

- Works with Ohio's local governments to provide audits of three types: financial, performance, and special audits
- Reconfigured Fraud and Investigation Unit

## Auditor of State

*Carol Robison, Budget Analyst*

### ROLE

The Auditor of State is responsible for auditing all public offices in Ohio including those in cities, villages, counties, townships, schools, and universities, as well as the many departments, agencies, and commissions of state government. Over 4,600 audits are performed at least every two years. The Auditor also provides consulting services to local entities, training for public officers, and produces payroll, vendor payments, warrants for the state, and income tax refunds. The Auditor of State employs approximately 982 full time employees, of which approximately 747 are auditors who work from the state office or one of the eight regional offices.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
966	\$85.2 million	\$88.6 million	\$33.8 million	\$33.9 million	Am. Sub. H. B. 95

\*Employee head count obtained from the Department of Administrative Services (DAS) payroll reports as of June 28, 2003.

### OVERVIEW

The Auditor of State's office is organized into three *budget programs*, each referred to as a Program Series. The three program series are the Audit Services Program (Program Series 1), Centralized Services Program (Program Series 2), and Local Government Services Group (Program Series 3). The work of the Auditor's office is completed through three *operational divisions*: Audit Division, Administration Division, and Legal Division.

### BUDGET ISSUES

#### ***AUDIT SERVICES PROGRAM (PROGRAM SERIES 1)***

This program series is comprised of two groups: the Audit Division and the Fraud and Investigation Group. Funding for the Audit Services Program is derived from the General Revenue Fund (to cover operating expenses and fiscal watch and emergency technical assistance) and from two rotary funds (Fund 109 to cover intrastate public audit expenses and Fund 422 to cover local government public audit expenses). The rotary moneys come from charges to state and local governments for the cost of audits provided by the Audit Division.

Under the Audit Division, the Audit Group identifies critical issues related to public entities' financial reporting, legal conditions, internal controls, high-risk investments, and operational efficiencies and inefficiencies, among other issues for local governments. The Audit Group also conducts special audits of private entities receiving public funding. Under current funding, the Fraud and Investigative Audit Group will continue to assure that institutions and programs are in compliance with state laws and local regulations.

### ***CENTRALIZED SERVICES PROGRAM (PROGRAM SERIES 2)***

This program series is comprised of two divisions, the Administrative Division and the Legal Division, and two groups, the Information Technology Group and the Public Affairs Group. Funding sources for Program Series 2 are the General Revenue Fund and, Fund 109 and Fund 422, which are derived from charges to state and local governments for the cost of audits provided by the Audit Division.

The funding for the Centralized Services Program is used by the Administrative Division for all centralized support to the office's full-time employees and office operations, including the writing of several million warrants (checks) annually for state employee payroll, recipients of Aid to Families with Dependent Children, and suppliers of goods and services used by the state. Funds to the Legal Division are used for professional support and legal guidance to state agencies and local governments. Funding to the Information Technology Group allows for thousands of electronic fund transfers per year and maintenance of a Local Area Network (LAN) and a Wide Area Network (WAN) connecting the Auditor's nine regional offices. The Public Affairs Group uses funds for responding to thousands of requests for information per year and for media expenses.

### ***LOCAL GOVERNMENT SERVICES GROUP (PROGRAM SERIES 3)***

This program series is comprised of one group, the Local Government Services Group, which provides professional and technical services and assistance to local governments in the areas of accounting and operational activities. These services include assistance with GAAP conversion, assistance with financial forecasts, fiscal watch and emergency analysis, records reconstruction and reconciliation, and help in using the Uniform Accounting Network (UAN). The Uniform Accounting Network is an accounting system for townships, villages, and libraries.

Funding sources for Program Series 3 are the General Revenue Fund and four rotary funds (Funds 109, 422, 584, and 675). Money in these funds is derived from charges to state and local governments for the cost of audits, consulting services, technical assistance, and from fees paid by local governments for participation in the UAN and a variety of training sessions for local officials.

### ***FEE INCREASES AND CHANGES AFFECTED BY STATE AUDIT FLAT RATE***

The Auditor of State increased the state audit flat rate from \$57.28 to \$57.84, effective July 1, 2003, so this will produce new revenue of \$80,293 for FY 2004. The state audit flat rate affecting FY 2005 was set at \$56.94, or a 1.6% decrease from the FY 2004 rate, so that there is no new revenue, rather a decrease of \$131,379 from FY 2004 to FY 2005. ■■■

**FY 2004 - 2005 Final Appropriation Amounts**

**All Fund Group**

**Line Item Detail by Agency**

**FY 2001:      FY 2002:      FY 2003:      FY 2004      % Change      FY 2005      % Change**  
**Appropriations:      Appropriations:      Appropriations:      2003 to 2004:      Appropriations:      2004 to 2005:**

**Report For: Main Operating Appropriations Bill**

**Version: Enacted**

**AUD Auditor of State**

GRF	070-321	Operating Expenses	\$ 32,141,810	\$ 30,278,217	\$30,698,832	\$ 30,813,217	0.37%	\$ 30,813,217	0.00%
GRF	070-403	Fiscal Watch/Emergency Technical As	\$ 236,159	\$ 735,180	\$811,669	\$ 400,000	-50.72%	\$ 500,000	25.00%
GRF	070-405	Electronic Data Processing Administrat	\$ 984,487	\$ 823,193	\$896,111	\$ 823,193	-8.14%	\$ 823,193	0.00%
GRF	070-406	Uniform Accounting Network/Technolo	\$ 7,565,008	\$ 1,774,394	\$1,774,694	\$ 1,774,394	-0.02%	\$ 1,774,394	0.00%
<b>General Revenue Fund Total</b>			<b>\$ 40,927,464</b>	<b>\$ 33,610,983</b>	<b>\$ 34,181,306</b>	<b>\$ 33,810,804</b>	<b>-1.08%</b>	<b>\$ 33,910,804</b>	<b>0.30%</b>
422	070-601	Public Audit Expense-Local Governme	\$ 28,859,091	\$ 31,983,724	\$31,869,701	\$ 37,617,072	18.03%	\$ 39,497,925	5.00%
109	070-601	Public Audit Expense-Intrastate	\$ 7,642,565	\$ 7,856,212	\$9,960,011	\$ 10,592,547	6.35%	\$ 11,651,800	10.00%
584	070-603	Training Program	\$ 61,404	\$ 146,615	\$105,444	\$ 124,999	18.55%	\$ 131,250	5.00%
675	070-605	Uniform Accounting Network	\$ 1,941,720	\$ 1,324,744	\$3,987,381	\$ 3,015,760	-24.37%	\$ 3,317,336	10.00%
<b>General Services Fund Group Total</b>			<b>\$ 38,504,780</b>	<b>\$ 41,311,296</b>	<b>\$ 45,922,537</b>	<b>\$ 51,350,378</b>	<b>11.82%</b>	<b>\$ 54,598,311</b>	<b>6.33%</b>
R06	070-604	Continuous Receipts	\$ 27,921	\$ 33,777	\$12,364	\$ 50,000	304.40%	\$ 60,000	20.00%
<b>Holding Account Redistribution Fund Group Total</b>			<b>\$ 27,921</b>	<b>\$ 33,777</b>	<b>\$ 12,364</b>	<b>\$ 50,000</b>	<b>304.40%</b>	<b>\$ 60,000</b>	<b>20.00%</b>
<b>Auditor of State Total</b>			<b>\$ 79,460,164</b>	<b>\$ 74,956,055</b>	<b>\$ 80,116,207</b>	<b>\$ 85,211,182</b>	<b>6.36%</b>	<b>\$ 88,569,115</b>	<b>3.94%</b>