

**As Reported by the House Finance and Appropriations
Committee**

**129th General Assembly
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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, Carey, Peterson, Goyal, Garland, Slaby, Slesnick, Duffey**

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A B I L L

To enact sections 117.46, 117.461, 117.462, 117.463, 1
117.47, 117.471, and 117.472 of the Revised Code 2
to require performance audits of most state 3
agencies, to loan funds to state agencies and 4
local public offices to pay for performance 5
audits, and to make 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, 117.463, 7
117.47, 117.471, and 117.472 of the Revised Code be enacted to 8
read as 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. 117.463. (A) The auditor of state shall annually submit 70
a report in writing to the governor, the speaker and minority 71
leader of the house of representatives, and the president and 72
minority leader of the senate describing both of the following: 73

(1) Whether state agencies that received performance audits 74

in the immediately preceding year implemented the audit 75
recommendations; 76

(2) The amount of money saved as a result of the 77
implementation. 78

(B) The auditor of state shall establish a process for 79
obtaining the information required for the report. 80

(C) The report shall be submitted no later than the thirtieth 81
day of March of each year. 82

Sec. 117.47. There is hereby created in the state treasury 83
the leverage for efficiency, accountability, and performance fund. 84
The auditor of state shall use the fund to make loans to state 85
agencies and local public offices that have applied to and been 86
approved by the auditor of state to receive the loans and to pay 87
the costs of conducting performance audits incurred by the auditor 88
of state. The fund shall consist of money appropriated to it plus 89
the repayments of principal and interest on loans made from the 90
fund. Interest earned on money in the fund shall be credited to 91
the fund. 92

Sec. 117.471. (A) A state agency or local public office may 93
request from the auditor of state a loan from the fund created in 94
section 117.47 of the Revised Code to pay the auditor of state for 95
a performance audit. The amount loaned shall be the amount charged 96
by the auditor of state for a performance audit under division (B) 97
of this section. 98

(B) The amount charged for a performance audit of a state 99
agency shall be the same as the amount charged for an audit under 100
division (A)(2) of section 117.13 of the Revised Code. The amount 101
charged for a performance audit of a local public office shall be 102
the same as the amount charged for an audit under division (C)(1) 103
of section 117.13 of the Revised Code. 104

The amount charged for a performance audit shall include 105
interest on the amount loaned, accrued from the date the audit is 106
completed until the date payment is received by the auditor of 107
state. The interest rate shall be equivalent to the average of the 108
monthly yields for the state treasury asset reserve fund for the 109
time period during which the interest is accruing. 110

(C) The auditor of state shall provide each state agency or 111
local public office that receives a loan under this section with a 112
statement of the amount due from the agency or office for services 113
performed by the auditor of state, as well as the date on which 114
payment is due to the auditor of state. A local public office's 115
statement shall include the percentage of the total cost 116
chargeable to each fund subject to the performance audit. Payment 117
for a performance audit shall be due one year after the audit is 118
completed. 119

(D) If the local public office seeking a loan under this 120
section is the office of a county elected official, the local 121
public office applying for the loan must obtain prior approval 122
from the board of county commissioners of the county in which the 123
local public office is located. This approval is required to 124
ensure that the county office being audited and the board of 125
county commissioners are notified that the costs of the loan must 126
be repaid. 127

(E) All moneys received for repayment of loans and interest 128
under this section shall be paid to the credit of the leverage for 129
efficiency, accountability, and performance fund created in 130
section 117.47 of the Revised Code. 131

Sec. 117.472. (A) If the state agency has not repaid the 132
auditor of state by the payment deadline established under section 133
117.471 of the Revised Code, the auditor of state shall certify to 134
the director of budget and management the amount of the loan plus 135

interest due. The director shall withhold from the state agency 136
the amount certified from funds under the director's control that 137
belong to or are lawfully payable or due to the state agency and 138
that may be used to repay the loan. The director shall promptly 139
pay the amount withheld to the auditor of state. 140

If the director determines that no funds payable and due to 141
the state agency are available or that insufficient amounts of 142
such funds are available, the director shall withhold and pay to 143
the auditor of state the amounts available and shall continue to 144
withhold funds and pay the auditor of state until the full amount 145
due to the auditor of state is paid. 146

(B) If a local public office has not repaid the auditor of 147
state by the payment deadline established under section 117.471 of 148
the Revised Code, the auditor of state shall certify to the county 149
auditor the amount of the loan plus interest due. The county 150
auditor shall withhold from the local public office the amount 151
certified from funds under the county auditor's control that 152
belong to or are lawfully payable or due to the local public 153
office and that may be used to repay the loan. The county auditor 154
shall promptly pay the amount withheld to the auditor of state. 155

If the county auditor determines that no funds payable and 156
due to the local public office are available or that insufficient 157
amounts of such funds are available, the county auditor shall 158
withhold and pay to the auditor of state the amounts available and 159
shall continue to withhold funds and pay the auditor of state 160
until the full amount due to the auditor of state is paid. 161

(C) All moneys received from the director of budget and 162
management or a county auditor for repayment of loans and interest 163
under this section shall be paid to the state treasury to the 164
credit of the leverage for efficiency, accountability, and 165
performance fund created in section 117.47 of the Revised Code. 166

Section 2. (A) Notwithstanding the requirement regarding the	167
selection of the specific agencies to be audited, the initial	168
performance audits conducted by the Auditor of State pursuant to	169
section 117.46 of the Revised Code shall be of the following state	170
agencies:	171
(1) The Department of Education;	172
(2) The Department of Job and Family Services;	173
(3) The Department of Transportation;	174
(4)(a) One other state agency not listed in section 121.02 of	175
the Revised Code;	176
(b) Any state agency may request an audit under division	177
(A)(4)(a) of this section. The Governor shall select an agency not	178
listed in section 121.02 of the Revised Code if no such agency	179
requests an audit. The Auditor shall conduct an audit of every	180
agency that requests an audit and the agency the Governor selects.	181
(B)(1) The Auditor shall commence the audits of the	182
Department of Education, the Department of Job and Family	183
Services, the Department of Transportation, and one other agency	184
not listed in section 121.02 of the Revised Code within 90 days of	185
the effective date of this act.	186
(2) Audits of any additional agencies that request an audit	187
under this section shall commence as soon as practicable as	188
determined by the Auditor.	189
(C)(1) In conducting the audit of the Department of	190
Transportation, the Auditor shall analyze and comment on the	191
realignment of all transportation districts.	192
(2) The Director of Transportation shall pay for the audit	193
with money that is available to the Department and that may be	194
used for that purpose, excluding money appropriated from the	195
General Revenue Fund.	196

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

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

				Appropriations	
AUD Auditor of State					217
Auditor of State Fund Group					218
5JZ0 070606	LEAP Revolving Loans	\$	0 \$	1,500,000	219
TOTAL AUD Auditor of State Fund				\$	0 \$ 1,500,000
Group					
TOTAL ALL BUDGET FUND GROUPS				\$	0 \$ 1,500,000

LEAP REVOLVING LOANS 222

The foregoing appropriation item 070606, LEAP Revolving Loans, shall be used to advance the costs of performance audits to 224

state agencies and local public offices who have applied to and 225
been approved by the Auditor of State for receipt of these funds 226
pursuant to sections 117.47 and 117.471 of the Revised Code. 227

Within the limits set forth in this act, the Director of 228
Budget and Management shall establish accounts indicating the 229
source and amount of funds for each appropriation made in this 230
act, and shall determine the form and manner in which 231
appropriation accounts shall be maintained. Expenditures from 232
appropriations contained in this act shall be accounted for as 233
though made in Am. Sub. H.B. 1 of the 128th General Assembly. 234

The appropriations made in this act are subject to all 235
provisions of Am. Sub. H.B. 1 of the 128th General Assembly that 236
are generally applicable to such appropriations. 237

Section 5. Sections 1, 2, 3, 4, and 5 of this act are not 238
subject to the referendum because they are or they relate to an 239
appropriation for current expenses within the meaning of Ohio 240
Constitution, Article II, Section 1d, and section 1.471 of the 241
Revised Code, and therefore those sections take effect immediately 242
when this act becomes law. 243