

OHIO AUDITOR OF STATE KEITH FABER

**Auditor of State
Bulletin 2020-005**

DATE ISSUED: July 9, 2020

TO: All Public Offices
Community Schools

FROM: Keith Faber
Ohio Auditor of State

SUBJECT: Hourly Billing Rates and Allocation of Audit Costs

Billing Rates

Ohio Revised Code (ORC) 117.13 governs how the Auditor of State's (AOS) Office charges public offices for the costs of audit services. The total costs of audits, both direct and indirect, are to be recovered by the office by charging an hourly rate. For local governments, these costs are offset by resources available in the Local Government Audit Support Fund and the state General Revenue Fund. For state agencies, these costs take into consideration federal cost recovery guidelines and are offset by resources from the state General Revenue Fund.

Audit Rates

For FY 2021 or until AOS publishes a subsequent bulletin, the following audit rates will be charged:

Entity Type	Audit Billing Rate
Local Governments	\$41/hour
State Agencies	\$79/hour

Local Government Services (LGS) Rates

Additionally, the LGS division of the AOS provides a wide variety of financial reporting compilation, review, consulting and fiscal advisory services to local governments, agencies and schools.

Beginning in fiscal year (FY) 2021, LGS will use a tiered system to charge for financial reporting compilation and review services. AOS will base the tiered LGS billing rates upon a local government's total combined revenues as reported in the most recently audited financial statements.

For FY 2021 or until AOS publishes a subsequent bulletin, the following LGS rates will apply for financial reporting compilation and review services LGS performs for local governments and agencies in each tier:

LGS Billing Rate Tier Structure For Financial Reporting Compilation and Review Services				
	Counties	Municipalities & Other Local Govts.	Schools	LGS Billing Rate
Tier I	\$100,000,001 or More	\$50,000,001 or More	\$50,000,001 or More	\$65/hour
Tier II	\$50,000,001 – \$100,000,000	\$10,000,001 – \$50,000,000	\$10,000,001 – \$50,000,000	\$60/hour
Tier III	\$50,000,000 or Less	\$10,000,000 or Less	\$10,000,000 or Less	\$55/hour

For all other services including, but not limited to: consulting, fiscal advisory and training services, LGS will charge \$50/hour, regardless of the size of the local government or its total revenues.

Audit and LGS Rates for Interns

For FY 2021 or until AOS publishes a subsequent bulletin, AOS will charge 50 percent of the applicable billing rate for services provided by AOS interns.

Ability to Charge Funds Other than the General Fund

ORC 117.13 (C)(2) allows fiscal officers of local public offices being audited to allocate the charges billed for the cost of the audit to appropriate funds using a methodology that follows guidance provided by the Auditor of State. The fiscal officer may distribute the cost to each fund audited in accordance with its percentage of the total cost. The fiscal officer should determine which funds should be charged a percentage of the audit costs. The Auditor of State is of the opinion that most operating funds of a local government, including utility funds (i.e., water, sewer, electric, refuse), special levy funds, funds that receive gas taxes, and motor vehicle registration fees can be charged a portion of the audit costs.

Other funds of a local government that may be charged a percentage of the audit costs include bond and grant funds. The ability to charge bond funds will depend on the allowable uses defined in the bond legislation. Trust and other funds that receive donations restricted to specific purposes will require analysis by the fiscal officer of the restrictions imposed by the donor and/or trust agreement to determine if any audit costs may be charged to those funds. Custodial funds (previously referred to as Agency Funds) should not be charged for any share of the cost of an audit for the fiscal officer’s role as the fiscal agent.

In determining a percentage of total cost that may be charged to a fund, any reasonable and rational method such as a percentage of the fund’s revenue or expenditures compared to the total revenue or expenditures for all funds, excluding custodial funds, would be acceptable. A local government’s indirect cost allocation plan may also be an acceptable method for allocating audit costs.

For federal grant funds, the costs of audits are allowable if the audits were performed in accordance with the federal Single Audit Act and Uniform Guidance (UG)¹. Generally, the percentage of costs charged to federal awards for a single audit shall not exceed the percentage derived by dividing federal funds expended by total funds expended by the recipient or sub-recipient (including program matching funds) during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates higher actual costs. Other audit costs are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.

If you have any questions regarding the above information, please contact the Local Government Services staff of the State Auditor's Office at (800) 345-2519 or (614) 466-4717.



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¹ The costs of audits that are not required by the Single Audit Act or Subpart F are not allowable under 2 CFR 200.425, including performance audits. For more information, refer to questions 1 through 5 presented by the Council on Federal Award Reform (COFAR) on OMB's Uniform Guidance available at: <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>.