. Specifically, the Auditor of State serves as financial supervisor to financial planning and supervision commissions. Other relevant services for these entities include performance audits, fiscal emergency determinations, and financial forecasts.

## Funding Recommendation for 2014 and 2015

- GRF: Funding for fiscal year 2014 is \$28.2 million (or a 0.0% increase from fiscal year 2013). Funding for fiscal year 2015 is \$28.2 million (or a 0.0% increase from fiscal year 2014).
- All Funds: Funding for fiscal year 2014 is \$72.4 million (or a 3.2% decrease from fiscal year 2013). Funding for fiscal year 2015 is \$72.5 million (or a 0.0% increase from fiscal year 2014).

## The Executive Recommendation will fund the following objectives:

- Ensure the appropriate and effective use of public funds by providing over 4,000 audits each year.
- Conduct comprehensive field-based audits to identify operational efficiencies through performance audits.
- Help bring about the conviction of individuals responsible for fraud and theft through special audits.
- Operate the Ohio Fraud Reporting System to allow for anonymous reporting by the public.
- Provide financial supervision to school districts and local governments in fiscal emergency status.
- Train newly elected officials in accounting and financial reporting as required by law.

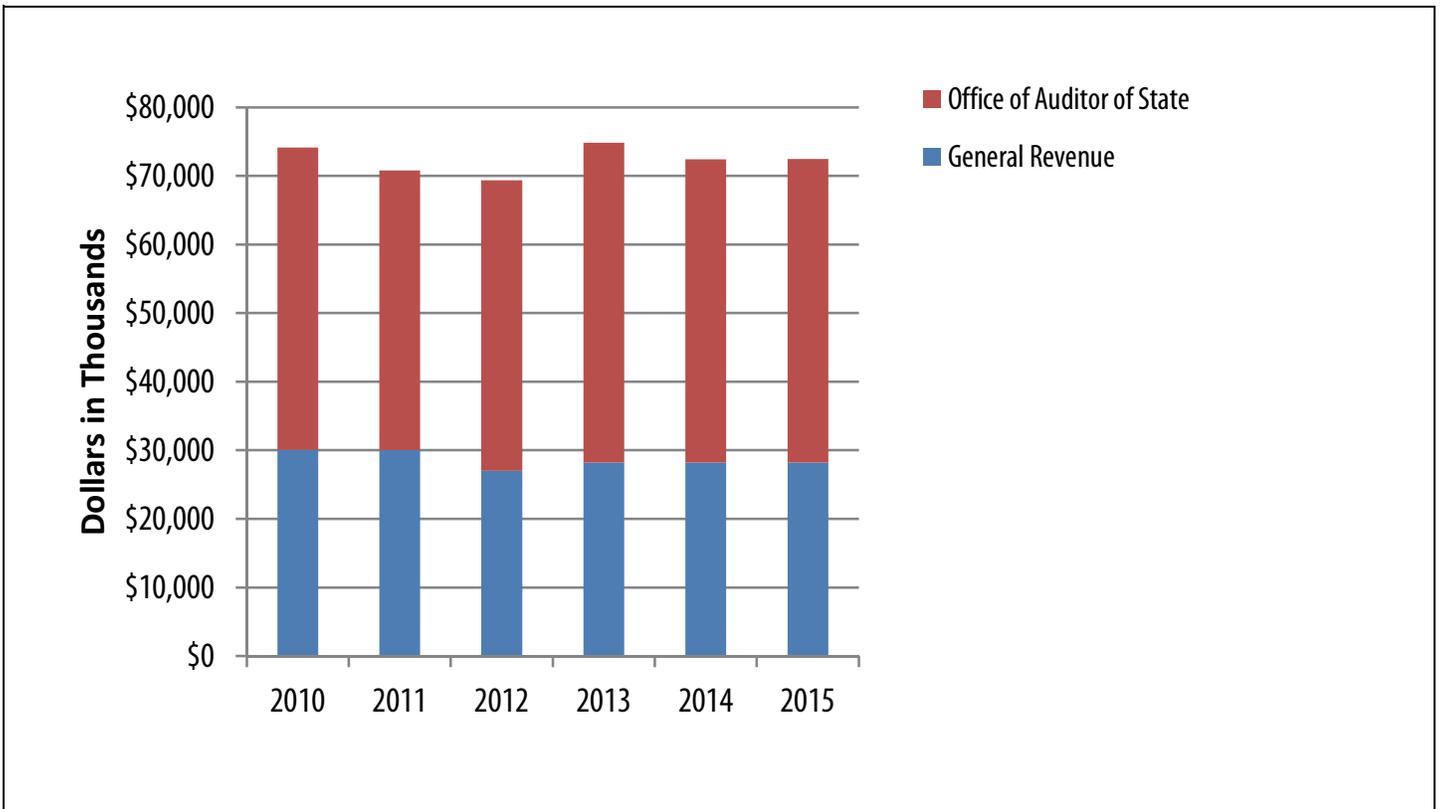
**Auditor of State**

---

- Provide a financial management computer system for townships, villages, and libraries that allows public officials to easily apply accounting standards to financial record keeping.
- Provide administrative services that include human resources, general services, records, graphics, information technology, legal, public affairs, and fiscal functions not already allocated to the other programs.
- Identify fraud, waste, and abuse associated with the misuse of public funding that results in the recovery of state and local resources.

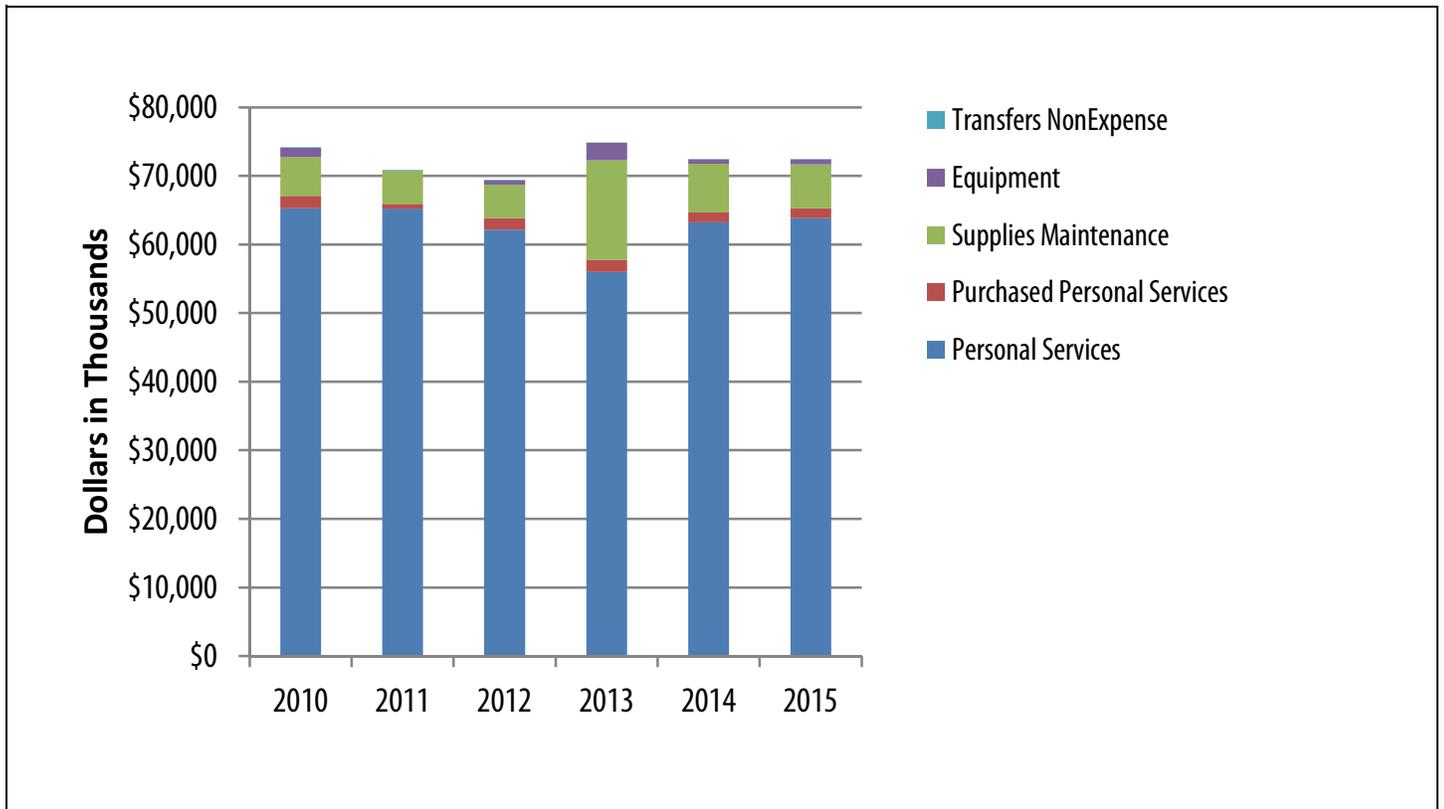
**State of Ohio**  
**Auditor of State**

**Budget Fund Group Information**



(in Thousands) Budget Fund Group	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
General Revenue	30,059	30,041	27,019	28,234	4.5%	28,234	0.0%	28,234	0.0%
Office of Auditor of State	44,085	40,767	42,365	46,609	10.0%	44,196	-5.2%	44,219	0.1%
<b>Total</b>	<b>74,144</b>	<b>70,809</b>	<b>69,384</b>	<b>74,844</b>	<b>7.9%</b>	<b>72,431</b>	<b>-3.2%</b>	<b>72,453</b>	<b>0.0%</b>

Expense Account Category Information



(in Thousands) Expense Account Category	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
Personal Services	65,294	65,238	62,173	56,008	-9.9%	63,232	12.9%	63,824	0.9%
Purchased Personal Services	1,810	689	1,655	1,775	7.2%	1,466	-17.4%	1,474	0.5%
Supplies & Maintenance	5,626	4,803	4,899	14,481	195.6%	7,073	-51.2%	6,367	-10.0%
Equipment	1,385	42	651	2,567	294.3%	652	-74.6%	737	13.0%
Transfers & Non-Expense	29	36	6	13	128.7%	7	-42.7%	52	604.0%
<b>Total</b>	<b>74,144</b>	<b>70,809</b>	<b>69,384</b>	<b>74,844</b>	<b>7.9%</b>	<b>72,431</b>	<b>-3.2%</b>	<b>72,453</b>	<b>0.0%</b>

**Program Series 1: Financial Audit Services (2920A)**

This program series includes the Financial Audits Program (2920B), which performs financial audits of over 5,700 public entities in Ohio at least once every two fiscal years or every year for those entities that fall within Federal Schedule guidelines for Single Audits. Generally, these audits entail a review of the methods, accuracy, and legality of accounts, financial reports, records, and files of public entities. These audits also include a compliance component to ascertain the entity's compliance with the laws, rules, ordinances, and orders pertaining to the office and a complete review of the entity's internal controls.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	70321	Operating Expenses	13,664,676	15,739,096	15.2%	15,739,096	0.0%
1090	70601	Public Audit Expense-Intrastate	5,044,829	5,239,422	3.9%	5,319,889	1.5%
4220	70602	Public Audit Expense-Local Government	23,591,536	24,622,784	4.4%	25,012,536	1.6%
<b>Total for Financial Audit Services</b>			<b>42,301,041</b>	<b>45,601,302</b>	<b>7.8%</b>	<b>46,071,521</b>	<b>1.0%</b>

**Program Series 2: Fraud and Investigative Audit (2940A)**

This program series includes the Healthcare Contract Audits (2940B) and the Special Audits (2941B) programs. The Healthcare Contract Audits Program serves to identify and report instances of noncompliance with federal and state rules and regulations. The Auditor develops interoffice agreements intended to help other state agencies meet federal audit requirements. Services include: audits of reimbursement claims submitted by doctors, hospitals, long-term care facilities, and other Medicaid providers;

## State of Ohio

### Auditor of State

audits of cost reports used to set payment rates for providers of Medicaid services; and assessments of controls employed by state agencies to minimize fraud, waste, and abuse. The Healthcare Contract Audits Program aims to minimize the state's exposure to fraud, waste, and abuse by identifying funds to be recovered that otherwise would have been lost. This program series also includes the Special Audits Program (2941B), which investigates allegations of fraud, theft, and misappropriation of public funds by public and private entities that receive public funds. During fiscal year 2010, 35 special audits were released in which \$5.8 million in findings for recovery were identified.

Fund	ALI	ALI Name	Estimated		Recommended		
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	70321	Operating Expenses	786,021	836,375	6.4%	836,375	0.0%
1090	70601	Public Audit Expense-Intrastate	2,347,464	2,420,988	3.1%	2,456,734	1.5%
4220	70602	Public Audit Expense-Local Government	369,460	373,249	1.0%	363,918	-2.5%
<b>Total for Fraud and Investigative Audit</b>			<b>3,502,945</b>	<b>3,630,612</b>	<b>3.6%</b>	<b>3,657,027</b>	<b>0.7%</b>

### Program Series 3: Performance Audit Services (2950A)

The Performance Audits Program (2950B) conducts operational audits, which entails of comprehensive reviews of any program or area of operation in which the Auditor of State believes that greater operational efficiencies or enhanced program results can be achieved. Typically, performance audits identify and help correct inefficient managerial operations and waste of taxpayer dollars, in addition to providing general oversight and advice to ensure efficient operation of public offices and maximization of taxpayer dollars. For fiscal year 2012, the average return on investment was \$22.88 for every dollar spent to audit. Performance audits may be conducted for local government entities (counties, townships, villages, etc.) that are in a state of fiscal caution, fiscal watch, or fiscal emergency. In local government and school district performance audits, the Auditor of State issued 19 performance audits in fiscal year 2012, including 308 recommendations that identified nearly \$22 million in potential savings. Performance audits may be conducted for any school district under fiscal caution, fiscal watch, or fiscal emergency in order to help the district move out of fiscal distress. For the Performance Audit State Agency Program (2951B), the Auditor of State is authorized to conduct performance audits of at least four state agencies each biennium to provide cost-saving recommendations for implementation. To date, through these performance audits of state agencies, the Auditor of State has identified over \$7 million in potential savings.

Fund	ALI	ALI Name	Estimated		Recommended		
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	70321	Operating Expenses	1,142,983	516,370	-54.8%	516,370	0.0%
GRF	70403	Fiscal Watch/Emergency Technical Assistance	60,455	60,455	0.0%	60,455	0.0%
1090	70601	Public Audit Expense-Intrastate	783,251	1,004,976	28.3%	1,015,045	1.0%
4220	70602	Public Audit Expense-Local Government	830,568	900,553	8.4%	905,031	0.5%
5JZ0	70606	Leap Revolving Loans	650,000	650,000	0.0%	650,000	0.0%
<b>Total for Performance Audit Services</b>			<b>3,467,257</b>	<b>3,132,354</b>	<b>-9.7%</b>	<b>3,146,901</b>	<b>0.5%</b>

### Program Series 4: Local Government Services (2960A)

This program series includes the Local Government Services (2960B) and the Uniform Accounting Network (UAN) (2961B) programs. The Local Government Services (LGS) Program (2960B) provides consulting services and technical assistance to local governments throughout Ohio (GAAP conversion, financial forecasts, records reconstruction and reconciliation, etc.). In addition to providing financial and accounting expertise to local governments requesting assistance, LGS fulfills the Auditor of State's role as financial supervisor to financial planning and supervision commissions established whenever a local government is declared to be in a state of fiscal emergency. LGS also provides a variety of training programs for local and state government officials including: accounting and financial reporting to newly elected township clerks, city auditors, and village clerks and continuing education for village clerks. The Uniform Accounting Network (UAN) Program (2961B) offers an electronic accounting system for townships, villages, libraries, and other local governments. Designed to help political subdivisions properly record and maintain accurate accounting records, the system includes hardware, software, training, and technical support. There are currently 1,814 political subdivisions and public offices participating in the UAN Program.

Fund	ALI	ALI Name	Estimated		Recommended		
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	70321	Operating Expenses	791,423	1,173,540	48.3%	1,173,540	0.0%
GRF	70403	Fiscal Watch/Emergency Technical Assistance	739,545	739,545	0.0%	739,545	0.0%

**State of Ohio**

**Auditor of State**

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
4220	70602	Public Audit Expense-Local Government	3,313,960	3,338,133	0.7%	3,245,838	-2.8%
5840	70603	Training Program	181,250	181,730	0.3%	181,250	-0.3%
6750	70605	Uniform Accounting Network	5,900,319	3,142,100	-46.7%	3,060,572	-2.6%
<b>Total for Local Government Services</b>			<b>10,926,497</b>	<b>8,575,048</b>	<b>-21.5%</b>	<b>8,400,745</b>	<b>-2.0%</b>

**Program Series 5: Program Management (2970A)**

The Administration Program (2970B) is the managing arm of the Auditor of State's Office. It is responsible for the day-to-day management and policy decisions of the office. It is made up of the Auditor, senior management and support staff, and other support sections including human resources, information technology, legal, legislative affairs, public affairs, field operations, and fiscal functions not already allocated to the other programs.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	70321	Operating Expenses	11,049,349	9,169,071	-17.0%	9,169,071	0.0%
1090	70601	Public Audit Expense-Intrastate	524,456	404,418	-22.9%	404,413	0.0%
4220	70602	Public Audit Expense-Local Government	2,947,475	1,818,280	-38.3%	1,503,721	-17.3%
6750	70605	Uniform Accounting Network	124,681	99,433	-20.3%	100,065	0.6%
<b>Total for Program Management</b>			<b>14,645,961</b>	<b>11,491,202</b>	<b>-21.5%</b>	<b>11,177,270</b>	<b>-2.7%</b>

## State of Ohio

### Auditor of State

Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	070321	Operating Expenses	29,358,887	29,337,256	26,481,281	27,434,452	27,434,452	0.0%	27,434,452	0.0%
GRF	070403	Fiscal Watch/Emergency Technical Assistance	699,997	704,063	537,376	800,000	800,000	0.0%	800,000	0.0%
<b>Total General Revenue</b>			<b>30,058,884</b>	<b>30,041,319</b>	<b>27,018,657</b>	<b>28,234,452</b>	<b>28,234,452</b>	<b>0.0%</b>	<b>28,234,452</b>	<b>0.0%</b>
1090	070601	Public Audit Expense-Intrastate	7,750,884	8,088,414	9,567,835	8,700,000	9,069,804	4.3%	9,196,081	1.4%
4220	070602	Public Audit Expense-Local Government	33,666,421	30,231,912	28,855,576	31,052,999	31,052,999	0.0%	31,031,044	-0.1%
5840	070603	Training Program	165,597	107,407	166,044	181,250	181,730	0.3%	181,250	-0.3%
5JZ0	070606	Leap Revolving Loans	0	0	303,362	650,000	650,000	0.0%	650,000	0.0%
6750	070605	Uniform Accounting Network	2,501,718	2,339,608	3,472,131	6,025,000	3,241,533	-46.2%	3,160,637	-2.5%
<b>Total Office of Auditor of State</b>			<b>44,084,620</b>	<b>40,767,341</b>	<b>42,364,948</b>	<b>46,609,249</b>	<b>44,196,066</b>	<b>-5.2%</b>	<b>44,219,012</b>	<b>0.1%</b>
<b>Grand Total Auditor of State</b>			<b>74,143,504</b>	<b>70,808,660</b>	<b>69,383,605</b>	<b>74,843,701</b>	<b>72,430,518</b>	<b>-3.2%</b>	<b>72,453,464</b>	<b>0.0%</b>