

OHIO AUDITOR OF STATE KEITH FABER



Senate Government Oversight Committee

Auditor of State Keith Faber

Senate Bill 91

May 31, 2023

Chair Roegner, Vice-Chair Antani, Ranking Member Hicks-Hudson, and members of the committee, thank you for the opportunity to testify in support of Senate Bill 91. Having previously served in the legislature, I appreciate the chance to stand on this side of the podium and talk about the good work that we are doing in the auditor's office.

Over the past four years, my administration has made it a priority to improve key areas of our operations, especially those units that root out fraud, waste, and abuse. Our Special Investigations Unit (SIU) is one such group and they lead our efforts in exposing fraud and corruption where it exists in government.

SIU is an investigative team that reviews allegations received by our office through resources such as Ohio's 1-866-FRAUD-OH hotline. The unit brings together the disciplines of forensic accounting and fraud investigation, along with attorneys who have expertise in fraud and white-collar criminal prosecution.

Our team is particularly good at what they do. Over the course of my first four years as auditor, the Special Investigations Unit has overseen more than 100 convictions of individuals lying, cheating, or stealing with regard to taxpayer dollars. Those convictions have led to \$5 million in restitution paid and more than \$18.3 million in findings-for-recovery.

Senate Bill 91 will further our anti-fraud efforts by expanding the nature of public official accountability when it comes to corruption and bad acts.

First, we think it is important that public employees and elected officials be required to immediately report instances where they suspect fraud, theft in office, or the misuse or misappropriation of public money.

Employees and elected officials already must report this information during an entity's regular financial audit. However, those engagements happen every one-to-two years and our office needs to be alerted of these situations as soon as possible so that we can begin an investigation. Simply put, the sooner we are aware of potential wrongdoing, the quicker we can act and the more likely we are to recover those lost resources.

Senate Bill 91 addresses this problem by creating a class of mandatory reporters who must report these crimes when they become aware of them. Mandatory reporters include elected officials, appointed officials, public employees with fiduciary or supervisory duty, and those who are employed in a department responsible for processing any expenses of the public office.

Individuals in these categories are most likely to encounter the situations that we are trying to address and this approach represents a compromise to a blanket mandate for all public employees.

That said, it is also important that all public employees and elected officials are trained on how to detect and report fraud. We believe that this can be accomplished in a five-to-ten-minute video shown to everyone during their on-boarding process and then repeated once every four years. This training will inform people of where to go and how to report when they see something that is amiss. It is as simple as this: when you see something, say something, and then let our trained investigators take the lead.

In conclusion, the solutions to these types of problems are rarely easy to come by and those with larceny in their hearts are likely to find a way to steal. As you can see from some of creative ways that we identified in the case studies in your materials, criminals can be very inventive when they are trying to get other peoples' money. The reality is, though, that almost everybody gets caught; our goal is to catch these problems earlier while also making it more difficult for individuals to commit crimes in the first place.

I want to thank Senator Schaffer and his staff, as well as the other interested parties for their partnership on this legislation. It has truly been a collaborative effort and their input has been vital to improving this bill.

Thank you again for the opportunity to testify and I am happy to answer any questions.