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## AUDITOR OF STATE

- Authorizes the Auditor of State to conduct a performance audit of a municipal corporation, county, or township that is under a fiscal caution, fiscal watch, or fiscal emergency.
- Authorizes the Controlling Board to provide sufficient funds for such a performance audit.
- Until September 29, 2017, requires the Auditor of State to declare that a fiscal emergency exists in a municipal corporation, county, or township that has not taken reasonable action to discontinue or correct its fiscal watch condition.
- Reduces, from 120 days to 90 days, the time a municipal corporation, county, or township for which a fiscal watch has been declared is given to submit its financial recovery plan to the Auditor of State.
- Allows the Auditor of State to receive a share of the proceeds of property that is forfeited as part of a law enforcement investigation when the Auditor of State is substantially involved in the seizure of the property.
- Creates the Auditor of State Investigation and Forfeiture Trust Fund to receive those forfeiture proceeds and requires the Auditor of State to follow certain administrative procedures in managing and using the Fund.
- Repeals a provision of law that required certain employees of the Auditor of State's Office to have their hourly and annual pay reduced by 2%.

### **Performance audits of local governments in fiscal distress**

(R.C. 118.04 and 118.041)

The act authorizes the Auditor of State, on the Auditor of State's initiative, to conduct a performance audit of a financially distressed municipal corporation, county, or township that is under a fiscal caution, a fiscal watch, or a fiscal emergency.

All expenses incurred by the Auditor of State relating to a determination or termination of one of these three conditions, including providing technical and support services, must be reimbursed from an appropriation for that purpose. The act specifies that expenses incurred for conducting a performance audit also must be reimbursed from the appropriation.



## **Auditor of State to declare fiscal emergency condition**

(R.C. 118.023; Sections 115.10 to 115.12)

The act requires the Auditor of State to declare that a fiscal emergency condition exists in a municipal corporation, county, or township if the municipal corporation, county, or township in which a fiscal watch exists has not made reasonable proposals or otherwise taken action to discontinue or correct the fiscal practices or budgetary conditions that prompted the declaration of fiscal watch and the auditor determines a fiscal emergency declaration is necessary to prevent further decline. This provision is in effect for only two years beginning September 29, 2015.

The act also reduces, from 120 to 90 days, the amount of time a municipal corporation, county, or township for which a fiscal watch has been declared is given to submit to the Auditor of State its financial recovery plan.

## **Forfeiture proceeds**

(R.C. 117.54 and 2981.13)

The act allows the Auditor of State to receive a share of the proceeds of property that is forfeited as part of a law enforcement investigation when the Auditor of State is substantially involved in the seizure of the property. Under continuing law, other law enforcement agencies may receive forfeiture proceeds in this manner.

The act also creates the Auditor of State Investigation and Forfeiture Trust Fund to receive forfeiture proceeds. Under the act, the Auditor of State must follow the same procedures in managing and using the Fund as other law enforcement agencies that receive forfeiture proceeds. The Auditor of State must adopt a written internal control policy to ensure that the proceeds are used only for law enforcement purposes. And, not later than January 31 of every year, the Auditor of State must file a report with the Attorney General to verify that the fund was used only for those purposes. Interest earned on money in the Fund must be credited to the Fund.

## **Auditor of State's Office pay schedules**

(R.C. 124.181; R.C. 124.34 (conforming changes))

The act repeals a provision of law that required employees of the Auditor of State's Office who are exempt from collective bargaining and paid in accordance with Schedule E-1 or Schedule E-1 for step 7 only, and are paid a salary or wage in accordance with that schedule of rates, to have their hourly and annual pay reduced by 2%. This reduction first began with the pay period that immediately followed July 1, 2009. The effect of the repeal is that those Auditor of State employees who, prior to the



effective date of the repeal, September 29, 2015, were paid 2% below the otherwise authorized amount, will be paid as are other similarly situated employees.

