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## AUDITOR OF STATE

### LEAP Fund replaced by Auditor's Innovation Fund

- Replaces the Leverage for Efficiency, Accountability, and Performance (LEAP) Fund with the Auditor's Innovation Fund.
- Authorizes the Auditor's Innovation Fund to be used for innovative audit, accounting, or local government assistance services that improve the quality or increase the range of services offered to local governments and school districts.
- Removes law describing the uses of the LEAP funds, including (1) making loans to certain state and local entities for performance audits and (2) paying the costs of performance audits and feasibility studies.

### Auditor feasibility study

- Permits the Auditor of State to conduct a feasibility study requested by a state agency or local public office at the Auditor's discretion, rather than as LEAP funds are allowed and available.

### Cause of action by Auditor of State

- Specifies that, when there is a cause of action set forth from a report of the Auditor, the amount payable from that action is a final and certified claim, under the continuing law regarding collecting amounts due to the state, upon submission to the Attorney General.
- Specifies that the amount payable may be satisfied under a continuing law process, which allows a person's tax refund to be applied to a debt to the state or a political subdivision of the state.

### School district fiscal distress performance audits

- Removes the Office of Budget and Management from the performance audit consultation process for school districts under fiscal caution, in a state of fiscal watch, or in fiscal emergency.
- Removes the requirement that the Auditor prioritize performance audits of school districts in fiscal distress.

### Auditor's Innovation Fund

(R.C. 117.47, with conforming changes in R.C. 117.46; repealed R.C. 117.471 and 117.472)

The bill eliminates the Leverage for Efficiency, Accountability, and Performance (LEAP) Fund, and creates the Auditor's Innovation Fund.

The bill permits the Auditor of State to use the Auditor's Innovation Fund for "innovative audit, accounting, or local government assistance services that improve the quality or increase

the range of services offered to local governments and school districts.” The fund consists of money appropriated to it.

The bill repeals law permitting loans to be made with LEAP funds. Under current law, the Auditor of State must use LEAP funds to make loans to state agencies, local public offices, and state institutions of higher education for conducting performance audits if the Auditor approves their applications. The amount loaned is charged by the Auditor for a performance audit. In addition, LEAP funds are used for conducting feasibility studies requested by state agencies or local public offices. Under current law, 50% of the money in the LEAP Fund must be used for loans and paying the costs of performance audits, and 50% for feasibility studies.

The bill repeals law containing the terms and conditions of LEAP Fund loans to entities that receive them, and provisions describing the consequences of defaulting on those loans.

Under current law, the LEAP Fund consists of appropriated money, plus repayments of principal and interest made on LEAP Fund loans.

### **Auditor feasibility study**

(R.C. 117.473)

The bill permits the Auditor to conduct a feasibility study at the Auditor’s discretion, rather than require the Auditor to conduct feasibility studies as LEAP funds are allowed and available.

Continuing law permits a state agency or local public office to request that the Auditor conduct a feasibility study to determine if greater efficiency or cost savings could be realized by the state agency or local public office by sharing services or facilities with other state agencies or local public offices.

Under current law, the Auditor must conduct the requested feasibility studies as funds are allowed and available from the LEAP Fund, no more than 50% of which may be used to conduct these feasibility studies.

### **Cause of action by Auditor of State**

(R.C. 117.34)

The bill specifies that, when there is a cause of action set forth from a report of the Auditor, the amount payable from that action is a final and certified claim, under the continuing law<sup>11</sup> regarding collecting amounts due to the state, upon submission to the Attorney General. Under continuing law, if an amount due to the state is not paid within 45 days after payment is due, the officer responsible for collecting it must certify the amount due to the Attorney General, who must give immediate notice to the party indebted of the nature and amount of the indebtedness. The Attorney General and the officer must agree on the time a payment is due, which may be an appropriate time determined by them based on statutory requirements or

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<sup>11</sup> See R.C. 113.02, not in the bill.

ordinary business processes. The law requires the AG to follow this process on behalf of state agencies, and also on behalf of state institutions of higher education and of political subdivisions.

Additionally, the bill specifies that the amount payable may be satisfied under a continuing law process,<sup>12</sup> which allows a person's tax refund to be applied to a debt to the state or a political subdivision of the state.

## **School district fiscal distress performance audits**

(R.C. 3316.042)

The bill removes the Office of Budget and Management from the performance audit consultation process for school districts under fiscal caution, in a state of fiscal watch, or in fiscal emergency. However, the Auditor must continue to consult with the Department of Education in conducting performance audits. The bill also removes the requirement that the Auditor prioritize performance audits of school districts that are in fiscal distress.

Under law unchanged by the bill, the Auditor has discretion to conduct performance audits of school districts under a fiscal caution, in a state of fiscal watch, in a state of fiscal emergency, or in fiscal distress. These audits consist of the review of any programs or areas of operation in which the Auditor believes that greater operational efficiencies or enhanced program results can be achieved, but do not include review or evaluation of the school district's academic performance. The costs of performance audits are paid by the Auditor with funds appropriated from the General Assembly.

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<sup>12</sup> See R.C. 5747.12, not in the bill.