

FISCAL YEAR 2015 ANNUAL REPORT

DAVE YOST | OHIO AUDITOR OF STATE



Annual Report 2015

Dave Yost

Ohio Auditor of State





DAVE YOST • OHIO AUDITOR OF STATE

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,

The 2015 fiscal year has ended, and I am proud to report that our team continued to take government accountability to the next level and found efficiencies for Ohio's state government, local communities and schools. The work completed by this office during FY 2015 set precedents that will drive positive change in Ohio's governments for years to come.

This annual report offers an overview of those innovations and other accomplishments of the office during the 2015 fiscal year. Here are some highlights:

Charter School Student Attendance Head Count: In response to reports of irregular attendance and enrollment practices in several of Ohio's charter schools, our office conducted an unannounced student head count at 30 schools on October 1, 2014. The results showed more than half of the schools reported enrollment numbers significantly higher than the actual head count – in seven schools the difference was unusually high. We provided several recommendations to the General Assembly to reform Ohio's charter school system and continue to work to increase accountability.

Sunshine Audits: In March 2015, we unveiled the Sunshine Audit Initiative, a way to help Ohioans avoid long, expensive legal battles over public records. Sunshine Audits are limited scope reviews used to determine if a public entity has violated the Ohio Public Records Act. Private citizens and organizations can initiate a Sunshine Audit by filing a complaint with the Auditor of State's Open Government Unit.

Fiscal Integrity Act: We worked with the Ohio General Assembly to pass the Fiscal Integrity Act, which was signed into law in December 2014 to protect Ohio's tax dollars and to provide a sound educational structure for all fiscal officers and treasurers across Ohio.

Public Integrity Assurance Team: Our office strengthened the fight against public corruption in FY 2015 with the formation of the Public Integrity Assurance Team, whose mission is promote clean, ethical government while exposing corruption and wrongdoing where it exists.

Fiscal year 2015 exemplified why the Auditor of State's office is so vital to the citizens of Ohio. Not only does this office initiate the process to retrieve misused public dollars, but it also looks for ways to save them wherever possible. In FY 2015, we found more than \$2.8 million in misused public dollars and identified more than \$43 million in potential savings for state government, local communities and schools. This office will continue to hold Ohio's governments accountable as we enter FY 2016.

Sincerely,

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

Dave Yost
Auditor of State

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.



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Auditor of State 2015 Initiatives



Charter School Attendance Count

In response to reports of irregular attendance and enrollment practices within several Ohio charter schools, the Auditor of State's office conducted an unannounced student head count at 30 of Ohio's site-based charter schools. On October 1, 2014, more than 30 auditors and/or investigators went to the charter schools to verify the accuracy of the enrollment and attendance data reported to the Ohio Department of Education (ODE).

Out of the 30 schools reviewed, seven schools reported attendance numbers that were unusually high when compared to the actual head count. For example, when Auditor of State staff went into the Academy for Urban Scholars in Youngstown, they found zero students in the school where 95

students were supposed to be enrolled. The other six schools had attendance variances between 34 percent and 83 percent when compared to July 2014 enrollment estimates. In other words, all seven schools' attendance rates were significantly lower than the enrollment numbers reported to ODE. All seven schools are classified as Dropout Recovery and Prevention schools by ODE and serve predominantly dropout recovery students. The Auditor of State's office referred these schools to ODE and their sponsors for further investigation.

A second set of nine schools were identified as having attendance variances of 10 percent or more, but were considered less severe or substantiated in some way. Several of

these schools were referred to ODE for review. The remaining 14 schools were found to have attendance variances of 10 percent or less, and the Auditor of State's office does not believe they require further investigation by ODE.

The report provided four policy recommendations to the Ohio Department of Education and one policy recommendation to charter school sponsors. At the time of the report's release, Auditor Yost stressed Ohio's need for legislative reform to strengthen the integrity of charter schools and restore public confidence. He used the results of the head count to develop recommendations for the Ohio General Assembly's charter school reform legislation.

Sunshine Audits

In March 2015, Auditor Yost announced the Sunshine Audit initiative, a way to help Ohioans avoid long, expensive legal battles over public records.

Sunshine Audits are limited scope reviews used to determine if a public entity has violated the Ohio Public Records Act. Private citizens and organizations can initiate a Sunshine Audit by filing a complaint with the Auditor of State's Open Government Unit. When the complaint involves local governments, the complainant must first make efforts to utilize the Ohio Attorney General's mediation program.

After receiving a complaint, both parties receive notice and have an opportunity to present their arguments. The Auditor of State's office then determines if public records law has been violated.

Once the Sunshine Audit is complete, a letter is sent to both parties. The complainant's letter includes information as to their rights and enforcement options under the Ohio Public Records Law. If a violation occurred, the public entity receives a noncompliance citation, bearing the weight of law.

Since the initiative was launched, the Auditor of State's office has prepared and processed 21 Sunshine Audit complaints.





Fiscal Integrity Act

The majority of Ohio's fiscal officers and treasurers do an exceptional job for taxpayers. However, since taking office in January 2011, Auditor Yost found that far too many were taking advantage of their positions.

Several audits discovered taxpayers were footing the bill for items like boxer shorts and golf outings, while other audits found that fiscal officers overpaid themselves and sometimes had virtually no documentation for financial transactions.

In response to these findings, Auditor Yost collaborated with State Representative Christina Hagan and State Senator Tim Schaffer to propose the Fiscal Integrity Act in the 130th General Assembly. The legislation aimed to increase accountability in Ohio's local governments and provide additional training for individuals entrusted with tax dollars.

Thanks to the careful stewardship of the legislature, the Fiscal Integrity Act was signed into law in December 2014 to protect Ohio's tax dollars and to provide a sound educational structure for all fiscal officers and treasurers across Ohio.

The Fiscal Integrity Act was enacted on March 23, 2015 and increases accountability of local government fiscal officers by:

- Creating a removal process for a fiscal officer if there is clear and convincing evidence of reckless conduct or a reckless failure to act;
- Requiring township fiscal officers to undergo training for their positions;
- Requiring county auditors and treasurers to perform their duties every 30 days;
- Creating fiscal accountability requirements for public schools

*"This bill will make Ohio a better place – with **better skills, better accountability, better integrity** for our public finances."*

- Auditor Yost

declared "unauditable" by the Auditor of State (This could include the Ohio Department of Education stopping payments to the districts if it fails to make progress in bringing records to an auditable condition);

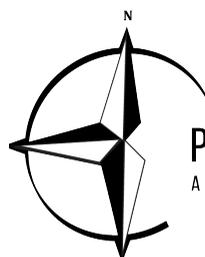
- Requiring new charter schools to provide \$50,000 cash or bond with the Auditor of State upon opening; and
- Prohibiting any fiscal officer who is convicted or pleads guilty to dereliction of duty from holding public office in Ohio for four years, or until repayment or restitution by the court is satisfied.

Public Integrity Assurance Team

In May of 2015, Auditor Yost announced the formation of the **Public Integrity Assurance Team** – a single source of expertise for investigating fraud in government.

The former Special Audit Section, Special Investigations Unit and portions of the Auditor of State’s legal staff joined forces with the mission to promote clean, ethical government while exposing corruption and wrongdoing where it exists. Comprised of forensic auditors, investigators and attorneys, the team has decades of experience and working relationships with law enforcement at the local, state and federal levels.

When the Public Integrity Assurance Team is engaged, there is no need to hire outside assistance – their expertise allows them to take a case from an initial complaint through conclusion. In cases where local officials have conflicts that make them unable to conduct investigations, the Public Integrity Assurance Team brings independence.



PUBLIC INTEGRITY
ASSURANCE TEAM

Auditor of State Office Divisions

Audit Division

The Auditor of State is the constitutional officer responsible for auditing all public offices in Ohio -- approximately 5,800 entities. This includes cities, villages, schools, universities, counties, fire districts, townships, cemeteries, libraries, state and county agencies, and commissions.



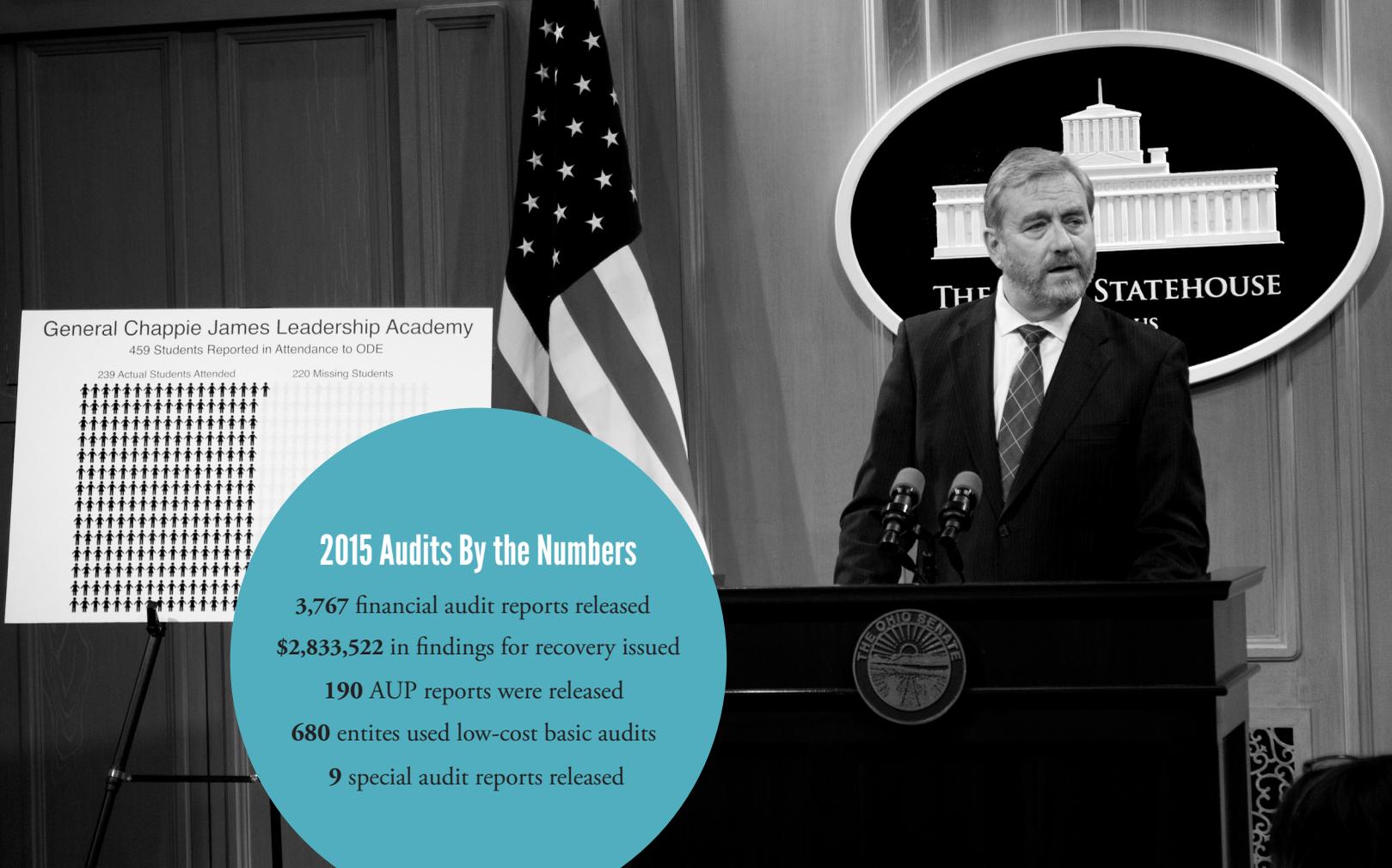
Audit Regions

The Audit Division is managed by the Chief Deputy Auditor and is made up of several smaller sections, including the Financial Audit Section, Medicaid/Contract Audit Section, Center for Audit Excellence, and Local Government Services Section. These sections work together to carry out the mission of the Audit Division.

The Audit Division is managed from the main office in Columbus, as well as in seven regional offices in the Central, East, Northeast, Northwest, Southeast, Southwest and West areas of Ohio. In addition to the seven regional offices, the State Region (also located in Columbus) audits state offices, boards, commissions and agencies.

Financial Audit Section

The Financial Audit Section is responsible for conducting financial audits of all public entities as required by Ohio law. Generally, the Auditor of State's office is required to perform financial 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 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 of State's office released 3,767 financial audit reports from July 1, 2014 through June 30, 2015, which include traditional financial audits, agreed-upon procedure (AUP) engagements and basic audits. Findings for recovery totaling \$2,833,522 were issued in 96 audits.



General Chappie James Leadership Academy
459 Students Reported in Attendance to ODE



2015 Audits By the Numbers

- 3,767** financial audit reports released
- \$2,833,522** in findings for recovery issued
- 190** AUP reports were released
- 680** entites used low-cost basic audits
- 9** special audit reports released

Special Audit Section

The Auditor of State occasionally conducts special audits of state and local government subdivisions and private organizations that receive public funds. A special audit is a limited-scope examination of financial records and other information designed to investigate allegations of fraud, theft or misappropriation of public funds – or to quantify the extent of alleged fraud, theft or misappropriation. The Special Audit Section consists of the Chief Auditor, an Assistant Chief Auditor, three Senior Audit Managers and one Audit Manager.

During FY 2015, the Special Audit Section issued 9 audit reports which included more than \$1,416,929 in findings for recovery. These included investigations into travel reimbursements at the Central Ohio Educational Service Center as well as the misappropriation of funds at the General Chappie James Leadership Academy.

The Special Audit Section, Special Investigations Unit and a portion of the Auditor of State’s legal staff were unified in May 2015 to form the Public Integrity Assurance Team.

Implementation of Annual Financial Data Reporting System

The Audit Division has been in the process of implementing a change to the manner in which annual financial reports are submitted to the Auditor of State’s office, as required by Ohio Revised Code (ORC) Section 117.38, via use of the Annual Financial Data Reporting System (AFDRS).

AFDRS is an Internet-based application that allows certain financial statement, debt and demographic data to be entered, uploaded and transmitted to the Auditor of State to satisfy the filing requirements prescribed by the ORC and the Ohio Administrative Code. AFDRS increases uniformity in financial reporting and allows for expanded use of the financial data that is submitted.

The AFDRS implementation has occurred for cities, counties, school districts, charter schools, educational service centers, townships, libraries and villages. All other entity types will be required to file their 2015 year-end filings via AFDRS.

Audit Division

Medicaid/ Contract Audit Section

The Medicaid/Contract Audit Section (MCA) is dedicated to ensuring that providers of healthcare services reimbursed with Ohio's Medicaid dollars are in compliance with applicable Medicaid rules and regulations and that these dollars are not being abused or wasted. The MCA Section employs 29 professionals with statewide jurisdiction to audit Medicaid providers in order to combat fraud, waste and abuse and to improve the integrity and cost-effectiveness of the Medicaid program. This work supplements the audit efforts of other state agencies and is governed by interagency agreements with these agencies. The MCA Section also is an active member of the interagency Medicaid Program Integrity Group tasked with combating fraud, waste and abuse in Ohio.



The MCA Section presently performs work under interagency agreements with:

- The Ohio Department of Medicaid to perform compliance examinations of Medicaid providers;
- The Ohio Department of Developmental Disabilities to perform agreed-upon procedures to test the cost reports of county boards of developmental disabilities and councils of governments involving Medicaid expenditures for Home and Community-Based Services; and
- The Ohio Department of Medicaid to perform agreed-upon procedures to test the cost reports of Intermediate Care Facilities for Individuals with Intellectual Disabilities.

During FY 2015, the Auditor of State's office released 20 Medicaid provider compliance examinations and identified overpayments of \$1.4 million. MCA also released reports of 38 County Boards of Developmental Disabilities and 12 councils of governments, which identified overpayments of more than \$373,000 and adjustments of more than \$22 million in non-federal reimbursable costs. The section also released eight reports on intermediate care facilities for individuals with intellectual disabilities, which identified overpayments of more than \$7,000 and adjustments of more than \$485,000 in non-federal reimbursable costs.

Center for Audit Excellence

The Center for Audit Excellence is responsible for monitoring changes to generally accepted auditing standards and accounting principles, as well as changes to federal grant regulations and Ohio law. This includes developing guidelines and training so all Auditor of State employees are up-to-date on these standards, regulations and laws. The group also is charged with ensuring all audits, including audits that IPA firms conduct on the Auditor of State's behalf, comply with these auditing and accounting standards.

External GAGAS Peer Review

In FY 2015, the office's system of quality control and compliance, utilized in conducting audits in accordance with Government Auditing Standards (GAGAS), was reviewed during the mandatory triennial peer review by the National State Auditors Association (NSAA). The system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide reasonable assurance of performing and reporting in conformity with professional standards in all material respects.

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



Continuing Professional Education

All audit staff members are required to earn 80 hours of Continuing Professional Education (CPE) every two years. Accounting and Auditing Trainings, or A&A's, were held twice a year in each of the regional offices to provide our auditors with the most up-to-date information while they are in the field accounting for tax dollars. These semi-annual A&A's provide the lion's share of the CPE hours, and in a cost-cutting move, the training department provides the remaining hours via various webinars through the course of each year. In addition to the regional trainings, our state and local performance audit teams, local government services and state audit sections receive extensive training to fulfill their CPE requirements.

Trainings and Conferences for Local Governments

The Auditor of State's training department provides local entities with annual training at four major conferences:

- Local Government Officials' Conference – In April 2015, more than 600 local government officials received advanced training for their specific types of local governments.
- Village Officer Trainings – In fall 2014, AOS conducted five trainings in each region of the state where more than 360 village officers received financial training.
- Community School Training – More than 100 fiscal officers, board members and administrators attended this 8-hour course in August 2014.
- Fraud Conference – This annual event in May 2015 hosted more than 675 attendees and shared the latest measures in fraud detection and prevention.

Independent Public Accountants also received training in August 2014 developed by the Auditor of State's office in conjunction with the Ohio Society of Certified Public Accountants. This one-day conference covers popular topics with a focus on the ever-changing world of government accounting and auditing requirements.

As of May 2015, the training section is administering Certified Public Records Training (CPRT) as established by ORC §109.43 (B) for the Auditor's office. In fiscal year 2015, the office delivered 35 CPRT trainings to 2,133 attendees across Ohio.

Audit Division

Local Government Services Section

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, but not limited to, financial forecasts, GAAP conversion assistance, annual financial report processing, record reconstruction and reconciliation, fiscal distress assistance, merger and dissolution assistance, and financial management training for elected officials. Publications such as accounting manuals and policy bulletins are distributed to assist local governments in performing their duties and to keep them up-to-date on their statutory and accounting requirements.

Accomplishments

During FY 2015, LGS assisted local governments in the preparation of 308 annual financial reports. This included 62 Comprehensive Annual Financial Reports (CAFRs), 168 Basic Financial Statements (BFS), 21 supervision engagements (both CAFR and BFS) and 57 cash basis statements. In addition, among other projects, they responded to 169 fund request inquiries from local governments.

LGS assisted in the release of three school districts (Monroe Local, Liberty Local, and Cloverleaf Local) from the fiscal emergency designation and elevated one school district from the fiscal watch designation to fiscal emergency (East Knox Local). LGS also assisted with the territorial transfer of one school district (Bettsville Local to Old Fort Local) and in the dissolution of three municipalities (Village of Orient, Village of Uniopolis and Village of Cherry Fork).

LGS assisted in the release of four municipalities (City of Mansfield, Village of Morral, Village of Willshire and Village of New Bavaria) from the fiscal emergency designation and the declaration of four municipalities into fiscal emergency (City of Niles, City of Maple Heights, Village of Smithfield and Village of Green Camp). Rush Township was declared in fiscal caution under Chapter 118. LGS serves as fiscal supervisor to 46 entities in fiscal emergency, providing financial counsel to both the local government and the oversight commission in recovery efforts.

A number of publications were produced or updated, including the Village Officer's Handbook, the Ohio Township Handbook and the Ohio County Treasurers Manual.

LGS updated the account structure for the conversion process using Web-GAAP, an internet based software that was patterned after the section's spreadsheet approach to assist local governments in the conversion of year-end cash basis information into a financial report that conforms to GAAP, including GASB 68. The software is designed to accommodate schools, counties and cities.

The section was involved in both external and internal trainings, including the Fall Village Fiscal Officer Training. The section also hosted the 2015 Local Government Officials' Conference, a two-day conference aimed to further develop fiscal officers' and other local officials' expertise in government accounting, budgeting and financing, legal compliance, ethics requirements and Ohio's open government laws. Internal trainings included semi-annual training for all staff in August 2014 and February 2015. LGS also assisted Auditor Yost in six Governmental Accounting Standard Board (GASB) 68 Forums across the state of Ohio.

LGS staff assisted with Auditor of State responses to a number of GASB Preliminary Views Documents and Exposure Drafts, including "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." In addition, LGS staff attended a GASB hearing with Auditor Yost as he provided testimony related to GASB's Proposed Statement, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

In FY 2015, LGS staff made presentations to the Ohio Township Association, the Ohio Government Finance Officers Association, the Brown County Commissioners, the County Auditors' Association, the Ohio School Boards Association Treasurers' Clinics, the Southeast Ohio Association of School Business Officials and the Independent Public Accountants Conference. LGS was also involved in the Ohio School Boards Association Capital Conference.

Ohio Performance Team

The Ohio Performance Team (OPT) was created to build upon the office's long-standing reputation for conducting detailed performance audits. Performance audits provide elected officials and government employees with an objective, third-party analysis of their operations to help them improve performance, reduce costs, facilitate decision making and increase public accountability. OPT conducts performance audits of Ohio's state agencies, local governments and school districts.

ORC §117.46 (enacted in 2011) requires the Auditor of State to conduct performance audits of at least four state agencies each biennium. The state agencies receiving performance audits during the most recent biennium included:

- The Ohio Department of Natural Resources – The report suggested ODNR review its fee and seasonal workforce structures to create a potential annual financial impact of more than \$8.2 million and one-time savings of more than \$3.9 million. Strategic investments into cabins and campgrounds within Ohio's state parks could generate more than \$3.3 million in average annual returns and \$3.8 million in one-time cost avoidance.
- The Ohio Department of Transportation – Additional efficiencies in the department's fleet operation could save more than \$1.7 million.
- The Ohio Department of Rehabilitation and Correction – Auditors determined that improvements to data quality and collection could save more than \$200,000 annually.
- The Ohio Environmental Protection Agency – The report identified more than \$3.7 million in potential savings in the areas of fleet management, laboratory operations, certified professionals, solid waste operator certification and solid waste fee operations.

In addition to state agencies, existing Ohio law authorizes the Auditor of State to conduct performance audits of any school district or local government in fiscal caution (school districts only), fiscal watch or fiscal emergency. The goal of these performance audits is to help improve the cost-effectiveness of operations and resolve financial difficulties. The Auditor of State also conducts performance audits upon request for government entities seeking additional feedback on operations or ideas for future cost savings and service improvement.

Performance Audits By the Numbers

17 school districts

5 local governments

4 state agencies

331 recommendations

\$43.1 million potential
recurring annual savings

\$20:1 ROI



Legislative Affairs Division

Feasibility Studies for Local Government Sharing/ ShareOhio Risk of Loss

In conjunction with House members, the Auditor of State's office introduced House Bill 5, which provides grants for local governments to conduct feasibility studies for shared services projects. The legislation would allow for one entity to initiate a study that covers multiple local governments to determine tax savings that may accrue from shared services. The bill also contains a provision stating that the risk of loss passes to the borrowing entity when they use the ShareOhio heavy equipment sharing portal. This allows local governments, who are not permitted to indemnify one another, to clarify the liability issues associated with equipment sharing.

House Bill 5 successfully passed out of the Ohio House and is currently being considered in the Ohio Senate.

Charter School Reform

The Auditor of State's office has been on the front lines pushing for more oversight of Ohio charter schools. The House took up consideration of HB 2 in January and the Senate introduced SB 148 in April. Many of Auditor Yost's recommendations were included in the Substitute House Bill, including: i) an expanded footnote disclosure by management companies to account for how they spend the school's foundation revenue; ii) preventing a sponsor's employee from serving on a charter school board to eliminate conflicts of interest; iii) prohibiting a sponsor from selling services to the school it sponsors; iv) a right of action for the sponsor to stand in the shoes of the board for purposes of bringing an action for breach of fiduciary duty against a school fiscal officer; v) prohibiting a sponsor from delegating 100 percent of duties/authority to a third party vendor, and vi) requiring that sponsors check the charter school board members, developers and personnel against the AOS finding for recovery database.

Sub. HB 2 was reported out of the Ohio Senate in June 2015 and now awaits action by the Ohio House.



The Policy and Legislative Affairs Division serves as a link between the Auditor of State's office and the Ohio General Assembly. The division communicates the duties and needs of the office to state legislators and provides them with the necessary information to make well-informed decisions on legislation impacting the Auditor of State's office. Staff members also work with stakeholder groups on policy initiatives to convey the needs and interests of Ohio's local governments and schools.

Forfeiture Trust Fund

When called upon, employees of the Auditor of State's office participate in investigations with local, state and federal agencies, which may result in significant recovery of funds. Unfortunately, in the past, the Auditor of State's office was unable to participate in the distribution of these dollars because it had no fund established to receive them. In the most recent budget bill, HB 64, an amendment was added to create a forfeiture trust fund for the Auditor of State's office, which is capable of accepting monies recovered in these types of investigations. Specifically, it creates the "auditor of state investigation and forfeiture trust fund." Monies directed to this fund will be used to pay for investigative expenses.

Performance Audits for Entities in Fiscal Caution, Watch, Emergency

Under O.R.C. 118.025, the Auditor of State is charged with identifying fiscal practices and budgetary conditions that can result in the declaration of fiscal caution, watch or emergency. The Auditor of State makes recommendations to assist the local government in recovering from the conditions which caused the fiscal distress declaration. As part of the budget bill, a provision requested by the Auditor of State was included to allow the office to perform a performance audit of a local government when it is in a state of fiscal caution, watch or emergency, similar to what is currently done with school districts. These performance audits will allow local governments facing fiscal distress to make better decisions in their recovery efforts.

Campaign Finance Reform for School Districts

Auditor Yost partnered with the legislature to expedite investigations of inappropriate use of public funds in school campaigns (SB 186). Under the proposal, the Ohio Elections Commission (OEC) would have concurrent jurisdiction with county prosecutors of any allegations when public dollars are used to the benefit of a political campaign. The OEC would have the ability to investigate complaints and issue a ruling, in an expedited manner, in order to prevent public dollars from influencing the outcome of an election. The legislature will discuss adoption of this proposal during the 131st General Assembly.

Legal Division

The Auditor of State's Legal Division serves as the legal counsel to the office and houses the Open Government Unit. The legal staff is led by the Chief Legal Counsel and assists public offices with state and federal requirements. Legal staff review compliance questions posed during audits and provide public offices with bulletins, informal opinions and conferences in response to their legal questions. Legal staff also provide continuing education to elected officials and government employees through specific training programs and conferences on government issues.

The Legal Division is responsible for tracking public money determined to be missing, misappropriated or stolen and is the subject of a finding for recovery against individuals named in audit reports. Ohio law prohibits any state agency or political subdivision from awarding a contract for goods, services or construction to any person against whom a finding for recovery has been issued by the Auditor of State if that finding is unresolved.

On March 23, 2015, Ohio's new Fiscal Integrity Act (House Bill 10) took effect. House Bill 10 established initial education and continuing education requirements for fiscal officers of townships and municipal corporations, as well as procedures for removing those officers, county treasurers and county auditors from office. Since becoming law, the office has been creating the guidelines and rules for HB 10's implementation. The result of these efforts will improve government fiscal accountability, ensure fiscal officers are performing their duties properly and streamline the removal process for fiscal officers who fail to do their jobs.

Notable statistics during FY 2015 are detailed below:

- 41 unresolved findings for recovery were certified for collection to the Attorney General's office in the amount of \$1,241,223.68;
- The division has received and responded to 89 constituent inquiries;
- The division has prepared and referred to the Ohio Ethics Commissions 19 matters for the agency's review and consideration;
- Legal staff members have given 11 presentations;
- Legal counsel have performed the review of 467 audit findings, non-compliance matters and management letters; and
- Legal counsel have consulted with auditors on 760 matters.

Special Investigations Unit

The Auditor of State's investigative staff was under the management of the Chief Legal Counsel for almost all of FY 2015. The investigators in the Special Investigations Unit (SIU) are certified peace officers and they work aggressively to root out fraud and public corruption. The unit's objective is to reduce and recover the loss of public funds attributable to theft, embezzlement or fraud. The SIU worked closely with the Auditor of State's Financial Audit Division, especially the Special Audit Section, and also promotes a coordinated effort with local, state and federal government and law enforcement officials to combat fraud in Ohio.

Following the special audit of Columbus City Schools released in 2014, SIU and Special Audit worked with the Franklin County Prosecutor's Office to secure prosecutions of four senior administrators responsible for the culture of data manipulation and employee intimidation at the district.

The Special Investigations Unit, Special Audit Section and portions of the Legal staff were unified in May 2015 to form the Public Integrity Assurance Team.



Open Government Unit

The Open Government Unit serves state and local government officials, as well as citizens, by providing training and resources to help them better understand their rights and obligations under the Ohio Public Records Act and the Ohio Open Meetings Act – known collectively as the Ohio Sunshine Laws. The unit is supported by the attorneys of the Legal Division who serve as the office’s experts on public records and open meetings.

In cooperation with the Ohio Attorney General, mandatory training for local and state elected officials on Ohio’s Sunshine Laws is offered periodically. During FY 2015, the Auditor of State’s office sponsored 38 Certified Public Records Trainings attended by 1,843 local and state government officials or their designees. The function of scheduling and preparing the Certified Public Records Trainings was transferred to the Training Division on May 1, 2015. Three Open Government presentations to specific government agency sponsors have been provided during FY 2015. Also during that time, the office received and processed 372 requests for public records and 21 inquiries from the public.

In March 2015, the division began providing guidance and review of constituent or governmental agencies in matters of public record disputes or clarification as part of the Sunshine Audit process. Matters brought to the attention of the Auditor of State’s office are reviewed by Open Government Legal Counsel. Individuals may be directed to the Attorney General’s office for public record mediation to resolve the dispute between the parties. In some cases, the office reviews the issue and renders an opinion on the matter from a policy standpoint as it applies to Ohio’s public records laws. During FY 2015, this unit has prepared and processed 21 Sunshine Audit matters.

Public Affairs Division



From news coverage of the statewide charter schools head count to the unveiling of the Sunshine Audit program, the Public Affairs Division kept the Auditor of State's office in the public eye during FY 2015.

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.

Social Media Involvement

The Auditor of State's Facebook and Twitter accounts are operated by Public Affairs, allowing the office to better interact with and spread information to the public and the news media.



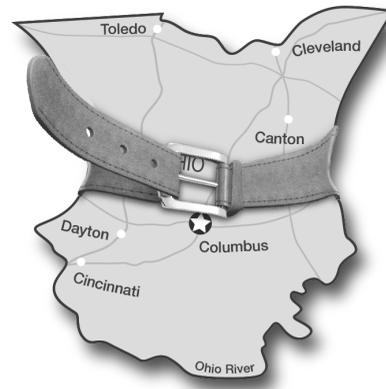
@OhioAuditor



Ohio Auditor of State

Field Operations

The Auditor of State's office has liaisons in each of the regional offices around the state. The main role of the Field Operations team is to serve as a link between the Auditor of State's office and 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.



SkinnyOhio

Auditor Yost developed SkinnyOhio.org in 2011, and it serves as a resource for smarter, streamlined government. At the start of FY 2015, staff met with local government officials, internal divisions and interested parties to craft a redesign of SkinnyOhio. A complete overhaul is expected to be published later this year.

An important component of the SkinnyOhio initiative is www.ShareOhio.gov. Since its launch near the end of FY 2014, 145 local governments have registered to share more than 300 pieces of heavy equipment across Ohio. Local governments have collaborated to share equipment like bulldozers, dump trucks and excavators for city projects. These collaborations are yielding significant savings for Ohio's local governments.





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

Administrative Division

Human Resources

Human Resources promotes employee relations, creates an equal employment opportunity workplace and provides quality service, guidance, and assistance to all employees in all areas of Human Resources. These areas include, but are not limited to, promotions and transfers, new hires and resignations, healthcare benefits, and labor relations. The department is also responsible for developing, enforcing and maintaining all employee policies and procedures for the Auditor of State's office. Within the Human Resources Department are two sections:

Payroll

This section of Human Resources is responsible for preparing Auditor of State payroll for submission to the Department of Administrative Services, reviewing employee payroll information, verifying accuracy of information entered into the computer system, and assisting and responding to inquiries from employees regarding payroll issues and the completion of payroll-related forms.

Recruitment

This section of Human Resources is responsible for recruiting prospective employees for the Auditor of State's Office. The office actively visits college campuses and job fairs to educate potential employees on the benefits of joining the office.

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 and special districts with a complete computer system (hardware and software), along with training and support.

The Auditor of State's office provides in-house training for local governments in the Columbus office. Online and on-demand trainings also are available, which create cost savings by eliminating travel expenses.

The UAN application is comprised of five modules: Accounting, Payroll, Budget, Inventory and Cemetery. The Cemetery module completed a major enhancement and was released this year.

UAN has increased its client base in the past year from 1,869 to 1,905 Ohio townships, villages, public libraries and special districts (see chart above).

	UAN Total of Entity Type	Ohio Total of Entity Type	Entites within Ohio on UAN (%)
Townships	1,176	1,308	90%
Villages	467	686	68%
Libraries	146	251	58%
Special Districts	116	582	20%
Totals	1,905	2,827	67%

Information Technology

Information Technology (IT) develops and maintains the technology in the Auditor of State's office. Because a significant number of Auditor of State employees regularly work off-site, 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 2015, the IT department completed the following projects:

- Video conferencing equipment was placed in all regional headquarters;
- The executive summary application was created to pull information from various sources, streamlining the audit review and release process;
- The online financial application (AFDRS) was expanded to include villages, townships and libraries.
- A web form was created for Sunshine Audit submissions; and
- Equipment was purchased to improve the office's disaster recovery plan. Once deployed in the State of Ohio Computer Center, the time to recover from a disaster will be dramatically reduced.

Office Organization

Department Organization

Contact Information

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

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