

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: 2024 Ohio Compliance Supplement

Date: November 16, 2023

The 2024 OCS has been posted to:

<http://www.ohioauditor.gov/references/compliancemanuals.html>. (If you have trouble seeing the 2024 OCS at this link, please refresh your screen or hit F5.)

A summary of changes from 2023 to 2024 is attached. Audit years ending 12/31/2023 must include the new 2024 OCS if compliance testing has not yet started. If you have already pulled the 2023 compliance supplement into your 12/31/2023 (or later) project, you must evaluate which edits are considered significant to your engagement and therefore require replacing or adding the corresponding updated sections. You may include the attached file in your work papers with cross references to updated compliance testing where applicable, for the remaining modified sections.

Questions can be directed to kmberger-davis@ohioauditor.gov.

Ohio Compliance Supplement 2024

Summary of Changes

NOTE: Red text throughout the 2024 Ohio Compliance Supplement is related to COVID-19

Throughout	<ul style="list-style-type: none">- Changed multi-level bullet points to numbering for smoother build into TeamMate. Note: These do not necessarily correspond to the ORC sections; they are simply numbering for the OCS purposes.- Updated references/guidance to 2023 SLG.- Red COVID language – removed where no longer relevant to the period covered by this OCS.- Added cross references to/from IG appendices, exhibits, etc., where applicable.- Changed references from CFDA to Assistance Listing & removed related footnotes about name change.
Chapter 1	<p>1-1: Annual appropriation measures – classification – modified the considerations for COVID-19.</p> <p>1-2: Restriction upon appropriation and expenditure of money – added clarification/table explaining difference between regular blanket & super blanket certificates.</p> <p>1-4: Establishing funds and permission to establish special funds – Updated as a result of HB 501 & added LATCF from Bulletin 2022-011 to the COVID-19 guidance. Also added guidance from Bulletin 2022-003 related to the OneOhio Opioid Settlement funds.</p> <p>1-5: Distributing revenue – Updated as a result of HB 33. Also clarified guidance related to transfers to a Township Road Fund.</p> <p>1-6: Transfer of funds – Clarification added that an entity may use a ‘resolution’ or a ‘motion’ for transfers <u>from the general fund to other funds</u>. Note - All other transfers must be by ‘resolution’ passed by two-thirds vote (‘motions’ are not an option). This is also noted in section 1-5.</p> <p>1-7: Advances – Added relevant guidance from section 1-5 regarding school deficits & updated as a result of HB 33.</p> <p>1-10: Issuing or retiring bonds and notes – Added clarifying guidance related to township’s leasing equipment, from section 2A-6.</p> <p>1-11: Bond, tax and revenue anticipation notes (BAN, TAN and RAN) – clarified one of the SAPsⁱ for Lake Erie shoreline Improvements.</p> <p>1-13: Governments investing in their own securities – Updated as a result of HB 33</p> <p>1-16: Health care self-insurance – Updated guidance & SAPs related to allowable funds used for self-insurance moneys.</p> <p>1-20: Definitions, rates of contributions etc. – added to COVID guidance explaining that recipients may not use SLFRF funds to provide premium pay to essential workers for work conducted after April 10, 2023; however, recipients may continue to use SLFRF funds to support workers through the public health and negative economic impact and revenue loss eligible use categories. In addition, added guidance regarding membership requirements for SERS; and added an additional SAP to test 1099 NECs.</p> <p>1-22: Electric kilowatt-hour tax – Updated as a result of HB 33</p> <p>Appendix A, step 3c: Co. Ag. Society Debt – Added additional, relevant ORC guidance & related SAP.</p>
Chapter 2	<p>All contract/bidding sections – Added to COVID considerations that AOS auditors should consult with CFAE if noncompliance with Federal procurement requirements is identified for a non-major program, or a major program for which procurement is not tested in the FACCR.</p>

2A-3: Municipal contracts – Updated as a result of HB’s 23 & 33, which includes updated thresholds. Also added guidance on contracts for streets or other public way, and made other clarifications throughout.

2A-5: County notice and other bid procedures – Updated as a result of HB’s 23 & 33, which includes updated thresholds. Also made other clarifications throughout.

2A-6: Township expenditures and competitive bidding – Updated as a result of HB’s 23 & 33, which includes updated thresholds. Also made other clarifications throughout.

2A-7: Bidding procedures and purchasing policies for supplies and equipment (County Hospitals) – Updated as a result of HB 33. Also made other clarifications throughout.

2A-10: Library procedure for bidding and letting contracts – Updated as a result of HB 33, which includes updated thresholds. Also made other clarifications throughout.

2A-11: Separate bids and contracts required for each class of work on buildings and other structures– Added guidance from ORC related to design-build & general contracting. Also made other clarifications throughout, and removed duplicative language. Added note that auditors should consult with CFAE OCS Specialty if auditing an entity with a project undertaken through a construction manager at risk or a design-build firm.

2A-12: Prevailing wage rates in public works contracts – Updated as a result of HB 33.

2A-14: Eligible investments – Updated as a result of HB 33. Also updated footnote regarding LIBOR.

2A-15: Other requirements – Clarified SAP regarding name on CD’s.

2A-16: Other allowable investments for subdivisions other than counties – Updated as a result of HB 33.

2A-17: Security for repayment of public deposits – Updated as a result of OAC 113-40 edits. Also clarified that a public depositor is responsible for periodically confirming the accuracy of its account balances with the TOS. Made other edits to agree to FDIC website, and added guidance that due to the complexity of the FDIC requirements, AOS auditors should request their AOS attorney to review & approve FDIC determinations.

2A-18: Eligible investments – Updated as a result of HB 33.

2B-1: Force accounts for certain municipal corp’s – Updated as a result of HB 23. Also updated limits, and made other clarifications throughout.

2B-2: Force accounts for Counties – Updated as a result of HB 23. Also updated limits, and made other clarifications throughout.

2B-3: Force accounts for Townships – Updated as a result of HB 23. Also updated limits, and made other clarifications throughout.

2B-5: Landfill financial assurance responsibility and certifications; Solid waste transfer facility financial assurance responsibility and certifications – Clarifications made throughout, including that the SAP’s in this section need tested if applicable to the entity – the AUP does not satisfy all of the compliance requirements tested in this section. In addition, added SAP regarding the local government establishing the restricted LGFT fund.

2B-6: Education Requirements – Added relevant OAC & ORC sections, and clarified biennial cycles.

2B-7: Fraud and abuse; conflict of interest; ethics – Updated as a result of HB 33, and added corresponding SAPs.

2B-8: Ohio Sunshine Laws – Updated as a result of HB 33. Implementation AOS Bulletin 2021-007 change in interpretation to community schools is delayed until further notice. Clarified that note at top of SAP’s is applicable to all SAP’s, and added clarification on applicability to STEM school officials. Also made other clarifications throughout.

	<p>2B-9: CARES Act, Coronavirus Relief Fund – Section removed.</p>
<p>Chapter 3</p>	<p>3-3: Appointments, compensation, contracts – Added relevant guidance from ORC & updated as a result of HB 33. Added note explaining that much of the guidance included in this section will be utilized in payroll disbursement testing; and clarified SAP 1.</p> <p>3-7: Establishment and accounting treatment for commissaries – Updated as a result of HB 33.</p> <p>3-8: Disposition of unclaimed fees and costs– Updated as a result of HB 343.</p> <p>3-9: Records required of county courts– Updated as a result of HB 343.</p> <p>3-10: Municipal court records – Updated as a result of HB 343.</p> <p>3-12: Collection, custody & disb of fee, fines, costs & deposits– Added relevant guidance from ORC & updated as a result of SB 288.</p> <p>3-13: Additional costs in criminal cases - Updated as a result of HB 343.</p> <p>3-14: Counties FOJ – Added clarification to SAP regarding travel expenses & per diem.</p> <p>3-15: Twp Reimbursement of ins. Premiums – Added guidance regarding rotating section when a Twp is cycling back from an AUP to a GAGAS audit. Also added reference to Bulletin 2017-002. Clarified 1 SAP regarding sufficient documentation, and added a new SAP regarding fund paid from.</p> <p>3-16: Cafeteria Plans – Added guidance regarding rotating section when a Twp is cycling back from an AUP to a GAGAS audit. Also added a new SAP regarding fund paid from.</p> <p>3-17: Law Enforcement Trust and Drug Law Enforcement Funds - Added clarification to SAP regarding per diem for travel.</p> <p>3-18: National Instant Criminal Background Check System (NICS) – Section removed.</p>
<p>Implementation Guide</p>	<p>Throughout – Updated for SAS 145, AU-C’s, etc.</p> <p>Findings for Recovery – Made clarifications throughout.</p> <p>Additional Policies for Findings for Recovery for AOS Audits – FFR Repayment Plan Template updated, added guidance from bulletin 2014-003 regarding alcohol purchases, added guidance regarding folder structure on W drive to save FFR supporting documentation in, and other clarifications made throughout section.</p> <p>FFR Procedures for IPA’s – Clarifications made throughout.</p> <p>Referrals – Added Ohio Office of Unemployment Compensation, and BWC to list of agencies. Also noted that AOS will also refer any Employee vs. Independent Contractor Status issues to the IRS, Ohio Dept. of Taxation, Ohio Office of Unemployment Compensation, and Bureau of Workers Comp. Also made an edit as a result of HB 33.</p> <p>Appendix A-1 Transfers & Advances – Scaled back COVID guidance in summarized format.</p> <p>Appendix B – Contracts & Expenditures – Added COVID language from 2A-3 – 2A-11 here as well. Also added guidance on P.O.’s as contracts, competitive bidding thresholds (from HB 33), and Bid Evaluation Standards.</p> <p>Appendix C – TAN’s & RAN’s – Made an edit due to HB 33.</p> <p>Appendix E – Updates made to Federal Agencies & GASB 40 tables.</p> <p>Exhibit 2 – Public Officers’ Bond – Updates made, including those to sync to Exhibit 5 matrix.</p>
<p>Matrix</p>	<p>Throughout:</p>

	<ul style="list-style-type: none"> - Made footnote more user friendly - merged & moved the spacing so the text does not scroll across multiple columns. - Updated to sync to edits made in corresponding OCS sections (ORC's, etc.) - Posted unlocked file (no password required) - Posted to OCS internet page only – no longer also pushed to C drives. <p>Exhibit 5:</p> <ul style="list-style-type: none"> - Added new column for Metro. Housing Authorities (moved from Exhibit 6) - 3-5 - Added reference to related Exhibit in Implementation Guide, & marked as applicable to several additional entity types, to sync up with Exhibit 2 of the IG. - 2B-8, FN46 – Added clarification that CPRT training does not apply to STEM school officials. - FN 63 & 73 – Updated as a result of HB 33 - FN 75 - 80 – Added <p>Exhibit 6:</p> <ul style="list-style-type: none"> - Added Career-Technical Cooperative Edu. District – new entity type created in HB 33 - Added FN's 6 & 7, as a result of HB 33 - Removed Metro. Housing Authorities, and moved to Exhibit 5 & OPM <p>OPM:</p> <ul style="list-style-type: none"> - Added new column for Metro. Housing Authorities (moved from Exhibit 6)
OPM	<p>O-5: County credit and procurement cards – Edits throughout as a result of HB 33; clarifying guidance added regarding difference between credit card & procurement cards, and to SAP's.</p> <p>O-9: Books to be kept by clerk of the court of common pleas – Updated as a result of HB 567.</p> <p>O-12: Allocating Audit Costs – Updated to agree to AOS Bulletin 2023-003</p> <p>O-13: Continuing Professional Training (CPT) pilot program funding for law enforcement agencies – Updated as a result of HB's 45 & 33, OAC 109:2-18-04 & 05, and Attorney General Bulletin.</p>

ⁱ SAP = Suggested Audit Procedures