



Dave Yost
Auditor of State

From: AOS Audit Administration

To: All IPA Firms

Auditor of State Bulletin 2015-007 Reminder and
Implementation of the Hinkle System Audit Adjustment

Subject: Application

Date: September 1, 2016

In December, 2015, the Auditor of State's (AOS) Office issued Bulletin 2015-007 "Required Annual Financial Report Filing by Public Offices and Other Entities Required to File." The Bulletin requires:

“...**beginning with audits of financial periods ending in 2016**, the AOS (and any independent public accounting (IPA) firms contracted to perform audits for the AOS) will audit the financial statements uploaded and submitted to the AOS via the Hinkle System.”

Therefore, as a reminder, for any audit of a public office or other entity required to file via the Hinkle System with a financial period ending in 2016 or after, your firm may not perform substantive audit work until the entity has completed its Hinkle System filing, and your firm must audit the financial statements and notes to the financial statements uploaded as part of the Hinkle System filing.

Additionally, as we briefly mentioned in our correspondence on March 22, 2016, part of the implementation the Bulletin and the Hinkle System includes a process to post audit adjustments to the Hinkle System filings for audits of entity types required to input financial statements and related data as part of their Hinkle System filing (cities, counties, school districts, educational service centers (ESC), community schools, townships, libraries and villages) prior to release of the audit report for the applicable period(s). Posting the adjustments will be required for all these entity types with their 2016 audits (beginning with school districts, ESCs and community schools) since, as described above, 2016 will be the first period for which we will be auditing the financial statements filed via the Hinkle System. For applicable entity types and audit periods, prior to submitting the audit report to the AOS' Center for Audit Excellence (CFAE) for review, your firm must complete the Hinkle System Audit Adjustment Application (adjustment application) described in this memo. Therefore, if your audit period includes more than one year, the adjustment application must be completed for each applicable year for periods ending in 2016 or later.

As part of the IPA report review process, CFAE will verify the entity has completed their Hinkle System filing, and the financial statements uploaded as part of the filing, with any audit adjustments, correspond to the financial statements presented in your firm's audit report. Additionally, for applicable entity types, CFAE will ensure the adjustment application was completed by your firm for all 2016 or later periods,.

Hinkle System Adjustment Application

The adjustment application can be accessed via the "Client Detail & Hinkle System Filings" block in the IPA Portal.

The adjustment application first requires information regarding the financial statement opinions issued. If multiple opinion types are issued for various opinion units, the most unfavorable opinion issued should be selected as the Opinion Type (please refer to the Guide to the IPA Portal for additional guidance).

The adjustment application reflects the original data keyed by the entities as part of their Hinkle System filing with additional columns related to adjustments as follows:

- "Unaudited Hinkle System" – amounts keyed into the Hinkle System by the entities;
- "Adjusted Amount per Audit Report" - the column to enter any amount which differs from the original Hinkle System submission;
- "Audit Adjustment" (calculated); and
- "Final per Audit Report" (calculated)

The adjustment application also includes a box to check to indicate if the audit report reflects certain non-compliance citations or internal control weaknesses.

All staff members with an account within the IPA Portal have access to the adjustment application link for each audit contracted to your firm. Care will need to be taken to ensure you are entering the adjusted financial amounts for the correct entity and year.

At this time, the adjustment links are only available for counties, cities, school districts, ESCs and community schools. Links will be available for townships, libraries and villages after the end of the year, and additional guidance will be provided related to entities which qualify for agreed-upon procedures.

The [Guide to the IPA Portal](#) is available on the Auditor of State's website under Resources/IPA Resources/Contracting and has been updated to include procedures for completing the adjustment application. Please ensure your firm's staff is familiar with the Guide and how to access the adjustment application links.

As indicated above, in order to track completion of the application, the adjustment application **must** be completed for each audited year regardless of whether there are adjustments to be posted/citations or recommendation issued. Please be aware that once you click the “Submit” button within the adjustment application, the adjustments for the Hinkle System submission will lock. If the adjustment application needs to be re-opened for a specific Hinkle System filing, please email HinkleSystem@ohioauditor.gov.

If you have any questions or concerns, please email IPACorrespondence@ohioauditor.gov.