

OHIO AUDITOR OF STATE  
KEITH FABER



# ANNUAL REPORT 2020

Efficient



Effective



Transparent



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*On the cover: 88 East Broad St. in Downtown Columbus, Ohio*

*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



The past fiscal year presented unique challenges and financial setbacks to governments at all levels due to the global COVID-19 pandemic. Thankfully, the State Auditor’s office met these challenges head on and continued to provide quality assistance to our clients and complete our duty to audit Ohio’s governments. This past year my office issued over 4,226 reports, 3,971 of which were financial audits with 121 findings for recovery, totaling more than \$3.7 million in public expenditures not made in accordance with law. In a time where everyone is making budget cuts and looking for efficiencies, we issued performance audits for six local governments or school districts, one state agency, and two feasibility studies — which together identified up to \$21 million in potential savings. Working with the General

Assembly and stakeholders from across the state, our legislative initiatives discussed in this report will promote a more transparent and trustworthy government for Ohioans.

With state budget cuts as a result of the COVID-19 pandemic, the AOS quickly made initial savings by reducing travel for less mileage reimbursements and cutting down on rent costs by evaluating our footprint across the state. While the majority of the Auditor’s Budget does not come from the State’s General Revenue Fund, the office is taking steps that should achieve significant General Revenue Fund savings consistent with the Governor’s request to reduce spending by 20 percent.

This report highlights some of the key initiatives and projects my office undertook during this reporting period:

## **Increased Access to Public Information**

With the launch of the StaRS program, public entities are now being rated on their compliance and implementation of best practices for public records. Additionally, the office is supporting legislation that would create a mediation program in the Court of Claims for prompt resolution of alleged violations of Ohio’s Open Meeting Law. The public records mediation program has seen great success, and adding open meetings to this resolution mechanism will give Ohioans an affordable and speedy resolution of possible violations.

## **Reports and Audits Aimed at Increasing Cost Savings and Efficiencies**

Finding efficiencies and rooting out waste are a focus of my administration and a core skill of the Auditor of State’s office. Impactful performance audits like the review of Ohio’s Educational Service Centers system and an initial performance audit of the Ohio Department of Transportation (ODOT) were released, and a Phase II of ODOT is well underway.

## **Supported Local Governments Amid a Public Health Crisis**

With the challenges caused by the COVID-19 pandemic, local governments met unprecedented budget cuts and changes in governing. The Auditor’s office hosted teleconferences with our local partners to hear their concerns and questions and to discuss ways to cope with projected revenue shortfalls and properly use federal aid. As a result, we developed a webpage with Frequently Asked Questions, information for entities to apply for federal funding, CARES Act fund resources, and other helpful guidance by the Auditor’s office related to the pandemic.

## **Efficient. Effective. Transparent.**

My vision for the Auditor’s Office remains in clear focus and we will continue, every day, to make government more efficient, effective, and transparent. Now more than ever, Ohioians look to the Auditor of State’s office to be the watchdog ensuring tax dollars are wisely spent in compliance with the law and for creative approaches to increasing efficiencies and saving money. It is an honor to serve Ohio as the Auditor of State; I am proud of our team and what we have accomplished.

Sincerely,

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Ohio Auditor of State

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# Ohio Auditor of State's Office



Auditor Faber holds one of several statewide teleconferences with regional officials in response to the Coronavirus pandemic.



**Our 2019 interns with their sponsors:**

***Back row, from left:*** H.R. Director **Cindi Becker**; I.T. Director **Dave Potts**; Intern **HC Core**; Intern **Bryce Still**; Press Secretary **Allie Dumski**

***Front row:*** Legislative Director **Emily Kaylor**; Intern **Ana Madero**; Intern **Perla Ochoa**; Communications Director **Matt Eiselstein**

***Right:*** Auditor Faber provides proponent testimony for House Bill 450, which creates a Certificate of Transition for fiscal officers.



***Above:*** Special Investigations Unit attends firearms training.



***Left:*** Auditor Faber speaks to the press in Youngstown after issuing the city audit.

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# AOS INITIATIVES



## Responding to and Supporting Local Partners



**Auditor Faber during one of several statewide teleconferences.**

The Auditor’s office implemented a maximum flexibility policy when auditing. Open lines of communication during a global health pandemic are necessary to move forward, and the Auditor’s office has found it beneficial in building relationships with local government partners.

As local governments experience new working conditions, steep budget cuts due to low revenues, and uncertainty with ever-changing guidance, the Auditor is hosting statewide teleconferences with local leaders, associations, and other state auditors to gather information and share best practices.

A new webpage was launched on the AOS website with resources for clients in relation to the pandemic and the state and federal response. The site contains information for local partners to apply for federal CARES money, every communication sent out from the AOS office, recordings from the teleconferences, and helpful training.

The Auditor’s office is offering consulting time with professionals from the Local Government Services Team and remains available and accessible as challenges arise.

# Increasing Access to Public Information

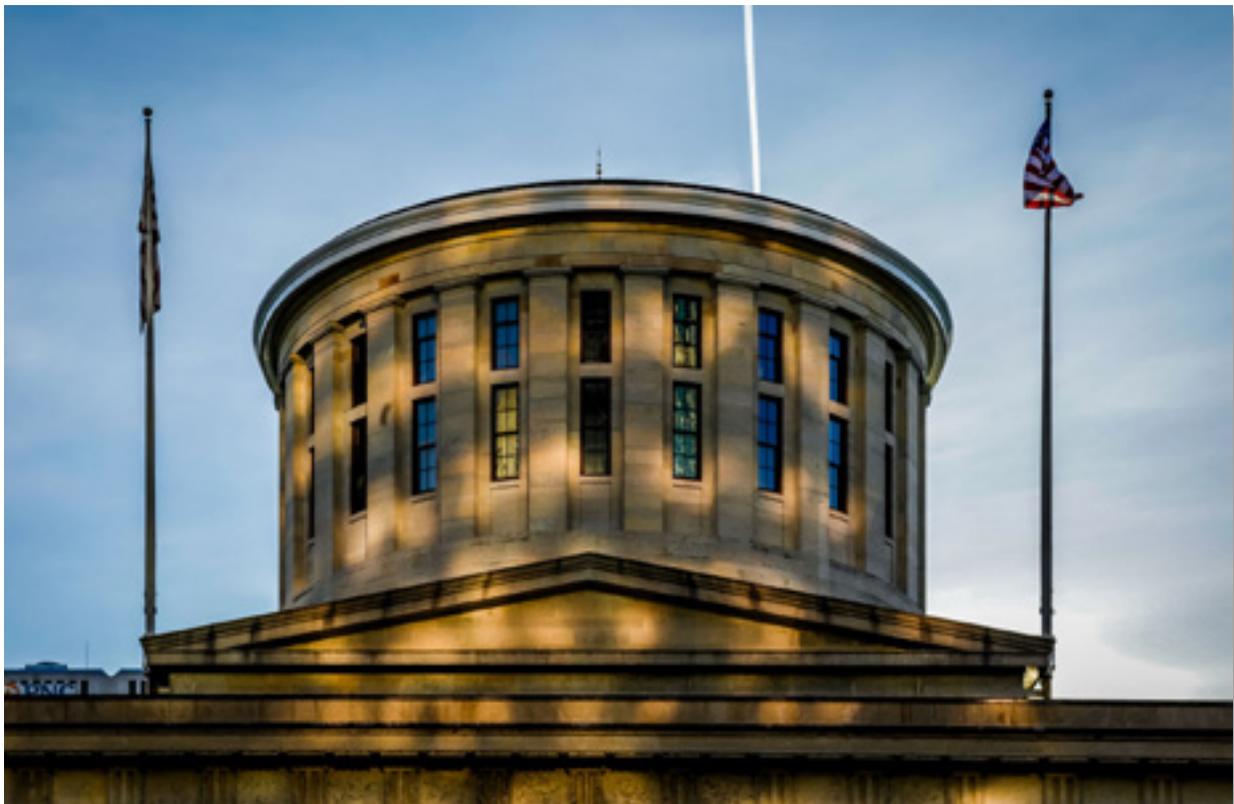
Across the state, there have been occasions when public officials have worked behind the scenes, in the dark, and hidden from the public while making public policy decisions. This is not good government. The best disinfectant is sunshine and that's what Senate Bill SB 293 aims to promote. The legislation creates a procedure within the Court of Claims to hear complaints alleging a violation of Open

Meeting Law. To file a complaint against a public body, a person would only have to complete a form prescribed by the clerk of the Court of Claims and pay a \$25 filing fee to the clerk of the court. This process is much cheaper and faster

than current options. If the special master assigned by the clerk to the complaint determines the complaint shall move forward, they can refer it for mediation, dismiss the complaint, or refer to the Court of Claims for further action. At the end of 2019, over 300 Ohioans have used the public records mediation program to receive their records faster and cheaper since its creation 3 years ago. It's time to continue this progress with ensuring public business is done in the open.

*“Transparency and ensuring Ohioans have access to public records and public meetings is a top priority of mine. I have seen first-hand the type of damage that can be done to communities when official business is conducted in the dark — today we take another step toward shedding more light on how government operates.”*

— Keith Faber



Ohio Statehouse dappled in the sunrise.

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## Other Accomplishments

### Uncapped Higher Ed Performance Audits

The performance audit of The Ohio State University found an impressive \$6.4 million in savings with a relatively small scope. The Auditor’s office asked the Legislature to remove the cap of one higher-education performance audit per biennium so the office could look at more institutions, resulting in Senate Bill 120. Ohio is ranked 13th in the nation for students graduating with the most debt with about 62 percent of Ohio students graduating with an average of about \$35,000 in debt. With this increased authority, the office plans to use performance audits to search for efficiencies in public colleges and universities that can translate to cost savings for students.

Since the passage of Senate Bill 120, the Auditor’s office has launched a performance audit of Ohio’s co-located campuses – meaning a look at all eight colleges that share a campus with a larger state institution. The report is expected later in 2020.

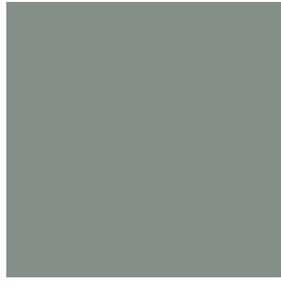
### Launched Phase II of ODOT Performance Audit

While completing the performance audit of the Ohio Department of Transportation required by House Bill 62 (State Transportation Budget), the Ohio Performance Team communicated a need for a Phase II of the review. Performance audits have proven to be an outstanding tool for agencies in their search to maximize Ohio tax dollars efficiently and effectively. In addition to the identified \$21 million in savings for ODOT found in Phase I, we also found a serious deficiency in data collection and storage that limits ODOT’s ability to efficiently focus their spending. Phase II that will take a more in depth look at pavement, bridges, and maintenance operations that include a majority of the agency’s spending and budget, and include additional scope areas, such as regional district operations. The Auditor’s Office anticipates the public release of the Phase II report in later 2020.

### Increased Internship Opportunities

Knowing the value of a quality internship, Auditor Faber placed a priority on increasing opportunities for students in the Auditor of State’s office. The office partnered with Cristo Rey High School in Columbus to engage four students at our downtown office. The students were placed in Public Affairs, Information Technology, Human Resources, and Legislative Affairs for the year-long work study. College students have the opportunity to intern and receive competitive pay. In 2020 the intern capacity increased by 12 positions, totaling 25 interns in areas such as audit, legal, Local Government Services, Ohio Performance Team, and more. Additionally, the AOS partnered with colleges and universities to offer a co-op experience. Students can earn college credit and a paycheck while participating. Supervisors can discuss the possibility of the intern returning for full-time work after the program and often plan for the intern to return after graduation.

# OFFICE DIVISIONS



## 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

The Center for Audit Excellence (CFAE) is comprised primarily of experienced AOS auditors and managers that have extensive expertise in auditing standards, accounting principles, and a variety of other specialized areas. CFAE works with Independent Public Accounting (IPA) firms in Ohio to promote, enable, and continuously enhance the quality and consistency of IPA audits performed on behalf of the AOS.

#### The CFAE offers:

- High-quality services
- Independence from state and local government
- Training
- Technical assistance
- Audit programs
- Manuals
- Practice aids
- Consultation services

#### FY 2020 Accomplishments:

- The AOS announced its new Star Rating System (StaRS) which will reflect a public office's rating for compliance with Ohio Sunshine Laws and adoption of best practices.
- CFAE, with assistance from various AOS pilot teams, overhauled the AOS planning process, developed better tools and example forms for staff, reorganized Single Audit procedures, revised forms, and conducted training for AOS employees on the rollout of these efficiencies effective for audit periods ended June 30, 2020.

As Ohio and the nation respond to the COVID-19 virus outbreak, AOS strives to work with local governments to help them manage the financial impact of COVID-19. CFAE, along with other AOS divisions, has contributed to the development and maintenance of the resources on AOS' COVID-19 external webpage available at: [www.ohioauditor.gov/resources/COVID19\\_assistance.html](http://www.ohioauditor.gov/resources/COVID19_assistance.html). This page is a response to the questions and concerns Auditor Faber has heard from our local partners, and we hope this page helps our clients better understand and use available resources.

## Independent Public Accountants

The AOS relies on the assistance of, and contracts with, IPAs to perform statutorily required audits of each public office.

From July 1, 2019, through June 30, 2020, the AOS released approximately 1,681 financial audit reports performed by IPAs, including 1,412 traditional financial audits and 269 Agreed Upon Procedures engagements.

During fiscal year 2020, the CFAE performed about 50 working paper reviews of IPA firms and completed eight internal AOS regional audit report and workpaper reviews.

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 70 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.

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

## Hinkle System Annual Financial Data Reporting System

The Hinkle System is an online app that allows financial statements and debt and demographic data to be uploaded to the AOS.

- During FY 2020, financial statements from 5,094 entities were filed through the Hinkle System -- about 92 percent of the entities required to file reports during the year. In March 2020, with the extraordinary circumstances resulting from the COVID-19 emergency, AOS extended the due date for entities statutorily required to file their unaudited financial statements.
- The data and the unaudited financial statement document filed via the Hinkle System is posted on the AOS website, increasing public access and transparency.
- The Hinkle System is used to compile the Financial Health Indicators for counties and cities.

## By the numbers

July 2019 through  
June 2020

**4,226**

Total reports  
released

**3,971**

Financial audits  
released

**\$3.7 million**

Findings for  
recovery issued  
from 121 reports

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

Basic audits

Additional  
financial and  
compliance  
audits

Agreed-upon  
procedure (AUP)  
engagements

## Guidance, Publications, and Consultations

CFAE must keep current with changes to audit and accounting standards promulgated by the American Institute of Certified Public Accountants, U.S. Government Accountability Office (GAO), Governmental Accounting Standards Board (GASB) and the Federal government. CFAE represents the office on several NSAA committees, which gives our office a voice in drafting and implementing new accounting pronouncements and federal requirements and implementing changes to the National Peer Review requirements and process.

### FY 2020 Projects:

- CFAE published its annual update to the Ohio Compliance Supplement (OCS), in collaboration with the Legal Division and AOS administration. The OCS provides staff and IPA auditors with a summary of Ohio laws and regulations, as well as suggested audit procedures, the AOS believes should be tested in local government audits pursuant to its public stewardship mandate and requirements in the auditing standards.
- CFAE assisted in approximately 230 GASB 68 census data examinations and completed more than 1,600 audit consultations and report reviews. In addition, CFAE provided several trainings throughout the year to AOS auditors as well as contracted IPAs, local governments and other state agencies.
- During fiscal year 2020, CFAE updated all testing procedures, guidance, practice aids and the AOS Audit Manual for these significant revisions in the Government Auditing Standards Yellow Book.

GASB is working on a long-term project to reexamine the blueprint of state and local government financial reporting. The project is meant to result in improvements to the current financial reporting model. CFAE in conjunction with the AOS Local Government Services Division (LGS) is part of a national pilot project team to provide input for the response to GASB's Preliminary Views.

## Medicaid Contract Audit Section (MCA)

Medicaid Contract Audit Section (MCA) MCA is a standalone department under the Audit Division. It employs 18 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 an interagency agreement with ODM, MCA performs agreed-upon procedures on the cost reports submitted by intermediate-care facilities for individuals with intellectual disabilities and PASSPORT administrative agencies.
- Under a second interagency agreement with ODM, MCA tests incentive payments for implementing electronic health records in the Medicaid Promoting Interoperability Program (MPIP).
- During FY 2020, AOS released 17 Medicaid provider compliance examinations and identified over \$3.3 million in improper payments.
- MCA released 1 report on an intermediate-care facility which identified more than \$12,000 in improper payments. MCA initiated engagements on 10 additional intermediate-care facilities; however, these engagements were put on hold due to the State emergency for the COVID-19 pandemic.
- MCA released 7 PASSPORT administrative agency reports identifying over \$29,000 in non-federal reimbursable costs.
- MCA released 330 MPIP reports identifying the use of electronic health records.
- MCA initiated a public interest audit to determine if Medicaid eligibility determinations were in compliance with federal and state requirements, if payments were made on behalf of ineligible recipients, and if there are barriers in the enrollment process. The results of this audit are expected to be released early in SFY 2021.

## By the numbers

**355**

Number of reports produced by MCA

**\$3.3**

**million**

Improper payments charged to Medicaid program

**\$29,000**

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. The Unit consists of 10 investigators, 12 forensic auditors, two attorneys, and others who combine investigative, special auditing and legal specialties into one cohesive team.

A few examples of the work completed by SIU in fiscal year 2020 in response to tips received include the following:

### City of Lima – Municipal Court (Allen County)

Lima Municipal Clerk of Court, Jim Link, alerted the Auditor's office of a credible allegation of theft committed by former Chief Deputy, Sue Barnett. As Chief Deputy, Barnett was responsible for managing the cashiers working for the civil division of the court. She was to ensure each cashier's batches for the day agreed with their respective cash drawer. She would then prepare a daily cash drawer worksheet which listed the date, batch number(s), batch totals, list of checks received, total of checks received, cash in drawer and total deposit. Barnett would then take the deposit to the bank, which allowed Barnett to have control over all phases of each transaction until her retirement from the court on May 31, 2012.

The special audit covered the period of January 1, 2009, through June 30, 2012, uncovering theft of \$95,571 through multiple schemes including check substitution, altering receipt amounts in the accounting system and lapping. The court conducted their own audit for the period January 1, 1997, through December 31, 2008, and identified \$238,699 in theft.

#### Result:

On April 18, 2019, Barnett appeared before Judge Jeffery L. Reed and pled guilty to theft in office, a felony of the third degree, and to telecommunications fraud, a felony of the third degree. On September 5, 2019, Barnett agreed to a restitution amount of \$331,706. On October 18, 2019, Judge Reed sentenced Barnett to 36 months in prison for each count, to be served concurrently. In addition, Judge Reed ordered restitution of \$331,706 against Barnett in favor of Lima Municipal Court. The special audit resulted in an additional \$2,564 civil finding for recovery in favor of the City of Lima, that was not included in the restitution order.

### York Township and York Township Water Authority (Belmont County)

Dawn Lee served as Fiscal Officer for York Township (the Township) from April 2012 through March 2016, and for York Township Water Authority (the Authority) from July 2013 through August 2016, when she was placed on administrative leave. After declaring both entities' records unauditible, AOS Southeast Region auditors identified unusual payments to Lee and her family members from both the Township and the Authority.

In the course of the investigation and audit of the Township and the Authority, SIU found Lee used the Township's and Authority's credit cards to make personal purchases and wrote reimbursement checks to herself that were for personal purchases that included duplicate payments from both entities. In addition, she wrote checks to her husband and mother from the

Township account for work that was not completed or authorized by Township Trustees. The majority of checks written by Lee out of the Township's and Authority's accounts were found by SIU to be unsupported. Furthermore, Lee comingled funds between the two entities. SIU also found Lee was withholding taxes from payroll checks, but was not remitting the withholdings to the IRS or the Ohio Department of Taxation. Lee and her husband failed to file their personal income taxes for 2014, and filed false returns for 2013 and 2015. Lee's thefts from the Township and the Authority were in excess of \$90,000 and \$8,100, respectively.

**Result:**

Lee was indicted on 27 charges and pleaded guilty to five charges – two charges of theft in office (third-degree felonies); one charge of tampering with records (3rd degree felony); and two charges of failure to remit tax withholdings (5th degree felonies). Lee made full restitution prior to sentencing. She was sentenced to 10 years in prison and ordered to pay a \$10,000 fine.

Lee's husband was indicted on six charges and pleaded guilty to receiving stolen property (5th degree felony) and attempted failure to file a tax return with the Ohio Department of Taxation (1st degree misdemeanor). He was sentenced to six months in jail and 200 hours community service and was ordered to pay a \$2,500 fine.

**Liberty Township (Guernsey County)**

At the start of the biennial audit, the new Liberty Township fiscal officer alerted the Auditor of State to some missing records. It was reported the Township garage had been burglarized at the beginning of 2016, and all 2015 financial records, except the Township Trustee meeting minutes, had been stolen. Upon examination of some bank records, questionable and suspicious checks to the former fiscal officer, Kathy Leach, were discovered.

An investigation and special audit conducted by SIU uncovered \$100,713 taken by Leach through multiple schemes, including \$86,913 in unauthorized Township checks to her personal business, Old 21 Storage, and her husband, Larry Leach (who was deceased at the time of our investigation), \$7,438 in medical reimbursements to Leach based on fictitious medical records she submitted, and \$6,362 in additional miscellaneous unsupported reimbursements to Leach and other non-township related expenses.

**Result:**

Leach was indicted on October 5, 2018 on six third degree felony counts. Leach entered a negotiated guilty plea on April 17, 2019 to one count of theft in office. On October 31, 2019, Leach was sentenced to two years in prison and ordered to pay restitution in the amount of \$14,751. This amount included the criminal case loss of \$99,751, less \$85,000 amount paid by the Township fiscal officer bond.

**Another discovery**

The special audit also uncovered a former Township employee, Thomas Braniger, received \$6,230 in reimbursements for health insurance purchased while employed at the Township. An investigation discovered Braniger provided fraudulent health insurance documentation to the

## By the numbers

FY 2020:

**562**

Tips submitted regarding suspected fraud

**140**

Average number of open cases in our Special Investigations Unit

**34**

Convictions since Jan. 1, 2019

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**866-FraudOH**

The number to call to report suspected fraud in government.

### Did you know?

SIU collaborates with federal, state, and local law enforcement

Township; however, he later provided documents to investigators indicating he had paid \$2,535 in health insurance through another provider. Braniger was overpaid \$3,695 for his health insurance reimbursements. Braniger also received \$3,033 in reimbursements that were not authorized by the Trustees or otherwise supported by documentation.

### Result:

Braniger was indicted on October 5, 2018, for one count of theft in office, a fourth degree felony. However, on May 9, 2019, the Guernsey County Prosecutor dismissed the charges against Braniger without prejudice. A civil finding for recovery, totaling \$6,728, was issued to Braniger on January 7, 2020, in favor of Liberty Township.

# Training

## Accounting and Auditing (A&A) training

All Auditor of State audit staff are required to complete 80 hours of Continuing Professional Education (CPE) every two years.

- The two-day training sessions, held in all geographical regions in the fall, provided auditors with 15.5 hours of CPE credit. The spring training session, held as on-demand webinars, provided auditors with 11.5 hours of CPE credit.
- In an effort to continue to provide up to date trainings and reduce training costs, the office created an online training resource to provide staff with additional CPE eligible on-demand and live webinars. This list is constantly updated as new webinars are approved.
- Training for all staff, as well as additional training for audit employees will be offered in the fall through virtual training and on-demand webinars.

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

The portal tracks continuing education credit hours for more than 2,200 registered fiscal officers. It offers more than 250 training courses and 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 of State's office and the Ohio Department of Education hosted the conference, which was attended by 200 community-school educators, administrators, and sponsors. The program included updates on funding, reporting, Ohio Compliance update, and Ohio Ethics law. This year the office will provide on-demand webinars should any updates need to be presented.

## Combined IPA Conference

The Auditor of State's office 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 office will provide on-demand webinars should any updates need to be presented.

## Village Fiscal Officers and Clerks Training

Five regional sessions focused on:

- Ohio Compliance Supplement & Common Audit Citations
- Ohio Public Employment Retirement System requirements
- Cyber Security
- What revenues for what expense

The office is currently determining if this year's training will be held in person or offered as on-demand webinars.

## **Ohio Township Association Annual Conference**

In February, the Auditor of State's office provided several workshops on Auditor of State initiatives, auditing policies and Ohio Budgetary Law. The Uniform Accounting Network (UAN) reserved booth space at the conference. Representatives from UAN and the Training department were present to answer questions and provide assistance for conference attendees.

## **21st Annual Local Government Officials Conference**

Due to health concerns, the in-person conference was canceled. The office provided attendees with a list of on-demand webinars made available through the Auditor of State website. Currently, webinar participants can earn up to 9.75 continuing education hours that qualify towards the Fiscal Integrity Act requirements.

## **20th Annual Emerging Trends in Fraud Investigation and Prevention Conference**

Historically, the Auditor of State's office partners with 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. This year's conference was canceled.

## **External Speaking request**

During Fiscal Year 2020, the Training Department processed 74 outside speaking engagement requests. The office provided speakers for 36 external events hosted by 26 different organizations. Due to the pandemic, the office was unable to process as many external speaking requests. In an effort to continue to provide up to date trainings, the office created a free online learning library to deliver training in up to date topics needed for local governments. The office is continuing to add to the online library throughout the pandemic.

# 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

Currently LGS serves as fiscal supervisor to 18 entities in fiscal emergency, providing financial counsel to both the local governments and the oversight commission in recovery efforts.

LGS increased assistance to smaller local governments in the form of reconstructions and reconciliations along with one on one training from 44 units in FY 2019 to 63 units in FY 2020.

### Aided in the Dissolution:

- Village of Smithfield
- Village of Newtonsville
- Village of Amelia

### Declared fiscal emergency:

- Village of Risingsun
- Concord Township

## By the numbers

*July 2019 through June 2020, the agency helped prepare:*

**291**

Comprehensive annual financial reports

**176**

Basic financial statements

**20**

Supervision engagements (both CAFR and BFS)

**42**

Cash basis statements

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**LGS also responded to:**

**182**

Fund requests

**2,178**

Inquiries on various subjects from local governments

## Publications

LGS produced a number of publications, including:

- Village Officer’s Handbook
- Ohio Township Handbook
- Ohio County Sheriff’s Manual
- Ohio Department of Developmental Disabilities Handbook

## Training

The section was involved in both external and internal training, which included hosting the Fall 2019 Village Fiscal Officer Training and providing free webinars during the spring of 2020 COVID-19 pandemic in lieu of the AOS Annual Local Government Officials Conference. These trainings helped fiscal officers and other local government officials develop their knowledge and skills in government accounting, budgeting, financing, and legal compliance and provided continuing professional education hours toward the Fiscal Integrity Act and AOS portion of the Certified Public Investment Management requirements. Semi-annual internal training for all LGS staff occurred in August 2019 and January 2020.

## More LGS accomplishments

- Assisted with AOS responses to six Governmental Accounting Standards Board (GASB) Exposure Drafts, a GASB Concept Statement and a GASB survey on compensated absences.
- Modernized regulatory and Other Comprehensive Basis of Accounting financial statement shells and notes.
- Updated Web-GAAP, an internet-based GAAP conversion software application, to help local governments implement GASB 84. The software accommodates schools, counties, and cities.
- Restructured UAN and OCBOA shells for GASB 84 along with assisting in preparation of AOS bulletin related to GASB 84.
- Participated in a pilot projects related to GASB 87.
- Served on the National State Auditor’s Association Audit Standards and Reporting Committee and on the Ohio Government Finance Officers Association (GFOA) Board of Trustees.
- Presented to:
  - Ohio GFOA
  - National GFOA
  - Ohio Educational Data System Association
  - Municipal Finance Officials Association
  - Ohio Township Association
  - Ohio Fair Manager’s Association
  - PA Conference
  - County Auditor’s Association of Ohio Student/Practitioner Day at Mount Union
  - UAN Year End Update

# 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 efficient and effective 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 2020, OPT completed legislatively requested work including a system-wide review of Educational Service Centers (ESC) in Ohio, and an audit of the Ohio Department of Transportation.

- Ohio’s Educational Service Centers: This comprehensive review of all ESCs in the state recommended standards and benchmarks unique to educational service centers which could be used for further study.
- Ohio Department of Transportation: The first phase of this performance audit identified nine recommendations for improved operations and three areas for further study after ODOT collects more accurate data. The recommendations include potential annual savings of \$10.5 million to \$21.5 million with an additional \$22 million to \$42 million in cost avoidance.

## It also released audits for the following:

- Fiscally distressed school districts to help improve the cost-effectiveness of operations and resolve financial difficulties:
  - Ravenna City
  - Perrysburg Exempted Village
  - South Euclid-Lyndhurst City
  - Bellbrook-Sugarcreek Local
- Client requested audits for:
  - The City of Twinsburg
  - Talawanda Local School District
- Feasibility Studies related to shared service arrangements, including:
  - Montville Township-Medina County (Fire District Implementation)
  - Brookfield, Liberty and Matthews Local School Districts (Support Services Consolidation)

OPT also initiated audits with the Ohio Department of Education and Ohio Department of Public Safety, and is completing a second phase of the audit of the Department of Transportation. Final reports for these audits will be released in FY 2021.

## OPT accomplishments

- Served on the National State Auditor’s Association Performance Audit and Peer Review Committees.
- Developed and implemented audit-specific web pages to provide clients and constituents with a broader range of audit products.

## Legislative Affairs

### **Senate Bill 293: Creates Court of Claims procedure for Open Meeting Violations**

*Status: Passed the Senate, pending House review*

Senate Bill 293 creates a procedure within the Court of Claims to hear complaints alleging a violation of Open Meetings Law. To file a complaint against a public body, a person would only have to complete a form prescribed by the clerk of the court of claims and pay a \$25 filing fee.

If the special master assigned by the clerk to the complaint determines the complaint shall move forward, they can refer it for mediation, dismiss the complaint, or refer to the court of claims for further action. This process mirrors Senate Bill 321 of the 131st General Assembly, a bill Auditor Faber introduced as Senate President, which created a mediation program for public records complaints.

Since 2016, the program has seen success with cutting down wait times and costs for public records.

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

*Status: Passed by the House, pending Senate Concurrence to House amendments*

There is no greater breach of public trust than theft in office. Government officials who have stolen must be held to the highest level of accountability – a level not met by the current statute. An individual is already barred from ever holding public office again, but the maximum sentence is a third-degree felony, regardless of the amount stolen. This is less severe than the punishment for an average citizen who steals, which can carry up to a first degree felony.

Senator Steve Wilson introduced Senate Bill 10 to correct this injustice. Under the bill, a public official who steals could be charged with a first-degree felony, serve up to 11 years in prison, and owe a \$20,000 fine depending on the amount they stole.

### **Senate Bill 120: Performance audits of institutions of higher education**

*Status: As Enrolled, Effective 5/1/2020*

Current law requires the Auditor of State to complete four performance audits of state agencies in a biennium. Before Senate Bill 120, only one of these audits was allowed to be a state institution of higher education. If we were to only do one performance audit of a higher education institution per biennium, it would take the AOS over 70 years to complete one for each institution in Ohio. The Auditor aimed to remove this arbitrary cap to allow our team to accomplish as many performance audits as they can in a biennium and also allow our team to compare institutions and look across campuses and divisions to find best practices and ways to save taxpayer dollars. This

is particularly important as tuition costs continue to rise and students are in a cycle of perpetual debt when they graduate.

Senators McColley and Rulli introduced Senate Bill 120 to remove this cap and the bill made its way through both chambers with bipartisan support and received the Governor's signature.

### **House Bill 450: Regards transition of duties of fiscal officers and treasurers**

*Status: As Passed by the House, pending Senate Review*

House Bill 450 would modernize current law and create a Certificate of Transition requirement for all outgoing fiscal officers, serving as a checklist of items and information that an outgoing office holder must provide to their successor before leaving office.

When signed and delivered, it will provide both the outgoing and incoming officeholders with an official document proving that a successful transition was completed. The Auditor of State's office will have the flexibility to check Certificates of Transition as needed and issue findings if wrongdoing is discovered.

Additionally, if an outgoing officeholder refuses to complete a Certificate of Transition, our office could refer a charge of dereliction of duty to the county or city prosecutor, which in some cases could result in a misdemeanor of the second degree or disqualification from holding any public office, employment, or position of trust in this state for up to four years.

## 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:**

- 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.
- 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.
- 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.

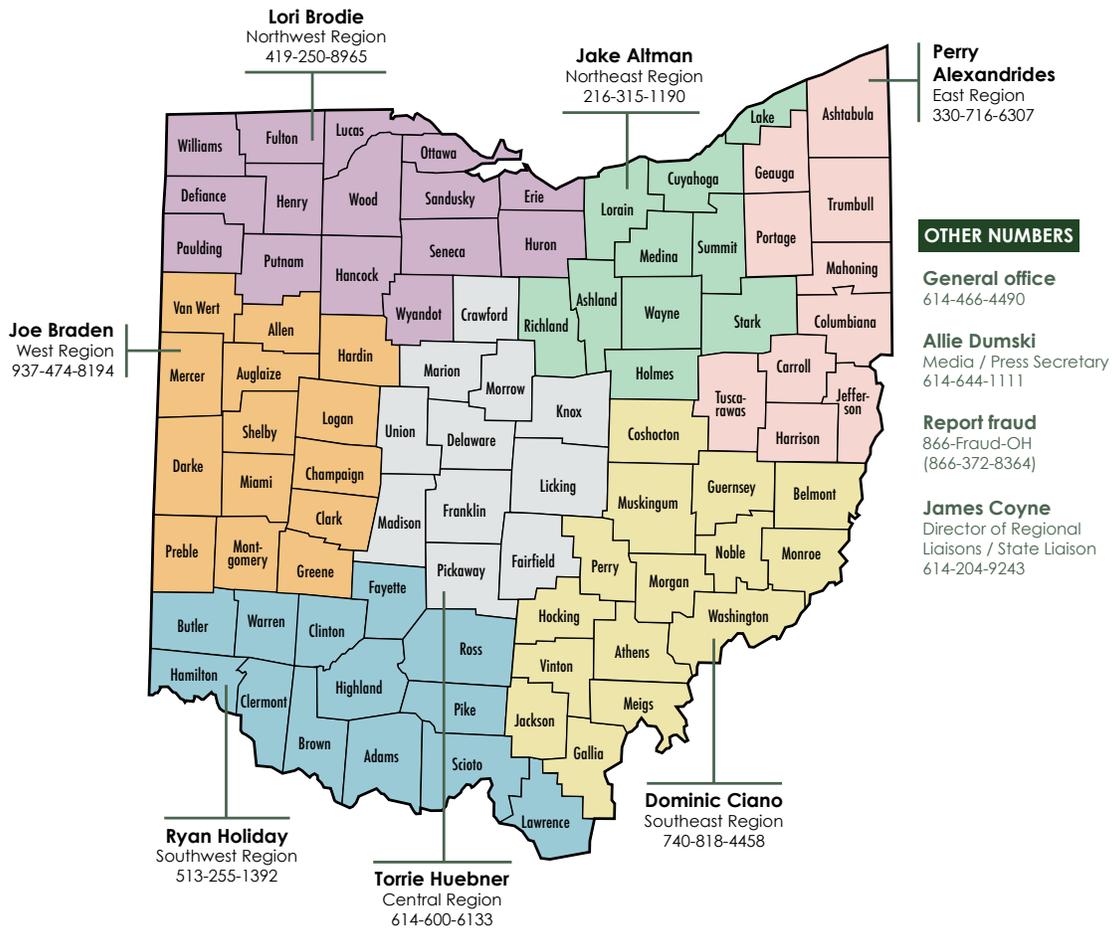
## Multimedia and Social Media

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, YouTube
- Infographics, interactive maps, photography

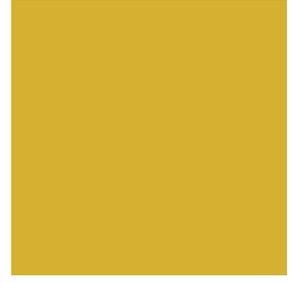
## Field Operations

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



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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.

As a response to the COVID-19 pandemic, all monthly billing went electronic effective March 31, 2020. 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 2020, the department completed the following projects:

- Added Microsoft's PowerBI to analyze data and create visual dashboards.
- Rolled out a new version of eServices with more self-service options for audit customers.
- Implemented a new network infrastructure.
- IT also made a few changes in response to the pandemic:
  - Increased VPN capabilities so all staff can work remotely.
  - Implemented Microsoft Teams so staff can meet anywhere through audio or video.
  - Instituted electronic statements for all customers.
  - Built a webpage of resources for Local Government to respond to the COVID-19 pandemic.

## 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 2,043 to 2,066 local governments. The table below summarizes the population of UAN clients.

UAN CLIENT BASE	Ohio entities	UAN clients	% on UAN
Townships	1308	1231	94%
Villages	681	513	75%
Libraries	251	160	64%
Special districts	582	159	27%
Cities	251	3	1%
<b>Total</b>	<b>3073</b>	<b>2066</b>	<b>67%</b>

## Office organization



Auditor Faber and Deputy Chief of Staff Alex Bilchak at the Veterans Day wreath-laying 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

## Contacts

### Administration

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

**Phone:**

614-466-4514  
800-282-0370

**Fax:** 614-466-4490

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### Local Government Services

**Phone:** 800-345-2519

**Fax:** 614-728-8027

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### Public Affairs & Media Inquiries

**Phone:** 614-644-1111

[press@ohioauditor.gov](mailto:press@ohioauditor.gov)

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### Uniform Accounting Network (UAN)

**Phone:** 800-833-8261

**Fax:** 877-272-0088

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

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### Fraud hotline

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

[fraudohio@ohioauditor.gov](mailto:fraudohio@ohioauditor.gov)

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### Public Records hotline

**Phone:** 888-877-7760



The Auditor of State Distinguished Service Award is devoted to recognizing AOS employees who exhibit professionalism, provide outstanding customer service to clients and/or co-workers, and demonstrate an overall commitment to excellence.

**Top row, from left:** Torri Huebner, Regional Liaison; **Marcus Rogan**, Assistant Auditor MCA; **Timothy Engel**, Assistant Auditor; **Brey Buetner**, Assistant Auditor; **Michael Bridges**, Assistant IT Auditor; **Trevor Wilson**, Assistant Project Manager LGS; **Tim Gordon**, Assistant Auditor; **Marvin Maag**, Assistant Auditor

**Bottom row, from left:** Angela Albaugh, Assistant Auditor; **Nikki Bell**, Assistant Director HR; **Kim Eckert**, Finance Director; **Teresa Hicks**, *Quality Assurance and Technical Specialist*; **Andrew Leith**, *Audit Manager*; **Mark Ingles**, *Performance Project Manager*; **Robert Smith**, Assistant Chief Legal Counsel, SIU



LGS Winter Conference was held Jan. 8, 2020.



88 E. Broad St.  
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