

OHIO AUDITOR OF STATE KEITH FABER



Auditor of State Bulletin 2024-005

DATE ISSUED: June 27, 2024

TO: All Public Offices
Community Schools
Independent Public Accountants

FROM: Keith Faber
Ohio Auditor of State

SUBJECT: Required Fraud Reporting and Training

Background

Ohio Senate Bill 91 of the 135th General Assembly amended Ohio Rev. Code § 4113.52 regarding reporting alleged fraud, theft in office, or misuse or misappropriation of public money, effective March 28, 2024. Separately, Ohio House Bill 33 of the 135th General Assembly amended Ohio Rev. Code § 117.103 regarding training material provided by the Auditor of State (AOS) detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse.

Ohio Rev. Code § 117.103 - Required Training

Ohio Rev. Code § 117.103 was amended to require the AOS to create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The Department of Administrative Services shall provide the AOS's training material to each state employee, statewide elected official, and member of the general assembly. The AOS shall provide the training material to each employee and elected official of a political subdivision. Current employees and elected officials are required to complete the training within ninety (90) days of the date listed in the table below unless good cause exists for completion at a later date. Additionally, each new employee or elected official shall confirm receipt of this material within thirty (30) days after taking office or beginning employment. The training shall be required every four (4) years for each employee or elected official.

Ohio Revised Code § 117.103 requires the AOS to confirm during the course of an audit, as provided in Ohio Revised Code § 117.11, that public employees and elected officials have been provided material as required. The AOS has updated the model form, originally provided in AOS Bulletin 2022-005, to include acknowledgement the information of the fraud-reporting system was provided as well

as completion of the training provided by the AOS. The form is appended to this Bulletin and can also be found on the AOS website.

The training, created by the AOS, is an on-demand virtual training that employees can self-register for free and will be available on the AOS's Training webpage at: <https://ohioauditor.gov/trainings/fraud.html>. CPE certificates will be provided once the training is viewed. These certificates should be collected from employees and retained for audit.

It is vital that all governmental entities develop a process for communicating the statute, bulletin, and the training material to new employees and elected officials, ensure the training is viewed every four (4) years and maintaining documentation (acknowledgement forms and CPE certificates) for audit. The AOS has created a sample tracking spreadsheet, which is appended to this Bulletin and can be accessed by using this link [Click Here](#), as a best practice/suggested tool for tracking employees and the timing of when they have viewed the required training and the date in which each employee is required to view the training in the future (every 4 years).

Elected officials and employees are required to complete the initial training within the timeline listed below. The training may be viewed earlier than the start date listed; however, must be completed no later than the end date listed by entity type unless good cause exists for completion at a later date.

Entity Type	Start Date	End Date (90 days from start date)
County, City, Village, Township	July 1, 2024	September 28, 2024
State Agency	August 1, 2024	October 29, 2024
Traditional School (<i>including Joint Vocational School Districts, Educational Service Centers, & STEM/STEAM Schools</i>)	September 1, 2024	November 29, 2024
Community School	September 1, 2024	November 29, 2024
All other entities	October 1, 2024	December 29, 2024

Ohio Rev. Code § 4113.52 – Requirement to report Fraud, Theft in Office, Misuse and Misappropriation

This section was amended to require state officials and employees of a state agency, as defined in division (D) of § 121.41 of the Revised Code, to report alleged fraud, theft in office, or misuse or misappropriation of public money to the Inspector General. “State agency” means every organized body, office, or agency established by the laws of the state for the exercise of any function of state government, except it does not include the General Assembly, any court, or the offices of the Secretary of State, Auditor of State, Treasurer of State, or Attorney General.

Officials and employees of the General Assembly, any court, or the offices of the Secretary of State, Auditor of State, Treasurer of State, or Attorney General, all other state officials and employees, and certain other persons in a local public office, are required to report alleged fraud, theft in office, or misuse or misappropriation of public money to the AOS.

With respect to a local public office, the law requires a person who, during the person's term of office or course of employment, becomes aware of fraud, theft in office, or misuse or misappropriation of public money, to timely notify the AOS through the fraud-reporting system or other means, if any of the following apply:

- The person is elected to a local public office
- The person is appointed to or within a local public office
- The person has a fiduciary duty to a local public office
- The person holds a supervisory position within a local public office
- The person is employed in the department or office responsible for processing any revenue or expenses of the local public office.

Exempt from reporting fraud, theft in office, or misuse or misappropriation of public money are prosecuting attorneys, directors of law, village solicitors, or similar chief legal officers of a municipal corporation, or to any employee of the prosecuting attorney, director of law, village solicitor, or similar chief legal officer of a municipal corporation. Persons who serve as or are employed as legal counsel for a local public office or a state agency are also not required to report information if it is gained from any communication received from a client in an attorney-client relationship.

Fraud, Theft in Office, Misappropriation, Misuse, Waste, and Abuse Defined¹

Fraud, for purposes of your reporting obligation, refers to the criminal concept of fraud, which occurs when a person knowingly uses deception to obtain a benefit for himself or another. It can also occur when a person knowingly causes, by deception, some detriment to another. Fraud differs from an unintentional error or mistake, or theft, where there is no knowing use of deception.

Examples of Fraud

- Impersonating a government official to steal cash from a government cash collection point
- Creating fictional invoices and using public funds to pay them to yourself or a friend
- Falsifying timesheets for the purpose of gaining additional compensation or leave time
- Falsifying financial statements to cover up a redirecting of public money to a personal bank account

Examples of Errors/Mistakes

- Posting a receipt for the incorrect amount due to a mathematical error
- Accidentally paying an invoice twice
- Inadvertently calculating utility bills at an old rate
- Collecting the student price for an adult ticket at a school sporting event

Theft in office occurs when a public official commits any theft offense of a property or service owned or offered by a public governmental entity while using the official's office in aid of committing the theft. *See* Ohio Rev. Code § 2921.41. An example of theft in office is using the government's credit card, that you have authority to use only through your position with the government entity, to pay for a new TV at your residence.

¹ AOS uses definitions of waste and abuse in accordance with 2018 *Government Auditing Standards* (as updated in 2021). These definitions are subject to change with subsequent *Government Auditing Standards* revisions.

Misappropriation of public money involves knowingly using public money or public property for an unauthorized, improper, or unlawful purpose to serve a private or personal benefit or interest.

Misuse of public money is knowingly using public money or public property in a manner not authorized by law.

Waste in government occurs when resources are used inefficiently or unnecessarily, resulting in unnecessary costs to taxpayers. Waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight. Examples could include making travel choices or making procurement/vendor selections contrary to policies or that are considered unnecessarily extravagant or expensive.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but **excludes fraud and noncompliance** with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Examples could include creating unneeded overtime, requesting staff to perform personal errands or work tasks for a supervisor or manager, misusing their official position for personal gain.

Ways to Report Fraud, Waste, or Abuse

Officers and employees required by Ohio Rev. Code § 4113.52 to report fraud, theft in office, or the misuse or misappropriation of public money, and those who wish to report waste or abuse, can report to the AOS's Special Investigations Unit in any of the following ways:

- Web: <https://ohioauditor.gov/fraud/default.html>
- Mobile App: *Ohio Stops Fraud* app available on Google Play or Apple App Store
- Phone: 1-866-Fraud-OH (1-866-372-8364)
- Email: FraudOhio@ohioauditor.gov
- US Mail: Ohio Auditor of State's Office
Attn: Special Investigations Unit
65 E. State Street
Columbus, OH 43215

State officials and employees of a state agency, as defined in division (D) of § 121.41 of the Revised Code, should report alleged fraud, theft in office, or misuse or misappropriation of public money to the Inspector General at: <https://watchdog.ohio.gov/file-a-complaint>.

Finally, Ohio Revised Code § 124.341 and § 4113.52 extend whistleblower protections to employees who file a complaint with the AOS fraud-reporting system in certain circumstances.

Questions

If you have any questions regarding the information presented in the Bulletin, please contact the AOS's Special Investigations Unit at (800) 282-0370.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Ohio Auditor of State

Acknowledgement of receipt of Auditor of State fraud-reporting system information

Pursuant to Ohio Revised Code Section 117.103(B), the auditor of state shall create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The auditor of state shall provide the training material to employees and elected officials of a political subdivision.

Current employees and elected officials shall complete the training within ninety days of date specified by the auditor of state as noted in Bulletin 2024-005. No exceptions will be allowed unless good cause exists for noncompliance. Each new employee or elected official shall confirm receipt of this material within thirty days after taking office or beginning employment. The training shall be required every four years for each employee or elected official.

By signing below, you are acknowledging both that the Auditor of State provided you information about the fraud-reporting system as described by Section 117.103(B) of the Revised Code and that you have completed review of the training material.

I, _____, have been provided and reviewed materials regarding the fraud-reporting system operated by the Ohio Auditor of State's office. I further state that the undersigned signature acknowledges receipt and review of this information.

_____	_____	_____
NAME	TITLE	DEPARTMENT
_____		_____
SIGNATURE		DATE