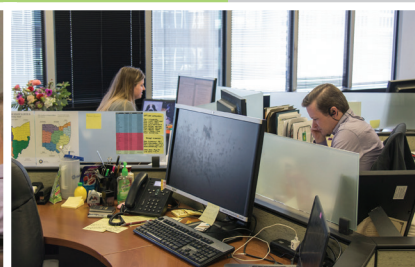
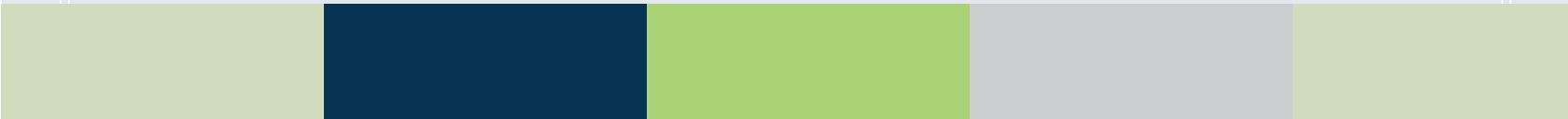




**Dave Yost**  
Ohio Auditor of State

# 2018



# ANNUAL REPORT

**Dave Yost**  
Ohio Auditor of State

88 E. Broad St.  
Columbus, OH 43215  
800-282-0370  
614-466-4490  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

The background features a large, semi-transparent seal of the Auditor of State of Ohio. The seal is circular and contains the text "THE AUDITOR OF STATE OF OHIO" around the perimeter. In the center, there is a sun rising over a landscape with a river and trees.

# Our Mission Statement

The Auditor of State's office strives for clean, accountable and efficient governments for those we serve, the people of Ohio. We are professionals.

We work under objective standards, driven by numbers and facts without regard to politics.

Every day, we work to achieve truth in a smarter, streamlined government.

This page left intentionally blank



# DAVE YOST • OHIO AUDITOR OF

The Honorable Governor John R. Kasich  
The Honorable Secretary of State Jon Husted  
The State Librarian Beverly Cain  
The Citizens of Ohio

Dear Citizens of Ohio,

With the end of fiscal year 2018, my staff has closed the books on another highly productive and effective year of helping Ohio's governments boost efficiency, safeguard fiscal stability and ensure accountability to the public. In the process, the staff has helped save or recover millions of dollars for taxpayers in entities large and small. We also have helped the General Assembly craft new laws to further protect public resources and improve standards of accountability.

This annual report summarizes these efforts and some of the initiatives that were launched or came to fruition during this fiscal year. Highlights included:

### **Unsupported Medicaid Payments**

Examinations of payments to high-risk Medicaid providers revealed that more than \$33.3 million in improper or unjustified fees had been paid in the past seven years. Of that amount, those providers repaid only a fraction of the dollars they owe to the state. A special report, *Ohioans at Risk: Noncompliance in Ohio's Medicaid Program Poses Dangers, Wastes Tax Dollars*, led to newly proposed legislation requiring providers to post a surety bond to allow Ohio to recover some of the money.

### **Stopping Theft of Funds**

In the past decade, unethical public employees have taken advantage of control weaknesses in their local governments to steal millions of dollars of payments made by taxpayers for things such as water bills, facility rentals and taxes. A report, *Pocketed Payments: Preventing the Theft of Incoming Funds*, offers best practices for handling incoming payments to help local government leaders better understand their vulnerabilities and create stronger safeguards to protect public funds.

### **Credit Card Abuse**

Credit cards provide governmental entities with incredible convenience, but they also create problems when there are no controls over their use. A study of credit card theft and misuse, released in FY2018, found that at least \$1.2 million has been stolen or misspent by local governments in Ohio through credit card abuse. The study led to a push by this office to create reforms to discourage this type of abuse.

### **Avoiding and Alleviating Fiscal Distress**

Conditions beyond the control of local government officials sometimes cause an entity to fall into fiscal emergency. Our office's Local Government Services team works with distressed governments to help them regain their financial footing. Using the experiences of entities that have gone through the recovery process, the office issued a report in FY2018 offering guidance to those officials who find themselves in this situation.

The office is proud of the work it performed on behalf of taxpayers. We have strived to safeguard the public's money as if it were our own. It has been an honor to serve the citizens of our great state.

Sincerely,

A handwritten signature in blue ink that reads "Dave Yost".

Dave Yost  
Auditor of State

This page left intentionally blank



## 2018 ANNUAL REPORT

# TABLE OF CONTENTS

### INITIATIVES

Special report on theft in office.....	8
Special report on noncompliance by Medicaid providers .....	9
Special report on credit card misuse .....	10
Special report on fiscal distress.....	11
House Bill 5 feasibility study in Belmont County.....	12
Notable audits of FY 2018.....	13

### OFFICE DIVISIONS

Audit Division .....	15
Training.....	18
Local Government Services .....	20
Public Integrity Assurance Team.....	22
Ohio Performance Team .....	23
Legislative Affairs.....	24
Legal Division.....	27
Public Affairs .....	28
Administrative Division .....	29
Office Organization.....	31



# 2018 ANNUAL REPORT

## INITIATIVES

### Preventing theft in local governments

Thieving public employees who capitalize on lax oversight have pocketed millions of dollars from transactions with citizens over the past decade, according to a special report released by Auditor Dave Yost in November.

The report, *Pocketed Payments: Preventing the Theft of Incoming Funds*, lays out the best practices for handling incoming payments with the goal of encouraging local government leaders to increase their understanding and involvement in the process. Many of the thefts cited in the report occurred at governments where a lone employee had control over the entire process with little to no oversight.

The special report also details some of the most common, yet clever, tactics that thieves have employed to mask their misdeeds, along with proven safeguards to thwart them. In some cases, employees have manipulated customer billing account balances to conceal stolen cash. Others have relied on sleight of hand, swapping secret checks for cash before making a deposit.

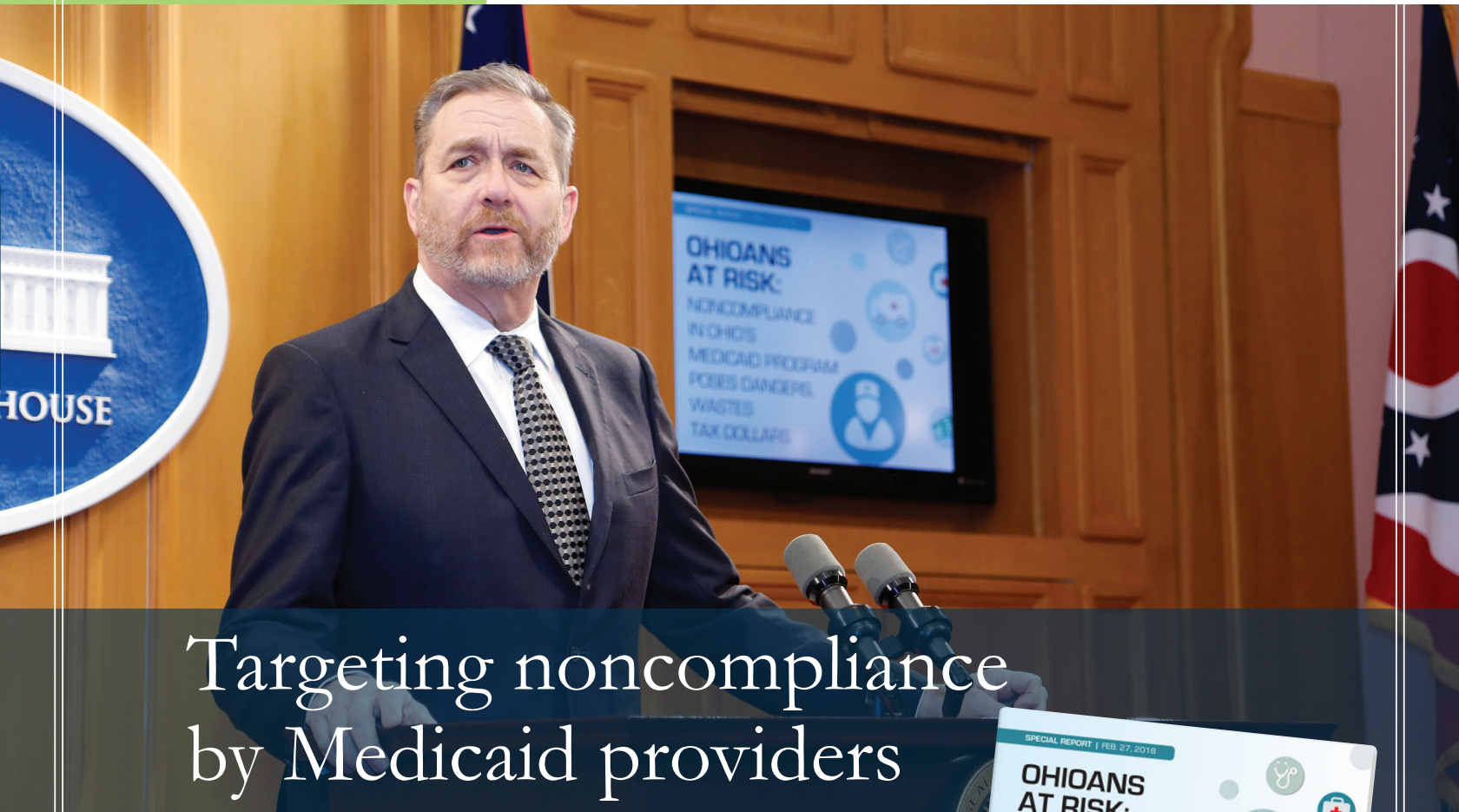
Experts with the Auditor's Public Integrity Assurance Team, which investigates impropriety in government, explain in the report that employees who process payments are uniquely positioned to commit fraud because of their knowledge of financial systems and access to funds. In some cases, thousands of dollars – frequently cash – can pass through the hands of one of these employees on any given day.

While Auditor Yost notes that the theft of payments is a persistent problem, he also is careful to point out that deceitful fiscal employees are a minority in Ohio's local governments.

"The majority of employees on the receiving side of the counter are good, honest people with no desire to cause harm," Auditor Yost said. "Unfortunately, there's no test to tell the good from the bad. The next best option is to shut the window of opportunity on those who do wish to inflict damage by remaining vigilant and applying strong internal controls."

Auditor Yost collaborated with Sen. Steve Wilson to propose legislation that would stiffen the penalties for public employees convicted of theft in office. Senate Bill 268, introduced in March, also would alleviate some of the financial burden for public entities that fall victim to these crimes. More information on SB 268 can be found on page 26.





# Targeting noncompliance by Medicaid providers

Medicaid providers who are unqualified or lack records to justify payments for services have repaid only a fraction of the tens of millions of dollars they owe to the state, Auditor Yost announced in February.

In the past seven years, the Auditor of State's office has performed compliance examinations of 133 Medicaid providers, flagging \$33.3 million in improper payments and calculating an additional \$2.4 million in interest. The payments typically result from providers charging for care they are not certified to provide or for services that lack supporting documentation.

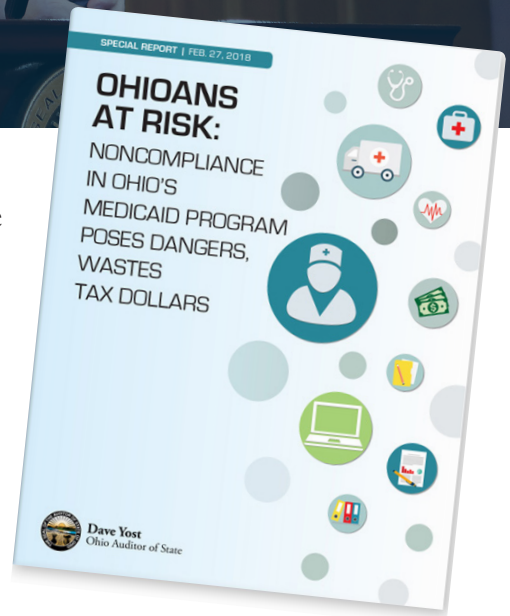
A recent follow-up analysis of 60 of those providers disclosed that they have repaid only 9.6 percent (\$1.9 million) of the \$19.7 million they owe to the Ohio Department of Medicaid. Most of the cases for the remaining providers are still pending.

The findings were included in a special report highlighting the costs and dangers citizens face when Medicaid providers disregard the regulations put in place to prevent fraud and inadequate care.

The special report, *Ohioans at Risk: Noncompliance in Ohio's Medicaid Program Poses Dangers, Wastes Tax Dollars*, is part of Auditor Yost's continued efforts to foster a culture of accountability in state and local government. Those efforts include work on Senate Bill 218, introduced in October by Sen. Peggy Lehner, to target providers that are most likely to submit improper billings.

While transportation and home health providers make up between 13 and 17 percent of the total providers in the Medicaid program, they account for more than 86 percent (\$28.7 million) of the \$33.3 million in overpayments identified since 2011.

The bill would require these types of providers to obtain surety bonds that would help the state recover losses caused by fraud and improper payments. It also would require them to complete training in billing, records retention and Medicaid compliance before becoming certified to provide Medicaid services. More information on the bill is available on page 26.



# Addressing credit card misuse

A survey released by Auditor Yost at the start of FY 2018 disclosed that some local governments may be putting taxpayer money at risk because they have not instituted basic policies to prevent dishonest employees from misusing government credit cards.

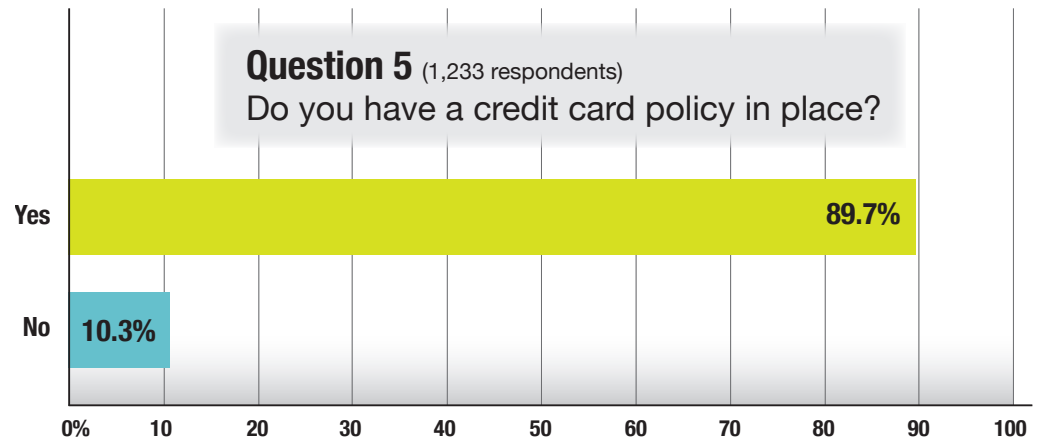
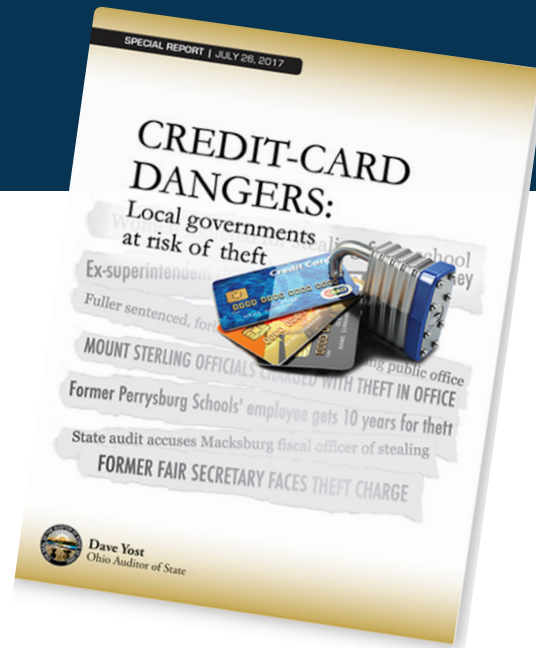
Responses to the survey indicated that many local governments have no formal credit-card policy detailing oversight of credit card use. Almost half of the 1,646 governments that responded to the survey said they do not have a list of allowable credit-card expenses to guide government employees who use the cards, increasing the chances of misspending.

An accompanying special report, *Credit Card Dangers: Local Governments at Risk of Theft*, details the risks associated with lax credit card oversight. Since 2011, at least \$1.2 million has been stolen or misspent at Ohio governments through credit card abuse.

According to the survey, some local governments have huge credit limits that create the potential to saddle taxpayers with enormous debt, including 32 local governments with limits of \$100,000 or more, with four reporting limits of \$1 million or more.

Some entities have failed to segregate credit card duties, allowing one person not only to make credit card purchases, but to also reconcile credit-card accounts, leaving the door open to theft.

Auditor Yost said the survey was invaluable in helping to better understand the magnitude of the issues surrounding credit card usage. “We are grateful to those local officials who participated, because through their help, the Legislature



will be able to repair a gap in our financial defenses.”

House Bill 312 would require local governments to establish credit card policies to protect tax dollars. The bill was introduced last July by State Rep. Kirk Schuring and Rep. Dave Greenspan with the support of Auditor Yost.

Among other things, the bill would require all government entities to enact a credit card policy detailing allowable uses, number of cards, who can use them, credit limits and reissue periods. Learn more about the bill on page 24.



# Alleviating fiscal distress

Few things can be as traumatic to a county, school district, city, village or township as being declared to be in fiscal emergency as a result of defaulting on debt, failing to make payroll or running fund deficits.

But a report issued by Auditor Dave Yost in March details the experiences of local government officials who faced this calamity and overcame it.

The report, *Path Out of the Red: How to Avoid and Escape Fiscal Emergency*, provides advice to local governments in financial trouble from local officials who have dealt successfully with these situations.

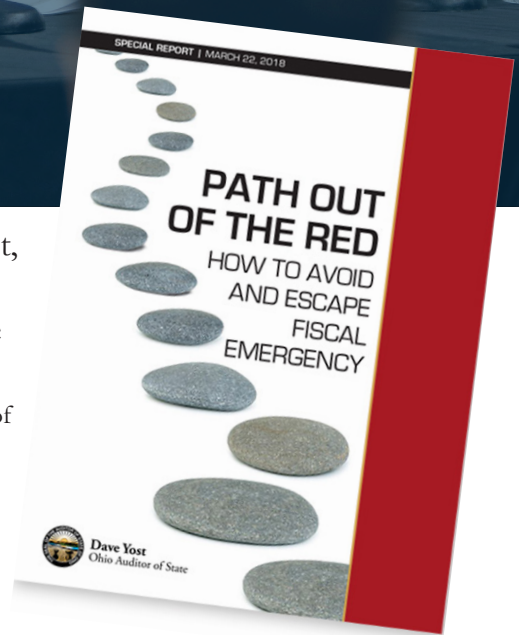
Since 1980, 79 townships, villages and cities have found themselves in fiscal jams so severe that they were declared to be in fiscal emergency, with 17 currently working their way out of it. Since 1996, the same thing has happened to 43 Ohio school districts, with two currently in fiscal emergency.

“Path Out of the Red” profiles four communities that faced and overcame fiscal emergency: the Village of Lakemore in Summit County, the Village of Edgerton in Williams County, the City of Campbell in Mahoning County, and Scioto County.

Officials from each community detail how their problems arose, what it was like to have their authority and decision-making overshadowed by state law and an appointed financial commission, and the kind of revenue and spending decisions that helped restore balance to the books. These officials offer advice on how to make the most of the help available from the Auditor of State’s Local Government Services section.

The officials also explain how to minimize the chances of falling into fiscal emergency – primarily by ensuring that the books are up-to-date and accurate and that spending decisions are made with a full understanding of the long-term effects on the government’s bottom line.

For local governments facing fiscal difficulties and those that would like to avoid them, “Path Out of the Red” is a valuable resource.



**ABOVE:** Representatives from government entities and Local Government Services participated in a panel discussion on fiscal distress at the Local Government Officials Conference in March.

# House Bill 5 feasibility study

In a first-of-its-kind feasibility study, the Auditor of State's office determined that several Belmont County school districts could improve efficiency and save money by combining bus maintenance services.



In addition, some of the districts could potentially avoid hundreds of thousands of dollars in replacement costs for maintenance facilities and buses.

The Auditor's Ohio Performance Team (OPT) launched the study as a result of House Bill 5, which authorized the Auditor of State to conduct feasibility studies on behalf of local governments interested in improving services by combining resources.

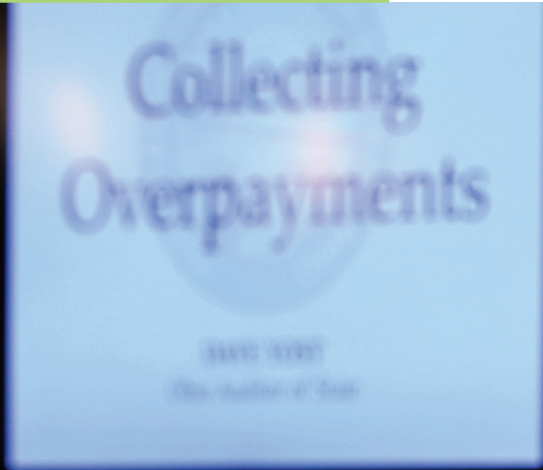
The study was requested by Bellaire Local School District in conjunction with Bridgeport Exempted Village School District, Shadyside Local School District, and St. Clairsville-Richland City School District. The Muskingum Valley Educational Service Center and the East Central Ohio Educational Service Center are supporting partners.

In recent years, the four school districts have seen a general decline in school bus ridership and their bus operations have received a decreasing share of each district's overall budget.

The study analyzed bus maintenance data from the four districts to determine if sharing facilities and staff could help the districts operate more efficiently. In most scenarios, analysts found that the answer is yes.

OPT staff analyzed data about bus maintenance, bus usage and facilities. This resulted in a series of scenarios in which districts could achieve savings and efficiencies. Also, the data-driven analysis method used in the study is a tool that district leaders can continue to use to better inform decisions about transportation policy.

**FROM LEFT: Brad Hollingsworth** (Assistant Director for the Center of Innovation and Data Services at the Muskingum County Educational Service Center), Senior Performance Analyst **Scott Smith**, Ohio Performance Team Director **Scott Anderson**, **Frank Hoagland** (State Senator for District 30), and East Region Liaison **Jim Shaw** gather during a meeting detailing the shared services study.



## Newsworthy audits from FY 2018

In Fiscal Year 2018, the Auditor of State's office released 4,504 audit reports ranging from the routine to the complicated, for entities big and small. The vast majority of these reports found no irregularities or issues. Some of the reports contained significant findings and garnered a great deal of attention, including:

**Medical Marijuana:** An interim report of Ohio's medical marijuana program found problems with the controls the Ohio Department of Commerce employed while reviewing large cultivator license applications. Two employees had access to all passwords of application reviewers, a critical flaw in the system. In February, auditors also found errors in scoring calculations made by the Department of Commerce. Auditor Dave Yost notified the department of the issues and urged it to enhance its internal controls.

**Charter Schools:** Auditor Yost reported in May that the Electronic Classroom of Tomorrow (ECOT) inflated the amount of time it claimed students were engaged in learning by failing to deduct the time students were inactive online. Auditors also found the former online charter school provided no documentation to show students were engaged in learning during the time it claimed for payment. Despite receiving information showing only when a student was logged on – but not what they were doing – the Ohio Department of Education (ODE) paid the school 81.5 percent of its requested funding. Auditor Yost referred the audit to federal and Franklin County prosecutors for possible criminal charges.

In a related matter, Auditor Yost on Aug. 9 directed certain charter schools that were overpaid because their student participation could not be verified by ODE to seek repayment from their sponsors and management companies that were also overcompensated.

**Mount Sterling:** Former Mt. Sterling Mayor Charles Neff was convicted on Aug. 16 of theft in office, falsification and dereliction of duty stemming from his approval of excessive payouts for employee leave time that were not allowed or had not been earned. The conviction concluded an extensive, office-wide effort to root out fraud in the Madison County village. In the end, four employees were convicted for the theft of more than \$724,000.

**Lawrence County Educational Service Commission (ESC):** The Lawrence County ESC and its former treasurer are on the hook for almost \$93,000 in ESC expenses that it paid with the funds of a charter school that it sponsored. An audit of the Lawrence County Academy, which closed in June 2017, revealed that former Treasurer Teresa Lawless used the school's funds on several occasions to pay for ESC salaries, benefits and other costs during fiscal year 2014. Lawless was treasurer of both the ESC and the academy.

This page left intentionally blank



# 2018 ANNUAL REPORT

## OFFICE DIVISIONS

### AUDIT DIVISION

The Auditor of State is the constitutional officer responsible for auditing all public offices in Ohio — more than 6,000 entities. This includes cities, villages, schools, universities, counties, fire districts, townships, cemeteries, libraries, state and county agencies, and commissions.

#### Financial Audit Section

The Financial Audit Section is responsible for conducting audits of all public entities as required by Ohio law. Generally, the Auditor of State's office is required to perform financial and compliance audits of each public entity at least once every two fiscal years. The office must review the methods, accuracy and legality of the accounts, financial reports, records and files of all public entities and, where applicable, express an opinion on whether a public entity's financial statements are fairly presented.

Additionally, it is the responsibility of the Financial Audit Section to determine whether an entity has complied with the laws, rules, ordinances and orders pertaining to the office. The Auditor's office released 4,504 audit reports from July 1, 2017 through June 30, 2018, which include traditional financial and compliance audits, agreed-upon procedure (AUP) engagements and basic audits performed by both the Auditor of State's office and Independent Public Accounting (IPA) firms. In 232 of these audit reports, auditors issued findings for recovery totaling \$3,824,339.

#### Center for Audit Excellence

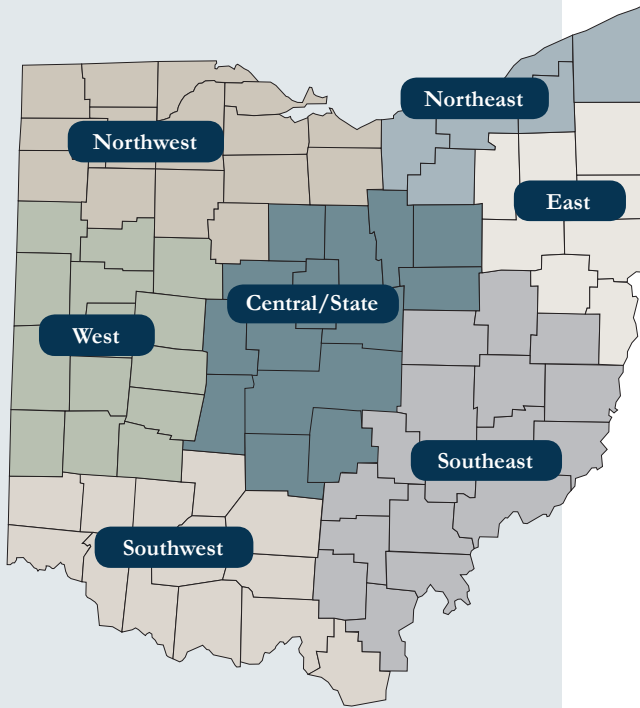
The Auditor of State's Center for Audit Excellence (CFAE) accomplished a great deal during FY 2018. CFAE facilitated the triennial external peer review, administered contracts with IPA firms and certified approximately 1,830 IPA reports. The Center also performed approximately 60 working paper reviews of IPA firms, completed four internal regional reviews, managed the Hinkle

*Continued on next page >>*



Chief Deputy Auditor Bob Hinkle

# AUDIT REGIONS



## AUDITS BY THE NUMBERS

**4,504**  
audit reports released

**232**  
audits with findings  
for recovery

**\$3,824,339**  
findings for recovery

FY 2018 numbers

*Continued from previous page*

Annual Financial Data Reporting System (Hinkle System) for submission of annual financial statements/data, and provided guidance via publications, practice aids, consultations and internal and external training. Additionally, the executive summary portal was updated, enhancing the office's ability to query and report on audit statistics for various entity types. The application was completed and will be rolled out shortly.

### External GAGAS Peer Review

In FY 2018, the office's system of quality control and compliance, used in conducting audits in accordance with Generally Accepted Government Auditing Standards (GAGAS), was reviewed during the mandatory triennial peer review by the National State Auditors Association. The system encompasses the office's organizational structure, the policies adopted and the procedures established to provide reasonable assurance of performing and reporting in conformity with professional standards in all material respects.

Representatives from numerous states and the federal government conducted the review, and the Ohio Auditor of State's office again received the highest possible ranking.

### Independent Public Accountants

The Auditor of State's office relies on the assistance of, and contracts with, Independent Public Accountants to satisfy its obligation to perform statutorily required audits of each public office.

From July 1, 2017, through June 30, 2018, the Auditor's office released 1,831 financial audit reports performed by IPAs, including 1,445 traditional financial audits and 386 AUP engagements.

IPA firms interested in bidding on financial audits must register in the IPA Portal, an internet-based application, and be approved by the Auditor of State's office. Currently, there are 82 active IPA firms registered with the office.

The IPA portal allows firms to express interest in audit contracts, view bid requests, update firm information, view their scores and report status, view client details and Hinkle System filings, process client invoices, and process client contract modifications.

### Hinkle System Annual Financial Data Reporting System (Hinkle System)

During FY 2018, financial statements from 5,344 entities were filed through the Hinkle System, representing approximately 97 percent of the entities required to file reports during the year. The Hinkle System is an internet-based application that allows certain financial statement, debt and demographic data to be entered, uploaded and transmitted to the Auditor's office, satisfying the filing requirements prescribed by the Ohio Revised Code and Ohio Administrative Code. The Hinkle System increases uniformity in financial reporting and allows for expanded use of the financial data that is submitted, including using the data for the Financial Health Indicators for counties and cities.

*Continued from previous page*

### **Guidance, Publications and Consultations**

In the fourth year of Governmental Accounting Standards Board (GASB) Statement 68 census testing, the group assisted in approximately 240 examinations while working with the pension systems and their independent auditors, as well as the Auditor of State's audit staff.

The reporting of the third year pension information in accordance with GASB 68 provided additional complexities that generally were not issues in the year of implementation. CFAE developed and presented a detailed training on GASB 68 for audit staff during its regional trainings and provided training for IPAs. CFAE conducted training on Other Post-Employment Benefits (GASB 75) standards both within the office and for IPAs.

The group revised guidance, procedures and practice aids, as necessary, for use in financial audits, attestation engagements, and other engagement types, to ensure these were completed in accordance with applicable professional standards. In addition, several new practice aids were developed to assist auditors in effectively and efficiently performing their work. CFAE also prepared and presented multiple trainings throughout the state to educate participants within the office, IPAs, local governments and other state agencies on current and upcoming accounting and auditing standards.

CFAE published its annual update to the Ohio Compliance Supplement (OCS), in collaboration with the Legal Division and Auditor of State administration. The OCS includes a summary of the legislative and regulatory requirements affecting various local government entity types. The OCS provides staff and IPA auditors with a summary of the laws and regulations, as well as suggested audit procedures the Auditor's office believes may be significant to Ohio local government audits.

CFAE provides engagement consultation support to audit staff for report reviews, as well as assistance in working through engagement issues. During FY 2018, CFAE staff completed approximately 1,800 regional local government and state audit consultations.

During FY 2018, the CFAE was asked to examine ways to help retain and strengthen staff for the future. As part of this process, CFAE revamped new hire and sponsorship training programs, creating five introductory webinars and 18 new hire sponsorship webinars.

## **Medicaid/Contract Audit section**

The Medicaid/Contract Audit section (MCA) is dedicated to ensuring that Ohio's Medicaid dollars are not abused or wasted. The MCA section employs 22 professionals with statewide jurisdiction to audit Medicaid providers. The work performed by these individuals combats fraud, waste and abuse, identifies improper Medicaid payments, and improves the integrity and cost-effectiveness of the Medicaid program. MCA also participates in a number of interagency Medicaid program integrity groups and the Ohio Healthcare Investigators Organization, both of which focus on combating fraud, waste and abuse in Ohio.

MCA performs work under a letter of arrangement with the Ohio Department of Medicaid (ODM). This work includes compliance examinations of Medicaid providers and data mining activities that identify risk areas for fraud, waste and abuse. The MCA section also performs work under interagency agreements with the Ohio Department of Developmental Disabilities and ODM. This includes agreed-upon procedures to test the cost reports submitted by county boards of developmental disabilities (CBDDs), councils of governments, intermediate care facilities for individuals with intellectual disabilities (ICFs) including state-operated developmental centers, and PASSPORT administrative agencies. In addition, MCA performs agreed-upon procedures to test payments made to providers for implementing electronic health records in the Medicaid Provider Incentive Programs (MPIP).

During FY 2018, the Auditor of State's office released 24 Medicaid provider compliance examinations and identified more than \$11.5 million in overpayments. The MCA section also released three agreed-upon procedure reports on CBDD cost reports, identifying adjustments totaling more than \$324,000 in non-federal reimbursable costs, and 36 CBDD reports on compliance with Medicaid administrative claiming requirements. The section released another 19 reports on ICFs, which identified more than \$32,000 in overpayments. In addition, the section released 10 PASSPORT and 236 MPIP reports. Overall, MCA produced 328 reports and identified more than \$11.8 million in improper payments.

In February, 2018, the Auditor of State released a special report, *Ohioans At Risk: Noncompliance in Ohio's Medicaid Program Poses Dangers, Wastes Tax Dollars*, which highlighted the \$33.3 million in Medicaid improper payments identified by the MCA section since 2011. In addition, MCA analyzed the impact of the opioid crisis on Ohio's Medicaid program, identifying trends in the diagnosis of opioid related illnesses and the impact on service delivery. The section continues to participate in an initiative with other state auditors' offices, the Governmental Accountability Office, and the Centers for Medicaid and Medicare Services, to expand the role of state auditors in identifying improper Medicaid payments and implementing recommendations to improve the program's system of controls.

In the spring of 2018, the Auditor's office received a request from members of the Ohio Legislature to review concerns surrounding pharmacy services in the state's Medicaid program, specifically around pharmacy benefit management (PBM) services contracted by Medicaid managed care plans. In response to the request, MCA obtained pharmacy-related data, initiated analysis of this data, conducted interviews with key stakeholders, gained information on steps taken by other state Medicaid agencies in regards to the role of PBMs, and researched PBM services and other related topics. The objective of the review is to increase transparency around pharmacy services. A report is expected in early FY 2019.

## TRAINING

The Training department offers various workshops and conferences to help auditors and local officials better do their jobs.

All Auditor of State audit staff members are required to complete 80 hours of Continuing Professional Education (CPE) every two years. The Training Section follows the U.S. Government Accountability Office (GAO) Generally Accepted Government Auditing Standards to administer and track audit staff's CPE hours. Accounting and auditing trainings are held in the spring in all seven geographical regions to provide auditors with eight hours of CPE, including the most up-to-date information in auditing and accounting. In an effort to reduce travel and training costs during FY 2018, the office again offered unlimited governmental and professional CPE through Becker webinars.

In October, the Auditor's office hosted its third All-Staff Training in Columbus for more than 750 employees. Staff received updates in areas of professional and personal development, and gained six CPE hours. The following day, 300 audit managers received an additional six hours of CPE.

In January 2018, the Auditor of State collaborated with the Department of Administrative Services to administer an on-demand sexual harassment webinar for staff. All employees successfully completed the webinar by the April deadline.

This past year, the Training Section implemented a standardized schedule for two-day trainings for newly hired assistant auditors. The introductory course is designed to provide guidance on governmental accounting standards to audit staff. The trainings are held in March, July and October every year.

This section also administered 25 Certified Public Records Trainings (House Bill 9 Seminars) across



**Administrative Officer Kim Dodds helps attendees at the Combined IPA Conference.**

Ohio. The program has trained more than 1,700 professionals and public officials, such as fiscal officers and attorneys.

During the spring and summer of 2018, the Public Integrity Assurance Team and the Training Section offered 20 free workshops on cybersecurity. The trainings were attended by nearly 500 law enforcement officials and fiscal officers, who earned two hours of CPE.

In August 2017, the Auditor's office hosted the annual Community School Conference, featuring speakers from within the office and Ohio Department of Education. More than 200 community school professionals, sponsors and operators attended the conference, which focused on funding, reporting, legal and legislative issues.

*Continued on next page >>*



**Training Officer Callie Stagers (seated) helps attendees at the Combined IPA Conference.**

*Continued from previous page*

In October, more than 400 fiscal officers attended the Village Fiscal Officers and Clerks Training. There were five regional trainings focusing on the Hinkle System, Ohio Public Employment Retirement System requirements, common audit issues and legal matters to help them better serve their communities.

The Fiscal Integrity Act (FIA) online self-reporting portal, which tracks CPE credit hours for registered fiscal officers, has more than 1,950 fiscal officers registered, with nearly 200 training courses offered. Fiscal officers receive an electronic certificate of completion for filing and auditing purposes once all hours are completed.

The Auditor's office participated in the Ohio Township Association annual conference, answering

questions about FIA requirements to achieve training certification. The event provided several workshops on Auditor of State initiatives, auditing policies and procedures to benefit township clerks.

In late March, more than 600 public officials attended the 19th Local Government Officials Conference in Columbus. The conference was approved for 10.75 CPE hours toward the FIA requirements.

In May, the office co-sponsored the 18th Emerging Trends in Fraud Investigation and Prevention Conference with the Central Ohio Chapter of Certified Fraud Examiners and the Ohio Attorney General's office. The conference trained more than 600 law enforcement officials, investigators, accountants and attorneys on the latest trends in the field.



Attendees at the annual Local Government Officials Conference participate in a training session.

The Local Government Services Section (LGS) serves as a consulting and fiscal advisory group to all governmental agencies and subdivisions. It provides an array of services including financial forecasts, Generally Accepted Accounting Principles (GAAP) conversion assistance, annual financial report processing, record reconstruction and reconciliation, fiscal caution, fiscal watch and emergency assistance, merger and dissolution assistance, and financial management training for elected officials. LGS also distributes publications such as accounting manuals and policy bulletins to assist local governments in performing their duties and to keep them up to date on their statutory and accounting requirements.

### **Accomplishments**

During the past fiscal year, LGS assisted local governments in the preparation of 303 annual financial reports, including 54 Comprehensive Annual Financial Reports (CAFR), 166 Basic Financial Statements (BFS), 21 supervision engagements (both CAFR and BFS) and 62 cash basis financial statements. In addition, among other projects, LGS responded to 157 fund requests and 1,808 inquiries on various issues from local governments.

*Continued on next page >>*

*Continued from previous page*

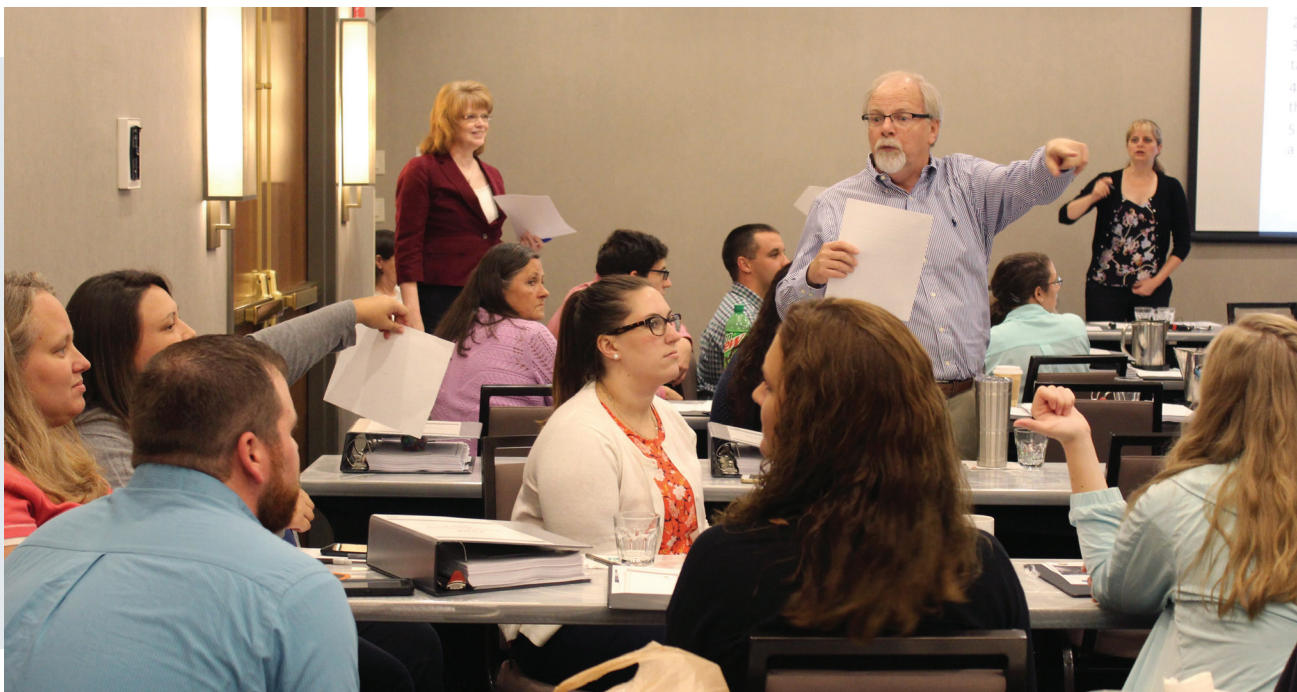
LGS serves as fiscal supervisor to 34 entities in fiscal emergency, providing financial counsel to both the local governments and the oversight commission in recovery efforts. The section assisted in the release of six municipalities and one township from fiscal emergency: The City of Wellston, the Villages of Edgerton, Portage, Patterson, Leipsic, and West Mansfield, and Bloom Township.

LGS assisted in the declaration of a state of fiscal emergency at the Village of Grover Hill and elevated the City of Alliance from fiscal caution to fiscal watch. The Village of Bloomingburg was released from fiscal caution designation. LGS also aided in the dissolution of the Village of Brady Lake.

In addition, LGS assisted in the release of

financing, legal compliance, ethics requirements and Ohio's open government laws. Semi-annual internal training for all staff occurred in August 2017 and January 2018.

LGS staff assisted with Auditor of State responses to five Governmental Accounting Standards Board (GASB) Exposure Drafts. The section updated regulatory and Other Comprehensive Basis of Accounting financial statement shells and notes. LGS also updated Web-GAAP, an internet based software, which was modeled after LGS' spreadsheet approach, to assist local governments in the implementation of GASB 75. The software is designed to accommodate schools, counties and cities. LGS Staff participated in a survey on the GASB's Revenue and Expense Recognition, served on the National State



**Dave Thompson, Assistant Chief Auditor in LGS, leads a training session for employees.**

the Brookfield Local School District from fiscal emergency and declared a state of fiscal watch at the Niles City School District.

LGS produced a number of publications, including the Village Officer's Handbook, the Ohio Township Handbook, the Ohio County Treasurer's Manual, the Ohio County Sheriff's Manual, and the Student Activities Handbook.

The section was involved in both external and internal training, which included hosting the Fall Village Fiscal Officer Training and the 2018 Local Government Officials Conference (LGOC). The two-day LGOC training helps fiscal officers and other local officials develop their knowledge and skills in government accounting, budgeting,

Auditors Association Audit Standards and Reporting Committee, as well as the Ohio Government Finance Officers Association (GFOA) Board of Trustees.

This past fiscal year, LGS staff presented to the Ohio GFOA the Mid-Ohio Planning Commission, the Ohio Township Association, the Ohio Library Council, the Business Classroom at Mount Union University, the Ohio Municipal League, the Ohio Department of Education's 21st Century Community Learning Centers, Liberty Township trustees, Baughman Township trustees, and the Greater Cincinnati Finance Officers Association. LGS also was involved in the Ohio School Boards Association Capital Conference.

## PUBLIC INTEGRITY ASSURANCE TEAM

The Public Integrity Assurance Team (PIAT) serves as a link between the Auditor of State's office and the law enforcement community. The team consists of 12 investigators, 12 forensic auditors, two attorneys and others who combine investigative, special auditing and legal specialties into one cohesive team. PIAT has collaborated with federal, state and local law enforcement agencies in cases across the state of Ohio.

### City of Niles

A performance audit requested by Niles City Council led to the discovery of a \$140,000 theft by a city employee. A subsequent investigation culminated in a 45-count indictment against six-term Mayor Ralph Infante, who began his 24 years as mayor in 1992.

The systematic corruption at Niles created unprecedented challenges for PIAT, including a reluctance from witnesses to cooperate with the investigation. Nonetheless, PIAT overcame the obstacles and conducted more than 100 interviews, verifying allegations that Infante sold city jobs and operated a gambling house out of his business, ITAM Club No. 39. PIAT inspected several of Infante's personal bank accounts, identifying more than \$100,000 in cash deposits and multiple unexplained transfers between his business and personal bank accounts. Further audit work uncovered roughly \$35,000 in unclaimed gambling profits.

A Trumbull County jury convicted Infante of 22 charges, including engaging in a pattern of corrupt activity, 13 counts of tampering with records, two counts of theft in office, and two counts of operating a gambling house. He was sentenced to 10 years in prison and ordered to pay \$51,000 in restitution.

### Norwood City Schools/Norwood Conversion Community School

While conducting a financial audit of the Norwood Conversion Community School, the southwest region of the Auditor's office identified a \$14,830 foundation payment issued by the Ohio Department of Education that had not



**ABOVE: Cheryl Gray is the office manager for PIAT.**

**LEFT: From left, Chris Rudy, Stephanie Anderson and Cara Yoder, who worked on the Niles and Cimperman cases, stand with Auditor Yost.**

been recorded or deposited by the school. The region obtained a copy of the canceled check, which was endorsed by Norwood City Schools Superintendent Robert Amodio and paid to the order of the Valley Association of School Administrators (VASA), where Amodio served as an official.

A PIAT investigation revealed that Amodio deposited \$51,768 in checks issued to the district and its community school into a VASA bank account. A review of VASA bank statements determined that Amodio illegally spent those funds, as well as \$11,236 in VASA funds. After pleading guilty to theft in office, Amodio

was sentenced to two years of probation and ordered to pay \$63,004 in restitution.

### Former Cleveland City Councilman Joseph Cimperman

At the request of the Cuyahoga County Prosecutor's office, Stephanie Anderson of PIAT served as special prosecutor in a case against former Cleveland City Councilman Joseph Cimperman. Prior to the case, an investigation by the Ohio Ethics Commission confirmed allegations that Cimperman had an unlawful interest in a public contract.

The investigation examined public contracts Cimperman voted to approve during his tenure as councilman that benefited LAND Studio, a nonprofit company where his wife worked. Anderson's successful prosecution of the case secured a plea of guilty to 26 misdemeanor counts of having an unlawful interest in a public contract. Cimperman was sentenced to 12 months in jail, suspended, and one year of community control. He also was ordered to pay a \$10,000 fine and to complete 100 hours of community service.

The Ohio Performance Team (OPT) conducts performance audits of Ohio public entities — from the tiniest village to the largest state agencies — to help state agencies, public universities, school districts and local governments see themselves with fresh eyes and use those insights to align policy, goals and resources in new ways.

Using and teaching data-driven analysis, OPT provides clients with the high-level tools they need to make better management decisions and to deliver services with greater effectiveness, efficiency and accountability.

In Fiscal Year 2018, performance audits were released for one city, 11 school districts, one township and one public library, generating recommendations to reduce costs by \$15.5 million.

In addition, OPT released a shared services feasibility study that outlined ways in which several Belmont County school districts could achieve savings and increase efficiency by sharing transportation resources.

### State agencies and Higher Education

ORC §117.46 (enacted in 2011) requires the Auditor of State to conduct performance audits of at least four state agencies each biennium. This was later amended in 2017 to include public institutions of higher education. In 2017, OPT launched a performance audit of The Ohio State University which will be completed this year.

### Schools

Ohio law authorizes the Auditor of State to conduct performance audits of any school district that is in fiscal distress or trending toward fiscal distress. The goal is to help improve the cost-effectiveness of operations and resolve financial difficulties. The Auditor of State also conducts performance audits upon request by school districts seeking feedback on operations and ideas for cost savings and service improvement.

### Local governments

Ohio law also authorizes the Auditor of State to conduct performance audits of local governments in fiscal watch or fiscal emergency, with the aim of eliminating financial problems and improving efficiency and effectiveness. As with school districts, the Auditor of State



Senior Performance Analyst **Scott Smith** and OPT Director **Scott Anderson** present their findings in Bellaire.

### PERFORMANCE AUDITS COMPLETED

- 1 public library
- 1 township
- 11 school districts
- 1 city

POTENTIAL SAVINGS FROM RECOMMENDATIONS  
**\$15.5 million**

RETURN ON INVESTMENT  
**\$12.78**

also conducts performance audits upon request by local governments.

### Feasibility studies

In 2016, Gov. John Kasich signed House Bill 5 into law, allowing local governments and state agencies to request feasibility studies from the Auditor of State's office.

The studies are selected through an application process. The cost is covered by a grant program established by the Legislature and funded by the Auditor's Leverage for Efficiency, Accountability and Performance (LEAP) Fund.

On April 18, 2018, Auditor Yost released the results of the first study, which outlined ways in which several Belmont County school districts could achieve savings and increase efficiency by sharing school-bus facilities and maintenance resources.

Participants in the project were the Bellaire Local School District, Bridgeport Exempted Village School District, Shadyside Local School District, St. Clairsville-Richland City School District, the East Central Ohio Educational Service Center in Tuscarawas County and Muskingum Valley Educational Service Center in Muskingum County.

### Educational Service Centers

In December 2016, the Ohio General Assembly approved a provision in Senate Bill 3 requiring the Auditor of State to conduct an operational review of the state's 52 educational service centers within three years. This study is under way and should be released in March 2020.

### House Bill 312: Preventing Fraud in Local Government through Stronger Credit Card Controls and Oversight

The use of credit cards by local governments has become more prevalent in recent years; however, so too has the incidence of credit card fraud. Credit card misuse can have major financial ramifications for governments, as was the case at the Perrysburg Exempted Village School District and the Village of Mount Sterling.

To address these risks, the Auditor of State proposed the concept of HB 312 to tighten controls over credit card use by local governments. The bill passed out of the legislature in June and awaits the Governor's signature.

Under HB 312, sponsored by Rep. Dave Greenspan and Rep. Kirk Schuring, local governments will be required to adopt or update their credit card policy to include the provisions listed below. These provisions are not all-inclusive, but are an effective starting point for governments to create their own individually tailored policy. Each policy shall include:

- The officers or positions authorized to use a credit card.
- The types of expenses for which a credit card may be used.
- The procedure for acquisition, use, and management of a credit card account, and presentation instruments for the account, such as cards and checks.
- The procedure for submitting itemized receipts to the fiscal officer or his/her designee.
- The procedure for credit card issuance, reissuance, cancellation, and the process for reporting lost or stolen cards.
- The credit card's maximum credit limit(s).
- The actions or omissions by an authorized user that qualify as misuse of a credit card.

In addition, the legislation requires the name of the local government on the card, prohibits the use of debit



**Shawn Busken, Director of Policy and Legislative Affairs, delivers budget testimony before a Senate subcommittee.**

The Policy and Legislative Affairs Division serves as a link between the Auditor of State's office and the Ohio General Assembly. They communicate the needs of the office to state legislators to help them make well-informed decisions on legislation impacting the office.

cards and enacts a penalty for misuse of a credit card with the intent to defraud.

### Senate Bill 239: Updating the Council of Governments (COG) Statute

A Council of Governments (COG) is a collection of governments that organize to perform a specific function such as insurance pooling, cooperative energy buying or advocacy functions. Ohio's 137 COGs are an effective and efficient way for local jurisdictions to pool resources and share services. However, the current statute could be improved with respect to transparency, conflicts of interest, and reporting to the Auditor of State's office. SB 239, sponsored by Sen. Matt Dolan, would achieve

the following:

- State that a COG cannot take any legally binding action, other than formation, until it notifies the Auditor of State of its existence.
- Under existing law, COGs are required to notify the Auditor of State of their existence and submit their bylaws, but frequently fail to do so because there is no enforcement mechanism. This change will provide for that enforcement.

*Continued on next page >>*

- Prevent officers from asserting the trade secret exception to the Public Records Act to avoid disclosure of public documents such as the names of the member government entities.
- Prevent officers and employees of a COG from asserting sovereign immunity when they are not public officials and are operating the enterprise, should they commit an ethics violation due to their participation or relationship with the COG. Additionally, the bill specifies that a COG is not required to defend or indemnify the individual in a civil lawsuit.
- Make COG members who are not public officials subject to Ohio's ethics laws, but not the financial disclosure provisions of the ethics laws.

SB 239 passed out of the General Assembly in June and awaits the Governor's signature.

### JobsOhio Performance Audit

The Auditor's office has worked with JobsOhio and the General Assembly to require a performance audit of JobsOhio. By the end of 2018, approximately 56 JobsOhio projects will be five years or more from initiation. Using this group of projects aligns with the JobsOhio internal, three-year evaluation. In addition, a five-year window provides for the use of post-metric numbers.

The office successfully lobbied for an amendment in HB 10, which provides for the following:

- A performance audit to be conducted every four years beginning in FY 2021.
- The purpose of the performance audit is to provide independent facts to the legislature, which created JobsOhio as a private entity, using public dollars, to achieve both public and private purposes.
- This approach does not require re-opening the legal question of what is private vs. public money.
- The work would be conducted by a private firm qualified to do the analysis.
- The Auditor's office would be a party to the contract with JobsOhio and the firm selected to do the work. This allows the Auditor of State to have a say in the scope design and access to the work papers.
- The performance audit itself would be a public record, posted to the Auditor of State website.

HB 10 is currently awaiting a concurrence vote in the House.

### E-School Recommendations (SB 216/HB 87)

Since 2015, the Auditor of State has advocated for better controls to regulate how attendance is measured at e-schools for funding purposes. Based on the work of auditors reviewing how e-schools measure attendance using Learning Management Software (LMS), the office put forth recommendations to improve the funding model. Most notably, the office recommended the state move to a performance-based funding model where schools are compensated according to their educational outcomes – an approach that has been successful in Florida, Texas, California, and Utah. In addition, Auditor Yost suggested

that the legislature do the following:

- Require ODE to define what constitutes “documentation of online learning,” “idle time,” “educational vs. non-educational,” “participation,” and “classroom.”
- Add the following categories to the footnote disclosure for management companies: Communications, advertising and promotion, travel, food, books/periodicals/films, overhead, in-kind donations, lobbying, accounting, legal services, and information technology. The legislature should add subsidiaries of management companies, when calculating whether the 20 percent threshold is met for purposes of the footnote disclosure.
- ODE's area coordinators should include both types of information (duration and participation) in their calculations to provide a clearer picture of student participation. This is particularly critical if the funding model remains unchanged. The Full-Time Equivalent Manual should reflect these calculations and needs to be enforced.
- Regulators should set uniform standards for LMS to force a logout after a pre-determined period of inactivity. ODE must clearly define “idle time” and “allowable parameters” relative to e-schools.
- The legislature should require ODE to ensure uniform application of standards by ODE's area coordinators as they relate to participation.
- Allow e-schools to disenroll students who are not actively participating. The General Assembly should adopt a law or direct ODE to adopt rules to clearly define when a school can determine a student is not capable of attending an e-school, establish guidelines that would limit the students from re-enrolling in the same e-school, and limit the number of e-schools a student can attend before no longer being eligible to attend.
- The legislature should either reduce the 105-hour rule to some lower threshold or implement a cumulative hour threshold akin to public schools.
- ODE should review the ability of those programs to adequately and accurately track student participation and create an “approved list” of module vendors that meet the participation requirements.
- When a community school and its management company are owned by the same individual or business entity, or the same individual or entity holds significant interest in both the community school and its management company, the General Assembly should require the management company and/or other related entities to indemnify the school for losses up to the amount of the profit realized or the monies received by the management company and/or other related entities.
- The legislature should require operators to disclose all subcontracts when it submits its financial statements as part of the required contract disclosures already in place with sponsors.

Because of the office's advocacy, many of these recommendations were included in HB 87 and SB 216 of the 132nd General Assembly.

*Continued on next page >>*



*Continued from previous page*

### **HB 553 and SB 268: Protecting Ohio's Taxpayers from Corrupt Public Officials**

The Auditor of State's office works diligently to root out fraud and prosecute corrupt public officials and employees. The most common charge the office brings against these individuals is theft in office. SB 268 and HB 553, introduced by Sen. Steve Wilson and Rep. Bob Cupp, respectively, would ensure that corrupt officials and employees are prosecuted to the fullest extent possible.

Currently, theft in office has a ceiling of a third-degree felony, while the theft statute includes first- and second-degree felonies. Cases of theft in office over \$1 million can only be prosecuted up to a third-degree felony, which is often done in order to prevent the offender from holding public office again. Creating F-1 and F-2 offenses for theft in office would create parity between these two crimes.

The proposed language also would clarify that in theft in office cases, a judge may order forensic audit costs as part of restitution. Some courts have ruled that such costs are not directly related to the theft and therefore cannot be included in a restitution order. In such cases, a local entity may be robbed and left with a bill to find out how much the thief stole. SB 268 is currently awaiting a second hearing in the House Government Accountability and Oversight Committee.

### **SB 218: Promoting Integrity in Ohio's Medicaid Program**

Currently there are 110,000 Medicaid providers in Ohio. Transportation and home health Medicaid providers make up between 13 and 17 percent of all providers, but 84 percent of the Attorney General's Medicaid fraud convictions. The Auditor of State's office has found more than \$33.3 million in improper payments to Medicaid providers since 2011, while only 9.6 percent has been recovered by the state. Common issues include services provided by unqualified or unlicensed providers and services that lack required supporting documentation. Providers are sometimes unable to repay the money, leading some to close and reopen under a different name in order to avoid repayment.

SB 218, introduced by Sen. Peggy Lehner, would help make the state whole in these situations and curb preventable errors from happening in the first place. The bill would require transportation and home health Medicaid providers to hold a surety bond with the Department of Medicaid in order to assure repayment. Independent providers who care for family members and have received clean reviews for the past three years are exempt from the requirement. These providers also would have a two-year grace period to learn the requirements of the Medicaid system. In addition, the bill would require online training on billing, records retention, and other Medicaid rules as a prerequisite to becoming a provider in these sectors. SB 218 is currently pending before the Senate Health, Human Services, and Medicaid Committee.

## LEGAL DIVISION

In addition to the Chief Legal Counsel, the Legal Division employs five full-time staff attorneys, one administrative staffer and one legal intern. Attorneys are assigned to provide legal assistance to Auditor of State employees in one or more of the office's seven geographic regions, and to the state, Medicaid, and performance audit sections.

The Legal Division also provides continuing education to elected officials and government employees through training programs and conferences on government issues, as well as in-house instruction and updates on legal matters to Auditor of State employees. Legal staff provide updates and training to various units of local government, in addition to responses to constituent inquiries about legal issues. Under an arrangement with the Ohio Attorney General, the division's attorneys travel throughout the state and make presentations of the Certified Public Records Training, which every elected official in Ohio is required to take once each term. In the past year, the division has provided legal presentations to over 2,000 participants at almost 40 gatherings on subjects including sunshine laws, force account spending, Robert's Rules of Order, motions, resolutions and ordinances, findings for recovery and proper public purposes, the disposition of public property, and public bidding.

The Legal Division is responsible for tracking claims for public money determined to be missing, misappropriated or stolen, due but not collected, or unaccounted for, and for which findings for recovery were issued during the audit process. Ohio law prohibits any state agency or political subdivision from awarding a contract for goods, services, or construction to any person or entity against which a finding for recovery has been issued by the Auditor of State as long as the finding remains unpaid and unresolved. The division also maintains a web page that enables public bodies to view findings for recovery during the contract process.

On occasion, audits uncover potentially unethical conduct by public officials. In any such situation, the division prepares a referral to the Ohio Ethics Commission for investigation and action. The division also assists in the preparation of referrals to other governmental agencies when public entities fail to properly remit employee taxes and benefits.

In addition to findings for recovery, audits may include findings for adjustment, which involve expenditures that a public entity has made from an inappropriate source or fund. Audits also may contain noncompliance comments or management letters, both of which note failures to comply with legal requirements or best financial practices. The division may review and approve such entries before their inclusion in audits.

Attorneys in the division also prepare all deeds and other documents of transfer in disposition of real estate by the State of Ohio. Data and information related to such transfers are secured by the division. Once the division has drafted the deed and obtained approval by the Office of the Attorney General, the deed is signed by the Auditor, then sent to the offices of the Secretary of State and the Governor for signature. During the past fiscal year, 62 transfer documents were processed by the division.

In addition, attorneys of the division provide legal advice and assistance to the various departments of the Auditor's office and their employees and staff on matters related to office operations. Further, the Legal Division oversees contracting of independent public accountants, and approves all contracts entered into by the Auditor of State's office.



### WHAT DOES LEGAL DO?

- ▶ Tracks claims for public money
- ▶ Makes referrals to the Ohio Ethics Commission
- ▶ Reviews letters and comments attached to audits
- ▶ Prepares deeds and documents of transfer for real estate
- ▶ Provides legal advice and assistance to the office



Ohio Auditor of State



@OhioAuditor



www.ohioauditor.gov



The Public Affairs Division is responsible for all internal and external communications and publications for the Auditor of State's office. The division also serves as a liaison between the Auditor of State's office and the news media. Public Affairs issues news releases and manages the content of the office's website, ensuring that the public – through the news media and the internet – has timely, accurate information about the activities of the office.

### **Multimedia and Social Media**

One of the many responsibilities of the Public Affairs Division is to help the public, including the media, understand complex audit information by communicating it clearly. To aide in this mission, the division has placed greater emphasis on the use of multimedia to enhance the presentation of information through: infographics, interactive maps, video, photo and audio.

The division also operates the Auditor of State's Twitter and Facebook accounts, which allow the office to better interact with and spread information to the public and news media. During the past year, the division's Twitter followers grew by 16 percent and there was a 10 percent increase in new Facebook likes.

### **Field Operations**

The Auditor of State's office has liaisons in each of the regional offices across the state. The main role of the Field Operations team is to serve as the link between the Auditor's office, local officials and the general public. The regional liaisons work closely with other Auditor of State staff to provide assistance and information for the benefit of taxpayers.

The Auditor of State's Administrative Division is responsible for overseeing the operations of the office and comprises the **Information Technology, Human Resources, Finance and the Uniform Accounting Network**. This division includes senior staff members, led by the Chief of Staff. Together, the Administrative Division implements policies and procedures for the office.



### Human Resources

The Auditor of State's Human Resources Department promotes employee relations, creates an equal employment opportunity workplace and provides quality service, guidance and assistance to all employees in areas related to Human Resources. These areas include promotions and transfers, new hires and resignations, healthcare benefits and labor relations. The department also is responsible for developing, enforcing and maintaining all employee policies and procedures for the Auditor's office. The department is made up of three sections:

#### Payroll

The payroll section is responsible for preparing Auditor of State payroll for submission to the Department of Administrative Services, reviewing employee payroll information and verifying accuracy of information entered into the computer system. Additionally, the department assists with and responds to inquiries from employees regarding payroll issues and the completion of payroll-related forms.

#### Recruitment

This section recruits prospective

employees for the Auditor of State's office. Human Resources staff members visit college campuses and job fairs to educate potential employees on the benefits of joining the office.

#### Human Capital Management

This section, HR's largest, is responsible for processing all personnel actions and employee movements, such as hiring, terminations and promotions. They are also responsible to ensure the office complies with Equal Employment Opportunity and Family

*Continued on next page >>*

Medical Leave laws and disputes all unemployment compensation benefit appeals. This section is also responsible for formulating & implementing policies & procedures for the office and handles all Workers' Compensation claims. The staff answers and addressing all AOS staff human resource needs related to their employment.

## Information Technology

Information Technology (IT) develops and maintains the technology used by the Auditor of State's office. A significant number of Auditor of State employees regularly work off-site, so it is vital they have convenient and timely access to the office's computer network. The IT Department ensures the office's computer systems function properly and all employees are able to access the information they need to efficiently perform their duties.

During FY 2018, the department completed the following projects:

- To assess the office's cybersecurity, IT contracted with a firm to launch a simulated cyberattack
- Acquired a vulnerability scanner to perform in-house cybersecurity assessments
- Promoted cybersecurity awareness among staff with simulated phishing emails
- Developed a mobile application for staff to submit travel reimbursement requests by phone
- Created and tested a new application for timesheet submission
- Streamlined the application auditors use to report findings for recovery

## Uniform Accounting Network

The Uniform Accounting Network (UAN) is a financial management system designed specifically for Ohio's local governments. The program is administered by the Auditor of State and provides townships, villages, libraries, special districts and a city with a complete computer system (hardware and software), along with training and support.

The UAN application comprises five modules: Accounting, Payroll, Budget, Inventory and Cemetery. The Auditor of State's office provides training on the five modules to fiscal officers in our Columbus office, online and on demand.

UAN has increased its client base in the past year from 1,948 to 1,994 local governments. The table below summarizes the population of UAN clients:

### CURRENT UAN MEMBERSHIP

	UAN Total of Entity Type	Ohio Total of Entity Type	Entites within Ohio on UAN
Townships	1,210	1,308	93%
Villages	494	681	73%
Libraries	154	251	61%
Special Districts	134	582	23%
Cities	2	251	1%
<b>TOTALS</b>	<b>1,994</b>	<b>3,073</b>	<b>65%</b>

## Finance

The Finance Department is responsible for procurement, budgeting, contracts, leases, controlling board submissions, purchasing card administration, inventory, receiving and billing, and annual external financial reporting. The department also assists with public records requests and processes and records audit division bank confirmation requests.

During FY 2018, the Finance Department participated in the following projects:

- Worked with the IT Department to relocate the Athens and Cambridge offices. The new Athens office houses a training room capable of seating 85 people. The facility provides increased flexibility and will help reduce training costs and the administrative time needed to secure outside training venues.
- Collaborated with the IT Department to implement a new application for staff to submit travel receipt expense reimbursement requests. The improved process has reduced the administrative time needed to process the requests.
- Worked with other departments to publish the office's FY 2017 Comprehensive Annual Financial Report, which was recognized by the Government Finance Officers Association with a Certificate of Achievement for Excellence in Financial Reporting.

• Promoted the office's online billing resources, increasing the number of eServices website clients (5,367 total) and electronic billing statement clients (2,565 total).

On average, 47 percent of monthly client account billings are now electronic. This has significantly reduced paper and postage expenses, as well as the hours of work needed to complete monthly billing statements.



# 2018 ANNUAL REPORT

# OFFICE ORGANIZATION

## Department Organization

### DAVE YOST

Auditor of State

#### Audit

- Financial Audit
- Medicaid/Contract Audit
- Center for Audit Excellence
- Local Government Services

#### Ohio Performance Team

#### Public Integrity Assurance Team

#### Legal

- Open Government Unit

#### Policy & Legislative Affairs

#### Public Affairs

- Field Operations

#### Administrative

- Finance
- Human Resources
- Information Technology
- Uniform Accounting Network

## Contact Information

### ADMINISTRATION

88 E. Broad St., 5th Floor  
Columbus, OH 43215

**Phone:** 800-282-0370

**Fax:** 614-466-4490

**Email:** [contactus@ohioauditor.gov](mailto:contactus@ohioauditor.gov)

### LOCAL GOVERNMENT SERVICES

**Phone:** 800-345-2519

**Fax:** 614-728-8027

### PUBLIC AFFAIRS & MEDIA INQUIRIES

**Phone:** 614-644-1111

**Fax:** 614-446-4490

### UNIFORM ACCOUNTING NETWORK (UAN)

**Phone:** 800-833-8261

**Fax:** 877-272-0088

**Email:** [UAN\\_Support@ohioauditor.gov](mailto:UAN_Support@ohioauditor.gov)

### FRAUD HOTLINE

866-FRAUD-OH (866-372-8364)

### PUBLIC RECORDS HOTLINE

**Phone:** 888-877-7760



**Dave Yost**  
Ohio Auditor of State

88 E. Broad St.  
Columbus, OH 43215  
800-282-0370  
614-466-4490  
[www.ohioauditor.gov](http://www.ohioauditor.gov)