



**Dave Yost**  
Ohio Auditor of State

Bulletin 2012-001

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## Auditor of State Bulletin

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**Date Issued:** January 5, 2012

**TO:** All State Agencies, Boards, Commissions, State Universities, and Technical and Community Colleges

**FROM:** Dave Yost, Ohio Auditor of State

**SUBJECT:** Ohio Revised Code Section 117.43 (B) - Contract Procedures

The purpose of this bulletin is to provide state agencies with information regarding the authority and role of the Auditor of State in the procurement of auditing and accounting services by a state agency and to establish procedures for procuring these services.

This bulletin supersedes all previous communications from the Auditor of State regarding the contracting for auditing and accounting services, including Audit Bulletin 2008-008. The policy is not intended and should not be interpreted to relieve state agencies of their responsibility to fully comply with applicable state and federal procurement laws and directives.

Ohio Rev. Code Section 117.43 (B) states: "Except as otherwise provided in section 126.22 of the Revised Code or as otherwise provided by law, no state agency shall enter into a contract for auditing or accounting services without the approval of the auditor of state except with funds derived from nonpublic sources. The provisions of this section shall not apply to the legislative branch of government."

The key terms of Ohio Rev. Code Section 117.43 (B) are defined as follows:

- "Contract" is defined as an integrated written agreement of the parties incorporating the request for proposals, the proposal, and the written memorandum of agreement.
- "Auditing Service" is defined as an examination of financial statements, books, documents, records, or other evidence relating to the obligation, receipt, expenditure, or use of public money, including governmental operations relating to the obligation, receipt, expenditure, or use of public money.
- "Accounting Service" is defined as any advice or technical assistance rendered by a person that concerns the methods and records used to identify, assemble, analyze, classify, record and report financial information and data, including the design, implementation, and evaluation of a state agency's internal control system.
- "State agency" means every organized body, office, agency, institution, or other entity established by the laws of the state for the exercise of any function of state government as defined by Ohio Rev. Code Section 117.01 (F).

Because the definitions of auditing and accounting services are broad and encompassing, the following examples provide guidance as to the types of services that will or will not require approval of the Auditor of State in accordance with Ohio Rev. Code Section 117.43 (B).

The following auditing and accounting services **will** require approval by the Auditor of State:

- a financial statement audit
- a compilation or review of financial statements
- a compliance or internal control review
- a performance or operational audit
- a fraud or embezzlement audit
- a financial, federal single or programmatic audit of a sub-recipient of state or federal funds
- a Service Organization Controls (SOC 1) engagement (formerly SAS 70)
- a financial audit of a particular section/function/program of a state agency

The following auditing and accounting services **will not** require approval by the Auditor of State:

- a consulting engagement for actuarial or fixed asset valuation
- preparation of a cost allocation plan
- the hiring of temporary accountants for book entry functions
- the outsourcing of an accounting function
- procurement of information technology services

Where required, Auditor of State approval must be obtained in writing prior to the commencement of any procurement process for auditing or accounting services. Any contract for accounting or auditing services lacking Auditor of State approval shall be void and no payment shall be issued for services rendered under such contracts.

Requests for such approval must be submitted in writing and are to be directed to the Auditor of State, Chief Auditor with the following contact information:

Deborah Liddil, Chief Auditor – State Region  
Auditor of State Dave Yost  
88 East Broad Street, 10<sup>th</sup> Floor  
Columbus, Ohio 43215  
(614) 466-3402  
[DLliddil@ohioauditor.gov](mailto:DLliddil@ohioauditor.gov)

**New e-mail address:**  
[stateregion@ohioauditor.gov](mailto:stateregion@ohioauditor.gov)

This policy is effective January 1, 2012. Questions about this policy should be directed to the Auditor of State, Chief Auditor – State Region at 1-800-443-9275 or (614) 466-3402.

Dave Yost  
Ohio Auditor of State