



Advisory • Ohio Auditor of State

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Advisory: Auditor Faber Addresses Local Government Reimbursement of Fraudulent Unemployment Claims

Columbus – Auditor of State Keith Faber has heard concerns from a number of local government officials over the past few weeks regarding the reimbursement of fraudulent unemployment compensation claims.

The Auditor's Office understands that various local governments received guidance from the Ohio Department of Job and Family Services (ODJFS) that reimbursing employers would be responsible for payment of the employer's share of unemployment compensation claims – even when the claim was clearly fraudulent.

This advisory should serve as clear guidance to our clients facing this issue. The Auditor of State will not issue a finding for recovery nor make an adverse audit finding where a local government elects to pay the invoice from ODJFS as a reimbursing employer for potentially fraudulent claims. Under normal circumstances, outside a pandemic and the crush of fraudulent claims, this would be a proper public expenditure. Likewise, if a local government elects to not pay the ODJFS invoice for a known fraudulent claim for unemployment benefits, the Auditor will also not make an audit finding of non-compliance where the entity relies on a well-reasoned legal opinion. Of course, local governments should continue to do their part in reporting fraud to ODJFS.

Additionally, Auditor Faber stands ready to work with Lieutenant Governor Husted, the General Assembly, our local government partners, associations, and the Ohio Department of Job and Family Services to fix this problem. Ohio's local governments should not be made to bear the burden and cost of fraudulent unemployment claims during this pandemic and the accompanying surge of fraud.

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The Auditor of State's office, one of five independently elected statewide offices in Ohio is responsible for auditing more than 6,000 state and local government agencies. Under the direction of Auditor Keith Faber, the office also provides financial services to local governments, investigates and prevents fraud in public agencies, and promotes transparency in government.