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From: AOS Audit Administration
To: All IPA Firms
Subject: Auditor of State Bulletin 2015-007 Clarification
Date: September 15, 2016

The purpose of this memo is to clarify guidance provided to all Independent Public Accounting (IPA) Firms on September 1, 2016 regarding Auditor of State (AOS) Bulletin 2015-007 “Required Annual Financial Report Filing by Public Offices and Other Entities Required to File” as well as information presented at the IPA Conference held on September 8, 2016.

As included in Auditor of State Bulletin 2015-007, one of the changes, beginning with audits of financial periods ending in 2016, is the AOS (and any IPA firms contracted to perform audits for the AOS) will audit the financial statements uploaded and submitted to the AOS via the Hinkle System.”

One of the reasons for this policy change is to clearly differentiate the entity’s responsibility for preparing and submitting the financial statements from the responsibility of the AOS and IPA firms to audit the financial statements.

As a result, we have revised our original statement below:

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~~ complete 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.

The AOS understands more time is required to complete the audits of larger entities, and a statutory or desired deadline for completing the audit will likely require the auditors to perform audit procedures during the interim period(s) prior to the end of the reporting period and/or during the intervening period between the year of the reporting period and the entity’s completion of the final audited financial statements. However, as the auditors, your firm should ensure it does not impair independence by unduly impacting the preparation of the financial statements if audit procedures are performed at the same time the entity is preparing its financial statements. Any control deficiencies in financial statement preparation and/or audit adjustments identified during the period prior to the entity’s submission of its unaudited financial statements via the Hinkle System must be evaluated for reporting purposes.

Additionally, with the change requiring the final, unaudited financial statements filed via the Hinkle System for periods ending in 2016 and beyond to be the financial statements which the AOS and IPAs will audit, please ensure your clients are aware of this change as your firm will not be able to determine the entity's compliance with the filing requirement and complete the audit until the entity completes their Hinkle System filing for the applicable year(s).

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