



Senate Government Oversight Committee
Senate Bill 91
Ohio Association of School Business Officials
Buckeye Association of School Administrators
June 7, 2023

Chair Roegner, Vice Chair Antani, Ranking Member Hicks-Hudson, and members of the Senate Government Oversight Committee, thank you for the opportunity to provide written testimony on Senate Bill (SB) 91. My name is Katie Johnson with the Ohio Association of School Business Officials (OASBO) and joining me for this testimony is Paul Imhoff from the Buckeye Association of School Administrators (BASA). Our organizations represent public school district superintendents, treasurers/CFOs, business managers and other school business officials from around the state.

On behalf of our members, we would like to extend our sincere appreciation to the bill sponsor, Senator Schaffer, and Auditor of State, Keith Faber, for working with us and the other local government associations on this legislation. Our members serve as the stewards of public funds and protecting those funds against fraud and theft is of the utmost importance.

SB 91 requires the creation and administration of training materials to all public employees and officials to ensure they know how to identify and report fraud. The bill also establishes a list of public employees and officials who must make a report through the Auditor of State's fraud reporting system.

We strongly support the intent of the bill – to identify and report fraud and theft immediately so that actions can be taken to recover public dollars and penalize individuals who engage in these crimes. In fact, we believe that the reporting requirement should apply to any entity receiving public funds.

We understand that there are amendments to the “as introduced” version of SB 91. One of those amendments revises the list of crimes that must be reported to include “***fraud, theft in office, or the misuse or misappropriation of public money.***” However, we ask that clarifying language be added to ensure public employees and officials know what to report.

As drafted, it is unclear whether the misuse or misappropriation of public money must be an intentional act. Considering the crimes of fraud and theft are defined by statute and require intent, it could be assumed that intent is read into the remaining phrase; however, this should be made explicit. For example, the phrase could be modified to include “***fraud, theft in office, or the intentional misuse or misappropriation of public money.***” Further, the terms “misuse” and “misappropriation” should be defined in the legislation to add further clarity to what should be reported.

Our concern, if this is not clarified, is that it could lead to the overreporting of mistakes made in the course of daily operations (which are later corrected and addressed during the audit process). As currently drafted, there is no requirement that what must be reported is limited to intentional acts of misuse or misappropriation. Considering the large volume of reports that would result from the reporting of mistakes, this could lead to the unintended consequence of increasing the time it will take the Auditor of State's office to investigate the reported mistakes and deciphering what is fraudulent and what is not. This will place an extreme burden on the system and slow the ability for the Auditor of State to take action to recover public funds resulting from fraud, theft, and the intentional misuse and misappropriation of public dollars.

We look forward to continuing to work closely with the bill sponsor and the Auditor of State to refine the bill language to add clarity as to what to report, ensuring that the intent of the legislation is carried out.

Thank you again for the opportunity to submit testimony. Should you have questions, please do not hesitate to contact us.

Respectfully submitted,

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