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From: Auditor of State's Center for Audit Excellence
To: All IPA Firms
Subject: 2018 Ohio Compliance Supplement
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The 2018 Ohio Compliance Supplement (OCS) (PDF and Word versions) has been posted to the web at: <http://www.ohioauditor.gov/references/compliancemanuals.html>.

A summary of changes from 2017 to 2018 is attached, those highlighted we consider to be significant changes.

Audit years ending 12/31/17 must include the new 2018 OCS if compliance testing has not yet started. If you have already used the 2017 compliance supplement in your 12/31/17 (or later) audit you must replace or add the significant sections applicable to your engagement. All other modified sections should be evaluated for applicability, and you may include the attached file in your work papers with cross references to updated compliance testing where applicable.

Please contact the Center for Audit Excellence with any questions.

Ohio Compliance Supplement 2018

Summary of Changes

Chapter 1	<p>1-4: Establishing funds and permission to establish funds – added guidance and testing procedures.</p> <p>1-5: Distribution of Revenue – removed guidance and tests over estate taxes.</p> <p>1-6 Transfer of Funds – added guidance</p> <p>1-8: Reserve balance accounts and funds – added guidance and testing procedures.</p> <p>1-11: Classroom facilities assistance programs – added guidance including the school facilities option program.</p> <p>1-17: Annual financial reporting – clarified testing for AOS Annual Financial Statement Filing Inquiry Form.</p> <p>1-18: CIC/DC Annual financial reporting – added/clarified guidance and testing procedures. Modified the requirements for AOS to certify corporations to the Secretary of State.</p> <p>1-19: Health care self-insurance – added link to Self Insurance Table from Bulletin 2001-005.</p> <p>1-20: Liability Self Insurance – limited updates.</p> <p>1-24: Definitions, rates of contributions, etc. – clarified guidance.</p> <p>1-25: Permanent Endowment Funds – added guidance for UPMIFA and Union Cemetery Districts. Clarified testing.</p> <p>1-26: School District Average Daily Membership – changes to guidance and testing.</p> <p>1-27: Community School Funding – This section is in development and will be published at a later date.</p> <p>Appendix A: Agricultural Society – added clarifications to guidance and testing. Added links to additional information.</p>
Chapter 2	<p>2-3: Internet- or Computer-Based Community School –minor clarification to testing procedure.</p> <p>2-5: Accounting for management company expenses – minor clarifications to guidance and AUP procedures.</p> <p>2-8: Other allowable investments for subdivisions other than counties – minor clarifications.</p> <p>2-9: Security for repaying county (and county hospital) public deposits – changes to guidance and significant changes to testing procedures.</p> <p>NOTE: Audits of entities which have financial institutions in the OPCS program cannot</p>

	<p>be released prior to receiving the State Region Memo summarizing their testing over control objectives this program relies upon.</p> <p>2-10: Eligible Investments for inactive county money – changes to guidance and testing procedures.</p> <p>2-13: Sponsor monitoring of community schools – This section is in development and will be published at a later date.</p> <p>2-14: Operator oversight of community schools – This section is in development and will be published at a later date.</p> <p>2-16,17,18: Force Accounts – clarifications to guidance.</p> <p>2-22: Fraud, Abuse, and Illegal Acts; Conflict of Interest, Ethics – added guidance.</p> <p>2-23: Availability of public records – added and clarified guidance.</p> <p>2-24: Anti-Bullying Provisions – added requirements. <i>See the summary of requirements for what needs tested for the 2018 school cycle.</i></p>
<p>Chapter 3</p>	<p>3-3: Appointments, compensation, contracts, etc. – clarified guidance.</p> <p>3-5: Bonding Requirements – significant changes to this section (changes are not marked).</p> <p>3-6: Establishment and accounting treatment for commissaries – added guidance.</p> <p>3-11: Collection, custody, and disbursement of court fees, fines, costs and deposits - added limited guidance.</p> <p>3-14: Furtherance of Justice (FOJ) – clarified audit program</p> <p>3-15: Reimbursement of insurance premiums – added the Federal 21st Century Cures act which amended the Affordable Care Act.</p> <p>3-17: Fiscal Integrity Act - clarified testing.</p> <p>3-18: Law Enforcement Trust Fund – moved from 3-14(b), and added guidance.</p> <p>REMOVED: Operation of traffic law photo-monitoring device - previously section 3-18</p>
<p>Implementation Guide</p>	<p>Audit Findings – clarified statutory legal counsel. - Added a link to the Attorney General's approved repayment agreement example on the AOS Internet.</p> <p>Referrals – added guidance for the Secretary of State.</p> <p>Appendix E-1 – summarized guidance in an added table.</p> <p>Exhibit 2 – Public Officers' Bond – summarized in a set of tables.</p> <p>Exhibit 5 – Legal Matrices – updated.</p>

	<p>Exhibit 6 – Entities Not Included – NEW. Lists the entities not included in the legal matrices and what ORC section establishes each.</p>
OPM	<p>Various sections - Minor clarification & updates to guidance.</p> <p>REMOVED: Records; annual report; distribution (Juvenile court) – previously section O-26.</p> <p>See Implementation Guide, page 3 shaded box for discussion on the use of the OPM.</p>