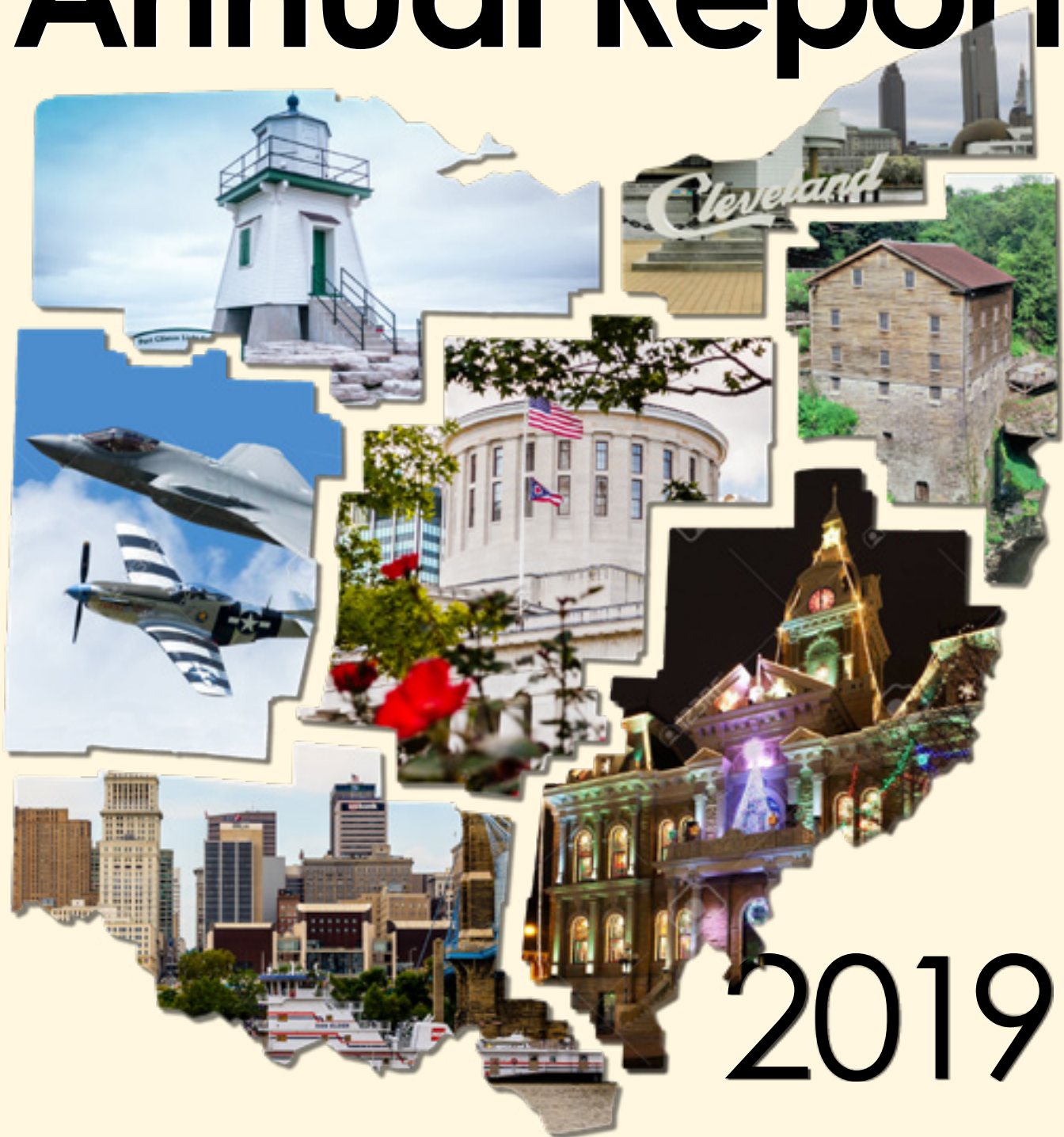


OHIO AUDITOR OF STATE
KEITH FABER

Annual Report



2019



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Cover photos, clockwise from top left:

1. Port Clinton Lighthouse Station; **2.** Cleveland Script; **3.** Lanterman's Mill near Youngstown; **4.** Court-house Holiday Light Show in Cambridge; **5.** Cincinnati skyline; **6.** Dayton Air Show; **7.** Ohio Statehouse in Columbus | *Photos 1, 3, 4 and 6 from 123rf.com; Photos 2, 5 and 7 by Rob Abel/AOS*

Inside: Except where noted, all photos by Rob Abel/AOS

Mission

As Ohio's chief compliance officer, the Auditor of State makes Ohio government more efficient, effective and transparent by placing checks and balances on state and local governments for taxpayers.

Letter from the Auditor



Since I took office, the fiscal year 2019 has come to an end, three performance audits of state agencies have been released, more than 85 findings for recovery totaling over \$4 million have been issued, and an additional \$10 million has been secured to assist local governments with audit costs. We have been working with the General Assembly and stakeholders from across the state to develop an agenda that benefits all Ohioans. These are just a few of the efforts our office has taken to ensure more efficient, effective, and transparent governments in Ohio.

This report summarizes some of the initiatives and projects that my team has completed or started since January. Highlights include:

Secured Local Government Audit Support Fund

Allocated in the state budget, an additional \$10 million will be available to help alleviate and maintain the costs of audits for qualifying entities. This fund allows small governments to anticipate audit costs and enables the Auditor's office to continue the existing subsidy for audit services.

Increased Public Records Transparency

After increasing the frequency of public record compliance audits, the office wanted to take it one step further. The Star Rating System (StaRS) will look for best practices in public record services and create an opportunity for public entities to go above and beyond compliance. This rewards entities for being more transparent and encourages easier access to public records.

Completed Performance Audits

In the three performance audits of state agencies released since January, the performance team identified roughly \$6 million in annual potential savings. Improved management and opportunities to be more efficient and effective are the result of our partnerships with state agencies. The positive impact of our performance audits has led to proposed legislation to allow more performance audits of institutions of higher education.

Advocated for Legislative Initiatives

Working with the General Assembly to identify areas to protect and save tax dollars, we have assisted with legislation to increase penalties for theft in office and remove the cap limiting performance audits on higher education.

Efficient. Effective. Transparent.

You will see those three words reflected in our efforts throughout this report and our work to come. It is an honor to serve Ohio as the Auditor of State and I am proud of what we have already accomplished as a watchdog for taxpayers.

Sincerely,

A handwritten signature in black ink that reads "Keith Faber".

Auditor of State

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Ohio Auditor of State's Office



Senior staff: **Tom Ruebel**, Director of Government Affairs, left; **Matt Eiselstein**, Director of Communications; **Mary DeGenaro**, Chief Legal Counsel; **Sloan Spalding**, Chief of Staff; **Keith Faber**, Auditor of State; **Bob Hinkle**, Chief Deputy Auditor; **Alex Bilchak**, Deputy Chief of Staff; **Cindi Becker**, Director of Human Resources; **Tim Keen**, Senior Advisor to the Auditor



Inauguration Day: Keith Faber is sworn in on Jan. 14, 2019, as Ohio's 33rd Auditor of State by Justice Sharon Kennedy, as Senate President Larry Obhof looks on. Next to Auditor Faber is his son, Adam; his wife, Andrea; and his daughter, Brooke.

Right: Auditor Faber met with administrators and students at the Campus International School while visiting Cleveland State University in April.



Above: Auditor Faber extended a helping hand in his hometown of Celina after tornadoes tore through the area Memorial Day weekend.

Left: The Auditor speaks in support of SB10 at a news conference.

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Efficiencies in Higher Education



Auditor Faber visited Ohio University in May and discussed ways they are cutting the cost of a degree.

Did you know?

As President of the Ohio Senate, Auditor Faber issued the 5% Challenge to state colleges and universities to cut the cost of a degree. This resulted in statewide average savings of 11.7% for students.

As student debt continues to rise and the number of students attending Ohio's colleges declines, we are at a unique crossroads in higher education. Ohio is ranked 13th in the nation for students graduating with the most debt — and tuition costs continue to increase. Senate Bill 120 removes the cap on the number of performance audits that may be conducted on institutions of higher education per biennium, and our office plans to increase the number of those audits in search of efficiencies that can translate to cost savings for students. In the performance audit of Ohio State University's IT and Shared Services, we identified over \$6 million in savings. This is just the tip of the iceberg. From large urban universities to small rural community colleges, there are savings to be found.

Auditor Faber has visited multiple 2- and 4-year universities across the state. He continues to meet with presidents and chief financial officers to discuss cost-saving initiatives for students.



Auditor Keith Faber testified at the SB 10 hearing in March.

Rooting out Fraud, Waste and Abuse

Ohioans must be able to trust elected officials to be responsible with their hard-earned tax dollars. Any abuse or public corruption will not be tolerated. The Auditor's Special Investigations Unit has played a prominent role in cases across the state, leading to the restoration of public money and removal of crooked officials from their positions.

As part of our continued crackdown on fraudulent and unethical officials, we supported and helped draft Senate Bill 10 to increase penalties for those convicted of Theft in Office. The new law would increase the maximum penalty for a conviction from a 3-year prison sentence or \$10,000 fine to an 11-year sentence or \$20,000 fine. Also, the convicted would be required to pay for all audit costs incurred uncovering their misdeeds.

“Thousands of people interact with government money every day. It is a small percent that feel entitled to manipulate and capitalize on taxpayers' trust, but if they do, the punishment should match those for the private sector.”

Auditor Faber

By the numbers

Since
Jan. 14, 2019:

85

Findings for
recovery issued

**Over
4 million**

Tax dollars
identified as
misspent

140

Average number
of open cases
in our Special
Investigations Unit

**1-866-
FraudOH**

The number to
call to report
suspected fraud in
government

Audit Assistance for Local Governments

It's important to note that AOS audit charges historically have not fully covered the costs of audits so the state must provide subsidies for much of the work the Auditor's office conducts in Ohio's communities. As the actual cost of services has increased over the years our fees have not and neither has the subsidy. Since taking office, it has become clear that this way of doing business was no longer tenable.

Our goal is and will continue to be to provide our clients, particularly smaller public entities, with affordable services to limit the financial burden audits may create. To achieve that end, we prepared legislative language to establish a new Local Government Audit Support Fund (LGASF). This non-GRF fund would be funded like the Local Government Fund (LGF) through a dedicated stream of general-purpose tax dollars. Beyond helping address our inherited fund imbalances, the LGASF will serve as a mechanism to make clear the role of state resources in offsetting audit costs charged to local governments, avoid a spike in audit charges for our local government customers, and in some cases, possibly begin to provide audit expense relief.

These additional funds could also be key to helping make cost-cutting performance audits more readily available for local government officials. By promoting and conducting performance audits, we are able to better ensure that local tax dollars are being used efficiently and effectively.



The Ohio Statehouse in Columbus.

Other Accomplishments

Greater Transparency

Under Auditor Faber, annual audits will move beyond simply identifying whether public offices are complying with Ohio's Sunshine Laws. These audits will now identify best practices that are being employed by government entities across the state. The StaRS system, scheduled to be implemented later this year, will recognize public offices for their achievements in providing and maintaining outstanding public-records practices.

Space Consolidation

In accordance with our mission to be more efficient and effective, changes in space and office allocation were made to ensure maximum efficiency.

With a changing work environment that allows remote work location, these changes allow the Auditor's office to save taxpayer dollars for office space and reduce the need for travel reimbursements as field staff will spend more time in their home districts and offices.



Four interns from Cristo Rey High School in Columbus will join the Auditor's office. *Photo: Allie Dumski/AOS*

Educational Programs

Auditor Faber also initiated more opportunities for young people to become acquainted with the office through internships and educational programs.

In addition to revamping the internship and fellowship programs this fall, the Auditor's office will welcome four student workers from Cristo Rey High School in Columbus

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What does the Financial Audit section do?

- Conducts audits of all public entities as required by Ohio law.
- Performs financial and compliance audits of each public entity at least once every two fiscal years.
- Reviews 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.
- Determines whether an entity has complied with the laws, rules, ordinances, and orders pertaining to the office.

Financial Audits

Center for Audit Excellence

During FY 2019, The Auditor of State's Center for Audit Excellence (CFAE):

- Facilitated a Housing and Urban Development (HUD) external review.
- Administered contracts with Independent Public Accountant (IPA) firms.
- Certified 1,870 IPA reports.
- Performed approximately 50 working-paper reviews of IPA firms.
- Completed eight internal regional reviews.
- Managed the Hinkle Annual Financial Data Reporting System for submission of annual financial statements/data.
- Provided guidance via publications, practice aids, consultations, and internal and external training.
- Rolled out the executive summary portal application developed in FY 2018. As expected, the portal is enhancing the office's ability to research and report on audit statistics for various entities.

Independent Public Accountants

The Auditor of State's office contracts with Independent Public Accountants (IPAs) to satisfy its obligation to perform audits of each public office.

- From July 1, 2018, through June 30, 2019, the Auditor's office released 1,870 financial audit reports performed by IPAs, including 1,424 traditional financial audits and 446 AUP engagements.
- IPA firms interested in bidding on financial audits must register at the online IPA Portal and be approved by the Auditor of State's office. There are 78 active IPA firms registered with the office. The IPA portal allows the 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.
 - Process client contract modifications.

Hinkle System Annual Financial Data Reporting System

The Hinkle System is an online application that allows financial statements and debt and demographic data to be uploaded to the Auditor's office.

- During FY 2019, financial statements from 5,400 entities were filed through the Hinkle System -- about 98 percent of the entities required to file reports during the year.
- In FY 2019, the office began posting the data filed via the Hinkle System on the AOS website, increasing public access and transparency.
- The Hinkle System is used to compile the Financial Health Indicators for counties and cities. In the fall of 2018, the reporting of the Financial Health Indicators received one of five Government-to-Government Experience national awards from the Center for Digital Government.

Guidance, Publications, and Consultations

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

- FY 2019 was the first year for auditing the new Other Post-Employment Benefit (OPEB) reporting requirements (GASB 75) for employers. CFAE conducted training on OPEB (GASB 75) standards for audit staff during its regional trainings and provided training for IPAs.
- CFAE prepared and maintains a multitude of practice aids, audit programs and example shells in accordance with these standards, and provided support and consultation services to all regions and administration.

During FY 2019, CFAE:

- Completed more than 1,800 regional staff consultations for local and state government engagements for complex engagement issues and report reviews.
- Provided training throughout the year to Auditor of State staff as well as IPAs, local governments, and other state agencies.

By the numbers

July 1, 2018,
through June 30,
2019

4,240

Audit reports
released

**\$10.4
million**

Findings for
recovery issued
from 135 reports

Audits performed by both AOS and independent public accounting firms included:

Basic audits

Additional
financial and
compliance
audits

Agreed-upon
procedure (AUP)
engagements

Staying current with the standards

- Since the accounting and auditing standards are ever-changing, the Auditor of State's office must keep current with changes to audit and accounting standards issued by the American Institute of CPAs, in addition to changes issued by the U.S. Government Accountability Office (GAO), Governmental Accounting Standards Board (GASB), and the federal government.
- CFAE reviewed and responded to several Exposure Drafts issued by these standard-setting boards and, when the final draft was issued, developed guidance, testing procedures, and practice aids for implementation.

Long-term project

- GASB is reexamining the blueprint of state and local government financial reporting with the goal of current financial reporting model. CFAE worked in conjunction with Local Government Services Division (LGS) on a national pilot project team to provide input for the response to GASB's Preliminary Views.

Update to the Ohio Compliance Supplement (OCS)

CFAE published its annual update to the supplement with the Legal Division and Auditor of State administration. The Ohio Compliance Supplement:

- Includes a summary of the legislative and regulatory requirements affecting various local government entity types.
- 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.

National Instant Criminal Background Check System (NICS)

In response to Executive Order 2018-03K: NICS Compliance, guidance and testing procedures were included to address where Ohio law imposes requirements on some local governments to report information to the Ohio Bureau of Criminal Identification and Investigation (BCI&I), that shares the information with NICS.

Ohio Sunshine Laws

Auditor Faber announced the office would introduce a new approach to how the AOS and IPAs report public offices' compliance with Ohio's Sunshine Laws. CFAE, in collaboration with the Legal Division and Auditor of State administration, worked to develop guidance and testing procedures for this new approach, which will be applied to audit engagements in the future.

Medicaid Contract Audit Section (MCA)

MCA is a standalone department under the Audit Division. It employs 16 professionals who combat fraud, waste, and abuse; identify improper Medicaid payments; and improve the integrity and cost-effectiveness of the Medicaid program.

- MCA participates in a number of interagency Medicaid integrity groups and the Ohio Healthcare Investigators Organization.
- MCA works with the Ohio Department of Medicaid (ODM) to perform compliance examinations of Medicaid providers and data-mining activities that identify risk areas for fraud, waste and abuse.
- Under interagency agreements with ODM, the MCA tests the cost reports submitted by intermediate-care facilities for individuals with intellectual disabilities, including state-operated developmental centers, and PASSPORT administrative agencies.
- MCA tests payments made to providers for implementing electronic health records in the Medicaid Provider Incentive Programs (MPIP).
- During FY 2019, AOS released 16 Medicaid provider compliance examinations and identified \$22 million in overpayments.
- MCA released 18 reports on intermediate-care facilities, which identified more than \$41,000 in overpayments.
- MCA released 6 PASSPORT administrative agency reports identifying more than \$12,000 in non-federal reimbursable costs.
- MCA released a total of 302 MPIP reports.
- MCA completed procedures under an agreement with the Ohio Department of Developmental Disabilities to test cost reports submitted by county boards of developmental disabilities and councils of governments.
 - The final 25 reports were released during the first half of FY 2019 and identified more than \$3 million in non-federal reimbursable costs and more than \$17,000 in improper payments.
- MCA reviewed pharmacy services in the Medicaid program, specifically around pharmacy benefit management services contracted by Medicaid managed-care plans.
 - The report, released in August 2018, provided recommendations to improve oversight of pharmacy services and a number of issues for further study.

By the numbers

368

Number of reports produced by MCA

\$22 million

Improper payments charged to Medicaid program

\$3 million

Costs incorrectly charged to Medicaid

Special Investigations Unit

The Special Investigations Unit (SIU) serves as a link between the Auditor of State's office and the law-enforcement community. SIU consists of 10 investigators, 12 forensic auditors, and an attorney, along with others who combine investigative, special auditing, and legal specialties into a cohesive team.

The Unit has collaborated with federal, state, and local law-enforcement agencies in cases across the state of Ohio. For example:

Maintenance Foreman Diverts Purchases

Strongsville City School District

An anonymous tip submitted via the AOS fraud mobile application led to the discovery that 78 school-district items worth more than \$67,000 had been converted to personal use by the district's maintenance foreman, Robert Schwerman, over a five-year period.

After various interviews and reviews of the maintenance department purchases and historical satellite images of Mr. Schwerman's residence, SIU obtained a search warrant. On May 10, 2018, with the aid of the Lorain County Sheriff's Office and the Strongsville Police Department, SIU discovered a multitude of school district items at Mr. Schwerman's residence, including:

- Generac whole-house generator
- Furnace, air-conditioning unit
- Whole-house air filtration system
- Tankless hot water heater
- Garage heater
- Portable carport
- Various hand tools
- Scag Cheetah zero turn lawn mower with accessories worth more than \$10,000
- \$30,000 customized John Deere Gator utility vehicle

What happened to the district property?

- 41 items were returned to the school district, then sold at public auction.
- 10 items were returned to the school district and retained for district use.
- 27 items were left at Mr. Schwerman's residence due to the difficulty of removal.

Result: On Sept. 11, 2018, Mr. Schwerman pleaded guilty to charges of theft in office and tampering with records. On Oct. 16, 2018, Schwerman was sentenced to nine months in prison and ordered to make restitution.

Stealing from Dog Adoption & Donation Funds

Columbiana County Dog Warden

The Columbiana County Prosecutor's Office received a tip that the County Dog Warden, Dawn Croft, was stealing dog adoption and donation money from the County Pound. The prosecutor's office requested SIU assistance with an audit investigation.

SIU's audit identified \$26,267 taken by Ms. Croft through multiple schemes:

- Altering receipts
- Check substitution in deposits
- Theft of funds from a PayPal account that was set up to receive payments without the County Commissioner's knowledge

The condition of the pound's records prohibited SIU from identifying the full extent of Ms. Croft's theft.

Result: Ms. Croft pleaded guilty to theft in office, money laundering, and tampering with records—all third-degree felonies. She was sentenced to 12 months in prison and paid restitution in full before sentencing.

Theft from Two Middle-School Groups

Shawnee Local School District

At the request of the Shawnee Township Police Department, SIU conducted an investigation and special audit of the Shawnee Middle School PTC and the Shawnee Little Indians Volleyball organizations.

Heather O'Connor, volunteer treasurer for both organizations, was found to have stolen \$77,587 from the PTC and \$9,277 from the volleyball group.

Result: Ms. O'Connor pleaded guilty to one count of grand theft and was sentenced to five years of probation and 40 hours of community service, and was ordered to pay full restitution.

Shawnee Audit Uncovers Another Crime

Shawnee Local School District

During the special audit of the Shawnee PTC, another theft was uncovered in the school district. Former middle-school secretary, Kimberly Hall, was found to be depositing checks payable to the school district into the Shawnee Baseball Booster Association bank account.

An investigation and special audit found that Ms. Hall, who was the treasurer of the booster association, had stolen \$34,400 from the school district and \$21,798 from the boosters.

Result: Ms. Hall pleaded guilty to one count of grand theft and one count of theft in office. She was sentenced to two years of probation and 80 hours of community service, and was ordered to pay full restitution to both groups.

Training

Accounting and Auditing (A&A) training

- All Auditor of State audit staff members are required to complete 80 hours of Continuing Professional Education (CPE) every two years.
- The two-day training sessions, which were held in all geographical regions in the spring, provided auditors with 16 hours of CPE credit, and the most up-to-date information to carry out their responsibilities.
- The training will be offered again in the fall and provide an additional 16 hours of CPE credit.

The Fiscal Integrity Act (FIA) online self-reporting portal

- The portal tracks CPE credit hours for more than 2,200 registered fiscal officers
- It offers more than 250 training courses.
- Fiscal officers receive an electronic certificate of completion for filing and auditing purposes once training is completed.

Annual Community School Training Conference

- Last August, the Auditor's office and the Ohio Department of Education hosted the conference, which was attended by more than 200 community-school educators, administrators, and sponsors.
- The program included updates on funding, reporting, legal, and legislative issues. This year, the Community School Conference will be on August 14.

Combined IPA Conference

- AOS and the Ohio Society of CPAs brought together independent audit employees for important updates in auditing and in complying with state requirements. This year the Combined IPA Conference will be held on August 27.

All-Staff Training

- In October, more than 750 employees attended the All-Staff Training, and received important updates to enhance their professional and personal development.

Village Fiscal Officers and Clerks Training

- Five regional sessions focused on:
 - The new credit-card legislation.
 - Ohio Public Employment Retirement System requirements.
 - Duties of a county auditor.
 - Legal matters to help auditors better serve their communities.
- This year, the Village Fiscal Officers Training will be held in October.

Ohio Township Association Annual Conference

In January, the Auditor's office provided several workshops on Auditor of State initiatives and auditing policies. The Uniform Accounting Network reserved booth space at the conference to answer questions and provide assistance for conference attendees.

20th Annual Local Government Officials Conference

In early March, more than 600 officials attended the conference, which provided more than 60 workshops on a variety of topics important to townships, villages, and fire districts.

Subjects included:

- Updates in accounting, auditing, cybersecurity, and ethics.
- The opportunity to earn up to 10.75 hours of CPE credit hours.

19th Annual Emerging Trends in Fraud Investigation and Prevention Conference

In May, the AOS joined the Central Ohio Chapter of Certified Fraud Examiners and the Ohio Attorney General's office to train more than 650 accountants, attorneys, law-enforcement officials, and investigators on the latest trends in fraud investigation and prevention.



The 20th Annual Local Government Officials Conference welcomed over 600 participants in March 2019.

By the numbers

*June 2018 through
June 2019, the
agency helped
prepare:*

55

Comprehensive
annual financial
reports

164

Basic financial
statements

24

Supervision
engagements
(both CAFR
and BFS)

50

Cash basis
statements

**LGS also
responded to:**

167

Fund requests

2,145

Inquiries on
various subjects
from local
governments

Local Government Services

The Local Government Services Section (LGS) is a consulting and fiscal advisory group to all governmental agencies and subdivisions. It provides an array of services including, but not limited to:

- Financial forecasts
- Generally Accepted Accounting Principles (GAAP) conversion assistance
- Annual financial report processing
- Record reconstruction and reconciliation
- Fiscal caution, fiscal watch, or fiscal emergency assistance
- Merger and dissolution assistance
- Financial management training for elected officials.

LGS also distributes publications such as accounting manuals and policy bulletins to help local governments perform their duties and stay up to date on their statutory and accounting requirements.

Fiscal Supervision

LGS is the fiscal supervisor to 31 entities in fiscal emergency, providing financial counsel to both the local governments and the oversight commission in recovery efforts.

The agency helped release the following from fiscal emergency:

- City of Galion
- City of Niles
- Village of Tiro
- Village of Manchester
- St. Clair Township
- Niles City School District

Removed from fiscal caution:

- City of Chillicothe
- Rush Township
- Newton Township
- Franklin Township

Helped:

- Declare fiscal emergency at the Village of Bridgeport
- Declare fiscal watch at Wayne Township
- Elevate the Village of Newtonsville from fiscal caution to fiscal emergency
- Declare the Village of Harrisburg in fiscal caution.
- Dissolve the Village of Limaville

Publications

LGS produced a number of publications, including:

- Village Officer's Handbook
- Ohio Township Handbook
- Ohio County Treasurer's Manual
- Ohio County Sheriff's Manual
- Ohio County Board of Developmental Disabilities Handbook

Training

LGS was involved in both external and internal training, which included hosting the Fall Village Fiscal Officer Training and the 2019 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, financing, legal compliance, ethics requirements, and Ohio's open government laws. Semi-annual internal training for AOS staff took place in August 2018 and December 2018.

More LGS accomplishments

- Assisted with Auditor of State responses to five Governmental Accounting Standards Board (GASB) Exposure Drafts and Preliminary Views Documents.
- Updated regulatory and Other Comprehensive Basis of Accounting financial statement shells and notes.
- Updated Web-GAAP, an internet-based GAAP conversion software application, to assist local governments in the implementation of GASB 75. The software is designed to accommodate schools, counties, and cities.
- Participated in a field test of GASB's Financial Reporting Model Improvements Preliminary Views Document.
- Served on the National State Auditor's Association Audit Standards and Reporting Committee.
- Served on the Ohio Government Finance Officers Association (GFOA) Board of Trustees.
- Was involved in the Ohio School Boards Association Capital Conference.
- Presented to:
 - Ohio GFOA
 - Mid-Ohio Regional Planning Commission
 - Municipal Finance Officials Association
 - Ohio Township Association
 - Ohio Library Council
 - Ohio Fair Manager's Association
 - Ohio Treasurers Association
 - County Auditor's Association of Ohio Student/Practitioner Day at Youngstown State University
 - Ohio Municipal League

Ohio Performance Team

The Ohio Performance Team (OPT) conducts performance audits of Ohio public entities – from the tiniest village to the largest state agencies – to help government leaders provide effective and efficient services in a transparent manner.

Using and teaching data-driven analysis, OPT provides clients with the high-level tools and guidance they need to make management decisions to best serve their constituents.

In FY 2019, OPT released audits for nine fiscally distressed school districts to help improve the cost-effectiveness of operations and resolve financial difficulties. OPT also completed performance audits for three state agencies and one institution of higher learning.



Ohio State University's IT and Shared Services

OPT's performance audit recommended moving computer servers to cost-effective data centers and optimizing the use of printers and copiers. The audit report also identified variation in hiring processes and financial transaction processes in advance of the university moving to a new enterprise system.

Result: Ohio State will be able to save more than \$6.4 million annually.



Ohio Environmental Protection Agency

OPT recommended Ohio EPA reduce its current office footprint to save costs on lease agreements. The report also recommended the agency abandon a previous appropriation for a new warehouse facility and instead expand its current facility.

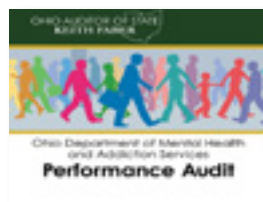
Result: \$1.7 million in savings.



Department of Administrative Services

Auditors recommended transferring the fleet management authority from self-managed state agencies to DAS and reducing the total number of fleet cars by more than 500 vehicles. The report also recommended implementing telematics to gather additional data to manage the fleet in real time.

Result: \$6 million in savings the first year.



Mental Health and Addiction Services

The Performance Team recommended that Mental Health and Addiction Services implement a new formula to distribute funds.

Result: \$15 million could potentially be redirected to areas with a higher need for mental health and addiction services.

Legislative Affairs

House Bill 166: Creates the FY2020-21 operating budget

Status: Signed by the Governor and enacted

- Includes a temporary \$10-million-per-year Local Government Audit Support Fund to keep audit costs low while our office looks for a permanent solution to increasing audit rates.
- Reconfigures our budget line items to better reflect office operations and provide greater transparency to our clients.
- Eliminates the perpetually shrinking political party check-off fund, which is unnecessarily subject to audit.

Senate Bill 10: Expands penalty for theft in office and restitution for audit costs

Status: Passed by the Senate, awaiting House floor vote

- Working with Sen. Steve Wilson, Auditor Faber is ensuring public officials who steal from taxpayers face penalties similar to those faced by any citizen: Theft of more than \$750,000 would carry a Felony-1 penalty; thefts of \$150,000 to \$750,000 would carry a Felony-2.

House Bill 120: Performance audits of institutions of higher education

Status: Passed by the Senate, pending in House Higher Education Committee

- Working with Sens. McColley and Rulli, Auditor Faber wants to remove the limit on the number of colleges and universities the office is permitted to audit each biennium.
 - Currently the office is capped at one institution of higher education per biennium. With 14 public universities and 23 community colleges in Ohio, it would take 74 years to complete a single round of performance audits.

House Bill 311: Authorize counties to obtain an inspector general

Status: Introduced in the House, awaiting committee assignment

- Rep. Greenspan's bill would create a standardized process for counties to appoint their own inspectors general. Any inspector general would be required to maintain communication with the Auditor's office during investigations and about issues related to our work.

By the numbers

8

Employees
in the Legal
Division:

1 chief legal
counsel

1 deputy chief
legal counsel

4 assistants

1 administrative
assistant

1 intern

Legal Division

The Legal Division provides assistance to AOS employees in the office's seven geographic regions, as well as to the state, Medicaid, and performance-audit sections.

The division also:

- Provides continuing education to elected officials and government employees.
- Reviews and approves audit findings before their inclusion in audit reports.
- Offers in-house instruction and advice on legal matters for Auditor of State employees.
- Helps mentor the next generation by maintaining an internship position for a law student.
- Updates manuals and training programs for various units of local government.
- Responds to constituent inquiries about legal issues.
- Presents Certified Public Records Training sessions, which every elected official in Ohio is required to take once each term.
- Tracks claims for public money for which findings for recovery or adjustment are issued during the audit process.
- Because state agencies are not allowed to award contracts to any entity toward which a finding for recovery has been issued and is unresolved, the division also maintains a web page that enables public bodies to view findings for recovery during the contract process.
- Refers potentially unethical conduct by public officials to the Ohio Ethics Commission for investigation.
- Helps prepare referrals to other governmental agencies when public entities fail to properly remit employee taxes and benefits.
- Prepares deeds and other documents of transfer in disposition of real estate by the State of Ohio. During the past fiscal year, the division processed 62 transfer documents.
- Serves as AOS Open Government Unit, responding to all public records requests.
- Oversees contracting of independent public accountants, and approves all contracts entered into by the Auditor of State's office.

Public Affairs

The Public Affairs Division is responsible for all internal and external communications and publications for the Auditor of State's office. The division issues news releases and manages the content of the office's website.

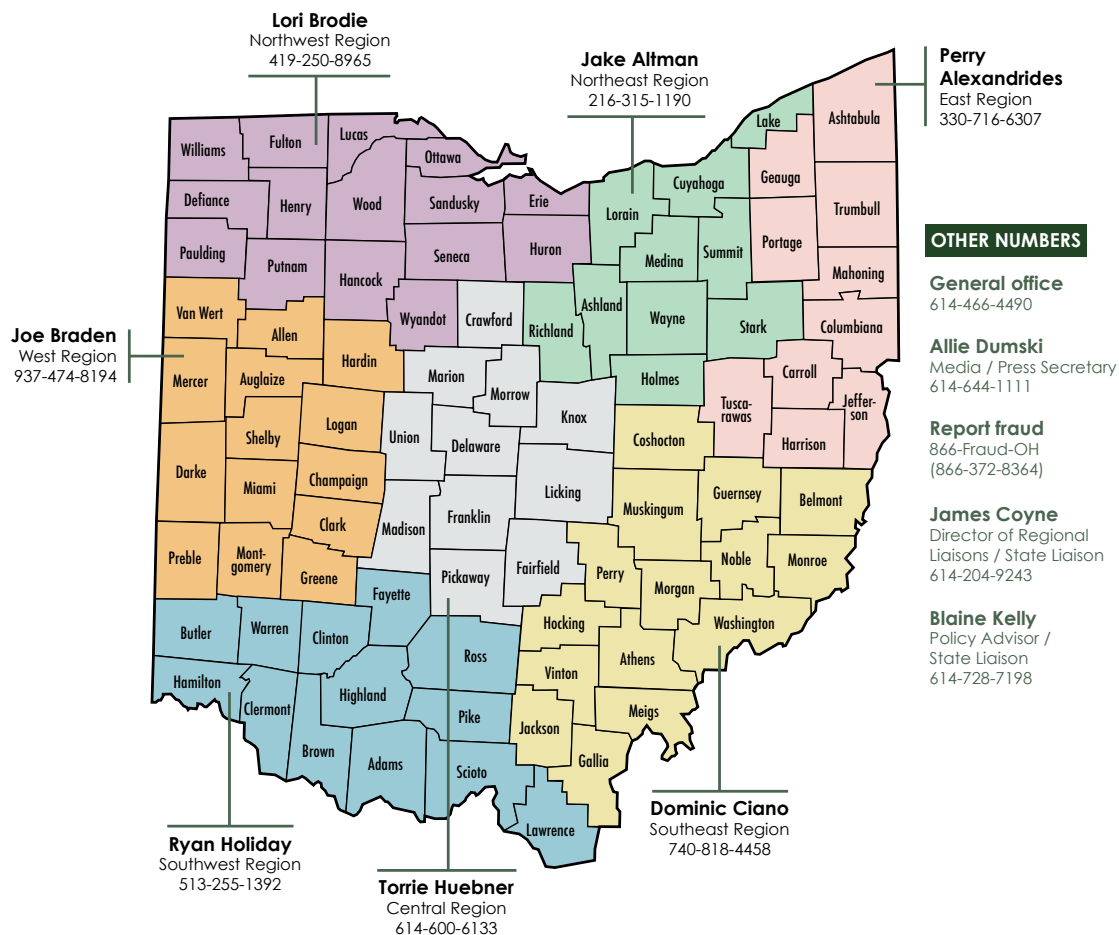
Multimedia and Social Media

To help the public and the media understand complex audit information, the division continues to expand its use of multimedia to enhance the presentation of information through:

- Video, audio
- Twitter, Facebook, Instagram
- Infographics, interactive maps, photography

Field Operations

The Field Operations team is the link among the Auditor's office, local officials, and the public. These regional liaisons work closely with other AOS staff to provide assistance and information for the benefit of taxpayers.



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ADMINISTRATIVE SERVICES



Efficient • Effective • Transparent

Human Resources

The Human Resources Department directs policy on human-resource management issues and related administrative support for all Auditor of State offices. The department strives to develop programs that attract, develop, retain, and engage a skilled and diverse workforce.

HR creates an equal-employment opportunity workplace and provides guidance and assistance in areas such as employee relations, promotions and transfers, new hires and resignations, health-care benefits, and labor relations. The department also develops, enforces, and maintains employee policies and procedures for the Auditor's office.

The department consists 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. The department also assists with and responds to inquiries from employees regarding payroll issues. The payroll staff serves as a liaison between employees and the Department of Administrative Services for benefits-related inquiries.

Recruitment

This section is responsible for finding and hiring the most-qualified candidates in a timely and cost-effective manner. The recruitment team builds and maintains strategic partnerships with Ohio colleges and universities to educate potential candidates about 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, transfers, terminations, and promotions. It also ensures the office complies with Equal Employment Opportunity and Family Medical Leave laws and disputes unemployment compensation benefit appeals and processes all Workers' Compensation claims.

Finance

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

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

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 2019, the department completed the following projects:

- Replaced all agency laptops and upgraded to Microsoft's Windows 10.
- Implemented a new timesheet application.
- Implemented the project Executive Summary application.
- Improved audit project reporting.
- Enhanced eServices to provide more information to audit customers
- Implemented a new SIEM tool to guard against cyberattacks.

Uniform Accounting Network

The Uniform Accounting Network (UAN) is a financial management system designed for Ohio's local governments. The office provides townships, villages, libraries, special districts, and cities with a complete computer system, along with training and support.

The UAN application comprises five modules:

- Accounting
- Payroll
- Budget
- Inventory
- Cemetery

The Auditor of State's office provides training online, on-demand, and in our Columbus office.

UAN has increased its client base in the past year from 1,994 to 2,043 local governments. The table below summarizes the population of UAN clients.

UAN CLIENT BASE	Ohio entities	UAN clients	% on UAN
Townships	1308	1224	94%
Villages	681	506	74%
Libraries	251	159	63%
Special districts	582	152	26%
Cities	251	2	1%
Total	3073	2043	66%

Office organization



Artifacts on display in the Auditor of State ceremonial office at the Statehouse

Keith Faber, Auditor of State

Office Division

- » Financial Audits
- » Training
- » Local Government Services
- » Ohio Performance Team
- » Special Investigations Unit
- » Legislative Affairs
- » Legal Division
- » Public Affairs

Administrative Services

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

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press@ohioauditor.gov

Uniform Accounting Network (UAN)

Phone: 800-833-8261

Fax: 877-272-0088

UAN_Support@ohioauditor.gov

Fraud hotline

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

fraudohio@ohioauditor.gov

Public Records Hotline

Phone: 888-877-7760



Above: Auditor of State's ceremonial office at the Statehouse.



Left: Auditor Faber presents broadcaster Faith Daniels a commendation for her service during the Trotwood tornados earlier in 2019.



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