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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 91
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Sen. Schaffer

Local Impact Statement Procedure Required: No

Jared Cape, Budget Analyst

Highlights

- The Auditor of State will incur costs under the Auditor of State Training Fund (Fund 5840) to create training materials detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse.
- The Department of Administrative Services will incur minimal costs under the Human Resources Services Fund (Fund 1250) to distribute fraud training materials to employees of public offices.

Detailed Analysis

Auditor of State

The Auditor of State (AOS) will incur some new costs to create additional training materials detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. This provision will likely be funded through Fund 5840 appropriation line item (ALI) 070603, Training Program, which covers the cost of providing trainings to local government officials, continuing education programs, and the annual Emerging Trends in Fraud Investigation and Prevention Conference. Under current state law, public offices are required to notify employees about the methods available for reporting fraud. Additionally, the AOS provides a webpage identifying behaviors that may indicate fraud.

The bill could increase the frequency of credible fraud claims, increasing prosecutions and potential findings of recovery. In FY 2022, the AOS's Special Investigations Unit (SIU) received 762 tips regarding suspected fraud and noncompliance. These tips were primarily received through email (303) and the AOS website (172). At any given time during FY 2022, the SIU was involved in about 105 active special audits and investigations. Ultimately, the SIU, in conjunction

with law enforcement entities, secured 18 convictions and issued 33 findings for recovery as a civil remedy to recover public dollars identified to have been stolen through fraud.

Department of Administrative Services

The Department of Administrative Services will incur minimal costs to distribute training materials to employees of public offices. Training materials will likely be placed on the Ohio Learn website alongside other required workplace trainings. The cost of providing these training materials will likely be funded through Fund 1250 ALI 100622, Human Resources Division – Operating.

Reporting requirements

The bill specifies that a public official who is required to report a violation and who recklessly fails to do so may be found liable for dereliction of duty, which is a second degree misdemeanor and subject to not more than 90 days in jail and a fine of not more than \$750. It is possible that this provision could result in some few additional misdemeanor cases to be handled by the local court system. But in all likelihood, most government officials are already adhering to current law requiring them to report fraud violations.

Other provisions

The bill contains other provisions modifying current law that do not appear to have any substantial new fiscal effects. One of these is a requirement that the Office of Internal Audit within the Office of Budget and Management immediately report to the AOS any cases of reported misuse of public resources or cybersecurity events that it receives. Finally, the bill extends the current law timeline for anyone to appeal to the State Personnel Board of Review instances where they believe they have been disciplined or retaliated against for reporting wrongdoing by a public official from 30 to 180 days.