

FULL OVERVIEW

Financial Audit

The Financial Audit Section is the largest division within the Ohio Auditor of State's Office (AOS), responsible for auditing more than 6,000 public entities across Ohio — including cities, counties, school districts, public universities, and state agencies. These audits are mandated by [Chapter 117](#) of the Ohio Revised Code and are conducted to ensure the accuracy of financial statements, assess compliance with applicable laws and regulations, and evaluate internal controls over financial reporting.

Annual and Biennial Audits

Under Ohio law, public entities must undergo a financial statement audit every two years. However, some request annual audits, and others are required to have a Single Audit in accordance with 2 CFR 200 Subpart F if they expend over \$1,000,000 in federal funds.

To make audits more cost-effective, AOS offers reduced audit services such as Agreed-Upon Procedures (AUP) and Basic Audits for qualifying local governments. AUP engagements limit the scope of work to key internal control reviews and targeted testing of significant transactions. This streamlined approach reduces billed hours and overall audit costs by 25 percent to 50 percent, while still providing necessary oversight of public funds.

Additionally, [AOS Bulletin 2015-007](#) allows certain entities that meet specific criteria to receive a Basic Audit — an on-site, limited-scope review. Basic Audits are available to local governments that disburse less than \$600,000 over two years or less than \$300,000 in a single year. These audits serve as alternatives to full audits or AUPs. Regional teams assess eligibility for Basic Audits using a checklist maintained by the Center for Audit Excellence (CFAE).

Regardless of audit cycle, all public entities must annually file financial statements with AOS through the Hinkle System — an AOS-developed online portal. This system enables local governments as well as others required by AOS Bulletin 2015-007 to submit annual financial reports, as well as required debt and demographic information. The Hinkle System promotes consistency in financial reporting, generates reports for the Governor and General Assembly as required by ORC [§ 117.38](#), and improves access to financial data.

Operational Support

To manage this workload, the Financial Audit Section operates from seven regional offices across Ohio, plus a centralized State Region in Columbus that handles audits of state-level entities.

When additional capacity or specialized expertise is required, AOS contracts with Independent Public Accounting (IPA) firms to perform audits. IPA firms conduct approximately 43 percent of AOS audits, depending on regional needs. The Assistant Chief Deputy Auditor of Operations manages IPA contracting in collaboration with regional Chief Auditors. Contracts may span multiple years and are renewable based on performance and workload demands, not to exceed 10 years without Chief Deputy Auditor approval.

Firms interested in auditing through AOS must register and be approved via the AOS IPA Portal. As of now, 52 IPA firms are actively registered. Working in partnership, AOS financial auditors and IPA firms help ensure accountability, transparency, and trust in public financial reporting throughout Ohio.