Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL:	**H.B. 634**	DATE:	**December 12, 2008**
STATUS:	**As Reported by House State Government and Elections**	SPONSOR:	**Rep. R. McGregor**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **To require the Auditor of State to establish a fraud-reporting system for filing anonymous complaints of fraud and misuse of public funds by public offices**

State Fiscal Highlights

- As the Auditor of State's Special Investigations Unit (SIU) already offers an anonymous web-based fraud-reporting mechanism and allows the public or public employees to telephone or mail in tips about alleged fraud, this aspect of the bill is likely to cause no new direct fiscal effect on the state. It is also unlikely that state agencies would incur new costs for making the state employee notifications required in the bill.

Local Fiscal Highlights

- No new direct fiscal effect caused by the public employee notification requirements in the bill.

Detailed Fiscal Analysis

Bill content

The bill requires the Auditor of State to establish and maintain a system for the reporting of fraud, including misuse and misappropriation of public money, by any public office or public official. The system is to allow Ohio residents and the employees of any public office to make anonymous complaints through a toll-free telephone number, the Auditor of State's web site, or the United States mail. The bill also requires any public office to provide information about the Ohio fraud-reporting system and the means of reporting fraud to each *new* employee upon employment with the public office and make all *current* employees aware of this system on the effective date of this bill. Overall, as it relates to the fraud-reporting system, the bill appears to codify the Auditor of State's existing practice. It is unlikely that there would be any new costs for requiring state and other public employers to inform their employees of this fraud-reporting mechanism.

Background on Auditor of State's fraud-reporting system

There would likely be little or no new cost for requiring the Auditor of State to maintain a fraud-reporting system described in the bill, as the Auditor's office already provides a web-based fraud-reporting link called the Auditor's Uniform Deceptive Incident Tracking System (AUDITS). Reports can be anonymous if desired. In addition, two Auditor of State employees are responsible for answering a telephone tip line during regular business hours. According to the Auditor's office, these employees would handle any additional calls resulting from the bill. Because these reporting systems already exist, any new costs that the Auditor of State would incur, if any at all, would be for maintenance or system refinements.

LSC fiscal staff: Terry Steele, Budget Analyst

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