

**As Reported by the House State Government and Elections
Committee**

**129th General Assembly
Regular Session
2011-2012**

Sub. H. B. No. 2

Representatives Snitchler, Stautberg

**Cosponsors: Representatives Boose, McClain, McKenney, Huffman,
Adams, J., Uecker, Gardner, Mecklenborg, Pillich, Thompson, Kozlowski,
Derickson, Amstutz, Murray, Beck, Stinziano, Blair, Balderson, Roegner,
Newbold, Baker, Sears, Maag, Dovilla, Grossman, Henne, Hayes, Adams, R.,
Stebelton, Buchy, Combs, Damschroder, Letson, Lundy, Patmon, Sprague,
Sykes**

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A B I L L

To enact sections 117.46, 117.461, 117.462, 117.47, 1
117.471, and 117.472 of the Revised Code to 2
require performance audits of most state agencies, 3
to loan funds to state agencies and local public 4
offices to pay for performance audits, and to make 5
an appropriation. 6

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 117.46, 117.461, 117.462, 117.47, 7
117.471, and 117.472 of the Revised Code be enacted to read as 8
follows: 9

Sec. 117.46. Each biennium the auditor of state shall conduct 10
a performance audit of a minimum of four state agencies. At least 11
two of the audits shall be of agencies selected from a list 12
comprised of the administrative departments listed in section 13

121.02 of the Revised Code and the department of education and at 14
least two of the audits shall be of other state agencies. The 15
offices of the attorney general, auditor of state, governor, 16
secretary of state, and treasurer of state and agencies of the 17
legislative and judicial branches shall not be subject to an audit 18
under this section. 19

The auditor shall select each agency to be audited and shall 20
determine whether to audit the entire agency or a portion of the 21
agency by auditing one or more programs, offices, boards, 22
councils, or other entities within that agency. The auditor shall 23
make the selection and determination in consultation with the 24
governor and the speaker and minority leader of the house of 25
representatives and president and minority leader of the senate. 26

An audit of a portion of an agency shall be considered an 27
audit of one agency. The authority to audit a portion of an agency 28
in no way limits the auditor's ability to audit an entire agency 29
if it is in the best interest of the state. 30

The performance audits under this section shall be conducted 31
pursuant to sections 117.01 and 117.13 of the Revised Code. In 32
conducting a performance audit, the auditor of state shall 33
determine the scope of the audit, but shall consider, if 34
appropriate, supervisory and subordinate level operations in the 35
agency. 36

Sec. 117.461. Every state agency audited pursuant to section 37
117.46 of the Revised Code shall accept comments regarding the 38
performance audit from interested parties. The comment period 39
shall begin on the day following the release date of the audit and 40
shall conclude at the end of the fourteenth day following the 41
release date. The agency shall make all comments available to the 42
public on the twenty-first day following the release date of the 43
audit. The agency shall determine how to accept comments under 44

this section. 45

Sec. 117.462. (A) A state agency shall implement the 46
recommendations of a performance audit conducted pursuant to 47
section 117.46 of the Revised Code. If an agency does not commence 48
implementation of such recommendations within three months after 49
the end of the comment period for the audit, the agency shall do 50
both of the following: 51

(1) File a report explaining why the agency has not commenced 52
implementation of the recommendations with the governor, auditor 53
of state, speaker and minority leader of the house of 54
representatives, and president and minority leader of the senate; 55

(2) Provide testimony explaining why the agency has not 56
commenced implementation of the recommendations to the house of 57
representatives and senate committees dealing primarily with the 58
programs and activities of the agency. 59

(B) Comments submitted to the agency under section 117.461 of 60
the Revised Code shall be attached to the report required by 61
division (A)(1) of this section. 62

(C) If an agency does not fully implement an audit 63
recommendation within one year after the end of the comment period 64
for the audit, the agency shall file a report with the governor, 65
auditor, speaker and minority leader of the house of 66
representatives, and president and minority leader of the senate 67
justifying why the recommendation has not or will not be 68
implemented. 69

Sec. 117.47. There is hereby created in the state treasury 70
the leverage for efficiency, accountability, and performance fund. 71
The auditor of state shall use the fund to make loans to state 72
agencies and local public offices that have applied to and been 73
approved by the auditor of state to receive the loans and to pay 74

the costs of conducting performance audits incurred by the auditor 75
of state. The fund shall consist of money appropriated to it plus 76
the repayments of principal and interest on loans made from the 77
fund. Interest earned on money in the fund shall be credited to 78
the fund. 79

Sec. 117.471. (A) A state agency or local public office may 80
request from the auditor of state a loan from the fund created in 81
section 117.47 of the Revised Code to pay the auditor of state for 82
a performance audit. The amount loaned shall be the amount charged 83
by the auditor of state for a performance audit under division (B) 84
of this section. 85

(B) The amount charged for a performance audit of a state 86
agency shall be the same as the amount charged for an audit under 87
division (A)(2) of section 117.13 of the Revised Code. The amount 88
charged for a performance audit of a local public office shall be 89
the same as the amount charged for an audit under division (C)(1) 90
of section 117.13 of the Revised Code. 91

The amount charged for a performance audit shall include 92
interest on the amount loaned, accrued from the date the audit is 93
completed until the date payment is received by the auditor of 94
state. The interest rate shall be equivalent to the average of the 95
monthly yields for the state treasury asset reserve fund for the 96
time period during which the interest is accruing. 97

(C) The auditor of state shall provide each state agency or 98
local public office that receives a loan under this section with a 99
statement of the amount due from the agency or office for services 100
performed by the auditor of state, as well as the date on which 101
payment is due to the auditor of state. A local public office's 102
statement shall include the percentage of the total cost 103
chargeable to each fund subject to the performance audit. Payment 104

for a performance audit shall be due one year after the audit is 105
completed. 106

(D) If the local public office seeking a loan under this 107
section is the office of a county elected official, the local 108
public office applying for the loan must obtain prior approval 109
from the board of county commissioners of the county in which the 110
local public office is located. This approval is required to 111
ensure that the county office being audited and the board of 112
county commissioners are notified that the costs of the loan must 113
be repaid. 114

(E) All moneys received for repayment of loans and interest 115
under this section shall be paid to the credit of the leverage for 116
efficiency, accountability, and performance fund created in 117
section 117.47 of the Revised Code. 118

Sec. 117.472. (A) If the state agency has not repaid the 119
auditor of state by the payment deadline established under section 120
117.471 of the Revised Code, the auditor of state shall certify to 121
the director of budget and management the amount of the loan plus 122
interest due. The director shall withhold from the state agency 123
the amount certified from funds under the director's control that 124
belong to or are lawfully payable or due to the state agency and 125
that may be used to repay the loan. The director shall promptly 126
pay the amount withheld to the auditor of state. 127

If the director determines that no funds payable and due to 128
the state agency are available or that insufficient amounts of 129
such funds are available, the director shall withhold and pay to 130
the auditor of state the amounts available and shall continue to 131
withhold funds and pay the auditor of state until the full amount 132
due to the auditor of state is paid. 133

(B) If a local public office has not repaid the auditor of 134
state by the payment deadline established under section 117.471 of 135

the Revised Code, the auditor of state shall certify to the county auditor the amount of the loan plus interest due. The county auditor shall withhold from the local public office the amount certified from funds under the county auditor's control that belong to or are lawfully payable or due to the local public office and that may be used to repay the loan. The county auditor shall promptly pay the amount withheld to the auditor of state.

If the county auditor determines that no funds payable and due to the local public office are available or that insufficient amounts of such funds are available, the county auditor shall withhold and pay to the auditor of state the amounts available and shall continue to withhold funds and pay the auditor of state until the full amount due to the auditor of state is paid.

(C) All moneys received from the director of budget and management or a county auditor for repayment of loans and interest under this section shall be paid to the state treasury to the credit of the leverage for efficiency, accountability, and performance fund created in section 117.47 of the Revised Code.

Section 2. (A) Notwithstanding the requirement regarding the selection of the specific agencies to be audited, the initial performance audits conducted by the Auditor of State pursuant to section 117.46 of the Revised Code shall be of the following state agencies:

(1) The Department of Education;

(2) The Department of Job and Family Services;

(3) The Department of Transportation;

(4)(a) One other state agency not listed in section 121.02 of the Revised Code;

(b) Any state agency may request an audit under division

(A)(4)(a) of this section. The Governor shall select an agency not

listed in section 121.02 of the Revised Code if no such agency 166
requests an audit. The Auditor shall conduct an audit of every 167
agency that requests an audit and the agency the Governor selects. 168

(B)(1) The Auditor shall commence the audits of the 169
Department of Education, the Department of Job and Family 170
Services, the Department of Transportation, and one other agency 171
not listed in section 121.02 of the Revised Code within 90 days of 172
the effective date of this act. 173

(2) Audits of any additional agencies that request an audit 174
under this section shall commence as soon as practicable as 175
determined by the Auditor. 176

(C)(1) In conducting the audit of the Department of 177
Transportation, the Auditor shall analyze and comment on the 178
realignment of all transportation districts. 179

(2) The Director of Transportation shall pay for the audit 180
with money that is available to the Department and that may be 181
used for that purpose, excluding money appropriated from the 182
General Revenue Fund. 183

Section 3. Notwithstanding section 117.101 of the Revised 184
Code, on the effective date of this act or as soon as possible 185
thereafter, the Director of Budget and Management shall transfer 186
\$1,500,000 cash from the Uniform Accounting Network Fund (Fund 187
6750) to the Leverage for Efficiency, Accountability, and 188
Performance Fund (Fund 5JZ0) established under section 117.47 of 189
the Revised Code. Moneys within Fund 5JZ0 shall be used in 190
accordance with sections 117.47 and 117.471 of the Revised Code. 191
When cash balances in Fund 5JZ0 exceed the amount originally 192
transferred pursuant to this section, the Director of Budget and 193
Management shall transfer the excess amounts to Fund 6750 until 194
the \$1,500,000 originally transferred has been repaid. 195

Section 4. All items in this section are hereby appropriated 196
as designated out of any moneys in the state treasury to the 197
credit of the Leverage for Efficiency, Accountability, and 198
Performance Fund (Fund 5JZ0). For all appropriations made in this 199
act, those in the first column are for fiscal year 2010 and those 200
in the second column are for fiscal year 2011. The appropriations 201
made in this act are in addition to any other appropriations made 202
for the FY 2010-2011 biennium. 203

Appropriations

AUD Auditor of State				204
Auditor of State Fund Group				205
5JZ0 070606 LEAP Revolving Loans	\$	0	\$ 1,500,000	206
TOTAL AUD Auditor of State Fund	\$	0	\$ 1,500,000	207
Group				
TOTAL ALL BUDGET FUND GROUPS	\$	0	\$ 1,500,000	208

LEAP REVOLVING LOANS 209

The foregoing appropriation item 070606, LEAP Revolving 210
Loans, shall be used to advance the costs of performance audits to 211
state agencies and local public offices who have applied to and 212
been approved by the Auditor of State for receipt of these funds 213
pursuant to sections 117.47 and 117.471 of the Revised Code. 214

Within the limits set forth in this act, the Director of 215
Budget and Management shall establish accounts indicating the 216
source and amount of funds for each appropriation made in this 217
act, and shall determine the form and manner in which 218
appropriation accounts shall be maintained. Expenditures from 219
appropriations contained in this act shall be accounted for as 220
though made in Am. Sub. H.B. 1 of the 128th General Assembly. 221

The appropriations made in this act are subject to all 222
provisions of Am. Sub. H.B. 1 of the 128th General Assembly that 223
are generally applicable to such appropriations. 224

Section 5. Sections 1, 2, 3, 4, and 5 of this act are not	225
subject to the referendum because they are or they relate to an	226
appropriation for current expenses within the meaning of Ohio	227
Constitution, Article II, Section 1d, and section 1.471 of the	228
Revised Code, and therefore those sections take effect immediately	229
when this act becomes law.	230