

Role and Overview

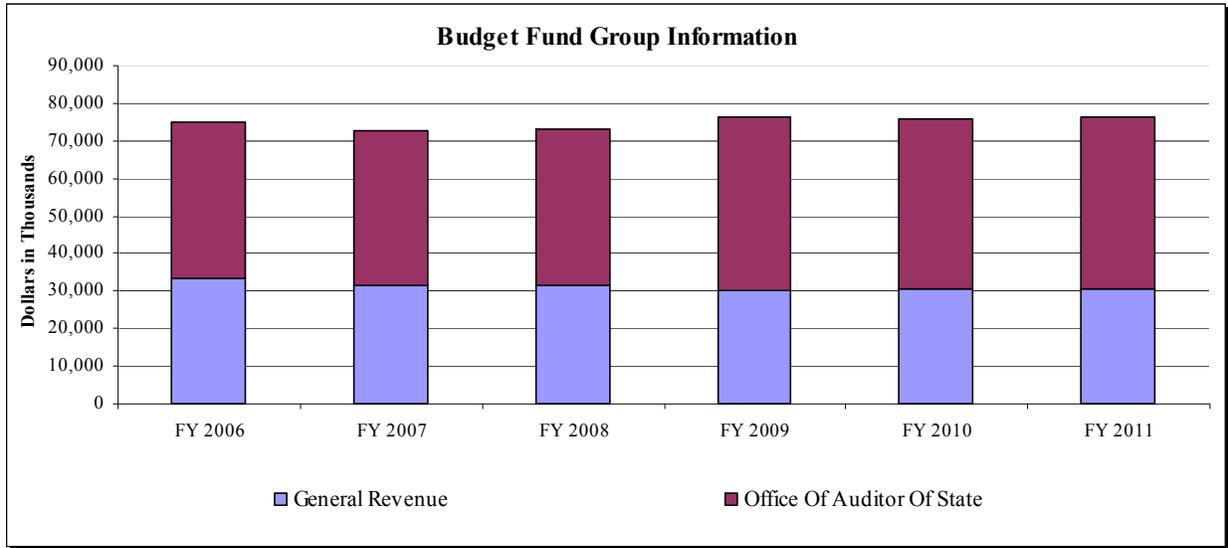
The Auditor of State (AUD), an elected constitutional officer, is responsible for auditing all public offices in Ohio including cities, villages, townships, school districts, universities, and state agencies, boards and commissions. As the chief watchdog of taxpayer dollars, the main priority is to ensure that public funds are spent legally and appropriately by Ohio governments and affiliated entities. This is achieved through financial audits that consist of a review of the methods, accuracy and legality of an entities accounts and financial statements, including a complete review of their internal controls. In addition to financial audits, the Auditor of State conducts performance audits, which include recommendations for management and efficiency improvements to entity operations; Medicaid provider audits to identify noncompliance with federal and state regulations; special audits to identify instances of fraud, waste, and abuse of public funds; and provides financial supervision to schools and local governments placed in fiscal emergency. Further assistance to local governments is provided through accounting and technical services, access to the Uniform Accounting Network, and training to local public officers. The office is made up of three major divisions, the Audit Division, the Legal Division, and the Administration Division. These duties and others are accomplished within an annual budget of nearly \$80 million and with a staff of approximately 900 employees.

Additional information regarding the Auditor of State is available at <http://www.auditor.state.oh.us/>.

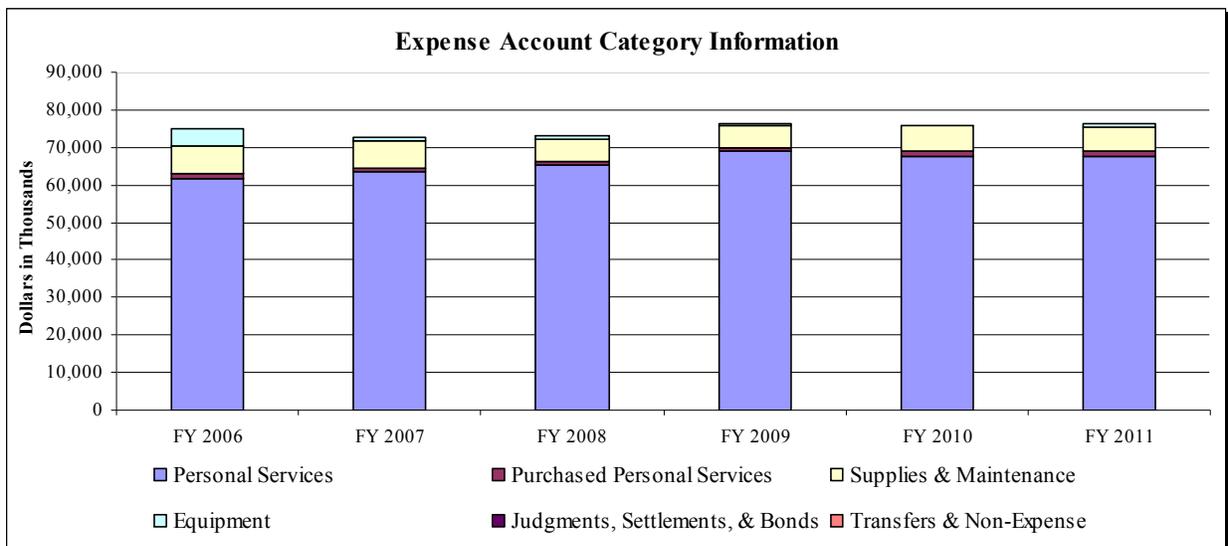
Agency Priorities

- Ensure that all public funds are spent appropriately and in accordance with state and local laws. This is achieved through providing timely, quality and efficient auditing and accounting services to all public offices in Ohio including cities, villages, schools, universities, counties, townships, and state agencies, boards, and commissions.
- Conduct audits of Medicaid providers to identify and report on the overpayment of Medicaid funds, as well as other instances of noncompliance with federal and state rules and regulations. Audit services are provided pursuant to statute and are critical to minimize the state's exposure to fraud, waste, and abuse.
- Continue to monitor the implementation of recommendations from a performance audit of the Medicaid Program as authorized in the 2006-2007 biennial budget.
- Identify fraud, waste, and abuse of public funds through the execution of special audits.
- Support local governments through a variety of services which include conducting performance audits; providing training, technical assistance, consulting services, and continuing education; and the development of recommendations for management and efficiency improvements in an effort to save taxpayer dollars.
- Help restore to financial solvency school districts and local governments in states of fiscal caution, watch, or emergency. Specifically, the Auditor of State serves as financial supervisor to financial planning and supervision commissions. Other relevant services for these entities include performance audits, fiscal emergency determinations, and financial forecasts.

Summary of Budget History and Recommendations



(In Thousands)	ACTUAL			EST.	% CHANGE	RECOMMENDED			
	FY 2006	FY 2007	FY 2008			FY 2009	FY 2010	FY 2011	
BUDGET FUND GROUP									
General Revenue	33,211	31,727	31,747	29,959	-5.6	30,600	2.1	30,600	0.0
Office Of Auditor Of State	41,682	41,042	41,500	46,421	11.9	45,327	-2.4	45,552	0.5
TOTAL	74,893	72,768	73,247	76,380	4.3	75,926	-0.6	76,151	0.3



(In Thousands) EXPENSE CATEGORY	ACCOUNT	ACTUAL			EST. FY 2009	% CHANGE FY 08-09	RECOMMENDED			
		FY 2006	FY 2007	FY 2008			FY 2010	% CHANGE	FY 2011	% CHANGE
Personal Services		61,718	63,465	65,143	68,792	5.6	67,781	-1.5	67,825	0.1
Purchased Personal Services		1,404	875	905	1,122	24.0	1,241	10.6	1,261	1.6
Supplies & Maintenance		7,359	7,427	6,044	6,000	-0.7	6,886	14.8	6,079	-11.7
Equipment		4,325	994	1,153	415	-64.0	5	-98.8	973	19,360.0
Judgments, Settlements, & Bonds		86	7	0	30	100.0	0	-100.0	0	0.0
Transfers & Non-Expense		0	0	3	65	2066.7	14	-78.5	14	0.0
TOTAL		74,893	72,768	73,247	76,424	4.3	75,926	-0.7	76,151	0.3

PROGRAM SERIES 01: Financial Audit Services

This program is responsible for conducting financial audits of all public entities as required by the Ohio Revised Code, Chapter 117.

Program 01.01: Financial Audits

This program performs financial audits of over 5,600 public entities in Ohio at least once every two fiscal years or every year for those entities that fall within Federal Schedule guidelines for Single Audits. Generally, these audits entail a review of the methods, accuracy, and legality of accounts, financial reports, records, and files of public entities. These audits also include a compliance component to ascertain the entity's compliance with the laws, rules, ordinances, and orders pertaining to the office and a complete review of the entity's internal controls.

The Executive Recommendation will fund the following objectives:

- Ensure the effective use of public funds by providing over 4,000 audits each year;
- Support approximately 600 full-time financial auditors to conduct field audits; and
- Process travel and equipment expenses used by financial auditing to conduct on-site audits.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	070321	Operating Expenses	16,395,930	16,406,523
AUS	1090	070601	Public Audit Expense-Intrast	5,944,070	5,944,070
AUS	4220	070602	Public Audit Expense-Local Gvt	26,742,200	26,784,000
TOTAL FOR PROGRAM				49,082,200	49,134,593

PROGRAM SERIES 02: Fraud and Investigative Audit Services

This program series identifies fraud, waste, and abuse of public funds by public and private entities that receive public funds in an effort to protect scarce public resources and minimize the incidence of fraud, waste, and abuse of public funds.

Program 02.01: Medicaid/Contract Audit

This program provides audit services that identify and report instances of noncompliance with federal and state rules and regulations. The Auditor develops interoffice agreements intended to help other state agencies meet federal audit requirements. Services include: audits of reimbursement claims submitted by doctors, hospitals, long-term care facilities and other Medicaid providers; audits of cost reports used to set payment rates for providers of Medicaid services; and assessments of controls employed by state agencies to minimize fraud, waste, and abuse. The Medicaid/Contract Audit Program aims to minimize the state's exposure to fraud, waste, and abuse by identifying funds to be recovered that otherwise would have been lost.

The Executive Recommendation will fund the following objectives:

- Identify fraud, waste and abuse associated with health care contracts and results in the recovery of state resources;
- Supports a staff of 25 that conduct field-based auditing services; and
- Provides for equipment and travel to conduct on-site audits.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
AUS	1090	070601	Public Audit Expense-Intrast	2,123,000	2,123,000
TOTAL FOR PROGRAM				2,123,000	2,123,000

Program 02.02: Special Audits

This program conducts special audits to investigate allegations of fraud, theft, and misappropriation of public funds by public and private entities that receive public funds. Special audits are initiated based on evaluations of requests from public officials or initiated at the discretion of the Auditor of State pursuant to authority granted in the Ohio Revised Code, Chapter 117. Special audits enable the Auditor to hold accountable those who betray the public's trust and, in so doing, help to restore the public's confidence in those entrusted to manage public resources. During fiscal year 2008, 10 special audits were released with \$7.7 million in findings for recovery identified. Since 2003, special audits have led to the convictions of 77 individuals, with 44 more cases pending. This program operates the Ohio Fraud Reporting System which allows for taxpayers to anonymously report information related to fraud, waste and abuse of public funds through a toll free number or via the Internet. The Auditor's Office has also partnered with local organizations to conduct education and training seminars for law enforcement officials, financial experts, and other professionals from a wide range of disciplines.

The Executive Recommendation will fund the following objectives:

- Identify fraud and waste totaling \$7.7 million each year;
- Supports a staff of approximately 13;
- Help bring about the conviction of individuals responsible for fraud and theft; and
- Operate the Ohio Fraud Reporting system to allow for anonymous reporting by the public.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	070321	Operating Expenses	775,740	782,047
AUS	1090	070601	Public Audit Expense-Intrast	171,500	171,500
AUS	4220	070602	Public Audit Expense-Local Gvt	413,500	416,500
TOTAL FOR PROGRAM				1,360,740	1,370,047

PROGRAM SERIES 03: Performance Audit Services

This program series conducts performance audits of public entities to help identify and correct inefficient managerial operations and waste of taxpayer dollars, in addition to general oversight and advice to ensure greater operational efficiencies of public offices and the maximization of taxpayer dollars.

Program 03.01: Performance Audit

The Performance Audit Section conducts operational audits, which entail a comprehensive review of any program or area of operation in which the Auditor of State believes that greater operational efficiencies or enhanced program results can be achieved. Typically, performance audits identify and help correct inefficient managerial operations and waste of taxpayer dollars, in addition to providing general oversight and advice to ensure efficient operation of public offices and maximization of taxpayer dollars.

The Auditor of State is authorized to conduct performance audits under Chapter 117 of the Ohio Revised Code. Performance audits may also be conducted for any school district or local government entity (counties, townships, villages, etc.) which has been designated as being in a state of fiscal caution (school districts only), watch or emergency pursuant to Section 3316.031 and Chapter 118 of the Ohio Revised Code.

The Executive Recommendation will fund the following objectives:

- Support a staff of approximately 40 performance auditors;
- Preserve the public’s confidence in government through practical solutions to inefficiencies; and
- Conduct comprehensive field-based audits of operational efficiency.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	070321	Operating Expenses	1,047,476	1,047,403
AUS	1090	070601	Public Audit Expense-Intrast	2,369,500	2,369,500
AUS	4220	070602	Public Audit Expense-Local Gvt	495,000	502,000
TOTAL FOR PROGRAM				3,911,976	3,918,903

PROGRAM SERIES 04: Local Government Services

In an effort to assist local governments throughout Ohio, this program series offers consulting services which include accounting and technical assistance and training for local elected officials, in addition to providing financial and accounting expertise to entities in a state of fiscal watch or fiscal emergency.

Program 04.01: Local Government Services

The Local Government Services (LGS) Section provides consulting services and technical assistance (GAAP conversion, financial forecasts, records reconstruction and reconciliation, etc.) to local governments throughout Ohio. In addition to providing financial and accounting expertise to local governments requesting assistance, LGS fulfills the Auditor of State’s role as financial supervisor to financial planning and supervision commissions established whenever a local government is declared to be in a state of fiscal emergency, pursuant to the Ohio Revised Code, Chapters 118 and 3316.

LGS also provides a variety of training programs for local and state government officials including: accounting and financial reporting to newly elected township clerks, city auditors, and village clerks and continuing education for village clerks pursuant to the Ohio Revised Code, Section 117.44.

The Executive Recommendation will fund the following objectives:

- Support approximately 60 staff that provide accounting services to local governments throughout the state;
- Provide technical assistance to school districts and local governments in fiscal watch and fiscal emergency status; and
- Train newly elected officials in accounting and financial reporting as required by law.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	070321	Operating Expenses	2,166,693	2,166,257
GRF	GRF	070403	Fiscal Watch/emergency Tech Ast	570,000	570,000
AUS	4220	070602	Public Audit Expense-Local Gvt	2,252,500	2,245,500
AUS	5840	070603	Training Program	181,250	181,250
TOTAL FOR PROGRAM				5,170,443	5,163,007

Program 04.02: Uniform Accounting Network

The Uniform Accounting Network (UAN), established pursuant to the Ohio Revised Code, Section 117.101, offers an electronic accounting system for townships, villages, libraries, and other local governments. Designed to help political subdivisions properly record and maintain accurate accounting records, the system includes hardware, software, training, and technical support. Approximately 1,750 political subdivisions and public offices currently participate in the Uniform Accounting Network Program.

The Executive Recommendation will fund the following objectives:

- Support approximately 20 staff that perform training and technical support to the clients;
- Supply computer equipment for entities in the program; and
- Develop instructional manuals, explanation of software upgrades, and other documents on CD.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
AUS	6750	070605	Uniform Accounting Network	2,943,880	2,943,880
TOTAL FOR PROGRAM				2,943,880	2,943,880

PROGRAM SERIES 05: Program Management

This program series provides administrative support functions necessary to allow staff in the various other program areas to focus on fulfilling the Auditor of State’s core responsibilities – conducting financial audits of all public offices and providing other auditing/accounting services for state and local entities throughout Ohio.

Program 05.01: Administration

This program is the managing arm of the Auditor of State’s Office. It is responsible for the day-to-day management and policy decisions of the Office. It is made up of the Auditor, her senior management and support staff, and other support sections including, general services, human resources, information technology, legal, legislative affairs, public affairs, field operations, and fiscal functions not already allocated to the other program.

The Executive Recommendation will fund the following objectives:

- Support approximately 100 staff that perform management and administrative functions in support of the Auditor’s Office core responsibilities; and
- Provide administrative services that include human resources, general services, records, graphics, information technology, legal, public affairs and fiscal functions not already allocated to the other programs.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	070321	Operating Expenses	9,643,936	9,627,545
AUS	1090	070601	Public Audit Expense-Intrast	391,930	391,930
AUS	4220	070602	Public Audit Expense-Local Gvt	924,800	1,105,000
AUS	6750	070605	Uniform Accounting Network	373,456	373,456
TOTAL FOR PROGRAM				11,334,122	11,497,931

LINE ITEM SUMMARY - Auditor of State

FUND	ALI	ALI NAME	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 RECOMMENDED	% CHANGE	FY 2011 RECOMMENDED	% CHANGE
GRF	070321	Operating Expenses	30,220,356	29,238,265	31,149,359	29,365,620	30,029,775	2.3	30,029,775	0.0
GRF	070403	Fiscal Watch/Emergency Tech Assistance	497,842	501,957	570,000	593,002	570,000	-3.9	570,000	0.0
GRF	070405	Electronic Data Processing-Aud & Admin	795,925	739,171	27,782	0	0	.0	0	.0
GRF	070406	Uniform Accounting Network	1,696,717	1,247,147	0	0	0	.0	0	.0
TOTAL General Revenue			33,210,840	31,726,540	31,747,141	29,958,622	30,599,775	2.1	30,599,775	0.0
R006	070604	Continuous Receipts	0	0	0	0	0	.0	0	.0
TOTAL Holding Account Redistribution			0	0	0	0	0	.0	0	.0
1090	070601	Public Audit Expense-Intrastate	9,637,970	8,900,349	9,293,360	10,824,500	11,000,000	1.6	11,000,000	0.0
4220	070602	Public Audit Expense-Local Gov't	28,757,459	29,612,825	29,999,647	32,124,800	30,828,000	-4.0	31,053,000	0.7
5840	070603	Training Program	182,560	169,244	155,150	154,250	181,250	17.5	181,250	0.0
6750	070605	Uniform Accounting Network	3,104,119	2,359,097	2,052,058	3,303,880	3,317,336	0.4	3,317,336	0.0
TOTAL Office of Auditor of State			41,682,109	41,041,514	41,500,214	46,407,430	45,326,586	-2.3	45,551,586	0.5
TOTAL Auditor of State			74,892,949	72,768,054	73,247,356	76,366,052	75,926,361	-0.6	76,151,361	0.3