Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 66 of the 129th G.A. **Date**: December 12, 2011

Status: As Reported by Senate State & Local Government & Veterans Affairs **Sponsor**: Rep. McGregor

Local Impact Statement Procedure Required: No

Contents: Requires 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

- The bill requires the Auditor of State to establish and maintain a fraud reporting system capable of tracking complaints made by telephone, Internet, or mail, as well as a log of complaints filed, that is available for public viewing. Although there could be some new costs to comply with this requirement, it is unlikely that they would be significant because the Special Investigations Unit (SIU) within the Auditor of State's office currently maintains a similar system known as the Auditor's Uniform Deceptive Incident Tracking System (AUDITS). The system is paid for through GRF appropriations to the Auditor of State.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill requires the Auditor of State to establish and maintain a system to report fraud, including misuse and misappropriation of public money, by any public office or public official. The system is to allow Ohio residents and 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 to new employees and make all current employees aware of this system, which can be done in a variety of ways under the bill, including containing the information in an employee handbook or manual. Finally, the bill requires the Auditor of State to maintain a log of complaints filed under the bill, which would be considered public record. The log is required to contain the date of the complaint, the name of the public office cited in the complaint, and a general description of the status of the review by the Auditor. There could be some additional costs associated with making this information available to the public. However, since the information to be included in the public record is already maintained by the Auditor, these costs would likely be minimal. Overall, the bill appears to codify the Auditor of State's existing fraud reporting system, which is described in further detail below. Thus, it is unlikely that there would be any significant new costs for requiring state and other public employers to inform their employees of this fraud reporting system or keeping a log of complaints as public record. The Auditor of State's fraud reporting functions are paid for using GRF appropriations.

The Auditor of State's web-based fraud reporting system is called the Auditor's Uniform Deceptive Incident System (AUDITS). Reports can be filed anonymously if desired. Tips concerning alleged fraud can also be made by telephone or mail. Two Auditor of State employees are responsible for answering the telephone tip line during regular business hours. According to the Auditor's office, these employees would handle any additional calls resulting from the bill. Overall, because a fraud reporting system similar to the one mandated by the bill already exists, any new costs that the Auditor of State would incur, if any at all, would be for updates or system refinements. AUDITS is funded through GRF appropriations to the Auditor of State. Since FY 2007, the Special Investigations Unit (SIU) has received approximately 1,400 calls from the Fraud Hotline and approximately 400 contacts through other sources, such as U.S. mail or e-mail.

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