

# Auditor of State

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- Increased emphasis on Fraud and Investigative Services in the next biennium
- Oversight of BWC audits due to coin investment scandal

## OVERVIEW

### Duties and Responsibilities

The Auditor of State is an elected constitutional officer responsible for auditing all public offices in Ohio including: cities and villages, schools and universities, counties and townships, libraries, as well as the many departments, agencies, and commissions of state government. The Auditor issued 3,389 audits in calendar year 2004. 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 935 full-time employees and is currently operating with an annual budget of approximately \$75.7 million, a decrease of approximately 12% from FY 2005, to fulfill its responsibilities. The majority of the Auditor's employees are auditors who work from the state office or one of the eight regional offices: Canton/Akron, Cincinnati, Cleveland, Columbus, Dayton, Southeast, Toledo, and Youngstown. Each regional office is staffed by a chief auditor and an assistant chief Auditor.

The office is organized in three *divisions* of operation:

- Audit Division
- Administration Division
- Legal Division

### Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
935	\$75,814,582	\$75,764,582	\$31,926,156	\$31,876,156	Am. Sub. H.B. 66

\*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

### Vetoed Provisions

There are no vetoed provisions that affect this agency.

### **Local Government Services Funding Concerns**

Approximately two-thirds of the Auditor's budget is funded through fees charged to local governments for various services. An increasing inability to pay for services by local governments will create future budgetary issues for the Auditor of State. The Auditor experienced a reduction in revenue received for local government services of \$262,312 between FY 2003 and FY 2004. It is anticipated that the Auditor will also face a revenue reduction of approximately \$94,000 between FY 2004 and FY 2005 when current revenues received are projected out for an entire fiscal year.

This trend could continue into this biennium. The Auditor of State anticipates an additional 15 local entities to fall into fiscal watch, caution, or emergency in FY 2005. Currently there are 21 local governments in fiscal watch or emergency. This number could rise further in the next biennium as local governments may experience a reduction in revenue as a result of the Governor's plan to cut funding to the Local Government Fund.

### **Fraud and Investigative Audit Group – Increased Priority**

The current Auditor of State has established that one of three priorities is to find and reduce public fraud and corruption. To support that priority, three prosecutors have been reassigned and two investigators joined the group during the FY 2004-2005 biennium. These positions will initiate a redefined Fraud, Waste, and Abuse Prevention Division (FWAP) with an expanded focus compared to the former organization. The redefined FWAP will focus on uncovering public corruption, and the misuse and abuse of public money.

### **BWC Investment Management Concerns**

The Auditor of State will also be conducting several audits of the Bureau of Workers' Compensation (BWC). The Auditor recently had three Controlling Board items approved to contract with several firms to conduct various audits. Sotheby's, Inc. will continue to inventory, appraise, and transport coins and collectibles held in the BWC's Capital Coin Fund Limited & Capital Coin Fund Limited II. The Auditor has also contracted with Clark, Schaefer, Hackett & Co., Cincinnati, Hamilton County, to conduct a review of BWC's compliance with its internal policies, procedures, and practices regarding the establishment and monitoring of Capital Coin Fund Limited and Capital Coin Fund Limited II, including a similar review of BWC investments made with MDL Capital Management. Finally, Crowe Chizek and Company, Chicago, Illinois, will continue a forensic audit of Bureau of Workers' Compensation Funds invested in the Capital Coin Fund Limited and the Capital Coin Fund Limited II.

### **Uniform Accounting Network (UAN) Funding Issues for FYs 2006-2007**

In the past, the funding stream for the operation of the UAN consisted of (a) GRF funds for payroll to cover technical support and software development, and (b) local user fees on a graduated scale to cover hardware. Budget cuts to GRF funds in the last biennium have nearly eliminated the availability of GRF appropriations; therefore, the Auditor of State has been tapping the Uniform Accounting Network Fund (Fund 675) for the necessary funding. This fund is now the sole source of UAN funding. However, it is apparent that the office does not have adequate cash balances, nor does the current fee structure provide enough revenue, to support expenditures into the next biennium. The UAN also may face the need for software upgrades. A recent opinion of the American Institute of Certified Public Accountants (AICPA) may require that the software be upgraded to comply with GASB34 requirements. The costs of such an upgrade is unknown at this time.

## Description of Division Responsibilities

### Audit Group

**Financial Audits.** The Audit Division performs financial and compliance audits of Ohio's public entities to identify critical issues related to public entities' financial reporting, legal compliance, reportable conditions, systems of internal control, control weaknesses, high-risk investments, and irregular or illegal activities. The Audit Division serves all state and local government entities in Ohio. Working from the nine regional offices (eight geographic regions and one for state audits), the auditors audit the financial records of Ohio's political subdivisions, ensuring that state and locally collected revenues are spent according to the direction of the General Assembly, school boards, city or village councils, township trustees, and boards of county commissioners. Audits are either conducted on an annual or biennial basis. Biennial audits are performed with auditors examining both years in a biennium. Audits are done to ensure that:

- Public funds are legally expended;
- Records are maintained in accordance with law;
- Generally Accepted Accounting Principles (GAAP) are followed; and
- Standard principles of fiscal management are followed.

In Calendar year 2004, the Auditor issued approximately 3,400 audits. Of these, 145 contained findings for recovery, identifying dollars that were either misspent or stolen and owed back to the public office. Overall, nearly \$8 million in findings for recovery were identified.

**Performance Audits.** The Auditor of State, on the Auditor of State's initiative, may conduct a performance audit of a school district that is under a fiscal caution under section 3316.031 of the Revised Code, in a state of fiscal watch, or in a state of fiscal emergency, in which the Auditor of State reviews any programs or areas of operation in which the Auditor of State believes that greater operational efficiencies or enhanced program results can be achieved. Moreover, the Auditor of State is granted similar authority and oversight when local governments (counties, townships, villages, etc.) are deemed to be in a state of fiscal watch or fiscal emergency pursuant to Chapter 118. of the Revised Code.

The purpose of the audit process is to eradicate fraudulent use of public money, eliminate waste and abuse of tax dollars, and provide oversight and assistance in a manner that produces cost savings practices for local entities. In FY 2005, 22 performance audits were released. There were 1,176 recommendations presented in these audits, which, if fully implemented, would result in more than \$37.4 million in potential savings and revenue enhancements that were identified.

**Special Audits.** The Audit Group completes special audits of private entities that receive public funding (institutions, associations, boards, and corporations such as foster care companies and nursing homes) as well as public entities at any time when so requested by the entity or upon the Auditor of State's own initiative. There is no difference in the costs to the Auditor of State to audit private or public entities.

The Taxpayer Protection Initiative, which was launched on October 1, 2003, has logged 1,081 consumer calls through August 31, 2005. During FY 2004, eight special audits were released, in which

approximately \$6.4 million in findings for recovery were identified, in addition to \$1.1 million in questioned costs.

### **Local Government Services Group (LGS)**

The Local Government Services Group acts as a consulting and fiscal advisory group to all government agencies and subdivisions. In that role the Local Government Services Group provides technical expertise, training, consulting services, GAAP conversion assistance, financial forecasts, fiscal watch and emergency analysis, and records reconstruction and reconciliation. The Open Government Unit, established in January 2003, conducted 91 seminars for approximately 5,875 attendees including law enforcement, local government officials, and the media in FY 2005.

The function of this group is important as this group fulfills statutory obligations that include attempting to rescue local governments and school districts from projected insolvency. The number of local governments and school districts that are in a state of fiscal watch, caution, or emergency has an effect on the Auditor's budget. Many local entities have difficulty paying for the statutorily mandated services provided by the Auditor of State's office.

### **Fraud and Investigative Audit Group**

The recently created Fraud and Investigative Audit Group (formerly known as Fraud Waste Abuse Prevention) helps state and local governments identify and prevent fraud, waste, and abuse in their operations and public assistance programs. Combating fraud has been identified as a high priority for the Auditor of State in this upcoming biennium. This program will seek to examine such waste and abuse within the Medicaid system in Ohio.

Under authority of Chapter 117. of the Revised Code, the Fraud and Investigative Audit Group identifies and reports incidents of noncompliance with state laws and local regulations. The Group serves as a source of analysis concerning the existence of fraud, waste, and abuse in Ohio institutions. The Group's mission is to assess how well programs are performing in respect to their mandated objectives and taxpayer expectations, and to help state agencies prevent misspending their funds and improve their program operations. The scope of the Fraud and Investigative Audit Group's work includes:

- (1) Assess the efficiency, economy, and effectiveness of agency programs;
- (2) Highlight incidents of noncompliance with federal and state laws and regulations;
- (3) Identify systemic weaknesses in internal controls;
- (4) Identify opportunities to recover misspent funds; and
- (5) Recommend actions to improve agency operations and prevent future occurrences of fraud, waste, and abuse.

The Group works closely with Medicaid, Child Support, and Welfare managers in the Ohio Department of Job and Family Services (ODJFS); the Ohio Attorney General's Medicaid Fraud Unit; the U.S. Attorney's Office; the Ohio Medical and Pharmacy boards; and Federal Office of Inspector General. In addition, the Auditor's Office formed the Welfare Fraud Prevention Initiative, which brings together over 20 federal, state, local, and private sector stakeholders from across the state to discuss welfare fraud prevention.

## **Administration Division**

### **Administration**

The Administration Division manages the human resources, payroll, records, graphics, financial, warrant writing functions, and electronic funds transfer administration of the Auditor's office, as well as providing routine financial information to management and preparing the office's comprehensive financial report.

The Administrative Division is also responsible for maintaining a Local Area Network (LAN) and a Wide Area Network (WAN) to provide information to the nine regional offices and more than 900 personal computers. The Division develops and maintains the systems for the processing of payroll, warrant writing and electronic funds transfer, project tracking, client billing, and maintenance of both the intranet and Internet. The Division is responsible for the procurement and maintenance of the Auditor's office's computer hardware and software.

The Local Government Services Group is responsible for implementing the Uniform Accounting Network (UAN), which offers an electronic data processing accounting system for townships, villages, and libraries. The system is designed to assist political subdivisions in the maintenance of their accounting records. The system includes hardware, software, training, and support. UAN's accounting, payroll, and ancillary applications (i.e., cemetery and inventory tracking) contribute to a reduction in the time necessary for entities to process accounting transactions and maintain the related accounting records. About 1,532 Ohio townships, villages, libraries, and special districts utilize the Uniform Accounting Network. The UAN recently increased its total number of users from 1,533 to approximately 1,600. The annual fee for participating in UAN depends upon a local government's total annual budgeted revenues. The fee ranges from as low as \$336 per year for entities with annual revenues under \$50,000 to as high as \$3,636 per year for governments with revenues over \$10 million per year.

### **Public Affairs Group**

The Public Affairs Group serves the public and news media by responding to thousands of requests for information each year, ensuring the public is informed on the results of current audits and other initiatives. The staff seeks to ensure that the audit information is delivered in a timely and understandable fashion, allowing the public to be informed on how tax dollars are spent. This group provides information through a variety of media, including regional advisory board meetings, Auditor of State technical bulletins, news releases, and other publications. The staff also provides all internal communications functions.

### **Legal Division**

The Legal Division provides legal expertise to management and local governments in addition to working with the Fraud and Investigation Group to identify and prosecute fraud and corruption.

## ANALYSIS OF THE ENACTED BUDGET

### Program Series 1

### Financial Audit Services

**Purpose:** To conduct financial audits of all public entities as required by Chapter 117. of the Ohio Revised Code.

The following table shows the line items that are used to fund the Financial Audit Services program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	070-321	Operating Expenses	\$21,308,675	\$21,308,675
GRF	070-406	UAN/Technology Improvement Fund	\$1,031,206	\$1,031,206
<b>General Revenue Fund Subtotal</b>			<b>\$22,339,881</b>	<b>\$22,339,881</b>
<b>Auditor of State Fund Group</b>				
109	070-601	Public Audit Expense Intra-State	\$6,138,000	\$6,138,000
422	070-601	Public Audit Expense Local Government	\$27,061,211	\$27,061,211
584	070-603	Training Program	\$11,812	\$11,812
<b>Auditor of State Fund Group Subtotal</b>			<b>\$33,211,023</b>	<b>\$33,211,023</b>
<b>Total Funding: Financial Audit Services</b>			<b>\$55,550,904</b>	<b>\$55,550,904</b>

### Financial Audits

**Program Description:** This program performs financial audits of over 5,100 public entities in Ohio at least once every two fiscal years, or every year for those entities that fall within Federal Schedule guidelines for Single Audits. These audits entail a review of the methods, accuracy, and legality of accounts, financial reports, records, and files of public entities. These audits also include a compliance component to ascertain the entity's compliance with the laws, rules, ordinances and orders pertaining to the office.

**Funding Sources:** GRF, fees

**Implication of the Enacted Budget:** This program is funded at the requested level of \$55,550,904 in each fiscal year. This program is funded through fees charged directly to the client as well as GRF moneys. However, some government agencies delay payment or simply fail to pay the cost of the audit due to the Auditor's office. Many local governments experience the same fiscal difficulties in making payments.

**Temporary and Permanent Law Provisions:** None

**Program Series 2****Fraud and Investigative Audit Services**

**Purpose:** To identify fraud, waste, and abuse of public funds by public and private entities that receive public funds in an effort to protect scarce public resources and minimize the incidence of fraud, waste, and abuse of public funds.

The following table shows the line items that are used to fund the Fraud and Investigative Services program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	070-321	Operating Expenses	\$1,043,933	\$993,933
GRF	070-406	UAN/Technology Improvement Fund	\$63,542	\$63,542
<b>General Revenue Fund Subtotal</b>			<b>\$1,107,475</b>	<b>\$1,057,475</b>
<b>Auditor of State Fund Group</b>				
109	070-601	Public Audit Expense Intra-State	\$2,139,000	\$2,139,000
422	070-601	Public Audit Expense - Local Government	\$933,145	\$933,145
<b>Auditor of State Fund Group Subtotal</b>			<b>\$3,072,145</b>	<b>\$3,072,145</b>
<b>Total Funding: Fraud and Investigative Audit Services</b>			<b>\$4,179,620</b>	<b>\$4,129,620</b>

There are two programs funded within this program series:

- **Health Care Contract Audit**
- **Special Audits**

**Health Care Contract Audit**

**Program Description:** This program provides audit services that identify and report instances of noncompliance with federal and state rules and regulations. The Auditor's services include audits of reimbursement claims submitted by doctors, hospitals, long-term care facilities, and other Medicaid providers; audits of county agencies that expend public assistance, child support enforcement, and children services funds administered by ODJFS; audits of costs reports used to set payment rates for providers of Medicaid services and assessments of controls employed by state agencies to minimize fraud, waste, and abuse. In the past four fiscal years, the program has identified \$22.4 million in misspent dollars, which resulted in \$5.6 million in recovery for the state.

**Funding Sources:** GRF, fees

**Implication of the Enacted Budget:** This program is funded at the requested level of \$2,574,704 in each fiscal year. However, 80% of this program's funding comes directly from state agencies with which the Auditor of State enters into interagency agreements. The ability to continue service provision at the current level assumes that these agencies will be funded at levels that allow them to pay for these services.

**Temporary and Permanent Law Provisions:** **Billing Practices Pilot Review (Section 203.51)**. Earmarks \$50,000 from line item 070-321, Operating Expenses for the purposes of conducting a pilot review of the billing practices of facilities licensed by the Department of Mental Health and the Department of Job and Family Services that serve children in a residential setting for whom mental health treatment services are provided. The Auditor must prepare a report on the conclusions of the pilot review and furnish copies to the Governor, Speaker of the House of Representatives and President of the Senate, as well as majority and minority leaders of the House of Representatives and the Senate, by June 30, 2006.

### **Special Audits**

**Program Description:** This program conducts special audits to investigate allegations of fraud, theft, and misappropriation of public funds by public and private entities that receive public funds. Special audits are initiated based on evaluations of requests from public officials or initiated at the discretion of the Auditor of State. The Taxpayer Protection Initiative, which was launched on October 1, 2003, has logged 413 consumer calls through July 12, 2004, from which 89 complaints have resulted and been investigated.

**Funding Sources:** GRF, fees

**Implication of the Enacted Budget:** The Special Audits program is funded through the GRF, in addition to fees charged to the entity that is being audited. The enacted budget funds this program at \$1,554,916 in each fiscal year. If the entity is a state agency, it is charged a flat fee determined by the Statewide Cost Allocation Plan (SWCAP), which is currently \$56.94 hourly for FY 2005 and will drop to \$54.66 hourly in FY 2006. If the entity is a local government entity, it is charged the hourly wage of the employee performing the audit in addition to an add-on fee. On occasion, the entity being audited cannot pay, or refuses to pay. If there is a strong belief that the public will be served by a special audit and the Auditor of State is able to subsidize the cost from available funds, the Auditor's office will absorb the cost of the special audit.

**Temporary and Permanent Law Provisions:** None

**Program Series 3****Performance Audit Services**

**Purpose:** To perform audits of public entities to help identify and correct inefficient managerial operations and waste of taxpayer dollars, in addition to general oversight and advice to ensure greater operational efficiencies of public offices and the maximization of taxpayer dollars.

The following table shows the line items that are used to fund the Performance Audit Services program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	070-321	Operating Expenses	\$3,475,731	\$3,475,731
GRF	070-403	Fiscal Watch/Emergency Tech Assistance	\$250,000	\$250,000
GRF	070-406	UAN/Technology Improvement Fund	\$62,542	\$62,542
<b>General Revenue Fund Subtotal</b>			<b>\$2,050,407</b>	<b>\$2,050,407</b>
<b>Auditor of State Fund Group</b>				
109	070-601	Public Audit Expense Intra-State	\$1,023,000	\$1,023,000
422	070-601	Public Audit Expense Local Government	\$622,097	\$622,097
<b>Auditor of State Fund Group Subtotal</b>			<b>\$1,645,097</b>	<b>\$1,645,097</b>
<b>Total Funding: Performance Audit Services</b>			<b>\$3,695,504</b>	<b>\$3,695,504</b>

**Performance Audit**

**Program Description:** This program conducts operational audits, which entail a comprehensive review of any programs or areas of operation in which the Auditor of State believes that greater operational efficiencies can be achieved. Typically, performance audits identify and help correct inefficient managerial operations, waste of taxpayer dollars, in addition to providing general oversight and advice to ensure efficient operation of public offices and maximization of taxpayer dollars. The Auditor may conduct performance audits on any school districts or local government entities, which have been designated as being in a state of fiscal caution (school districts only), watch, or emergency. The Auditor is also authorized to conduct performance audits of any other public entity upon request.

**Funding Sources:** GRF, fees

**Implication of the Enacted Budget:** The Performance Audit program is funded primarily through the GRF and client fees and is funded at the requested level of \$3,695,504 in each fiscal year. However, the number of local governments being placed into fiscal caution, watch, or emergency has continued to increase due to economic conditions. At the same time, budget cuts to the Auditor's office have been absorbed in part by attrition, which has limited the ability to provide performance audits for all school districts and local governments placed into fiscal watch, caution, or emergency. Funding at this requested level further restricts the Auditor's ability to perform audits for local entities that are in fiscal distress. Based on current trends and projections of entities likely to fall into a state of fiscal caution, watch, or emergency, the Auditor of State believes that the requested funding level will be insufficient to provide performance audits for all these entities.

**Temporary and Permanent Law Provisions:** Fiscal Watch/Emergency Technical Assistance (Section 203.51). Ohio Revised Code Chapters 118. and 3316. require the Auditor of State to assume a role relating to fiscal watch or fiscal emergency activities. In performing that role, any expenses incurred will be paid from appropriation line item 070-403, Fiscal Watch/Emergency Technical Assistance. The Auditor of State's duties are the following:

- Duties related to the determination or termination of fiscal watch or fiscal emergency of local entities and school districts;
- Development of preliminary accounting reports;
- Performance of annual forecasts;
- Provision of performance audits; and
- Supervisory, accounting, or auditing services for the above-mentioned public entities and school districts.

The unencumbered balance of appropriation item 070-403, Fiscal Watch/Fiscal Emergency Technical Assistance at the end of FY 2006 will be transferred to FY 2007 for use under the same appropriation item.

#### Program Series 4

#### Local Government Services

**Purpose:** To assist local governments throughout Ohio, offers a series of consulting services, which include accounting and technical assistance, training for local elected officials, in addition to providing financial and accounting expertise to entities in a state of fiscal watch, caution, or emergency.

The following table shows the line items that are used to fund the Local Government Services program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	070-321	Operating Expenses	\$3,475,731	\$3,475,731
GRF	070-403	Fiscal Watch/Emergency Tech Assistance	\$250,000	\$250,000
GRF	070-406	UAN/Technology Improvement Fund	\$192,968	\$192,968
<b>General Revenue Fund Subtotal</b>			<b>\$3,918,699</b>	<b>\$3,918,699</b>
<b>Auditor of State Fund Group</b>				
422	070-601	Public Audit Expense Local Government	\$2,488,387	\$2,488,387
584	070-603	Training Program	\$119,438	\$119,438
675	070-605	Uniform Accounting Network	\$3,317,336	\$3,317,336
<b>Auditor of State Fund Group Subtotal</b>			<b>\$5,925,161</b>	<b>\$5,925,161</b>
<b>Total Funding: Local Government Services</b>			<b>\$9,843,860</b>	<b>\$9,843,860</b>

This analysis includes a discussion of the following two programs within the program series:

- **Local Government Services**
- **Uniform Accounting Network**

### **Local Government Services**

**Program Description:** This program provides consulting services and technical assistance to local governments throughout Ohio. In addition to providing financial and accounting expertise to local governments requesting assistance, LGS fulfills the Auditor of State's role as financial supervisor to financial planning and supervision commissions established whenever a local government is declared to be in a state of fiscal emergency. LGS also provides a variety of training services to local and state officials which include: accounting and financial reporting to newly elected township clerks, city auditors, and village clerks and continuing education for village clerks. In 2004, the Auditor conducted training for approximately 1,800 local officials.

**Funding Sources:** GRF, fees

**Implication of the Enacted Budget:** This program is funded through client fees, training fees, and the GRF. This program is funded at \$6,460,639 in each fiscal year. However, the Auditor of State indicates that the current biennial budget is not adequately funded to meet the increasing demand for services needed by local governments and school districts that find themselves in a state of fiscal watch, caution, or emergency. For example, during FY 2004, 15 school districts and local governments were declared in fiscal watch or emergency. The Auditor of State is currently conducting analyses of five local governments that are expected to be declared in watch or emergency. According to school district forecasts filed with the Department of Education through May 2004, there are an additional ten school districts that could qualify for fiscal emergency and 58 school districts that meet fiscal watch criteria for FY 2005. Since this program relies upon client fees and training fees, the inability of local governments to pay for such services in a timely fashion, or at all, also creates a strain on the program.

### **Uniform Accounting Network**

**Program Description:** The Uniform Accounting Network (UAN) offers an electronic data processing accounting system for townships, villages, libraries, and other local governments. Designed to help political subdivisions properly record and maintain accurate accounting records, the system includes hardware, software, training, and technical support. Approximately 1,600 political subdivisions and public offices currently participate in the UAN program.

**Funding Sources:** GRF, local government user fees

**Implication of the Enacted Budget:** This program is funded at the requested level of \$3,383,221 in each fiscal year. This will allow the Auditor of State to continue providing hardware, software, support, and training to political subdivisions across Ohio. Previously, UAN was funded through a combination of user fees and the GRF. The GRF subsidy allowed the Auditor to operate the UAN program without an increase in user fees for at least ten years. Due to a series of budget cuts to the Auditor's office, the UAN has been funded entirely by user fees since FY 2003. The Auditor of State projects that the UAN program will eventually run out of money at the end of the biennium or shortly thereafter.

**Temporary and Permanent Law Provisions: Uniform Accounting Network/Technology Improvements Fund (Section 203.51).** This provision requires GRF appropriation item 070-406, Uniform Accounting Network/Technology Improvements Fund, shall be used to pay the cost of the development and implementation of the Uniform Accounting Network and Technology Improvements for the Auditor of State's office. The unencumbered balance of the appropriation at the end of FY 2006 is hereby transferred to FY 2007 for the same purpose. In all, the amount budgeted for this purpose is \$65,785 in each fiscal year.

**Program Series 5****Warrant Issuance and Reconciliation and EFT (Wire)**

**Purpose:** To process the payments owed by the state to employees, taxpayers, vendors, and others.

The following table shows the line items that are used to fund the WIRE program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	070-321	Operating Expenses	\$289,664	\$289,664
GRF	070-405	Electronic Data Processing-Automation and Administration	\$823,193	\$823,193
GRF	070-406	UAN/Technology Improvement Fund	\$15,885	\$15,885
<b>General Revenue Fund Subtotal</b>			<b>\$1,128,742</b>	<b>\$1,128,742</b>
<b>Auditor of State Fund Group</b>				
R06	070-604	Continuous Receipts	\$35,000	\$35,000
<b>Auditor of State Fund Group Subtotal</b>			<b>\$35,000</b>	<b>\$35,000</b>
<b>Total Funding: WIRE</b>			<b>\$1,163,722</b>	<b>\$1,163,722</b>

**WIRE**

**Program Description:** The Auditor of State is generally charged with processing payments of the state's obligations through the issuance of paper warrants and through electronic fund transfers that are approved by the Office of Budget and Management. In FY 2004, the WIRE program processed 6.8 million paper warrants, and 3.1 million EFTs, totaling \$1.4 billion and \$33 billion, respectively, for state payroll, public assistance payments, state vendors, and state tax refunds.

**Funding Sources:** GRF, payments made by the Attorney General for proceeds collected from fraud-related activity

**Implication of the Enacted Budget:** This program is funded at the requested level of \$1,163,772 in each fiscal year. This allows the Auditor of State to continue to provide warrant writing and electronic fund transfer services on behalf of the state of Ohio.

**Temporary and Permanent Law Provisions:** Electronic Data Processing (Section 203.51). The provision provides for the automatic transfer of the unencumbered balance of appropriation item 070-405, Electronic Data Processing-Auditing and Administration, to FY 2007 for use under the same appropriation item.

## Program Series 6

## Program Management

**Purpose:** To provide administrative support functions needed to support all other program areas within the Auditor of State's office.

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	070-321	Operating Expenses	\$1,158,577	\$1,158,577
GRF	070-406	UAN/Technology Improvement Fund	\$222,395	\$222,395
<b>General Revenue Fund Subtotal</b>			<b>\$1,380,972</b>	<b>\$1,380,972</b>
<b>Total Funding: Program Management</b>			<b>\$1,380,972</b>	<b>\$1,380,972</b>

### Administration

**Program Description:** This program includes human resources, information technology, finance, general services, records, graphics, legal, and public affairs functions not already allocated to other programs. The primary purpose of this program area is to provide administrative support function necessary to support all other program areas.

**Funding Source:** GRF

**Implication of the Enacted Budget:** This program is funded at \$1,380,972 in each fiscal year. This allows the Auditor of State to continue to provide administrative support to the other programs within the Auditor's office.

**Temporary and Permanent Law Provisions:** None