



Ohio Revised Code

Section 3345.72 Rules for fiscal watches.

Effective: June 20, 1997

Legislation: Senate Bill 6 - 122nd General Assembly

(A) The office of budget and management shall work with the auditor of state, the Ohio board of regents, and two representatives of state universities and colleges appointed by the chancellor of the board of regents to develop rules under this division, and shall adopt the rules in accordance with section 111.15 of the Revised Code. One of the chancellor's appointments shall represent a four-year institution and one a two-year institution. The rules shall include all of the following:

(1) Criteria for determining when to declare a state university or college under a fiscal watch, which criteria shall include all of the following:

(a) A requirement for the submission of a quarterly report from each state university or college, within thirty days after the end of each calendar quarter, to the board of regents, the director of budget and management, the legislative budget office of the legislative service commission, and the chairpersons and ranking minority members of the finance committees of the house of representatives and the senate;

(b) A requirement that each state university and college shall prepare at the end of each fiscal year a financial statement consistent with audit requirements prescribed by the auditor of state, and shall submit the financial statement to the auditor of state within four months after the end of the fiscal year;

(c) A requirement that the auditor of state shall send written notice to the agencies and persons mentioned in division (A)(1)(a) of this section if a state university or college fails to submit its financial statement within the time required under division (A)(1)(b) of this section;

(d) A requirement that the auditor of state shall send written notice to the agencies and persons mentioned in division (A)(1)(a) of this section if an audit of a state university or college reveals any of the following:



- (i) Substantive audit findings, such as an inability to make timely payments to vendors, delays in pension retirement contributions, or requests for advanced state funding;
 - (ii) A significant variance between budgeted and actual spending for a fiscal year;
 - (iii) A significant operating budget deficit for a fiscal year.
- (2) Actions to be taken by the board of trustees of a state university or college while under a fiscal watch;
- (3) Criteria for determining when to declare the termination of the fiscal watch of a state university or college;
- (4) The fiscal information to be reported to the board of regents by each state university or college under a fiscal watch for purposes of making determinations under division (D) of this section and division (A) of section 3345.74 of the Revised Code, and the frequency and deadlines for reporting this information.
- (B) The board of regents shall adopt a resolution declaring a state university or college to be in a state of fiscal watch if the board of regents determines that the criteria adopted under division (A)(1) of this section are satisfied with respect to that state university or college. For purposes of making this determination, the board of regents shall establish a financial tracking system and shall use the system to regularly assess each state university or college with respect to the criteria adopted under division (A)(1) of this section.
- (C) While a state university or college is under a fiscal watch, the board of trustees of the university or college shall take the actions and report the fiscal information prescribed under divisions (A)(2) and (4) of this section.
- (D) The board of regents shall adopt a resolution declaring the termination of the fiscal watch of a state university or college if the board of regents determines that the criteria adopted under division (A)(3) of this section are satisfied with respect to that state university or college.



(E) In making assessments and determinations under division (B) or (D) of this section, the board of regents shall use financial reports required under section 3345.05 of the Revised Code or any other documents, records, or information available to it or the auditor of state related to the criteria adopted under division (A)(1) or (3) of this section. In making determinations under division (D) of this section, the board of regents shall also use the fiscal information reported under division (C) of this section.

(F) The board of regents shall certify each action taken under division (B) or (D) of this section to the governor, the director of budget and management, the speaker and minority leader of the house of representatives, the president and minority leader of the senate, the legislative budget office of the legislative service commission, and the chairpersons and ranking minority members of the finance committees of the house and senate.

(G) A determination by the board of regents under this section that a fiscal watch exists or does not exist, or that a fiscal watch is terminated or is not terminated, is final and conclusive and not appealable.

(H) If a state university or college fails to submit the quarterly report required under division (A)(1) of this section within thirty days after the end of a calendar quarter, the board of regents shall withhold payment of any instructional subsidies to the university or college until it submits the report. Upon submission of the report, the board of regents shall pay the withheld subsidies to the university or college.