

## IPA Correspondence

**To:** All IPA Firms  
**From:** Auditor of State's Center for Audit Excellence  
**Subject:** 2026 Ohio Compliance Supplement Chapter 4  
**Date:** June 2, 2026

Chapter 4 of the 2026 OCS has been posted to the internet (<http://www.ohioauditor.gov/references/compliancemanuals.html>). (If you have trouble seeing the 2026 Ch. 4 at this link, please refresh your screen or hit F5.)

- As a reminder, all other sections of the 2026 OCS were posted in November 2025. Schools operate on a June 30 fiscal year end basis and legislative changes impacting school audits are often still occurring after our November release. For this reason, steps that are **only** applicable to Traditional Schools, Community Schools, ESCs, or STEM/STEAM Schools are self-contained in Chapter 4 to allow AOS to update and release school compliance changes separately from the remainder of the Supplement at a more appropriate time. Sections of the OCS which apply to schools **and** other entity types are retained in Chapters 1-3 or the OPM.
- A summary of Ch. 4 changes from 2025 to 2026 is attached.
- School audit years ending 6/30/26 must include the new 2026 Ch. 4.

Looking forward, Chapters 1-3, the OPM and the Implementation Guide will be updated for the effects of GASB 103 in the 2027 release; however, with GASB 103 becoming effective for schools (effective for fiscal years beginning after June 15, 2025) the changes to GASB 103 may impact the reporting level of certain compliance related issues in these engagements as, for example, budgetary statements must now be reported as RSI rather than as part of the basic financial statements. We will be communicating additional information in the future on the impact of GASB 103 on our compliance testing of budgetary requirements along with on the reporting of budgetary noncompliance as these will vary depending on the school's reporting framework.

Questions can be directed to [OCS@ohioauditor.gov](mailto:OCS@ohioauditor.gov).

# Ohio Compliance Supplement 2026

## Chapter 4 Summary of Changes

**NOTE: Red text throughout the 2026 Ohio Compliance Supplement is related to COVID-19 and/or the Infrastructure Investment & Jobs Act (IIJA)**

<p><b>Throughout</b></p>	<ul style="list-style-type: none"> <li>• Red COVID language – removed where no longer relevant to the period covered by this OCS and modified where appropriate.</li> <li>• Removed/updated references to dates that are irrelevant to the periods covered by this OCS.</li> <li>• Added section headers to each section to better identify the general subject content of each section.</li> <li>• Updated references to CFAE consulting portal from Spiceworks, to Happy Fox.</li> <li>• Updated IPA Portal references, to reference the IPA <i>OneDrive</i> which is accessible through the IPA portal.</li> </ul>
<p><b>Chapter 4A – Direct Laws</b></p>	<p><b>Introduction</b> – Added important note regarding the implementation of GASB 103 and its impact on government’s presentation of budgetary comparisons when reporting GAAP.</p> <p><b>4A-2: <i>Other Laws and Regulations</i> – Permissible expenditures for school districts participating in classroom facilities assistance programs; Interest accounting and allocation and maintenance plan funding and expenditures</b> – Added SAP<sup>i</sup> for Energy Revolving Loan Program (enacted in HB 15). Removed K-12 School Safety Grant Program and related SAP. Other clarifications made throughout.</p> <p><b>4A-4: <i>Other Laws and Regulations</i> – School District Funding</b> – Removed information about DEW waiver for minimum number of hours. Updated guidance as a result of HB 96 for chronic absenteeism/excessive absences/truancy, as well as absences related to driver education courses. Other clarifications made throughout.</p> <p><b>4A-5A: <i>Other Laws and Regulations</i> – Community School Funding (Brick and Mortar only)</b> – Updated guidance as a result of HB 96 for chronic absenteeism/excessive absences/truancy changes. Other clarifications made throughout.</p> <p><b>4A-5B: <i>Other Laws and Regulations</i> – Community School Funding (eSchools only)</b> – Updated guidance as a result of HB 96 for chronic absenteeism/excessive absences/truancy changes. Also updated list of e-schools not implementing a Dropout Prevention &amp; Recovery (DOPR) program, and HB 96 edits to 3314.261 &amp; .262. Other clarifications made throughout.</p> <p><b>4A-5C: <i>Other Laws and Regulations</i> – Community School Funding (Blended Schools only)</b> – Updated guidance as a result of HB 96 for chronic absenteeism/excessive absences/truancy changes, as well as DEW opening assurances. Other clarifications made throughout.</p>

<p><b>Chapter 4B – Indirect Laws</b></p>	<p><b>4B-2: <i>Accounting and Reporting - Accounting for management company expenses</i></b> – For Option #3 (AUP): 1.) Updated single audit threshold, as a result of 2 CFR 200 changes, 2.) Added note that the tested SEFA must be included as an attachment in the AUP, for any schools qualifying for a single audit. Other clarifications made throughout.</p> <p><b>4B-4: <i>Other Laws and Regulations - Sponsor monitoring of community schools</i></b> - Updated guidance as a result of HB 96 for 1.) DEW opening assurances, 2.) List of required items to be in school contracts with sponsor 3.) Sponsor evaluation ratings, 4.) Removal of ORC 3314.50 audit bonds/written guarantees.</p> <p><b>4B-6: <i>Contracts and Expenditures - Board of Education and Governing Board of Educational Service Centers procedures for bidding and letting of contracts</i></b> – Updated guidance related to contracts/bids for ‘buildings’ as a result of HB 96, and AOS Bulletin 2025-009. Also, added guidance and SAP for Ohio Rev. Code § 9.24 (AOS FFR Database).</p>
<p><b>Chapter 4C – Statutorily Mandated Tests</b></p>	<p><b>4C-2: <i>Budgetary - Restriction upon school district expenditures and certifying adequate revenues. Application: City, local, exempted village and joint vocational school districts</i></b> – Updated guidance as a result of HB 96 for 5-year forecasts/projections changing to current budget information and 3-year projections. Also noted that DEW is currently in the process of updating Ohio Admin. Code 3301-92-05 to align the rule with recent changes to Ohio Rev. Code § 5705.412 enacted through House Bill 96. The updated rule is anticipated to become effective on July 1, 2026.</p>
<p><b>Chapter 4D – Stewardship</b></p>	<p><b>4D-2: <i>Other Laws and Regulations - Transportation T-1 and T-2 Forms</i></b> – Many edits throughout this section. Updated guidance as a result of HB 96 for 3314.093 establishing community school transportation consortiums. Also updated guidance as a result of OAC 3301-83-01, and DEW document updates. Other clarifications made throughout.</p>
<p><b>Chapter 4E – School Optional Procedures</b></p>	<p><b>4E-1: <i>Budgetary - Three-Year Projections</i></b> – Many edits throughout this section to update guidance as a result of HB 96 for 5-year forecasts/projections changing to current budget information and 3-year projections. Also added footnote explaining that DEW is currently updating the related OAC for traditional schools, which is expected to become effective on 7/1/26; and DEW is in the process of creating a new OAC rule for community schools and STEM schools. Added note before SAP’s explaining the type of school each step applies to.</p> <p><b>4E-2: <i>Budgetary - Capital and maintenance reserve account</i></b> – Updated guidance as a result of HB 96 for alternative percentages, and other revenue sources identified by AOS.</p> <p><b>4E-4: <i>Community School Audit Fee Bond</i></b> – Struck out entire section, as HB 96 repealed ORC 3314.50.</p>
<p><b>Anti-Bullying AUP (related to OCS 4C-1)</b></p>	<p>Removed two sufficiency of procedures sentences in 3<sup>rd</sup> paragraph, consistent with changes made in other AUP report shells.</p>

**Important Note:** The above listing is to assist in locating updates within Chapter 4 of the 2026 Ohio Compliance Supplement. For the complete wording and official guidance for any changes made in Chapter 4, please refer to the official 2026 Ohio Compliance Supplement Publication on the [AOS website](#).

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<sup>i</sup> SAP = Suggested Audit Procedure