

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence
To: ALL IPA Firms
Subject: AUP Shell Update for ORC Compliance Section 2-24
Date: February 17, 2021

The addition of Section 2-24 to the 2021 Ohio Compliance Supplement for Coronavirus Relief Fund (CRF) resulted in revisions to the AUP report shells. The following revisions were made to the Agreed Upon Procedures shells:

- Village and Township – CRF testing steps were inserted into the AUP shells
- All other entities – CRF compliance section was removed from the AUP shells

For AUPs already in process prior to the revised AUP report shells, utilize the Add-in document for the CRF Compliance Section (attached)

The updated AUP shells should be available on the Auditor of State website soon.

Please contact the Center for Audit Excellence with any questions.

¹Please review the 2021 OCS [Legal Matrix](#) regarding the applicability of the Coronavirus Relief Fund Compliance to your entity. If applicable, insert the HB 481/HB614 steps into your AUP report shell replacing the title and place holder paragraph.

Updated Procedures to be tested:

HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance² [This step is mandatory for local governments that meet the criteria in endnote 3. If the entity did not meet the criteria in endnote 3, delete this section.] [2021 OCS 2-24]

1. We inquired of management and those charged with governance and documented how the Township decided to spend their CRF allocations and how the Township evaluated and documented their compliance with the CARES Act three-prong test. We then selected five **[or all if less than 5 transactions were made]** payroll, non-payroll, and subgrant/subloan transactions. and determined the Township: ⁴
 - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements **[i.e. Cares Act three-prong test and in accordance with those charged with governance documented use]** and
 - b. Maintained appropriate supporting documentation.We found no exceptions.

[AOS strongly encourages auditees to document decisions by action taken by the legislative body. Be sure to refer to 2021 OCS 2-24 summary section and the linked file for relevant US Treasury, OBM, and AOS guidance, especially Frequently Asked Questions, as these determinations can be complex, especially since US Treasury continually amended its guidance during the program period. Auditors may consider guidance documents in effect at the time of the activity or transaction. Auditors should also keep in mind that the compliance requirements for payroll, for example, will include additional provisions such as “substantially dedicated” are not applicable to non-payroll transactions. These differences add to the complexity of compliance evaluations. See also endnote 4]

2. [We recalculated the unencumbered balance the local government paid back to the county treasurer and determined the proper amount was repaid. We also compared the date of the repayment to the required date of November 20, 2020 and determined the payment was made in a timely manner. We found no exceptions.]

OR

[We inquired with management and inspected the **[Appropriation Ledgers Report]** to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.]

¹ Updated February 2021

² This new section was added to the OCS because Am. Sub. H. B. No. 481 133rd G.A Section 27(E) includes the following statutory mandate for the Auditor of State:

“Money in a subdivision's local coronavirus relief fund shall be audited by the Auditor of State during the subdivision's next regular audit under section 117.11 of the Revised Code to determine whether money in the fund has been expended in accordance with the requirements”

For reference, detailed HB 481 / HB 614 requirements and additional AOS guidance is recapped Ohio Legislation Information - CARES Act.docx. See also 2021 OCS 2-24 for information.

³ This step is mandatory for local governments who:

- Received and expended Coronavirus Relief Fund allocations pursuant to Am. Sub. HB 481 and Sub. HB 614.
- Made subgrants or subloans of Coronavirus Relief Fund allocations received pursuant to Am. Sub. HB 481 and Sub. HB 614.

⁴ Eligible items can include payroll, non-payroll, subgrants or loans to other local governments, subgrants or loans to private businesses and certain non-profits, and grants or loans to individuals. Additionally, as

described in the AOS October 7, 2020 CARES Act Advisory (http://ohioauditor.gov/resources/Covid19/AOS_Advisory_CARES_Act_100720.pdf), some local government may choose to contract a community partner to help administer grant programs within their jurisdictions. All subrecipients should comply with the Uniform Guidance requirements, including but not limited to, Subrecipient Monitoring, described in the advisory. Note: Auditors should be sure to review eligible uses for payroll and non-payroll expenditures prior to conducting these interviews. Refer to the Treasury and OBM FAQs above for detailed guidance.