
AUDITOR OF STATE

Auditing Medicaid providers and managed care organizations (VETOED)

- Would have provided that, until June 30, 2023, the Auditor of State is not responsible for the costs the Auditor incurs when auditing medical assistance recipients (VETOED).
- Would have required the Auditor, until June 30, 2023, to audit Medicaid managed care organizations (VETOED).

Independent auditors

- Removes the Auditor's authority to contract with a public accountant to audit a public office as an independent auditor; the Auditor has continuing authority to contract with a *certified* public accountant.
- Instead of ensuring independent auditors comply with Generally Accepted Auditing Standards as under prior law, requires the Auditor to ensure independent auditors comply with Generally Accepted *Government* Auditing Standards.

Costs of audits

- Allows the Auditor to determine which costs of an audit of a state agency or local public office will be charged to the agency or office.
- Specifies that costs of an audit include both direct and indirect costs.
- Allows the Auditor to offset charges billed to a local public office using resources from the Local Government Audit Support Fund, the General Revenue Fund, or other state sources the Auditor has for this purpose.

Local Government Audit Support Fund

- Creates the Local Government Audit Support Fund to be used by the Auditor to offset the cost of audits of local public offices.
- Requires the OBM Director to credit monthly a portion of total tax revenue credited to the General Revenue Fund equal to $\frac{1}{12}$ of the annual fiscal appropriation from the Local Government Audit Support Fund and requires the Director to develop a schedule identifying the specific tax revenue sources to be used to make the monthly transfers.
- Prohibits the Controlling Board from authorizing additional spending from the Local Government Audit Support Fund.

Audit of Auditor of State's Office

- Allows the Governor and Finance Committee chairpersons to select designees to recommend an accountant for appointment, rather than requiring the Governor and chairpersons to evaluate accountants themselves as under prior law.

- Requires OBM to provide staff services to the Governor and Finance chairpersons or to their designees.

Auditing Medicaid providers and managed care organizations (VETOED)

(Section 701.55)

The Governor vetoed provisions regarding the Auditor of State's authority to conduct audits related to medical assistance programs (Medicaid, the Children's Health Insurance Program, the Refugee Medical Assistance Program, and any other program that provides medical assistance and Department of Medicaid is authorized by state statute to administer). The vetoed provisions would have been in effect until June 30, 2023, and done the following:

1. Provided that the Auditor is not responsible for the costs the Auditor incurs under continuing law when auditing medical assistance recipients;
2. Required the Auditor to audit Medicaid managed care organizations and provide a copy of each such audit to the Governor, Medicaid Director, and Joint Medicaid Oversight Committee.

Independent auditors

(R.C. 117.115 with conforming changes in R.C. 102.02, 117.11, 1724.05, and 1726.11)

Upon request of a local public office under continuing law, the Auditor may contract with an independent auditor to conduct an audit of the local public office. Previously, a public accountant, certified public accountant, or an official governmental audit organization could serve as an independent auditor. The act eliminates the reference to a public accountant, thereby allowing the Auditor to contract with only a certified public accountant or an official governmental audit organization as independent auditors. And, the act requires any independent auditor to comply with Generally Accepted *Government* Auditing Standards (GAGAS) rather than Generally Accepted Auditing Standards (GAAS) as under prior law.

Costs of audits

(R.C. 117.13)

The act allows the Auditor to determine which audit costs to recover from a state agency or local public office. Previously, the Auditor collected the "costs of all audits" from a state agency and certain, specified costs (compensation paid to assistant auditors and their expenses, costs of experts, and others) from a local public office. The act also specifies that the costs of an audit include both direct and indirect costs. The Auditor may offset the costs of audits of local public offices using resources from the Local Government Audit Support Fund (created by the act – see below), GRF dollars, or other state sources provided to the Auditor for this purpose.

Regarding the rates to be charged to state agencies and local public offices for an audit, the act requires the Auditor to determine and publish those rates annually instead of establishing those rates by rule as under prior law. The act also requires the rates to take into consideration federal cost recovery guidelines.

Instead of charging a local public office's audited funds as under prior law, the act allows the public office's fiscal officer to allocate money from appropriate funds using a methodology provided by the Auditor.

Local Government Audit Support Fund

(R.C. 117.131 and 131.511)

The act creates the Local Government Audit Support Fund in the state treasury to be used by the Auditor to offset the costs of audits of local public offices. On a monthly basis, the OBM Director must credit a portion of total tax revenue credited to GRF equal to $\frac{1}{12}$ of the annual fiscal appropriation from the Local Government Audit Support Fund. The Director must develop a schedule identifying the specific tax revenue sources to be used to make the monthly transfers and may revise the schedule as necessary. The act specifies that appropriations for the Fund must remain at the amount designated by the General Assembly. The Controlling Board is not allowed to authorize additional spending from the fund.

Audit of Auditor of State's Office

(R.C. 117.14)

Continuing law requires an annual audit of the Office of the Auditor of State by an independent accountant. Under prior law, the Governor and Finance Committee chairpersons evaluated and appointed the independent accountant. The act allows the Governor and chairpersons to select designees to *evaluate and recommend* an independent accountant, but the Governor and chairpersons must make the appointment. Additionally, the act requires OBM to provide staff services to the Governor and chairpersons (or their designees) to assist with these duties.