

OHIO AUDITOR OF STATE  
KEITH FABER



# COMBINED IPA CONFERENCE

September 5, 2024

Ohio Auditor of State

Virtual Conference

Offering up to  
7.2 Yellow Book CPE Hours

---

Efficient • Effective • Transparent

## 2024 IPA Conference - Agenda

Start Time	End Time	Topic	Speaker
8:00 AM	8:15 AM	Opening Remarks	Auditor Faber / Bob Hinkle, AOS
8:15 AM	9:15 AM	Impact of the Financial Data Transparency Act on our clients, IPAs, and AOS	Bob Hinkle / Jesse Carroll / Jill Butler, AOS
9:15 AM	9:20 AM	Break	
9:20 AM	9:50 AM	IT Controls in a Financial Statement Audit	Michele Porter, AOS
9:50 AM	10:00 AM	Break	
10:00 AM	10:30 AM	ARPA State and Local Fiscal Recovery Funds: Essential Updates for Auditors	Stacie Massey, OBM
10:30 AM	10:35 AM	Break	
10:35 AM	11:35 AM	Holding Difficult (but critical) Conversations	Dr. Tiffany Crosby, OSCPA
11:35 AM	12:35 PM	Lunch	
12:35 PM	1:05 PM	Common Issues Identified in Reviews	Eric Kline/ William Blake, AOS
1:05 PM	1:10 PM	Break	
1:10 PM	1:40 PM	DEW School Funding Update	Aaron Rausch, DEW
1:40 PM	1:45 PM	Break	
1:45 PM	2:45 PM	GASB Update	Tracie McCreary, AOS
2:45 PM	2:50 PM	Break	
2:50 PM	3:50 PM	Federal Update	Amanda Stidham, AOS
3:50 PM	4:00 PM	Closing Remarks	Training, AOS

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## **2024 Combined IPA Conference** **Thursday, September 5, 2024** **Agenda and Course Descriptions** *\*Information subject to change\**

### *Financial Data Transparency Act (FDTA)*

Presenter: Bob Hinkle / Jesse Carroll / Jill Butler

Description: The Financial Data Transparency Act is a legislative effort aimed at enhancing the accessibility and transparency of financial information in government operations. In this session, we will delve into the evolution of this act over time and its potential implications for Ohio. This includes examining the potential future impact for state and local governments and their auditors as they navigate the requirements and opportunities presented by this initiative.

### *IT Controls in Financial Statement Audits*

Presenter: Michele Porter

Description: A short session that reviews the SAS145 requirements of IT controls in a Financial Statement Audit. We will discuss risk related to IT, IT control activities, and IT control testing.

### *ARPA State and Local Fiscal Recovery Funds: Essential Updates for Auditors*

Presenter: Stacie Massey, OBM

Description: This session provides auditors with critical updates on the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF). Participants will gain insights on the latest updates to U.S. Treasury guidance, new allowable uses of funds, and the Obligation Interim Final Rule.

### *Holding Difficult (But Critical) Conversations*

Presenter: Dr. Tiffany Crosby, PhD, CPA, CGMA, MBA, Chief Learning Officer

Description: When handled properly, critical conversations can create breakthroughs that propel relationships and initiatives. This session will help you to:

- Understand the nature of crucial conversations, why they are so difficult, and how to prepare for them
- Identify steps to creating psychologically safe environments
- Establish a method for conducting powerful conversations

### *Common Issues Identified in Reviews*

Presenters: Brad Blake, Chief of Quality Assurance & Eric Kline, Assistant Chief of Quality Assurance

Description: Learn about common issues identified in reviews of reports and working papers, including issues related to debt requirements and contracts.

### *School Funding - What IPAs Should Know*

Presenter: Aaron Rausch, Deputy Chief of Staff and Chief of Budget and School Funding

Description: The Department of Education and Workforce will provide timely updates on school funding for FY24 and FY25.

### *GASB Update*

Presenter: Tracie McCreary

Description: This session will provide an overview of the projects on GASB's technical agenda and will provide discussion related to the implementation of recently issued GASB pronouncements, including GASB Statement No. 100, "Accounting Changes and Error Corrections" and GASB Statement No. 101, "Compensated Absences."

### *2024 Federal Update*

Presenter: Amanda Stidham, Quality Assurance and Technical Specialist

Description: The 2024 Federal Update will cover pertinent topics auditors should be aware of for 2024 single audits including updates to the Uniform Guidance, OMB Compliance Supplement, and Federal Audit Clearinghouse.

# OHIO AUDITOR OF STATE KEITH FABER



**Meet Your 2024 Combined  
IPA Conference Speakers!**

## **Auditor of State Keith Faber**



As Ohio's 33<sup>rd</sup> Auditor of State, Keith Faber is dedicated to ensuring efficient, effective, and transparent government for the people of Ohio.

Faber served 17 years in the state legislature, including time as President of the Ohio Senate. He earned a reputation for restraining state spending, lowering taxes, and advocating for more transparent, accountable government.

Among other legislative accomplishments, he pushed for:

- Reductions in the costs of higher education.
- A streamlined public-record mediation process in the Court of Claims for addressing public records disputes.
- An increase in performance audits aimed at making state agencies more efficient and effective.

As Auditor of State, Faber has continued his work to ensure taxpayer dollars are spent appropriately and those who lie, cheat, and steal public resources are held responsible for their actions.

Since taking office in 2019, Auditor Faber has overseen the convictions of more than 100 public officials and spearheaded audits that identified billions in unemployment fraud and abuse. His administration also continues to help state and local governments work better, faster, and cheaper while improving customer service for Ohioans.

Faber earned his undergraduate degree from Oakland University and his Juris Doctorate from the Ohio State University Moritz College of Law. After working in the private sector, he opened his own law firm, Faber and Associates LLC.

Faber and his wife, Andrea, have two children and live in Celina, Ohio.

**Jesse Carroll**

*Senior Audit Manager  
Ohio Auditor of State*



Jesse Carroll, formerly a sergeant in the United States Marine Corps infantry, brings a unique blend of discipline and analytical prowess to the field of data analytics and automation. His military background laid a solid foundation for his career in data. Starting at the Auditor of State's (AOS) office, Jesse worked as a financial auditor in the west region. He then obtained a CPA license and stepped up as an Audit Manager. During this time, he recognized the potential of data-driven fields and decided to dive deeper. After completing his master's degree in applied data science from the University of Michigan, Jesse transitioned to a role as a senior audit manager, focusing on data and information technology audits (DITA) at the AOS office. There, he applies his skills to navigate complex data scenarios and extract valuable insights. As we move through this training session, you'll benefit from Jesse's hands-on experience in both financial auditing and data science. His approach to data-driven decision-making and insights on automation are bound to offer practical knowledge for all attendees.

**Jill Butler**

*Quality Assurance and Technical Specialist  
Ohio Auditor of State*



Jill Butler has been with the Ohio Auditor of State's office for over 12 years and joined the Center for Audit Excellence as a Quality Assurance and Technical Specialist in 2017. Her primary specialty areas are pension/OPEB, FASB (NFP), and Colleges and Universities. She also serves on the National State Auditors Association Audit Standards and Reporting Committee and the Peer Review Committee. She also previously held the positions of Assistant Auditor and Audit Manager in the Ohio Auditor of State's West Region. Jill holds a Bachelor of Science in Accountancy and Finance from Wright State University and plans to complete her Master of Business Administration with a concentration in Project Management by Summer 2025. Outside of her professional life, Jill is a dedicated wife and mother to her children and fur babies. An avid soccer fan and fitness enthusiast, she enjoys staying active and engaged with her family.

**Bob Hinkle**

*Chief Auditor  
Ohio Auditor of State*



Bob Hinkle is the Chief Deputy Auditor for Ohio Auditor of State, Keith Faber. Bob was initially appointed on March 1, 2006. This appointment continues a career with the AOS that started in September 1984 as a staff auditor. Bob was promoted through the staff and management ranks of the Office until his eventual appointment to Chief Deputy Auditor. Bob is the first Chief Deputy Auditor to have the privilege to serve in this position through four administrations. Bob has been recognized for his commitment to the people of the state of Ohio by the Ohio GFOA in receiving the Hugh Dorrian Lifetime Achievement Award as well as the Central Ohio AGA, receiving the Excellence in Government Leadership Award. In his 40 years of service with the Ohio Auditor of State, he has worked with every type of local government. Recognizing the need for the Office to transform with the age of technology and automation, Bob envisioned an electronic financial statement system to streamline the auditing process. Once completed, the system was officially renamed the Hinkle System to recognize his contribution and years of service. Bob, a graduate of Mount Vernon Nazarene University,

is a Certified Public Accountant and Certified Government Financial Manager and is a member of the AICPA, OSCP, AGA, and GFOA. He is married to Kelly, and they have three adult children, Lincey, Garrison, and Alexis.

**Michele Porter**

*Chief Auditor  
Ohio Auditor of State*



Michele is the Chief Auditor for the Data & IT Audit Division with the Ohio Auditor of State's office and manages a staff of 30 IT Auditors. She oversees the completion of Data Work and IT audit work for the office and helped set up a Data Group for the Ohio Auditor's office. She has been with the Auditor of State's office for over 27 years and has experience in financial statement audit, SOC 1 audit, IT audit, and Data Analysis. Michele has a bachelor's and master's degree from Youngstown State University. She has twin boys in their second year of college.

**Stacie Massey**

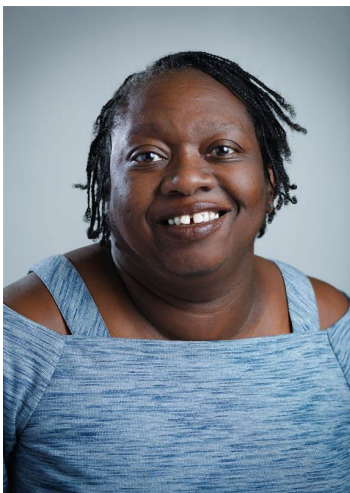
*Deputy Director, Grants and Financial Reporting  
Ohio Office of Budget and Management*



Stacie Massey is Deputy Director of Grants and Financial Reporting at the Ohio Office of Budget and Management. Stacie has over twenty-five years of public sector experience in previous roles at the Ohio Public Employees Retirement System, Ohio Auditor of State, Ohio Department of Public Safety, and Ohio Emergency Management Agency. In her current role within the budget office, Stacie oversees the Financial Reporting team which is responsible for the State's Annual Comprehensive Financial Report and the Ohio Grants Partnership which serves as a resource to the Ohio grants community. She was the recipient of the National Grants Management Association's 2021 Public Sector Impact Award and is currently on their Board of Directors. Stacie has a Bachelor of Science in Accounting from The Ohio State University and a Master of Business Administration from Ashland University. She is a Certified Government Financial Manager.

**Tiffany Crosby, CPA, CGMA, MBA**

*Chief Learning Officer  
The Ohio Society of CPAs*



Tiffany Crosby is the Chief Learning Officer for The Ohio Society of CPAs. In her role, she is responsible for talent management across its various dimensions. Tiffany is also one of OSCPA's premiere instructors for ethics. She has led hundreds of ethics sessions since she began facilitating ethics for OSCPA. Prior to her work with the society, she was the Founder and President of Petra Learning LLC, a professional training and development company. Additionally, Tiffany was an Executive Director in the Advisory Risk Practice of Ernst Young, LLP. She spent 13.5 years at EY leading various types of internal audit, internal control, finance, and enterprise risk management projects. She has helped numerous companies define and implement processes and procedures to comply with new financial accounting standards, strengthen governance processes, and reduce costs. Tiffany teaches financial management and business leadership classes as an adjunct faculty at Southeastern University. She previously taught accounting courses as an adjunct faculty at Columbus State Community College (CSCC). Tiffany is a CPA licensed in PA and OH. She received her B.S.B.A. in Accounting from Duquesne University and MBA from Franklin University and is pursuing her Ph.D. in

Organizational Leadership at Southeastern University. Her dissertation research is focused on responsible leadership.



**Eric Kline**

*Asst Chief Quality Assurance  
Ohio Auditor of State*

Eric Kline began with the Auditor of State's Office in July 1998. He started as a staff auditor in the Southeast Region, and transferred into the Quality Assurance Section, now part of the Center for Audit Excellence in 2006. Eric holds a Bachelor of Business Administration Degree, major in accounting, from Marshall University and is a Certified Public Accountant. He is a member of the American Institute of Certified Public Accountants, the Ohio GFOA, and the Association of Government Accountants. He serves on the National State Auditors Association (NSAA) Audit Standards and Reporting Committee, Peer Review Committee, and the Auditing Standards Board Task Force.

**William Blake**

*Chief of Quality Assurance  
Ohio Auditor of State*

William (Brad) Blake, CPA is the Chief Auditor of the Center for Audit Excellence for Auditor of State Dave Yost. He has served as a Chief Auditor for over twenty years. The Center for Audit Excellence is a part of the Audit Administration Section. The responsibility for this section is to develop auditing standards of practice based upon current Ohio law and to develop guidelines to ensure that all employees working for the Auditor of State are up-to-date on these accounting standards. This group is also charged with the responsibility of ensuring that all audits are performed in a manner that complies with all auditing standards. Brad has over twenty years of experience in government accounting. He has been a CPA for over twenty years and a GFOA Special Review Committee Reviewer for the past nineteen years. Brad is also active in the National State Auditors Peer Review programs as a team leader for sixteen different states.

**Aaron Rausch**

*Deputy Chief of Staff and Chief of Budget and School Funding  
Ohio Department of Education and Workforce*



Aaron Rausch is the Deputy Chief of Staff and Chief of Budget and School Funding at the Ohio Department of Education and Workforce (ODEW), where he oversees operations, manages an agency budget of more than \$17 billion, and administers the state's school funding program. Prior to joining the Department in 2014, he worked for the Ohio Office of Budget and Management as a budget analyst in the education section. Aaron got his start in state government as a performance auditor, focusing on school district performance audits at the Ohio Auditor of State's Office.

**Tracie McCreary**

*LGS Chief Technical Specialist Ohio  
Auditor of State*

Tracie serves as the Chief Technical Specialist for the Local Government Services Section of the Ohio Auditor of State's Office. She has over twenty-five years of experience with local governments. Tracie provides technical support related to Generally Accepted Accounting Principles and AICPA reporting standards. She also develops bulletins and other assistance for Ohio local governments when implementing new GASB pronouncements. Tracie has served on GFOA's Accounting, Auditing and Financial Reporting Committee and has served on the Board of Trustee for Ohio GFOA.

**Amanda Stidham**

*Quality Assurance & Tech Specialist  
Ohio Auditor of State*



Amanda has been with the Ohio Auditor of State for thirteen years and currently serves as a Quality Assurance and Technical Specialist with the Center for Audit Excellence. As the Single Audit Coordinator, her primary area of concentration is Federal grants. Amanda is a certified public accountant and certified fraud examiner. She graduated from Wright State University with a Bachelor of Science in Accounting and Finance and a Master of Accountancy .

OHIO AUDITOR OF STATE  
KEITH FABER

---

## Financial Data Transparency Act

Machine Readable Data  
Will it Benefit the Auditor of State?

Efficient • Effective • Transparent

1

---

---

---

---

---

---

---

---

1

General AOS Overview

Financial Data Transparency Act

Financial Statement Data Use Cases

Machine Readable Data Questions and Concerns

Efficient • Effective • Transparent

2

---

---

---

---

---

---

---

---

2

### General AOS Overview

Approximately 800 Employees	Over 5,900 Entities
Over 4,000 Engagements Each Year	Duties In ORC 117

Efficient • Effective • Transparent

3

---

---

---

---

---

---

---

---

3

### General AOS Overview - Divisions

Financial Audit (State Region & 7 Local Regions)	Center for Audit Excellence (CFAE)	Training	Legal	Data & Information Technology Audits (DITA)
Local Government Services (LGS)	Medicaid Contract Audit (MCA)	Ohio Performance Team (OPT)	Special Investigations Unit (SIU)	Information Technology (IT)
Uniform Accounting Network (UAN)	Human Resources (HR)	Finance	Public Affairs	Legislative Affairs

Efficient • Effective • Transparent 4

4

---

---

---

---

---

---

---

---

---

---

### How'd we get to the FDTA

**FFATA**

- Date: 2006
- Objective: Increase transparency in federal gov't spending and create USAspending.gov

**DATA Act**

- Date: 2014
- Objective: Mandated standardized data formats in federal expenditure data

**GREAT Act**

- Date: 2020
- Objective: Built on DATA act with focus on federal grant reporting

**FDTA**

- Date: 2022
- Objective: Extends prior acts to financial regulators, requiring adoption of standardized data formats

Efficient • Effective • Transparent 5

5

---

---

---

---

---

---

---

---

---

---

### Financial Data Transparency Act (FDTA)

Requires Federal regulators to adopt open-source data standards and common identifiers to make data:

More accessible, uniform, and useful to the public

Facilitates digital access and bulk downloads with no restrictions

Efficient • Effective • Transparent 6

6

---

---

---

---

---

---

---

---

---

---

### Important FDTA Dates

Introduction Date:	• May 24, 2022
Passage Date:	• December 15, 2022
Sign into Law:	• December 23, 2022
Rule Proposal Deadline:	• June 2024
Final Rule Deadline	• December 2024
Effective date:	• 2 years after Final Rule

Efficient • Effective • Transparent 7

7

---

---

---

---

---

---

---

---

### Rule Proposal Summary

Proposal	• <a href="https://www.sec.gov/files/rules/proposed/2024/33-11295.pdf">https://www.sec.gov/files/rules/proposed/2024/33-11295.pdf</a>
Taxonomies?	• “agencies have the ‘flexibility’ to adopt standards beyond the joint standards”
Legal entity identifiers	• ISO 17442-1:2020
Data Transmission Format	• Several options included in rule proposal, and request for comment specifically asks for suggestions

Efficient • Effective • Transparent 8

8

---

---

---

---

---

---

---

---

### Potential Discontinuation of PDF

Machine Readability Concerns

Limited Use

Interoperability

Efficient • Effective • Transparent 9

9

---

---

---

---

---

---

---

---

**FDTA impact on State and Local Governments**

Change in required disclosure information on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website (EMMA)

Efficient • Effective • Transparent 10

10

---

---

---

---

---

---

---

---

**Who Cares?**

**Financial Audit**

- Financial & compliance audits of all public entities as required by Ohio Revised Code
- Single audits, when required
- Attest engagements

**DITA**

- SOC reports
- Testing of complex computer processing environments
- Application control testing for financial audits
- Data analysis

Efficient • Effective • Transparent 11

11

---

---

---

---

---

---

---

---

**Financial Audit/DITA Use cases**

Audit planning	Year to year Analytics
Mathematical Accuracy Tests	Misstatement tracking/evaluation

Efficient • Effective • Transparent 12

12

---

---

---

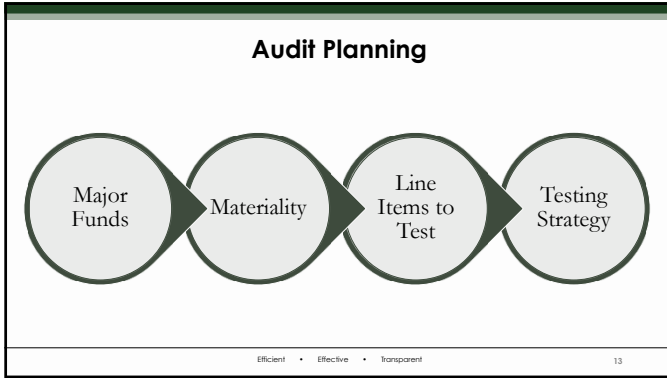
---

---

---

---

---



13

---

---

---

---

---

---

---

---

---

---

### Audit Planning – Materiality Determination

- Planning requires identification of:
  - Opinion Unit/ major funds
  - Base financial statement amounts
- Materiality = Base Financial statement amount x a factor x a performance factor

Opinion Unit:	Benchmark Description (1 - 2)	Materiality		Performance		
		Base Amount (\$Mill)	Percent (%) (Typically 4% to 7%)	Materiality Amount	Materiality Factor(s) (Typically 50% to 75%)	Performance Materiality
Government Type Activities		\$ 0		\$ 0		\$ 0
Business-Type Activities		\$ 0		\$ 0		\$ 0
Major Governmental and Enterprise Funds						
General		\$ 0		\$ 0		\$ 0
GTA 1		\$ 0		\$ 0		\$ 0
ENT 1		\$ 0		\$ 0		\$ 0

Efficient • Effective • Transparent

14

14

---

---

---

---

---

---

---

---

---

---

### Audit Planning – Test Selection Post Implementation of SAS 145

Evaluate classes of transactions or account balances that:

- Exceed Performance Materiality
  - Performance Materiality = \$638,415  
(Total Expenditures X 7% X 75%)
  - Account Balances exceeded PM:
    - Property Taxes
    - Intergovernmental
    - Tuition and Fees
  - AND -
- Have relevant assertions with an identified risk of material misstatement

General	
<b>Revenues</b>	
Property Taxes	\$6,147,384
Intergovernmental	10,241,506
Investment Earnings	280,767
Tuition and Fees	1,047,580
Extracurricular Activities	106,029
Rent and Royalties	72,752
Gifts and Donations	1,038
Charges for Services	9,647
Miscellaneous	43,119
<b>Total Revenues</b>	<b>17,950,222</b>
<b>Expenditures</b>	
<b>Total Expenditures</b>	<b>12,160,291</b>

Efficient • Effective • Transparent

15

15

---

---

---

---

---

---

---


---

---

---

### Year to Year Analytics

- Analytical Procedures
  - Planning Analytics as a Risk Assessment Procedure (AU-C 315)
  - Substantive Procedure (AU-C 520)
  - Final Analytics (AU-C 520)
- Based on financial statements or underlying accounting system accounts
  - AOS tends to use accounting system data more frequently



**What if's:**

- Could ratio analysis be more common
- Could common size financial statements predict

Efficient • Effective • Transparent
16

16

---

---

---

---

---

---

---

---

---


---

### Mathematical Accuracy Testing

- Every financial statement summary total is recalculated
- Amounts are agreed between statements, reconciliations, and footnote disclosures

**What if's:**

- Could audit testing be reduced if amounts were agreed automatically on filing?
- If so, how do we get assurance to reduce the risk of 'false-negatives'?



Efficient • Effective • Transparent
17

17

---

---

---

---

---

---

---

---

---

---

### Misstatement Tracking

- Identified misstatements are evaluated based on Financial Statement Totals
- Audit comments issued based on whether amounts exceed designated % of total

		Balance Sheet Impact (or equivalent statement)			
Misstatement Type	T/Ref.	Line-Item (where applicable, include fund# and account#)	Assets & Other Debits	Liabilities & Other Credits	Closing Equity
	WP ref.	Init. Adj. Description	debit(credit)	debit(credit)	debit(credit)
2	ARC C.1.5	Sewer Expenses			
	ARC F.1.2	Capital Grants and Contributions			
	JMC	To properly present unrecorded on-behalf activity [Do not carry-forward and if unadjusted]			
			\$304,433,973	(\$160,773,647)	\$143,660,326

Efficient • Effective • Transparent
18

18

---

---

---

---

---

---

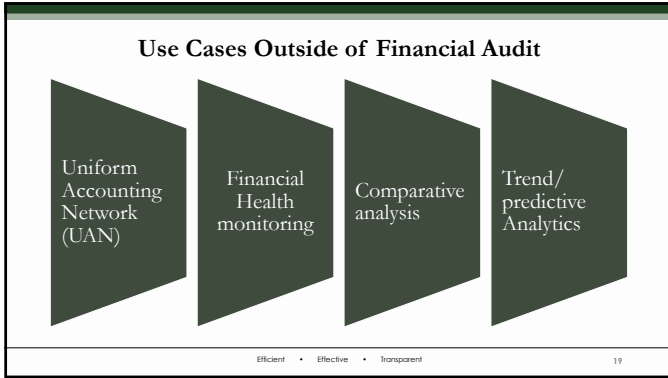
---

---

---

---





19

---

---

---

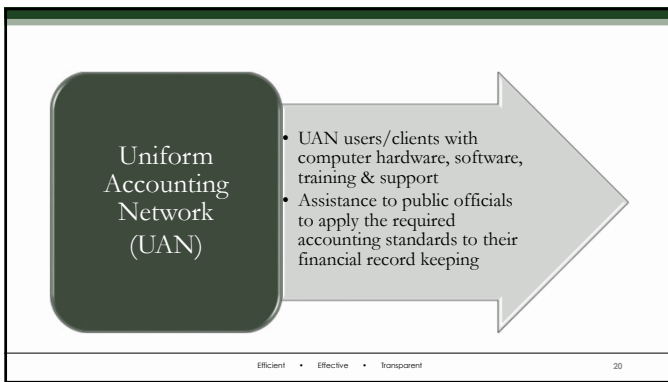
---

---

---

---

---



20

---

---

---

---

---

---

---

---

### Financial Health Monitoring

- Who:
  - Certain client types
- When:
  - At time of pdf filing
- What:
  - Web-based manual input
- Why:
  - FHI ratios computed

	Unaudited Hinkle System
Cash and Cash Equivalents	\$ 20918668
Investments	\$ 0
Inventory Held for Resale	\$ 0
Materials and Supplies Inventory	\$ 438601
Accrued Interest Receivable	\$ 56707
Accounts Receivable	\$ 3906657
Internal Balances	\$ 95571
Intergovernmental Receivable	\$ 0

Efficient • Effective • Transparent 21

21

---

---

---

---

---

---

---

---

### Financial Health Monitoring What if's

<p><b>If structured data were filed:</b></p> <ul style="list-style-type: none"> <li>Could web forms be auto filled?</li> <li>Easily extended to other entity types?</li> <li>Include other opinion units?</li> </ul>	<p><b>What's the benefit?</b></p> <ul style="list-style-type: none"> <li>Better health monitoring?</li> <li>Client efficiency?</li> <li>Auditor efficiency?</li> </ul>
--	--

Efficient • Effective • Transparent 22

22

---

---

---

---

---

---

---


---

---

---

### Comparative Analytics

- Ohio Performance Audit (OPT)**
  - Performance audits require peer comparisons
  - Accounting system and/or other data generally used
- What if's**
  - Could structured data create better comparisons?
  - If so, could those peer comparisons benefit financial audits?



Efficient • Effective • Transparent 23

23

---

---

---

---

---

---

---

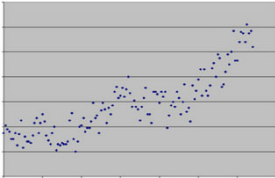
---

---

---

### Trend/Predictive Analytics

- What is possible beyond the Ohio's Financial Health Indicators (FHI's)?



Efficient • Effective • Transparent 24

24

---

---

---

---

---

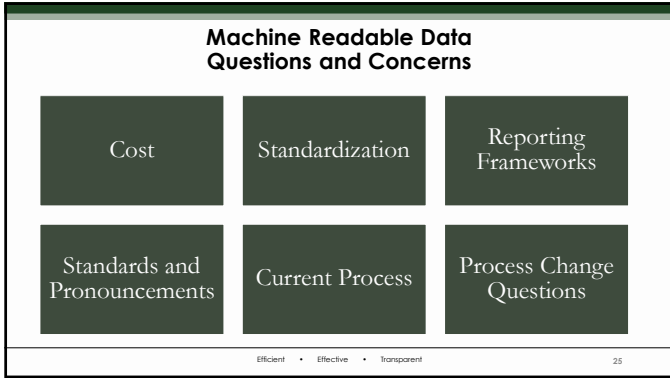
---

---

---

---

---



25

---

---

---

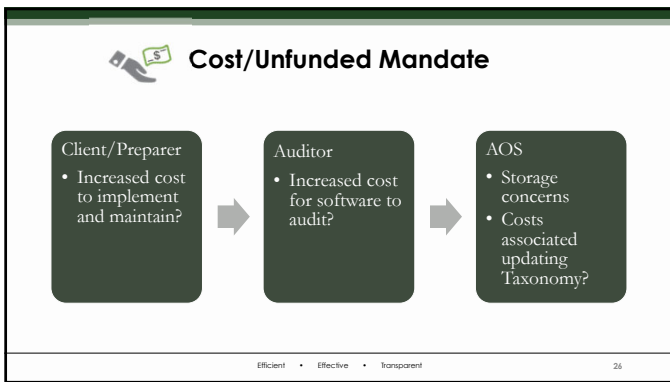
---

---

---

---

---



26

---

---

---

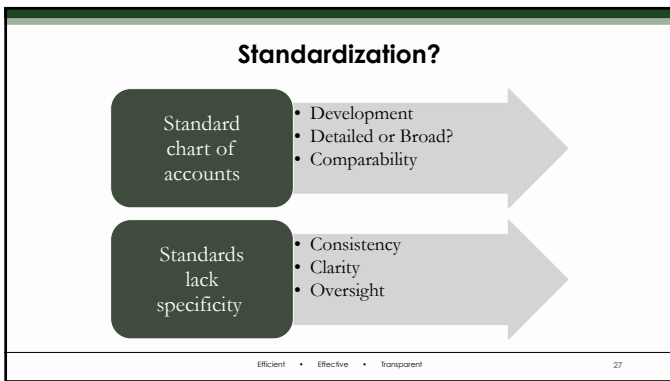
---

---

---

---

---



27

---

---

---

---

---

---

---

---

### Diverse Reporting Frameworks

Ohio allows for several different reporting frameworks → Different taxonomies needed for each reporting framework?

Efficient • Effective • Transparent 28

28

---

---

---

---

---

---

---

---

### Standards and Pronouncements

- Changes to the GASB Reporting Model
- Future changes to GASB pronouncements
- Impair necessary GASB implementations in the future?

Efficient • Effective • Transparent 29

29

---

---

---

---

---

---

---

---

### Current Process

**Clients**

- File unaudited financial statement with AOS
- PDF format
- Key-in data

**Auditors**

- Includes AOS Auditors and Firms
- Request Changes as needed
- Opinion and Report Letters
- Key-in Data

**AOS**

- Publicly release reports
- PDF format

Efficient • Effective • Transparent 30

30

---

---

---

---

---

---

---

---

**Process Change Questions**

Who is responsible for structured data in audit reports?

Should tagged filings be made viewable to the public?

What are the costs associated with making tagged filings available?

Efficient • Effective • Transparent 31

31

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
KEITH FABER

**Jesse Carroll**  
Senior Audit Manager  
DITA  
jmc Carroll@ohioauditor.gov

**Jill Butler**  
Quality Assurance & Technical Specialist  
CFAE  
jmbutler@ohioauditor.gov

Efficient • Effective • Transparent 32

32

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
KEITH FABER

# IT Controls

In Financial Statement Audits

Efficient • Effective • Transparent 1

1

---

---

---


---

---

---

---

---



# SAS 145

Are you sick of me yet?

Efficient • Effective • Transparent 2

2

---

---

---

---

---

---


---

---

## Why Was SAS 145 Issued?

Deficiencies in the auditor's risk assessment procedures are a common issue identified by practice monitoring programs in the United States and worldwide.

In 2020 U.S. peer reviews, the currently effective AU-C section 315, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement, was the leading source of matters for further consideration.



Efficient • Effective • Transparent 3

3

---

---

---

---

---

---

---

---

### SAS 145 At a Glance

SAS No. 145 includes revised requirements and guidance, including the following:

- a revised definition of significant risk;
- revised requirements to evaluate the design of certain controls within the control activities component, including general information technology (IT) controls, and to determine whether such controls have been implemented;
- a new requirement to separately assess inherent risk and control risk;
- a new requirement to assess control risk at the maximum level such that, if the auditor does not plan to test the operating effectiveness of controls, the assessment of the risk of material misstatement is the same as the assessment of inherent risk;
- a new "stand-back" requirement intended to drive an evaluation of the completeness of the auditor's identification of significant classes of transactions, account balances, and disclosures;
- revised requirements relating to audit documentation;
- new guidance on scalability; and
- new guidance on maintaining professional skepticism

4

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language - REQUIREMENT

Obtaining an Understanding of the Entity and Its Environment, and the Applicable Financial Reporting Framework (Paragraphs 19–20) [New Requirements]

SAS No. 145 elevates the importance of understanding the applicable financial reporting framework by restructuring the previous requirements. In addition, SAS No. 145 includes the following:

- A new explicit requirement to understand the use of IT in the entity's structure, ownership and governance, and business model. SAS No. 145 defines the IT environment, which includes IT applications and supporting IT infrastructure, as well as the IT processes and personnel involved in those processes, that an entity uses to support business operations and achieve business strategies. SAS No. 145 also requires the auditor to identify general IT controls that address the risks arising from the use of IT and to evaluate their design and determine their implementation.

The above is language taken right out of SAS 145.

5

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language –Risks and Controls

Risks Arising From the Use of IT and General IT Controls

SAS No. 145 now defines the terms risks arising from the use of IT and general IT controls. SAS No. 145 requires the auditor to identify general IT controls that address the risks arising from the use of IT and to evaluate their design and determine their implementation.

General IT controls need not be identified for every IT process. General IT controls are identified based on the risks arising from the use of IT. To identify the risks arising from the use of IT, the auditor identifies the IT applications and other aspects of the entity's IT environment that are subject to such risks. Such IT applications and other aspects are identified based on the identified controls that address the risks of material misstatement at the assertion level, as described in the preceding table under "control activities."

6

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language - Definitions

**General information technology (IT) controls.** Controls over the entity's IT processes that support the continued proper operation of the IT environment, including the continued effective functioning of information-processing controls and the integrity of information in the entity's information system. Also see IT environment. (Ref: par. A6)

**Information-processing controls.** Controls relating to the processing of information in IT applications or manual information processes in the entity's information system that directly address risks to the integrity of information. (Ref: par. A7–A8)

**IT environment.** The IT applications and supporting IT infrastructure, as well as the IT processes and personnel involved in those processes, that an entity uses to support business operations and achieve business strategies. For the purposes of this definition

- i an IT application is a program or a set of programs that is used in the initiation, processing, recording, and reporting of transactions or information. IT applications include data warehouses and report writers.
- ii the IT infrastructure comprises the network, operating systems, and databases and their related hardware and software.
- iii the IT processes are the entity's processes to manage access to the IT environment, manage program changes or changes to the IT environment, and manage IT operations.

7

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language – Auditor Responsibility

**29.** For the IT applications and other aspects of the IT environment identified in paragraph 28, the auditor should identify the following: (Ref: par. A189–A200)

- a. The related **risks** arising from the use of IT
- b. The entity's **general IT controls** that address such risks

**30.** For each control identified in paragraph 29b, the auditor should (Ref: par. A201–A210)

- a. evaluate whether the control is **designed** effectively to address the risk of material misstatement at the assertion level or effectively designed to support the operation of other controls.
- b. determine whether the control has been **implemented** by performing procedures in addition to inquiry of the entity's personnel.

8

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language – Inquires to IT personnel

**A29.** Inquiries of management and those responsible for financial reporting and of other appropriate individuals within the entity and other employees with different levels of authority may offer the auditor varying perspectives when identifying and assessing risks of material misstatement. Examples follow:

- Inquiries directed toward **IT personnel may provide information about IT processes as well as system changes, system or control failures, or other IT-related risks.**

9

---

---

---

---

---

---

---

---

---

---



### SAS 145 IT Specific Language – Size and Complexity

**A60.** The nature and extent of the required understanding is a matter of the auditor’s professional judgment and varies from entity to entity based on the nature and circumstances of the entity, including the following:

- The **size and complexity of the entity**, including its IT environment

Efficient • Effective • Transparent 10

10

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language – Use of IT Auditor

**A63.** The entity’s use of IT and the nature and extent of changes in the IT environment, including the risks arising from the use of IT identified in accordance with paragraph 29a, may also affect **the specialized skills that are needed** to assist with obtaining the required understanding, including the entity’s general IT controls to be identified in accordance with paragraph 29b.

Efficient • Effective • Transparent 11

11

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language – Governance

**A123.** The auditor’s evaluation of the control environment as it relates to the entity’s use of IT may include such matters as the following:

- Whether **governance over IT is commensurate with the nature and complexity of the entity and its business operations enabled by IT**, including the complexity or maturity of the entity’s technology platform or architecture and the extent to which the entity relies on IT applications to support its financial reporting
- The management organizational structure regarding IT and the resources allocated (for example, whether the entity has **invested in an appropriate IT environment** and necessary enhancements or whether a sufficient number of appropriately skilled individuals have been employed, including when the entity uses commercial software [with no or limited modifications])

Efficient • Effective • Transparent 12

12

---

---

---

---

---

---

---

---

---

---

### SAS 145 IT Specific Language – Scalability

**Scalability**

**A149.** The information system, and related business processes, in less complex entities are likely to be less sophisticated than in larger entities and are likely to involve a less complex IT environment; however, the role of the information system is just as important. For example, less complex entities with direct management involvement may not need extensive descriptions of accounting procedures, sophisticated accounting records, or written policies. **Understanding the relevant aspects of the entity’s information system may, therefore, require less effort in an audit of a less complex entity and may involve a greater amount of inquiry than observation or inspection of documentation.** The need to obtain an understanding, however, remains important to provide a basis for the design of further audit procedures in accordance with AU-C section 330 and may further assist the auditor in identifying or assessing risks of material misstatement (see paragraph A111).

Efficient • Effective • Transparent 13

---

---

---

---

---

---

---

---

---

---

13

### SAS 145 IT Specific Language – Understanding/Risk

**A195.** The extent of the auditor’s understanding of the IT processes, including the extent to which the entity has general IT controls in place, will vary with the nature and circumstances of the entity and its IT environment and will also be based on the nature and extent of controls identified by the auditor. **The number of IT applications that are subject to risks arising from the use of IT also will vary based on these factors. Examples are as follows:**

- An entity that uses commercial software and does not have access to the source code to make any program changes is unlikely to have a process for program changes but may have a process or procedures to configure the software (for example, the chart of accounts, reporting parameters, or thresholds). In addition, the entity may have a process or procedures to manage access to the application (for example, a designated individual with administrative access to the commercial software). In such circumstances, the entity is unlikely to have formalized general IT controls.
- In contrast, an entity may use multiple IT applications, and the IT processes to manage the IT environment may be complex (for example, a dedicated IT department exists that develops and implements program changes and manages access rights). In such circumstances, the entity likely has implemented formalized general IT controls over its IT processes.
- When management is not relying on automated controls or general IT controls to support complete and accurate transaction processing or maintain the data, and the auditor has not identified any automated controls or other information-processing controls (or any that depend on general IT controls), the auditor may plan to directly test any information produced by the entity involving IT and may not identify any IT applications that are subject to risks arising from the use of IT.
- When management relies on an IT application to process or maintain data and the volume of data is significant, and management relies upon the IT application to perform automated controls that the auditor has also identified, the IT application is likely to be subject to risks arising from the use of IT.

Efficient • Effective • Transparent 14

---

---

---

---

---

---

---

---

---

---

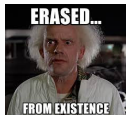
14

### SAS 145 IT Specific Language – Importance placed on change

Examples of events and conditions that may indicate the existence of risks of material misstatement at the assertion level

IT:

- **Changes** in the IT environment
- **Installation** of significant new IT systems related to financial reporting



Efficient • Effective • Transparent 15

---

---

---

---

---

---

---

---


---

---

15

**SAS 145 IT Specific Language – Appendix E**

Appendix E - Considerations for Understanding IT



Appendix E

Efficient • Effective • Transparent

16

---

---

---

---

---

---


---

---

16

**Understanding the IT Environment and Planning IT Control Testing**

**Minutes for Understanding the IT Environment?? Really? YES REALLY!!**



Efficient • Effective • Transparent

17

---

---

---

---

---

---

---

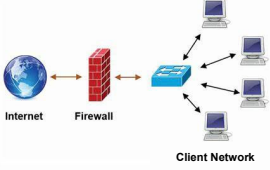
---

17

**Understanding the IT Environment and Planning IT Control Testing**

Why are network diagrams so important?

Do they really matter?



Internet Firewall Client Network

Efficient • Effective • Transparent

18

---

---

---

---

---

---

---


---

18

### Risks Arising from Use of IT

Examples of risks arising from the use of IT include risks related to inappropriate reliance on IT applications that are inaccurately processing data, processing inaccurate data, or both, as follows:

- Unauthorized access to data that may result in destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions. Particular risks may arise when multiple users access a common database.
- The possibility of IT personnel gaining access privileges beyond those necessary to perform their assigned duties thereby breaking down segregation of duties.
- Unauthorized changes to data in master files.
- Unauthorized changes to IT applications or other aspects of the IT environment.
- Failure to make necessary changes to IT applications or other aspects of the IT environment.
- Inappropriate manual intervention.
- Potential loss of data or inability to access data as required.



Efficient • Effective • Transparent 19

19

---

---

---

---

---

---

---


---

---


---

### General IT Controls – SAS 145 Appendix F


The nature of the general IT controls that may be implemented for different aspects of the IT environment include the following:




APPLICATIONS



DATABASE



OPERATING SYSTEM



NETWORK

Efficient • Effective • Transparent 20

20

---

---

---

---

---

---

---


---

---

---

### General IT Controls – SAS 145 Appendix F

Examples of general IT controls that may exist, organized by IT process, include the following:



Process to manage access					
Authentication	Provisioning/ Deprovisioning	Privileged access	User access review	Security config controls	Physical/ Environment controls

Efficient • Effective • Transparent 21

21

---

---

---

---

---

---

---

---

---

---

### General IT Controls – SAS 145 Appendix F

Examples of general IT controls that may exist, organized by IT process, include the following:

Process to manage program and other changes to the IT environment

Change management process	Segregation of duties of change migration	Systems development or acquisition or implementation	Data conversion
---------------------------	---	--	-----------------

Efficient • Effective • Transparent 22

22

---

---

---

---

---

---

---

---

---

---

### General IT Controls – SAS 145 Appendix F

Examples of general IT controls that may exist, organized by IT process, include the following:

Process to manage IT operations:

Job Scheduling	Job Monitoring	Backup and Recovery	Intrusion Detection
----------------	----------------	---------------------	---------------------

Efficient • Effective • Transparent 23

23

---

---

---

---

---


---

---

---

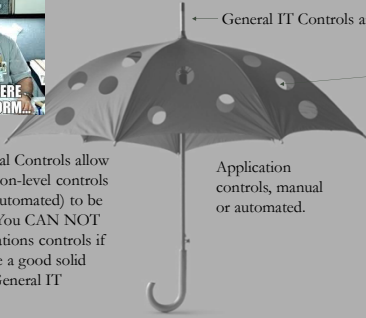
---

---



← General IT Controls are the umbrella

Bad IT General Controls allow good application-level controls (manual and automated) to be washed out. You CAN NOT rely on applications controls if you don't have a good solid umbrella of General IT Controls.



Application controls, manual or automated.

Lack of IT General controls, weak IT General control, etc.

24

---

---

---

---

---

---

---

---

---

---

### Summary

- SAS 145 Requires we gain an understanding of the control environment, including IT controls.
- Where there is risk related to IT we MUST test the design and implementation of IT General Controls.
- In order to rely on application controls you should test the operating effectiveness of IT General Controls.
- Weak or non-existent IT general controls contribute to the risk of material misstatement and should not be ignored.

Efficient • Effective • Transparent

25

25

---

---

---

---

---

---

---

---

### Questions



Efficient • Effective • Transparent

26

26

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
KEITH FABER

**Michele Porter**  
Chief Auditor  
Data and IT Audit  
330-471-0007  
mrporter@ohioauditor.gov



Efficient • Effective • Transparent

27

27

---

---

---

---

---

---

---

---

**Ohio** Office of Budget and Management

## ARPA State and Local Fiscal Recovery Funds: Essential Updates for Auditors

Stacie Massey, MBA, CGFM  
Deputy Director, Grants and Financial Reporting

1

---

---

---

---

---

---

---

---

### Use of Funds Update

2

---

---

---

---

---

---

---

---

### Use of Funds

- 2021 Interim Final Rule (May 10, 2021)**
- 2022 Final Rule (effective April 1, 2022)**
  - Replace lost public sector revenue
  - Respond to public health and negative economic impacts of the pandemic
  - Provide premium pay for essential workers
  - Invest in water, sewer, and broadband infrastructure
- 2023 Interim Final Rule (costs incurred beginning December 29, 2022)**
  - Emergency relief from natural disasters
  - Surface transportation projects
  - Title I projects

3

---

---

---

---


---

---


---

---


### Period of Performance



COSTS INCURRED MARCH 3, 2021  
THRU DECEMBER 31, 2024



FUNDS MUST BE "OBLIGATED"  
BY DECEMBER 31, 2024



MUST LIQUIDATE OBLIGATIONS  
BY DECEMBER 31, 2026

4

---

---

---

---

---


---

---

---

### Obligation Interim Final Rule

- Funds must be obligated by December 31, 2024
- Added Section 17 of the Frequently Asked Questions
- Not published as final!
- May change?



5

---

---

---

---

---

---

---

---

### Obligation Clarification

- Interagency agreements
- Personnel costs
- Cost increases



6

---

---

---

---

---

---

---

---





**Interagency Agreements**

**Must satisfy one of the following:**

- Imposes conditions to carryout a program purpose
- Governs the provision of funds to carryout an eligible use of funds
- Governs the procurement of goods or services

7

---

---

---

---

---

---

---

---



**Interagency Agreements (continued)**

Agreement must include:

- Specific requirements, such as a scope of work and project deliverables;
- Signed by the parties to the agreement, or otherwise evidences that each party has assented to the agreement; and
- Does not disclaim any binding effect or state that it does not create rights or obligations

8

---

---

---

---

---

---

---

---



**Personnel Costs** | Obligation incurred for personnel costs to the extent the position was established and filled prior to December 31, 2024

9

---

---

---

---

---

---

---

---

**Cost Increases**

- Change orders or contract contingencies not considered new obligations
- Amendments for substantially the same scope and purpose allowable
- Original obligation must have been before December 31, 2024
- Include estimated costs in the final obligation for the project



10

---

---

---

---

---

---

---

---

**Legal and Administrative Costs**

- Reporting and compliance
- Single Audit costs
- Record retention and internal controls
- Property standards
- Environmental requirements
- Civil rights and nondiscrimination requirements
- Indirect costs



11

---

---

---

---

---

---

---

---

**Program Income**

- Does not apply to use of funds as revenue loss
- Must be added back to the program
- Obligation deadline still applies



12

---

---

---

---

---

---

---

---

**Program Income after 2024**

- Eligible uses covered by local funds for which an obligation was incurred prior to December 31, 2024
- Permissible upward cost adjustments in contracts and subawards incurred prior to December 31, 2024
- Expenses necessary to meet legal and administrative requirements
- Personnel costs considered obligated by December 31, 2024

13

---

---

---

---

---

---

---

---

---

---

**Questions Answered**

- Obligation does not apply to subrecipients and contractors
- Applies to the use of funds as revenue loss
- May swap funds on other eligible activity
  - Must meet obligation deadline
- Estimate legal and administrative costs

14

---

---

---

---

---

---

---

---

---

---

**Estimate Reporting**

- January 31, 2025 – Quarterly Reporters
- April 30, 2025 – Annual Reporters
- If actual is less than estimate, must expend for another eligible purpose or return funds

15

---

---

---

---

---

---

---

---

---

---

### Use of Funds for Revenue Loss

- Calculation or standard allowance up to \$10M
- No subrecipient relationships
- Federal procurement not required
- Property, supplies, and equipment are exempt from the federal use and disposition requirements



16

---

---

---

---

---

---

---

---

### Revenue loss and close-outs, oh my!



17

---

---

---

---

---

---

---

---

### Alternative Compliance Examination Engagement (ACEE)

- What is this?
- When does it apply?



18

---

---

---

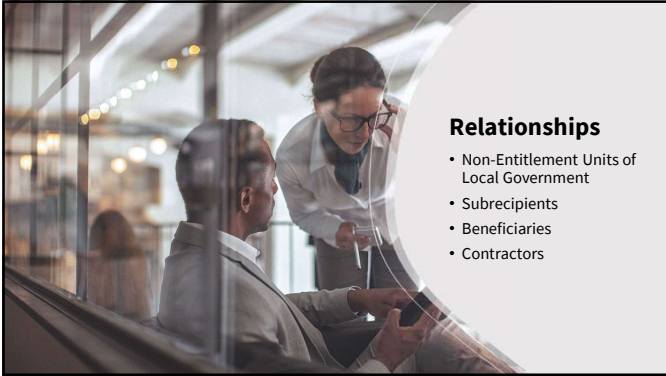
---

---

---

---

---



19

---

---

---

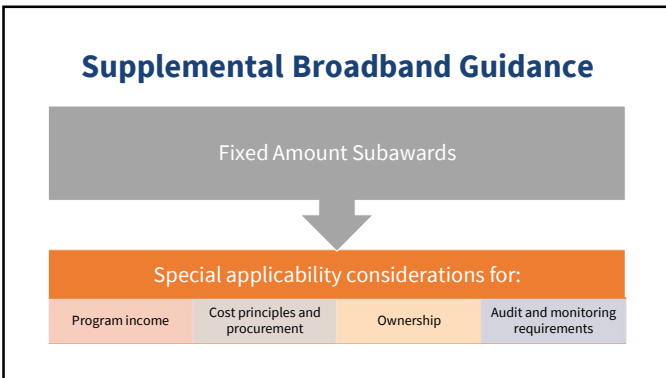
---

---

---

---

---



20

---

---

---

---

---

---

---

---



21

---

---

---

---

---

---

---

---



*Ohio* Office of Budget and Management

**FOLLOW US**  
ON OUR SOCIAL NETWORKS

X f Instagram in

@Ohio\_OBM

---

---

---

---

---

---

---

# Auditor of State IPA Conference

Holding Difficult (but Critical) Conversations



# CHAT EXERCISE

## “ONE WORD”





# Anatomy of Critical Conversations

# What Are Critical Conversations?

Performance-related

Relational

Issue-based

Emotionally charged

Outcome matters

Risk Involved

# Why Do We Avoid The Conversation?



+



=



# When have you pushed yourself to engage?

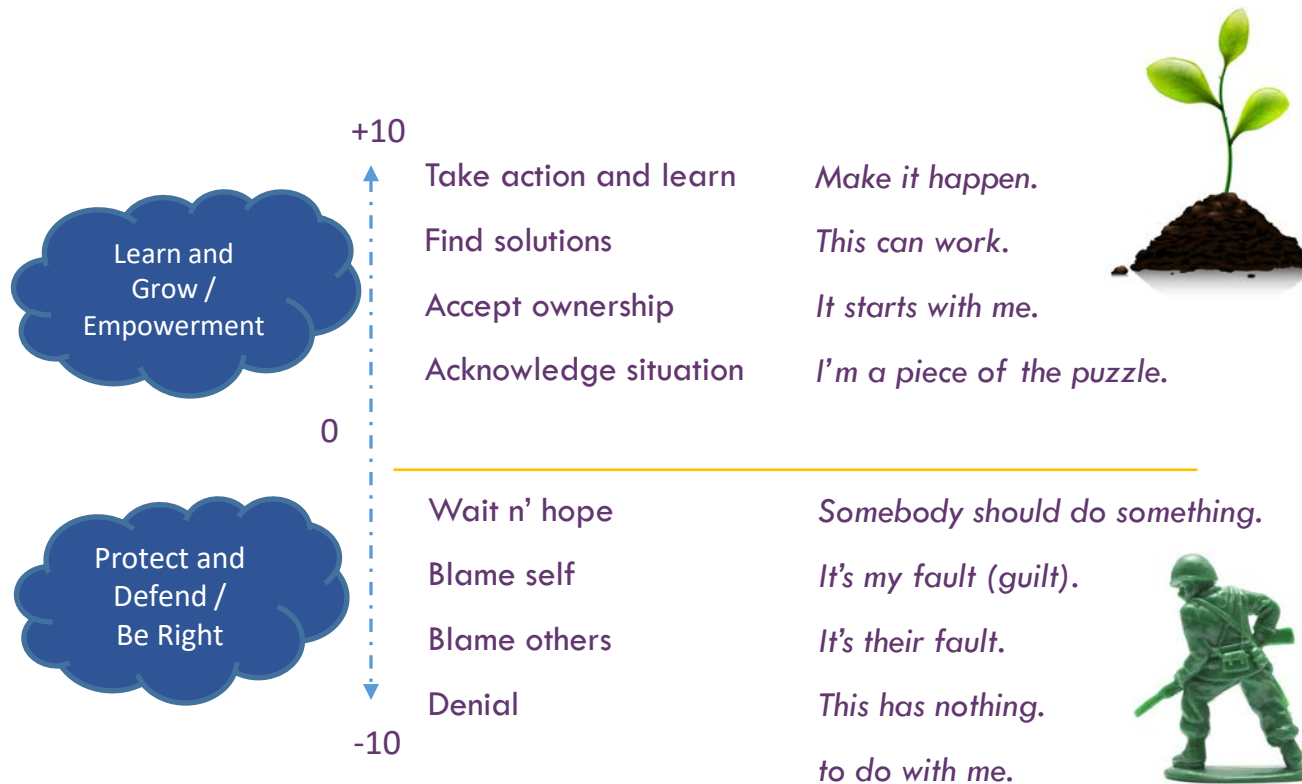


What motivated you?



How much thought did you give to it at the time?

# Accountability Model



# Anatomy of a Critical Conversation Well Done

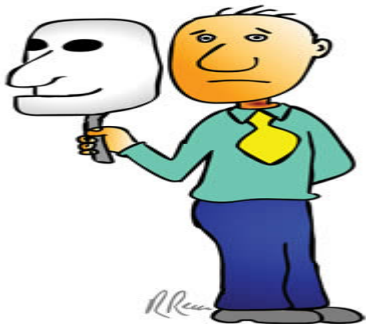




# IT'S NOT MAGIC BUT IT'S NOT EASY

- Understand what matters
- Stay focused on what matters even under stress
- Create a safe environment

# Signs of safety issues





# THE ROLE OF LISTENING AND ASKING GOOD QUESTIONS

“CRITICAL CONVERSATIONS ARE  
ALL ABOUT DIALOGUE”

# Basic Listening Is Not Active Listening

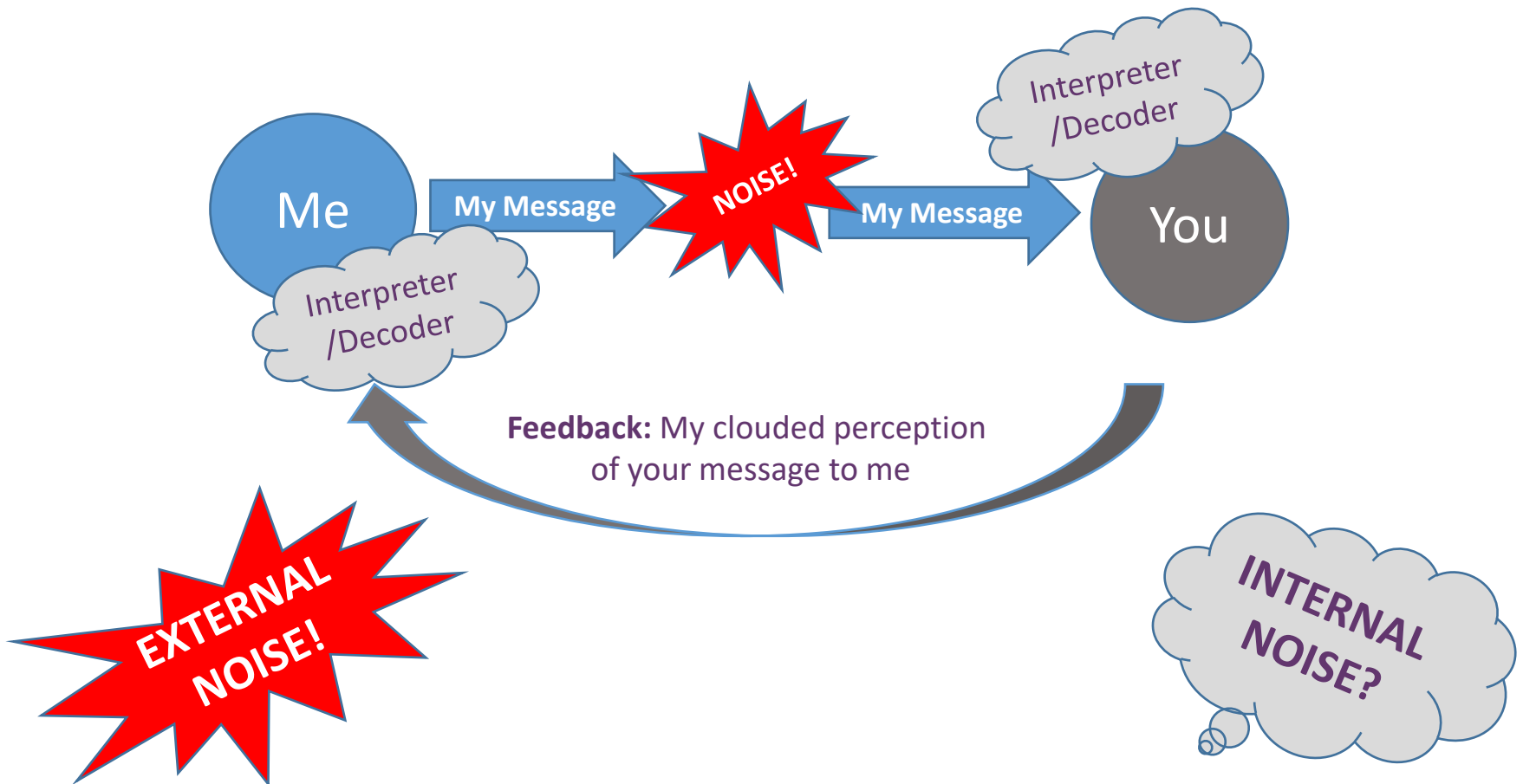
## Typical / Nonempathetic Listening

- Listening:** intending to reply
- Filtering:** screening everything through your own paradigm or agenda
- Evaluating:** determining if you agree or disagree
- Probing:** Asking from our frame of reference
- Advising:** Giving counsel based on our experience
- Interpreting:** Trying to figure people out

# What Does Active Listening Look Like?

- Presence / Attentiveness
- Observation
  - Reaction of the Individual
  - Emotions of the Individual
- Judgment/critique free
- Restate facts and related concerns
- Confirm understanding

# Active Listening Cuts Through The Noise



# Conducting Difficult Conversations

“Caring Criticism – How Do You Do It”



**WHERE DO  
YOU BEGIN?**



# KNOW THE STEPS

- BREATHE
- CHECK YOUR MOTIVES
- CHECK YOUR ATTITUDE
- CONFIRM THE FACTS
- TEACH THE RIGHT THING
- DIALOGUE
- OFFER SUPPORT

# 0

## Breathe

- Your reasoning needs time to overcome your emotions.
- Breathing gives you a chance to observe what's really happening
- Breathing gives you a chance to think about the remaining steps





# 1

## Check Your Motives

- Honest concern for others
- Sense of responsibility
- Commitment to improving performance

What are improper motives?



# 2

## Check Your Attitude

- Is it negative or positive?
- Are you accepting of the person?
- Are you willing to entertain the notion that you may be wrong?



# 3

## Confirm the facts

- Describe behavior not judgments
- Have specific examples
  - ✓ What went well
  - ✓ What could've been done differently



# 4

## Teach the right thing

- Make sure you're not guilty of the same behavior
- Describe correct ("desired") behavior using straight-forward statements



# 5

## Dialogue

- Invite them into a conversation
- Ask questions and listen
- Focus on the correction not on the criticism
- Move toward accountability
  - ✓ Specific outcomes
  - ✓ Actions
  - ✓ Measures
  - ✓ Timing



# Owning the Moment



IDENTIFY EMOTIONAL  
TRIGGER



ANALYZE WHAT IT  
MAKES ME THINK



PROCESS HOW IT  
MAKES ME FEEL



THINK ABOUT WHAT IT  
MAKES ME WANT TO  
DO



INQUIRE ABOUT THEIR  
SIDE OF THE STORY

# How Do You Respond: All



thank  
you!



# How Do We Respond: Critique Justified





# How Do We Respond: Unfair



**Do not be defensive, retaliate, become bitter or punish yourself. Model positive leadership.**

# 6

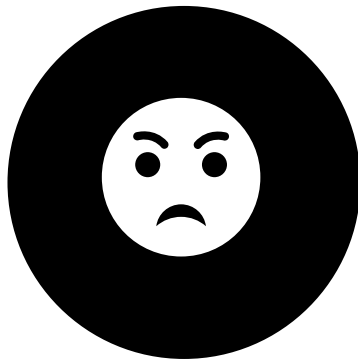
## Offer Support

- Reasonable
- Fit Within Capacity

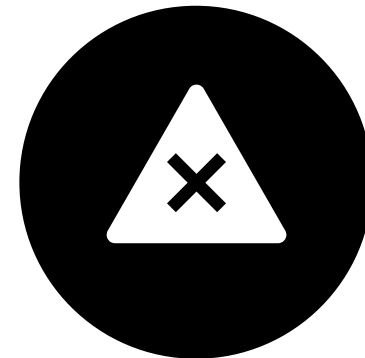


# RESOLVING CONFLICT

# THE NATURE OF CONFLICT

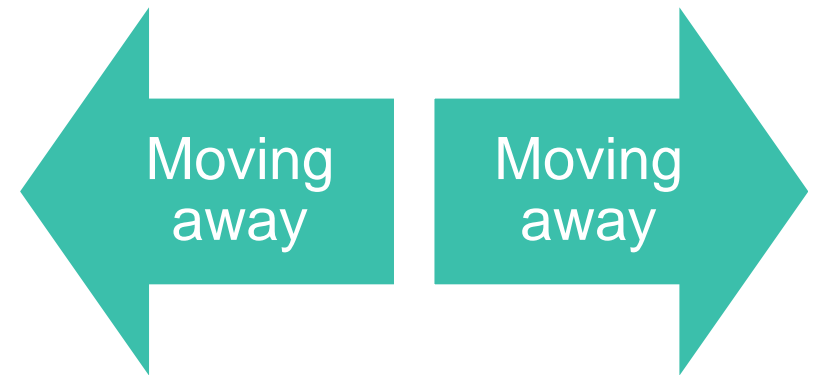
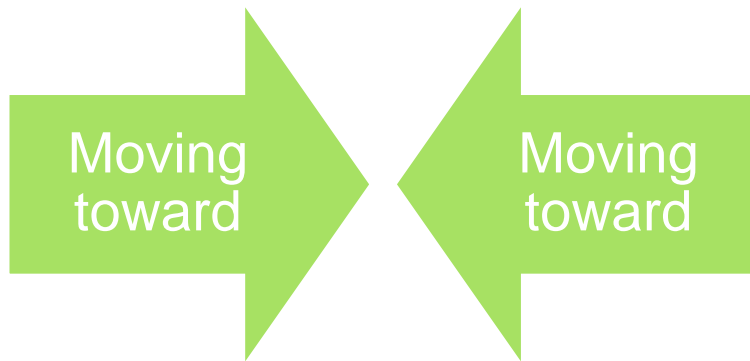


**CONFLICT** MOST OFTEN OCCURS IN SITUATIONS WHERE **INTERESTS, GOALS, FEELINGS, OR PRINCIPLES** ARE **(SEEMINGLY) INCOMPATIBLE**



YOUR MAIN **CONFLICT RESOLUTION OBJECTIVE** SHOULD BE CREATING A WORKABLE ENVIRONMENT FOR CONTINUED DIALOGUE

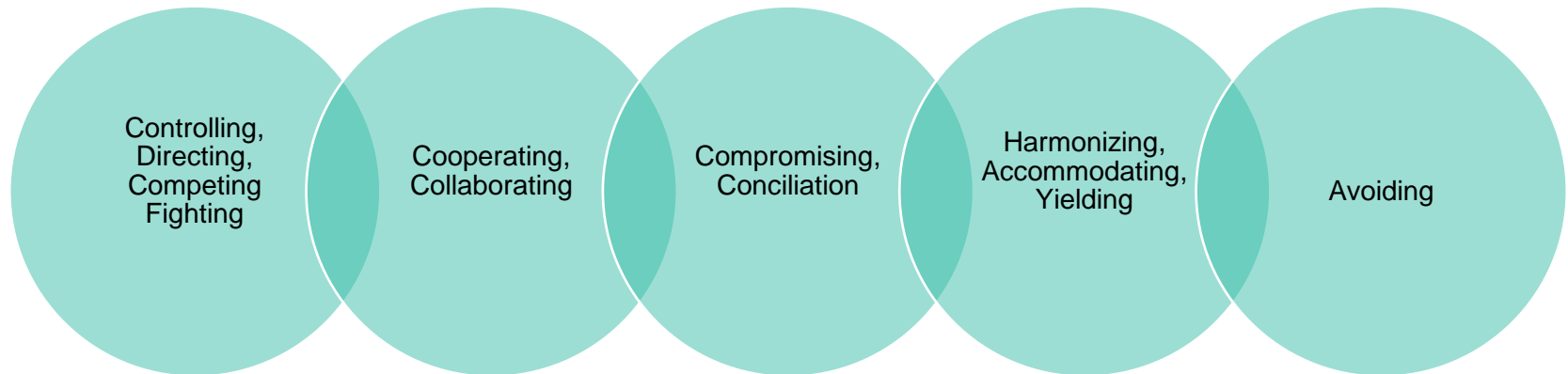
# DIALOGUE AND CONFLICT RESOLUTION



# CONFLICT RESOLUTION CEILING

No conflict resolution strategy will rise above the level of relationship

# STYLE PREFERENCES



**Each style has its pros and cons, and are appropriate in different situations**

# UNHEALTHY BEHAVIORS

## Silence

- Masking
- Avoiding
- Withdrawing

## False Dialogue

- Pretending not to be offended
- Implying a mutuality of purpose that doesn't exist
- Discussing a matter without apologizing for slights

## Violence (verbal, emotional, psychological, i.e., mean girls)

- Manipulating
- Labelling
- Attacking
- Excluding
- Isolating
- Cattiness

**Can be combined with any style. We need to understand our style / behavior mix to progress in our conflict resolution skills.**



# PENETRATING QUESTIONS

1. What unintended results are you getting?
2. How are you contributing to them?
3. Where are you stuck in an old pattern?
4. How could you look at the problem or solution in a different way?
5. What's missing that could make a difference?
6. What assumptions are we making that are no longer valid?
7. What breakdowns are showing up and where?
8. What are people saying about x?

# 6 STEPS TO CONFLICT RESOLUTION



Clarify

Clarify the disagreement



Establish

Establish a common goal for both parties.



Discuss

Discuss ways to meet the common goal



Determine

Determine the barriers to the common goal



Agree on

Agree on path forward (solution)



Define

Define responsibilities of each party and timing

## CLARIFY

- What is the real issue?
- How important is the issue?
- What pressures are there to resolve the issue?
- What are the emotions / feelings involved?
- What limits and boundaries do we need to consider?



# ESTABLISH

What is our common (shared) goal?

# DISCUSS



Get creative



Think about resources  
that could be made  
available



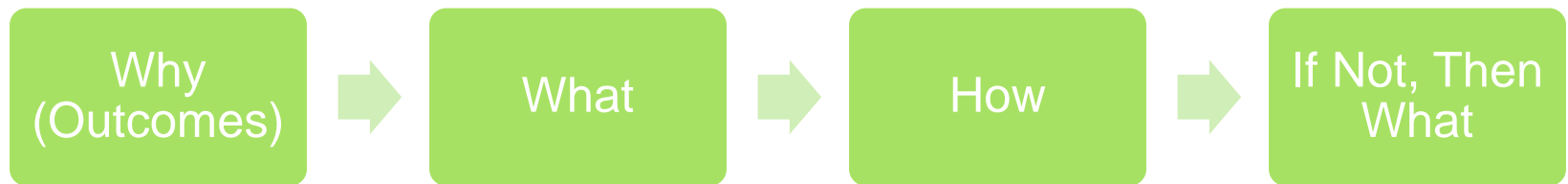
Probe around  
commitment level of  
each party

# DETERMINE

What could  
prevent  
success?

How could  
those barriers  
be overcome?

# AGREE ON



**The Overall Plan of Attack**

# DEFINE



Who

When

Monitoring

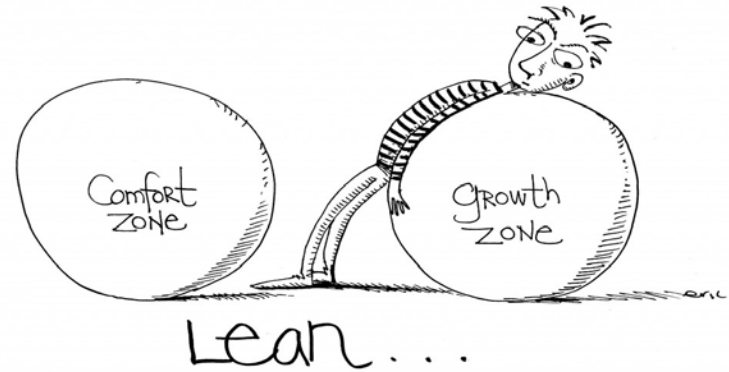
Closure



# What Stands in the Way



Time



Discomfort

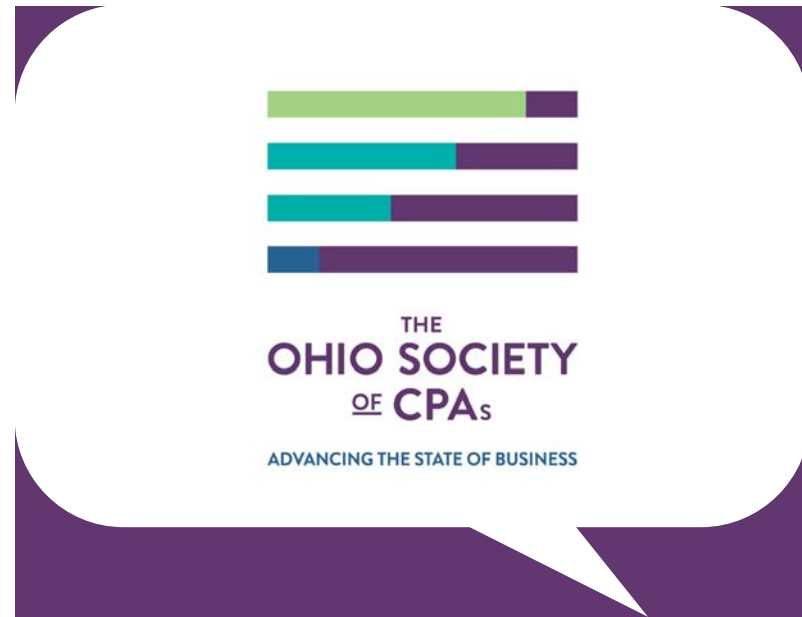


Bad Habits



Checklist Mentality

# QUESTIONS?



OHIO AUDITOR OF STATE  
KEITH FABER

---

**Common Issues Identified In Reviews**

Presented by :  
Brad Blake, Chief of Quality Assurance  
Eric Kline, Assistant Chief of Quality Assurance

---

January 2024      Efficient • Effective • Transparent      1

1

---

---

---

---

---

---

---

---

- Problems normally fall within these 4 categories -4C's
- Clarity
- Compliance
- Completeness
- Consistency

---

Efficient • Effective • Transparent      2

2

---

---

---

---

---

---

---

---

**MD&A Clarity**

- Limited or no explanation of the "causes" of the variances between current and prior year or other significant issues in the MD&A

**THIS WILL NOT HAVE OPINION IMPACT**

---

Efficient • Effective • Transparent      3

3

---

---

---

---

---

---

---

---

• **Reconciliations**

- **Inappropriate reconciliation of fund financial statements to government-wide statements**
- Insufficient detail of reconciling items
- Unclear description of reconciling items
- Basis of Accounting Missing in the Notes to the Financial Statements

Efficient • Effective • Transparent 4

4

---

---

---

---

---

---

---

---

• **Missing major funds**

- Governments are failing to present as major funds governmental funds and enterprise funds that clearly meet both the 10 percent test and the 5 percent test for mandatory major funds
- Major initiatives or lack thereof, especially capital projects, can alter the results of applying the 10 percent test and the 5 percent test from one year to the next
- Important that governments reapply these tests each year

Efficient • Effective • Transparent 5

5

---

---

---

---

---

---

---

---

• **Transfer information**

- Could also be part of Clarity – assurance that all transfers are properly classified and in accordance with the revised code

Efficient • Effective • Transparent 6

6

---

---

---

---

---

---

---

---

- **Negative Balances**
  - Inappropriate negative balances
  - Could be the result of Unadjusted Prior Period Errors
  - Could have opinion IMPACT

Efficient • Effective • Transparent 7

7

---

---

---

---

---

---

---

---

---

---

- **The Basic Inconsistencies**
  - Ending balances on change statements do not agree to balance sheet/statement of net position
  - Totals from combining schedules do not agree to the combined amount in the basic financial statements
  - Amounts in MD&A tables and condensed scheduled do not agree to the basic financial statements or notes
  - Amounts that can be reconciled within the financial statements and/or between the statements and notes do not reconcile
  - Amounts in statistical section or other supplemental information do not agree or cannot be reconciled with the financial statements and schedules

Efficient • Effective • Transparent 8

8

---

---

---

---

---

---

---

---

---

---

- **Independent Auditor's Report**
  - Date Consistency
  - Wrong entity name/county
  - Wrong period
  - Reference to the Accountants Compilation Report
  - PDF/Formula errors
  - Reports Marked as DRAFTS
  - Omitting some of the appropriate financial statements and budgetary comparisons in the scope and opinion paragraphs in the Independent Auditor's report

Efficient • Effective • Transparent 9

9

---

---

---

---

---

---

---

---

---

---

**MISSED FEDERAL FUNDS ON SFAE**

**ODOT funding – you can ask for a confirmation from odot if you wish to verify amounts**

Efficient • Effective • Transparent 10

10

---

---

---

---

---

---

---

---

---

---

**Mt. Healthy City School District**

Financial Condition Overview (May 2023 Forecast)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Revenue	\$42,265,506	\$41,613,009	\$42,727,371	\$42,858,081	\$43,023,314
Total Expenditures	\$30,812,515	\$49,420,000	\$49,774,828	\$50,481,332	\$51,203,033
Results of Operation	(\$1,447,010)	(\$7,807,000)	(\$7,047,457)	(\$7,623,251)	(\$8,180,719)
Beginning Cash Balance	\$17,933,085	\$16,486,074	\$2,679,953	(\$4,507,583)	(\$11,490,725)
Ending Cash Balance	\$16,486,074	\$2,679,953	(\$4,267,503)	(\$11,996,756)	(\$20,441,474)

Financial Condition Overview (November 2023 Forecast)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Revenue	\$42,656,228	\$43,316,483	\$43,513,084	\$43,631,811	\$44,237,105
Total Expenditures	\$56,214,926	\$58,803,561	\$60,773,207	\$63,318,511	\$65,540,466
Results of Operation	(\$13,558,698)	(\$15,487,078)	(\$17,260,123)	(\$19,686,700)	(\$21,303,361)
Beginning Cash Balance	\$1,496,055	(\$5,062,411)	(\$26,549,721)	(\$37,809,244)	(\$57,495,681)
Ending Cash Balance	(\$3,062,643)	(\$20,549,721)	(\$37,809,244)	(\$57,495,681)	(\$78,799,215)

Efficient • Effective • Transparent 11

11

---

---

---

---

---

---

---

---

---

---

**Mt. Healthy City School District**

Financial Condition Overview (November 2023 Forecast)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Revenue	\$42,656,228	\$43,316,483	\$43,513,084	\$43,631,811	\$44,237,105
Total Expenditures	\$56,214,926	\$58,803,561	\$60,773,207	\$63,318,511	\$65,540,466
Results of Operation	(\$13,558,698)	(\$15,487,078)	(\$17,260,123)	(\$19,686,700)	(\$21,303,361)
Beginning Cash Balance	\$1,496,055	(\$5,062,411)	(\$26,549,721)	(\$37,809,244)	(\$57,495,681)
Ending Cash Balance	(\$3,062,643)	(\$20,549,721)	(\$37,809,244)	(\$57,495,681)	(\$78,799,215)

Financial Condition Overview (February 2024 Forecast)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Revenue	\$43,222,348	\$42,482,400	\$42,474,983	\$41,480,147	\$42,142,678
Total Expenditures	\$56,214,926	\$58,803,561	\$60,773,206	\$63,318,512	\$65,540,465
Results of Operation	(\$12,992,578)	(\$16,321,161)	(\$18,298,223)	(\$21,838,365)	(\$23,397,787)
Beginning Cash Balance	\$4,902,193	(\$7,441,513)	(\$24,112,011)	(\$43,259,252)	(\$66,347,234)
Ending Cash Balance	(\$2,489,325)	(\$23,862,674)	(\$42,410,234)	(\$65,097,617)	(\$89,745,021)

Efficient • Effective • Transparent 12

12

---

---

---

---

---

---

---

---

---

---

### Mt. Healthy City School District

The LGS review of the School District's financial information led to an adjusted projection that the negative fund balance at the end of FY 2024 would be \$10.7 million compared to the School District's projected negative fund balance of \$7.4 million.

There were a number of reasons for the LGS adjustments to the projections, including not properly accounting for debt supported by General Fund Resources.

- Entered into Certificates of Participation for the construction of an Early Learning Center (\$10.5 million)
- School District accounted for the debt payments in a separate special cost center in the Bond Retirement Fund
- The School District should have transferred money from the General Fund to cover the debt payments.
- The School District did not make all of the required transfers, resulting in the improper use of Bond Levy money to make the payments.
- The School District did not include the annual transfers in the Five Year Forecast.

Efficient • Effective • Transparent 13

13

---

---

---

---

---

---

---

---

---

---

### Debt Requirements

When evaluating compliance with the requirements for debt payments, place emphasis on the source of monies used to repay debt. Consider the following:

- **Ohio Rev. Code §5705.10** - Money paid into a fund shall be used only for the purpose for which such fund was established. Therefore, money in a fund may be used to pay debt charges provided the payment of such debt charges is consistent with the purpose for which the fund was established;
- **TANs, Ohio Rev. Code §133.24(D)** - Except for capitalized interest, debt charges on tax anticipation notes are payable only from the revenue collected by the tax levy anticipated.
- **Ohio Rev. Code §5705.05** - Prohibits using taxes levied for current expenses to pay debt charges.

Efficient • Effective • Transparent 14

14

---

---

---

---

---

---

---

---

---

---

### Debt Requirements

When evaluating compliance with the requirements for debt payments, place emphasis on the source of monies used to repay debt. Consider the following:

- **1981 Op. Att'y. Gen. No. 81-035** - Certain moneys paid into the general fund which are not derived from a general levy for current expenses may be used to pay debt charges provided that they have not been commingled with general fund monies which may not be used for debt payment. If have been paid into the general fund and have been commingled with restricted monies to the extent that the particular source from which the monies originated cannot be distinguished, such monies may be used to pay debt charges only after they have been transferred to an appropriate fund. [Ohio Rev. Code § 5705.14]

Efficient • Effective • Transparent 15

15

---

---

---

---

---

---

---

---

---

---

### Debt Requirements

During our audit testing, we need to ensure that we understand the source of the monies in the funds making the debt payments.

The key to determine whether debt payments were made from the proper fund, is really to understand the restrictions on the monies in those funds.

Efficient • Effective • Transparent
16

16

---

---

---

---

---

---

---

---

---

---

### Competitive Bidding

- Competitive Bidding Thresholds - Effective October 3, 2023, certain competitive bidding thresholds are established by Ohio Rev. Code § 9.17 which states the amount for purposes of a provision of the Revised Code that references this section shall be:
  - October 3, 2023 through December 31, 2024 - \$75,000
  - for each calendar year thereafter, the amount for the previous calendar year increased by three percent as determined and published by the director of commerce.
- Where the OCS references ORC 9.17, the thresholds were as follows for the following time periods:

Before Oct. 3, 2023	Oct. 3, 2023 through December 31, 2024
\$50,000	\$75,000

Efficient • Effective • Transparent
17

17

---

---

---

---

---

---

---

---

---

---

### Competitive Bidding

**Bid Evaluation Standards**

Certain statutes outline different standards regarding the evaluation of bids such as "lowest and best bidder" and "lowest responsible bidder."

Ohio Rev. Code § 9.312 offers an additional evaluation standard for competitive bidding called "lowest responsive and responsible bidder."

Ohio Rev. Code § 9.312 applies when either 1) another law requires the standard to apply or 2) a political subdivision required by law to award contracts by competitive bidding adopts an ordinance or resolution to adopt a policy requiring its contracts to be awarded to the lowest responsive and responsible bidder in accordance with Ohio Rev. Code § 9.312.

Efficient • Effective • Transparent
18

18

---

---

---

---

---

---

---

---

---

---



### Competitive Bidding

<p><b>Responsive – If the proposal:</b></p> <ul style="list-style-type: none"> <li>• Responds to bid specifications in all material respects</li> <li>• Contains no irregularities or deviations from specifications which would affect the amount of the bid or otherwise give the bidder a competitive advantage</li> </ul>	<p><b>Responsible – Factors to consider:</b></p> <ul style="list-style-type: none"> <li>• Experience of the bidder</li> <li>• Bidder's financial condition</li> <li>• Conduct and Performance on previous contracts</li> <li>• Facilities</li> <li>• Management Skills</li> <li>• Ability to execute the contract properly</li> </ul>
---	---

Efficient • Effective • Transparent 19

19

---

---

---

---

---

---

---

---

---

---

### Competitive Bidding

Political subdivision must notify an apparent low bidder found not to be responsive and responsible

Notification must include the reasons for the finding

Given in writing

If contract is awarded to a bidder other than the apparent low bidder, political subdivision must meet with apparent low bidder upon filing of timely written protest

Protest must be received within 5 days of the notification

Final award cannot be made until the political subdivision either affirms or reverses its earlier determination

Efficient • Effective • Transparent 20

20

---

---

---

---

---

---

---

---

---

---

### Competitive Bidding & Force Accounts

- Municipal Corporation (OCS 2A-3)
- Where total estimated cost of contracts for streets or other public way exceeds the established threshold, competitive bidding is required
- The first day of July each year, beginning in 2024, the threshold increases by an amount not to exceed the lesser of 5% or the percentage amount of any increase in the department of transportation's construction cost index as annualized and totaled for the prior calendar year.
- Director of Transportation shall notify each appropriate official of the increased amount
- Thresholds were as follows for the following time periods:

Prior to June 30, 2023	July 1, 2023 through June 30, 2024
\$30,000	\$70,000

Efficient • Effective • Transparent 21

21

---

---

---

---

---

---

---

---

---

---

### Competitive Bidding & Force Accounts

- County (OCS 2A-5)
  - Where total estimated cost of contracts for roads or bridges & culverts exceeds the established thresholds, competitive bidding is required
  - The first day of July each year beginning in 2024, the threshold increases by an amount not to exceed the lesser of 5% or the percentage amount of any increase in the department of transportation's construction cost index as annualized and totaled for the prior calendar year.
  - Director of Transportation shall notify each appropriate official of the increased amount
- Thresholds were as follows for the following time periods:

	Prior to June 30, 2023	July 1, 2023 through June 30, 2024
Roads (per mile)	\$30,000	\$70,000
Bridges/Culverts	\$100,000	\$233,000

22

---

---

---

---

---

---

---

---

---

---

### Competitive Bidding & Force Accounts

- Township (OCS 2A-6)
  - Where total estimated cost of contracts for construction or reconstruction of a township road exceeds the established threshold, competitive bidding is required
  - The first day of July each year, beginning in 2024, the threshold increases by an amount not to exceed the lesser of 5% or the percentage amount of any increase in the department of transportation's construction cost index as annualized and totaled for the prior calendar year.
  - Director of Transportation shall notify each appropriate official of the increased amount
- Thresholds were as follows for the following time periods:

	Prior to June 30, 2023	July 1, 2023 through June 30, 2024
Construction/Reconstruction of Roads (per mile)	\$15,000	\$35,000
Maintenance or Repair of Roads (Total cost)	\$45,000	\$105,000

23

---

---

---

---

---

---

---

---

---

---

### AOS Access to IPA Working Papers

- AOS auditors have indicated there have been a number of instances where IPAs have been reluctant to provide access to all working papers when AOS is the successor auditor
- We understand the firms have policies and procedures they follow when successor auditors request to review audit documentation
- Reminder – The RFP includes a requirement for IPAs to “...provide the Auditor of State unconditional access to examine and review engagement documentation created or obtained by the IPA involving its performance under the contract...”

24

---

---

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
KEITH FABER 

---

Brad Blake, Chief of Quality Assurance  
Phone: (614) 466-3597  
Email: [wblake@ohioauditor.gov](mailto:wblake@ohioauditor.gov)

Eric Kline, Assistant Chief of Quality Assurance  
Phone: (740) 534-6420  
Email: [ekline@ohioauditor.gov](mailto:ekline@ohioauditor.gov)

---

Efficient • Effective • Transparent 25

---

---

---

---

---

---

---

---

Slide 1




---

---

---

---

---

---

---

---

Slide 2




---

---

---

---

---

---

---

---

Slide 3




---

---

---

---

---

---

---

---

Slide 4

**CHANGE IN ASSESSED PROPERTY VALUATION STATEWIDE  
- TRADITIONAL SCHOOL DISTRICTS**

Assessed Property Valuation			
Tax Year	Valuation	\$\$ Change	% Change
TY18 Certified	\$274,832,155,175		
TY19 Certified	\$286,412,727,529	\$11,580,572,354	4.21%
TY20 Certified	\$306,677,344,127	\$20,264,616,598	7.08%
TY21 certified	\$320,714,414,113	\$14,037,069,986	4.58%
TY22 Certified	\$334,004,040,325	\$13,289,626,212	4.14%
TY23 Certified	\$387,943,701,684	\$53,939,661,359	16.15%

Increase of \$113B between TY18 and TY23 or 41%

---

---

---

---

---

---

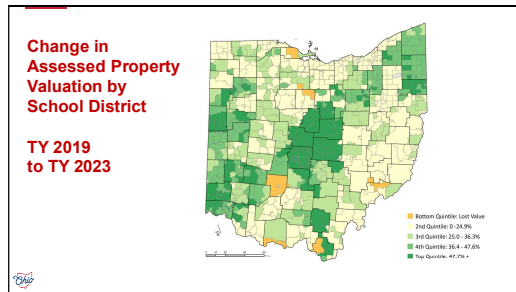
---

---

---

---

Slide 5



---

---

---

---

---

---

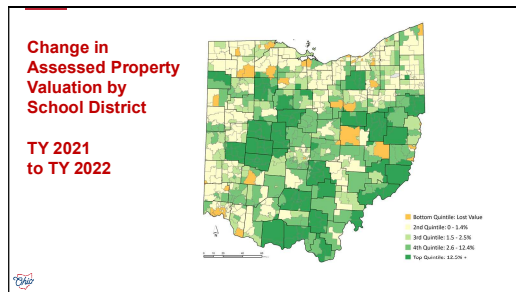
---

---

---

---

Slide 6



---

---

---

---

---

---

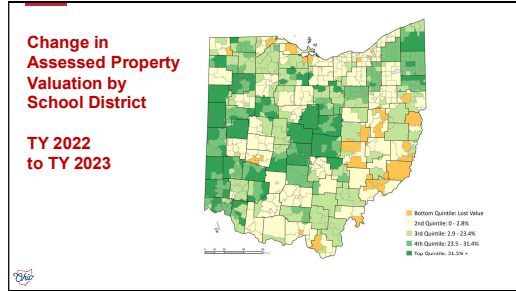
---

---

---

---

Slide 7




---

---

---

---

---

---

---

---

---

---

Slide 8

**CHANGE IN ENROLLED ADM STATEWIDE— TRADITIONAL SCHOOL DISTRICTS**

Enrolled Average Daily Membership			
Fiscal Year	Enrolled ADM	Change	% Change
2018	1,527,655.11		
2019	1,518,210.23	-9,444.88	-0.62%
2020	1,510,280.81	-7,929.42	-0.52%
2021	1,467,078.79	-43,202.02	-2.86%
2022	1,462,690.99	-4,387.81	-0.30%
2023	1,455,106.34	-7,584.65	-0.52%
2024	1,439,705.06	-15,401.28	-1.06%

Decrease of 88K between FY18 and FY24 or 5.8%

---

---

---

---

---

---

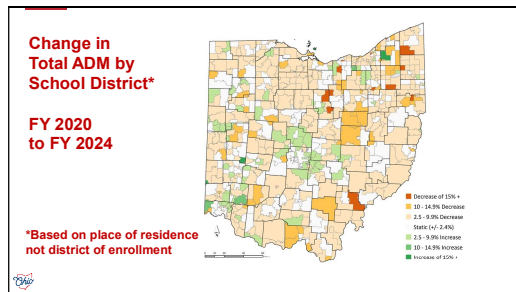
---

---

---

---

Slide 9




---

---

---

---

---

---

---

---

---

---



Slide 11

**CHANGE IN ENROLLED ADM STATEWIDE—  
COMMUNITY/STEM SCHOOLS**

Enrolled Average Daily Membership			
Fiscal Year	Enrolled ADM	Change	% Change
2018	107,572.22		
2019	105,920.21	-1,652.01	-1.54%
2020	106,266.18	345.97	0.33%
2021	117,671.44	11,405.26	10.73%
2022	115,089.13	-2,582.31	-2.19%
2023	115,878.65	789.52	0.69%
2024	120,804.47	4,925.82	4.25%

Increase of 13.2K between FY18 and FY24 or 12.3%

Slide 12

**CHANGE IN ENROLLED ADM STATEWIDE—  
JOINT VOCATIONAL SCHOOL DISTRICTS**

Enrolled Average Daily Membership			
Fiscal Year	Enrolled ADM	Change	% Change
2018	39,649.27		
2019	40,043.38	394.11	0.99%
2020	41,407.21	1,363.83	3.41%
2021	40,391.97	-1,015.24	-2.45%
2022	44,418.09	4,026.12	9.97%
2023	46,288.67	1,870.58	4.21%
2024	48,659.34	2,370.67	5.12%

Increase of 9K between FY18 and FY24 or 22.7%

Slide 13

**SCHOLARSHIP PROGRAMS**

	FY23 Awards	FY24 Awards	Change	% Change
Autism	4,856	5,385	529	10.89%
Cleveland	8,282	8,360	78	0.94%
EdChoice	40,629	42,779	2,150	5.29%
EdChoice Expansion	24,323	89,774	65,451	269.09%
Jon Peterson	8,626	9,082	456	5.29%
Total	86,716	155,380	68,664	79.18%



Slide 14

### BASE COST INPUTS

Base Cost Inputs	FY18	FY19	FY20	FY21	FY22	% change between FY18 and FY22
Superintendent	\$115,815.69	\$117,788.51	\$120,119.93	\$122,841.98	\$123,439.30	6.94%
Other District Administrator	\$95,727.51	\$96,982.11	\$98,259.94	\$99,225.83	\$100,368.71	4.85%
Principal	\$91,720.36	\$93,457.69	\$95,405.07	\$96,538.15	\$97,627.89	6.44%
Teacher	\$60,096.81	\$64,225.25	\$65,839.10	\$67,117.78	\$68,022.22	8.50%
Counselor	\$63,263.80	\$64,787.46	\$66,630.50	\$68,100.87	\$68,712.57	8.61%
Librarian and Media staff	\$68,139.33	\$69,544.82	\$71,843.08	\$73,020.72	\$74,063.83	8.69%
EMIS Support Staff Employee	\$53,095.35	\$53,878.88	\$54,183.26	\$54,802.55	\$55,972.97	4.24%
Bookkeeping and Accounting Employee	\$45,387.82	\$46,317.51	\$47,638.00	\$48,306.26	\$49,696.52	9.49%
Administrative Assistant	\$44,955.10	\$44,733.92	\$45,013.26	\$44,352.41	\$45,333.05	0.84%
Clerical Staff	\$39,397.05	\$33,041.67	\$33,890.37	\$34,004.64	\$34,356.24	4.12%
Insurance Cost	\$14,265.53	\$15,995.31	\$16,395.74	\$16,930.91	\$17,152.68	20.24%
Teacher Benefits	\$10,033.39	\$10,276.04	\$10,534.26	\$10,738.84	\$10,889.56	8.50%
Academic Co-Curricular Activities	\$42.13	\$44.15	\$44.87	\$44.05	\$46.00	14.13%
Athletic Co-Curricular Activities	\$163.28	\$172.11	\$172.68	\$179.28	\$192.21	17.72%
Building Safety and Security	\$23.29	\$30.69	\$32.30	\$34.41	\$36.20	55.45%
Supplies and Academic Centers	\$200.35	\$227.52	\$227.44	\$231.31	\$243.81	10.65%
Building Square Feet Per Pupil	\$239.36	\$268.43	\$267.38	\$274.76	\$278.07	16.17%
Cost Per Square Foot	\$4.72	\$4.61	\$4.50	\$4.45	\$5.10	8.05%
Dunking	\$1,129.79	\$1,207.73	\$1,240.65	\$1,222.48	\$1,416.35	25.53%

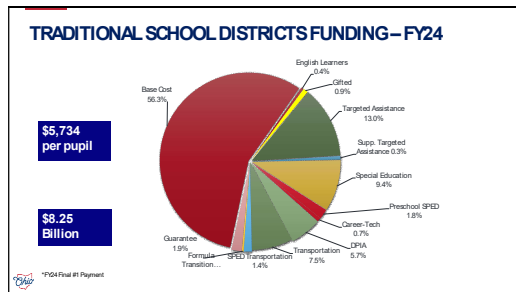
Slide 15

### STATE FOUNDATION FUNDING

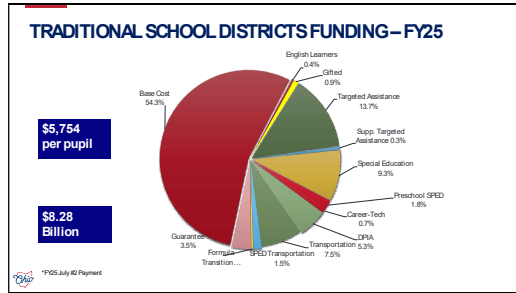
**FY25 Updates**

- Phase-In Percentage – 66.67%
- Move to FY25 Enrollment, TY23 Property Values, and TY22 Income
- No change to base cost inputs
- Increase minimum state share for transportation (from 37.5% in FY24 to 41.67% in FY25)
- Gifted PD (\$28 pp) and Career Awareness and Exploration (\$10 pp) Increase

Slide 16



Slide 17



---

---

---

---

---

---

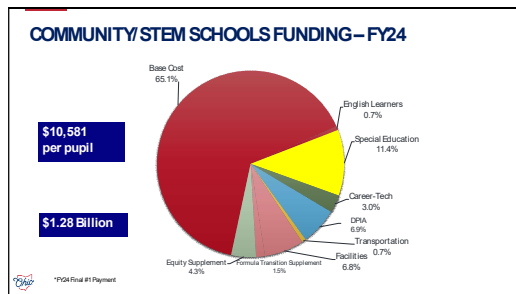
---

---

---

---

Slide 18



---

---

---

---

---

---

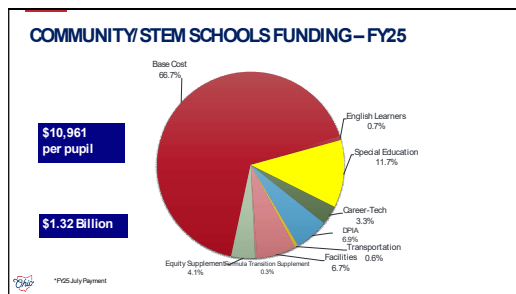
---

---

---

---

Slide 19



---

---

---

---

---

---

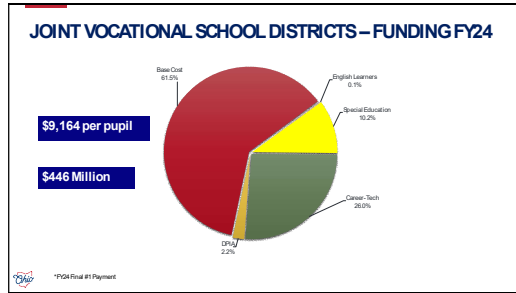
---

---

---

---

Slide 20




---

---

---

---

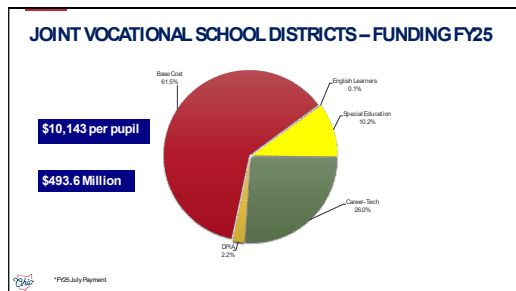
---

---

---

---

Slide 21




---

---

---

---

---

---

---

---

Slide 22

**STATE FOUNDATION FUNDING - GUARANTEES**

	FY19	FY22	FY23	FY24	FY25
Total State Funding	\$7.08 B	\$7.46 B	\$7.64 B	\$8.26 B	\$8.28 B
Guarantee	\$257 M	\$189 M	\$251.5 M	\$181 M	\$322 M
# of Districts	339	389	326	182	217

---

---

---

---

---

---

---

---

Slide 23

STATE FOUNDATION FUNDING - GUARANTEES			
Traditional School District			
FY	Guarantee	Count	Amount
2022	Temporary Transitional Aid Guarantee	208	\$72,968,617
	Formula Transition Supplement	325	\$115,990,490
	<b>Total</b>		<b>\$188,959,107</b>
2023	Temporary Transitional Aid Guarantee	232	\$175,534,934
	Formula Transition Supplement	259	\$75,968,009
	<b>Total</b>		<b>\$251,502,943</b>
2024	Temporary Transitional Aid Guarantee	154	\$152,878,627
	Formula Transition Supplement	116	\$26,327,460
	<b>Total</b>		<b>\$179,206,087</b>
2025	Temporary Transitional Aid Guarantee	191	\$291,522,058
	Formula Transition Supplement	124	\$30,820,631
	<b>Total</b>		<b>\$322,342,689</b>

Slide 24

GUARANTEE DISTRICT – FY24				
	(D) Base State Funding	(E) Calculated State Funding	(F)(B-A)/% Phase-in Funding <sup>1</sup>	(F)(A+E) State Funding
<b>State Support</b>				
A. Base Cost	\$28,230,630.82	\$11,915,092.91	\$-4,158,768.96	\$20,073,861.86
B. Targeted Assistance	\$0.00	\$0.00	\$0.00	\$0.00
C. Special Education	\$2,282,058.92	\$1,519,863.90	\$-381,342.91	\$1,900,211.41
D. Disadvantaged Pupil Impact Aid (DPIA)	\$7,394.38	\$60,714.37	\$26,660.00	\$34,054.38
E. English Learners	\$338,380.63	\$306,900.89	\$-15,739.87	\$322,640.76
F. Gifted	\$487,058.54	\$375,965.25	\$-59,421.74	\$428,033.40
G. Career Technical Education	\$1,448.52	\$0.00	\$-724.26	\$724.26
H. Foundation Funding (A + B + C + D + E + F + G)	\$31,355,922.81	\$14,181,137.32	\$-8,005,393.74	\$22,779,629.07
I. Temporary Transitional Aid Guarantee				\$8,880,392.74
J. Supplemental Targeted Assistance				\$0.00
K. Transportation				\$3,143,210.31
L. Formula Transition Supplement				\$0.00
M. Total Formula Funding (I + J + K + L)				\$12,023,603.05

Slide 25

GUARANTEE DISTRICT – FY25				
	(D) Base State Funding	(E) Calculated State Funding	(F)(B-A)/% Phase-in Funding <sup>1</sup>	(F)(A+E) State Funding
<b>State Support</b>				
A. Base Cost	\$28,230,630.82	\$7,907,604.61	\$-13,017,359.07	\$14,715,276.82
B. Targeted Assistance	\$0.00	\$0.00	\$0.00	\$0.00
C. Special Education	\$2,282,058.92	\$1,019,967.48	\$-841,969.72	\$1,449,989.20
D. Disadvantaged Pupil Impact Aid (DPIA)	\$7,394.38	\$51,202.04	\$29,028.00	\$37,202.98
E. English Learners	\$338,380.63	\$204,741.90	\$-69,096.94	\$249,283.69
F. Gifted	\$487,058.54	\$236,523.86	\$-101,063.64	\$336,444.70
G. Career Technical Education	\$1,448.52	\$0.00	\$-965.73	\$482.79
H. Foundation Funding (A + B + C + D + E + F + G)	\$31,355,922.81	\$9,490,221.89	\$-14,000,529.60	\$16,779,393.21
I. Temporary Transitional Aid Guarantee				\$14,580,529.60
J. Supplemental Targeted Assistance				\$0.00
K. Transportation				\$3,492,456.18
L. Formula Transition Supplement				\$0.00
M. Total Formula Funding (I + J + K + L)				\$18,762,375.98

Slide 26

### FORMULA DISTRICT – FY24

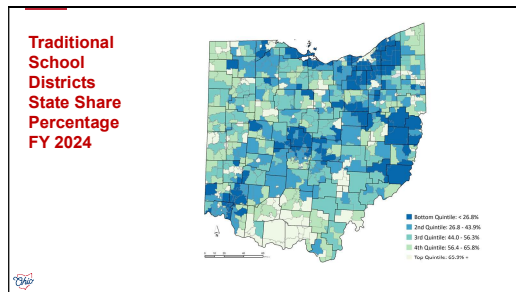
	(d) Base State Funding	(D) Calculated State Funding	[(H-B)-91%] Phase-in Funding <sup>1</sup>	(D)+(H) State Funding
<b>State Support</b>				
A. Base Cost	\$6,736,362.39	\$8,384,750.36	\$624,193.99	\$7,540,556.38
B. Targeted Assistance	\$1,457,801.52	\$2,056,729.93	\$209,464.21	\$1,737,260.73
C. Special Education	\$655,681.60	\$1,255,134.17	\$109,726.19	\$1,020,407.99
D. Disadvantaged Pupil Impact Aid (DPIA)	\$291,256.81	\$237,850.20	\$-26,703.30	\$264,553.51
E. English Learners	\$3,128.85	\$16,546.16	\$6,930.86	\$10,037.51
F. Gifted	\$101,471.27	\$98,146.78	\$-1,662.25	\$99,809.02
G. Career Technical Education	\$125,304.41	\$275,835.95	\$75,165.77	\$800,470.18
H. Foundation Funding (A + B + C + D + E + F + G)	\$9,071,007.05	\$12,325,193.55	\$1,077,099.27	\$10,346,109.32
I. Temporary Transitional Aid Guarantee				\$0.00
J. Supplemental Targeted Assistance				\$0.00
K. Transportation				\$1,001,061.93
L. Formula Transition Supplement				\$0.00
M. Total Formula Funding (I + J + K + L)				\$18,029,192.25

Slide 27

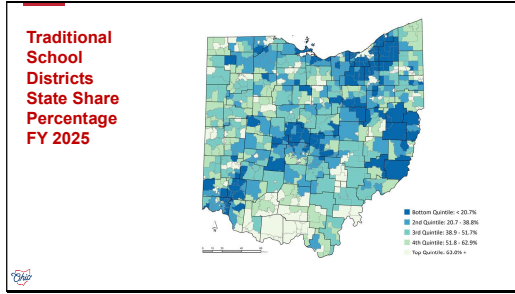
### FORMULA DISTRICT – FY25

	(d) Base State Funding	(D) Calculated State Funding	[(H-B)-91%] Phase-in Funding <sup>1</sup>	(D)+(H) State Funding
<b>State Support</b>				
A. Base Cost	\$6,736,362.39	\$7,764,005.94	\$665,129.95	\$7,421,492.34
B. Targeted Assistance	\$1,457,801.52	\$2,211,053.31	\$516,860.32	\$1,975,661.84
C. Special Education	\$655,681.60	\$1,159,588.39	\$202,614.52	\$1,058,296.32
D. Disadvantaged Pupil Impact Aid (DPIA)	\$291,256.81	\$196,170.38	\$-43,384.12	\$227,862.69
E. English Learners	\$3,128.85	\$10,798.64	\$8,446.95	\$11,075.80
F. Gifted	\$101,471.27	\$91,324.74	\$-6,744.69	\$94,726.58
G. Career Technical Education	\$125,304.41	\$225,316.03	\$86,076.72	\$211,862.16
H. Foundation Funding (A + B + C + D + E + F + G)	\$9,071,007.05	\$11,713,787.43	\$1,428,991.68	\$10,999,998.73
I. Temporary Transitional Aid Guarantee				\$0.00
J. Supplemental Targeted Assistance				\$0.00
K. Transportation				\$1,004,439.90
L. Formula Transition Supplement				\$0.00
M. Total Formula Funding (I + J + K + L)				\$12,004,039.63

Slide 28



Slide 29



---

---

---

---

---

---

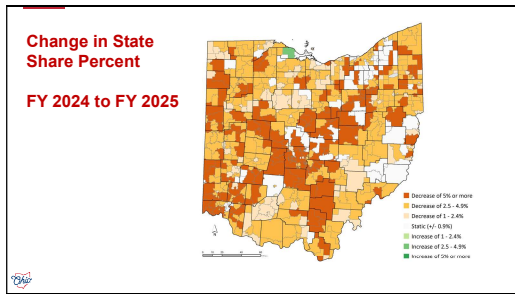
---

---

---

---

Slide 30



---

---

---

---

---

---

---

---

---

---

Slide 31

**STATE FOUNDATION FUNDING— FY24 CLOSEOUT**

- EMIS Reporting Window – Closed 7/17
- Data Appeals Window – Opened 7/18; File Appeal by 7/26; Filed updated data by 8/2
- Final #1 Payment (August #2/September)
- EMIS Financial Appeals Window – Opens 9/2; File Appeal by 9/26; File updated data by 10/4
- Final #2 Payment (November)

---

---

---

---

---

---

---

---

---

---

Slide 32

### SCHOOL FUNDING RESOURCES

- [Complete list and description of JV codes](#)
- [College Credit Plus Deduction Reports](#)
- [District Profile Report \(Cupp Report\)](#)
- [Foundation Legacy Payment Reports \(2002-2021\)](#)
- [Foundation Payment Reports](#)
- [FY25 Traditional School Districts State Foundation Funding Calculator \(7.12.2024\)](#)
- [FY25 JUSD State Foundation Funding Calculator \(8.7.2024\)](#)
- [FY25 Community/STEM Schools State Foundation Funding Calculator \(3.7.2024\)](#)
- [Line-by-Line explanation - FY 2025 Foundation Formula](#)
- [Payment Data Calendar](#)
- [Payment Letters](#)
  - [Traditional School Districts](#)
  - [Community Schools](#)
  - [JUSDs](#)
- [Payment Schedule](#)
- [Property Tax Rollback](#)
- [Statewide Payment Reports in Excel Format](#)
  - [Traditional School Districts](#)
  - [Community Schools](#)
  - [JUSDs](#)
- [Set-aside calculations](#)
- [Tuition Rates](#)
- [TPP Reimbursements](#)

---

---

---

---

---

---

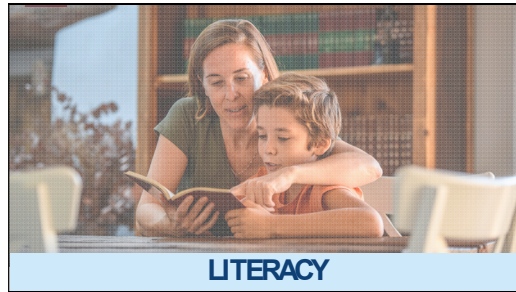
---

---

---

---

Slide 33



---

---

---

---

---

---

---

---

---

---

Slide 34

### HIGH QUALITY INSTRUCTIONAL MATERIALS

**High-Quality Instructional Materials - \$64M**

- Allocations based on district survey results
- List of state-approved HQIM in Core Curriculum Prek-5 grades posted March 1
- List of state-approved HQIM in Intervention Reading Materials Prek-12 grades posted late May
- HQIM Subsidy Paid in April Foundation Payments
- Contact [ReadOhio@education.ohio.gov](mailto:ReadOhio@education.ohio.gov) with questions

---

---

---

---

---

---

---

---

---


---

Slide 35

**HIGH QUALITY INSTRUCTIONAL MATERIALS**

**Restrictions:**

- Funds must be used to purchase materials required under 3313.6026
- May be used to support either or both core and intervention materials.
- For expenses incurred after July 1, 2023.
- No expiration of funds – but plan to spend by fall (to comply with statute)



35

---

---

---

---

---

---

---


---

Slide 36

**LITERACY PROFESSIONAL DEVELOPMENT**

**Professional Development in The Science of Reading**

- State training available in February 2024
- District administration should determine what educators need to take what training
- Requests for reimbursement through MCOEON after educator completes training and stipend is paid
- Monthly reimbursement request window. Payments with foundation payments (JV15) in the following month
- Training must be complete by June 30, 2025



36

---

---

---

---

---

---


---

---

Slide 37

**LITERACY PROFESSIONAL DEVELOPMENT**

- Any educator (or administrator) who has previously completed similar training is not required to complete the course – and is not eligible for the stipend
  - Pathways A, B, C, D, and G- \$1,200
  - Pathway E- \$400
  - Pathway F – No Stipend (note – treasurers/SBOs not included in requirement)
- Stipend required when educator is required to complete the training
- ESC employees assigned to district buildings – if ESC is paying the educator – ESC should direct the PD requirement and request reimbursement for stipend



37

---

---

---

---

---

---

---


---



Slide 38

### LITERACY PROFESSIONAL DEVELOPMENT

- The law requires teachers to complete the course at a time that minimizes disruptions to normal instructional hours. Because teachers are receiving a cash stipend, schools and districts should consult with their legal counsel to determine the best time for professional development to be completed. Schools and districts should consider ethics, collective bargaining agreements, and local needs when determining how to complete professional development requirements. **Districts and schools are encouraged to avoid compensated professional development days.**



38

---

---

---

---

---

---

---

---

---

---

Slide 39



### LEARNING ACCELERATION

---

---

---

---

---

---

---

---

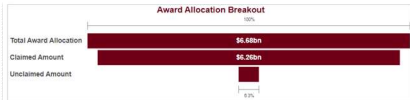
---

---


Slide 40

### FEDERAL COMD RELIEF

**Award Allocation Breakout**



Grant Name	Total Award Allocation	Claimed Amount	Percent Claimed
Broadband/Chip Connectivity	42,778,121.81	42,700,119.81	99.9%
Compassion Relief Fund	98,203,074.67	98,203,073.00	100.0%
ESSER I	440,143,007.20	438,987,483.76	99.7%
ESER	45,600,000.00	45,600,000.00	100.0%
ARP IDEA	99,228,271.41	92,368,346.44	93.1%
ESSER II	1,792,540,265.40	1,797,521,278.87	99.7%
ESSER II Supplement	36,668,865.00	36,496,209.10	99.5%
ESER II	22,740,066.00	22,376,076.64	98.4%
ARP ESSER	4,027,026,486.33	3,628,396,476.99	90.1%
ARP ESSER Supplement	35,404,644.23	32,300,017.82	91.4%
ARP Nonres	21,178,046.94	17,602,533.58	83.0%
<b>Total</b>	<b>6,682,480,404.18</b>	<b>6,262,649,841.11</b>	<b>93.7%</b>



\*as of 8/13/2024

---

---

---

---

---

---

---

---

---

---

Slide 41

FEDERAL COVID RELIEF	
Fund Source	Period of Availability
Elementary and Secondary School Emergency Relief (ESSER I)	3/13/2020 - 9/30/2022
Governor's Emergency Education Relief (GEER I)	3/13/2020 - 9/30/2022
Coronavirus Relief Fund (CRF) including the BroadbandOhio Connectivity Grant	3/01/2020 - 12/31/2021
ESSER II	3/13/2020 - 9/30/2023
GEER II	3/13/2020 - 9/30/2023
Emergency Assistance for Nonpublic Schools (EANS)	3/13/2020 - 9/30/2023
American Rescue Plan (ARP) ESSER III	3/13/2020 - 9/30/2024
ARP Individuals With Disabilities Education Act (IDEA)	7/1/2021 - 9/30/2023
ARP Homeless Children and Youth	3/13/2020 - 9/30/2024
ARP EANS	Contract Initiation - 9/30/2024

---



---



---



---



---



---



---



---



---



---

Slide 42

ARP ESSER CLOSEOUT DEADLINES				
Grant	FY24 CCIP Budget Revision Deadline	Obligation Deadline (see 34 CFR <a href="#">§75.707</a> )	FY24 Project Cash Request (PCR) Deadline	FY24 Final Expenditure Report (FER) Deadline*
ARP ESSER	9/2/24	9/30/24	11/20/24	12/2/24

*Special Note: While the final due date for the FY24 FER is 12/2/24, the Department recommends that LEAs and educational entities submit the FERs soon as all expenditures are fully paid through the PCR process for the fiscal year. This is to facilitate the Department's FER review process to ensure expenditures are finalized in a timely manner.*

---



---



---



---



---



---



---



---



---



---

Slide 43




---



---



---



---



---



---



---



---



---



---

Slide 44

**STUDENT WELLNESS AND SUCCESS**

- Student Wellness and Success Funds – continued funding through school funding formula
  - Funds must include a plan with *both* a community mental health prevention or treatment provider (or ADAMH board) *and* another community partner
  - Plan must be shared at public board meeting *and* posted on district website (within 30 days of new plan creation or amendment of existing plan)
    - While there are certain components of the plan that are legally required, there is no format or layout that needs to be followed
  - Half must be used for mental and physical healthcare services
  - All existing funds must be spent by FY25
  - New funds allow for one-year rollover

---

---

---

---

---

---

---

---

---

---

Slide 45

**State Revenues and Expenses**

---

---

---

---

---

---

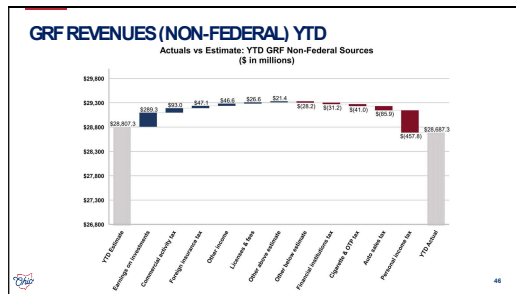
---

---

---

---

Slide 46




---

---

---

---

---

---

---

---

---

---

Slide 47

**GRF DISBURSEMENTS**

Table 3  
GENERAL REVENUE FUND DISBURSEMENTS  
ACTUAL FY 2024 VS ESTIMATE FY 2024  
(\$ in thousands)

Functional Reporting Category Description	MONTH				YEAR TO DATE			
	ACTUAL JUNE	ESTIMATE JUNE	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	420,595	462,046	(27,355)	-5.9%	6,479,313	6,528,487	(49,174)	-0.8%
High Education	198,165	192,250	5,915	3.1%	2,175,515	2,202,281	(26,766)	-1.2%
Other Education	1,907	4,220	(2,313)	-57.4%	182,219	186,823	(4,604)	-2.5%
Health	962,458	900,281	62,177	6.9%	10,226,476	10,192,947	33,529	0.3%
Health and Human Services	124,289	137,227	(12,938)	-9.4%	1,390,718	1,368,498	22,220	1.6%
Judicial and Public Protection	242,470	233,699	8,771	3.8%	2,265,456	2,187,842	77,614	3.6%
General Government	43,893	47,007	(3,114)	-6.6%	1,200,043	1,206,500	(6,457)	-0.5%
Property Tax Reimbursements	37,774	35,140	2,634	7.5%	1,875,728	1,885,510	(9,782)	-0.5%
Date Service	63,202	63,240	(38)	-0.1%	1,304,828	1,313,707	(8,879)	-0.7%
<b>Total Expenditures &amp; ISTV's Transfers Out</b>	<b>2,131,736</b>	<b>2,047,722</b>	<b>84,014</b>	<b>4.1%</b>	<b>40,617,746</b>	<b>42,206,313</b>	<b>(1,588,567)</b>	<b>-3.8%</b>
IST Transfer Out	0	0	0	N/A	150,000	150,000	0	0.0%
Operating Transfer Out	768,478	860,487	(92,009)	-10.7%	7,424,387	6,307,783	1,116,604	17.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>768,478</b>	<b>860,487</b>	<b>(92,009)</b>	<b>-10.6%</b>	<b>7,574,387</b>	<b>6,457,783</b>	<b>1,116,604</b>	<b>17.5%</b>
<b>Total Fund Uses</b>	<b>2,900,214</b>	<b>2,908,209</b>	<b>(7,995)</b>	<b>-0.3%</b>	<b>48,192,054</b>	<b>48,664,096</b>	<b>(472,042)</b>	<b>-1.0%</b>

Slide 48



Slide 49


- FY26-FY27 OBM GUIDANCE**
- One funding scenario that supports agency priorities.
  - Limits on both GRF and Non-GRF requests
    - FY24 Spending (Exp + Enc) with payroll adjustments
    - Elimination of legislative earmarks and one-time state and federal funding sources (ESSER, Literacy, CTE, etc.)
  - Encouraged efficiencies including eliminating programs or redirecting resources to higher-impact priorities.
  - Requests to create new programs or expand existing programs required justification and demonstrable results or evidence/research base.

Slide 50

**FY26-FY27 OBM GUIDANCE**

Non-GRF funds requested based on anticipated revenue.

- Federal funds and line items requested at anticipated funding levels.
- Lottery Commission prepares estimates of projected transfers into Lottery Profits Education Fund.
- Department of Taxation prepares estimates of property tax reimbursement payments and Sports Gaming Profits Education Fund.
- Department projects dedicated purpose/rotary funds based on anticipated revenue.



---

---

---

---

---

---

---

---



---

---

Slide 51

**QUESTIONS?**

EDUCATION.OHIO.GOV



---

---

---

---

---

---

---

---

---

---

Slide 52



OHIO.ORG

---

---

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
KEITH FABER

---

**GAAP Update**

---

Efficient • Effective • Transparent 1

1

---

---

---

---

---

---

---

---

**Issued GASBs yet to be implemented**

- GASB 100 – Accounting Changes and Error Corrections (FY24)
- GASB 101 – Compensated Absences (FY25)
- GASB 102 – Certain Risk Disclosures (FY25)
- GASB 103 – Financial Reporting Model Improvements (FY26)

• Note: Dates relate to June year end reports  
Does not include implementation guides

---

Efficient • Effective • Transparent 2

2

---

---

---

---

---

---

---

---

**Issued GASB CIGs yet to be implemented**

- 2021-1
  - Question 5.1 for reporting periods beginning after June 15, 2023. (FY24)
- No IG released in 2022
- 2023-1
  - Questions 4.1–4.9 and 5.1 are effective for fiscal years beginning after June 15, 2023 (2024)
  - Question 4.10 should be applied simultaneously with the requirements of Statement 100
- IG update is on the technical agenda (ED 4<sup>th</sup> quarter 2024 Final 3<sup>rd</sup> Quarter 2025)

Note: Dates relate to June year end report

---

Efficient • Effective • Transparent 3

3

---

---

---

---

---

---

---

---

**Projects on GASB's Agenda**

- Revenue and Expense Recognition (RER) (exposure draft expected 2025 with final statement expected in 2027)
- Other Projects
  - Classification of Nonfinancial Assets (final third quarter 2024)
  - Subsequent Events (ED 4<sup>th</sup> quarter 2024 final 4<sup>th</sup> quarter 2025)
  - Going Concern (PV 4<sup>th</sup> quarter 2024—final second quarter 2027)
  - Infrastructure Assets (ITC 3<sup>rd</sup> Quarter 2024—first quarter 2027)

For information on GASB's technical agenda see [Current Projects \(gasb.org\)](https://www.gasb.org)

Efficient • Effective • Transparent 4

---

---

---

---

---

---

---

---

---

---

4

**GASB 100 Accounting Changes and Error Corrections**

GASB 100 establishes accounting and financial reporting requirements for

- Accounting changes
  - Changes in accounting principles
  - Changes in accounting estimates
  - Changes to or within the financial reporting entity
- Correction of an error in previously issued financial statements (error correction).

GASB 100 ¶2 & 4

Efficient • Effective • Transparent 5

---

---

---

---

---

---

---

---

---

---

5

**GASB 100 Accounting Changes and Error Corrections**

**Changes in accounting principles**

Once adopted, an accounting principle should be applied consistently to account for and report transactions and other events of a similar type, except as described in this paragraph. A change in accounting principle results from either:

- a. A change from one generally accepted accounting principle to another generally accepted accounting principle that is justified on the basis that the newly adopted accounting principle is preferable to the accounting principle applied before the change. The qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability—should be the basis for determining whether a new accounting principle would be preferable.
- b. The implementation of new authoritative accounting or financial reporting pronouncements (hereafter referred to as new pronouncements)

GASB 100 ¶5

Efficient • Effective • Transparent 6

---

---

---

---

---

---

---

---

---

---

6

**GASB 100 Accounting Changes and Error Corrections**

**Changes in Accounting estimates**

Accounting estimates are amounts subject to measurement uncertainty that are recognized or disclosed in the basic financial statements. Accounting estimates are outputs determined based on inputs such as data, assumptions, and measurement methodologies. A change in accounting estimate occurs when inputs change. Changes to inputs result from a change in circumstance, new information, or more experience.

- GASB 100 ¶9

Efficient • Effective • Transparent 7

7

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes to or within the financial reporting entity**

Changes to or within the financial reporting entity result from:

- The addition or removal of a fund that results from the movement of continuing operations within the primary government, including its blended component units
- A change in a fund's presentation as major or nonmajor
- Except as described in paragraph 10, the addition of a component unit to the financial reporting entity or removal of a component unit from the financial reporting entity
- A change in a component unit's presentation as blended or discretely presented

GASB 100 ¶9

Efficient • Effective • Transparent 8

8

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

IG2023-1  
**Statement No. 100, Accounting Changes and Error Corrections**

- 4.10.

Q—Upon completion of a capital project during the year, a government closes out a major capital projects fund and moves remaining resources to the general fund. Does this circumstance constitute a change to or within the financial reporting entity?

A—No. Even though the capital projects fund will no longer be included in the government's financial reports in future periods (that is, the fund will be removed for financial reporting purposes), it does not constitute a change to or within the financial reporting entity in accordance with paragraph 9a of Statement 100 because, in this case, the removal of the fund does not result from a movement of continuing operations. Instead, that movement of remaining resources to the general fund should be reported as interfund activity in accordance with paragraph 112 of Statement 34, as amended.

Efficient • Effective • Transparent 9

9

---

---

---

---

---

---

---

---

---

---



**GASB 100 Accounting Changes and Error Corrections**

**Error Correction**

- An error results from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were issued about conditions that existed as of the financial statement date. Facts that existed at the time the financial statements were issued are those facts that could reasonably be expected to have been obtained and taken into account at that time about conditions that existed as of the financial statement date.
- A change from (a) applying an accounting principle that is not generally accepted to transactions or other events that previously were significant to (b) applying a generally accepted accounting principle to those transactions or other events is an error correction.

GASB 100 ¶12 & 13

Efficient • Effective • Transparent 10

10

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes in accounting principles – Accounting**

16. For comparative financial statements, a change in accounting principle should be reported **retroactively by restating financial statements for all prior periods presented**, if practicable. The **cumulative effect**, if any, of the change to the newly adopted accounting principle on periods prior to those presented should be reported as a **restatement** of beginning net position, fund balance, or fund net position, as applicable, of the earliest period presented....

GASB 100 ¶16

Efficient • Effective • Transparent 11

11

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes in accounting principles –Note Disclosure**

17. A government should disclose the following in notes to financial statements for each change in accounting principle:

- The nature of the change in accounting principle, including (1) identification of the financial statement line items (excluding totals and subtotals) affected by the application of the new accounting principle and (2) for the implementation of a new pronouncement, identification of the pronouncement that was implemented
- Except for the implementation of a new pronouncement, the reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable
- For comparative financial statements, if prior periods presented are not restated because it is not practicable to do so, the reason why the restatement is not practicable.

18. In addition, the effects on beginning net position, fund balance, or fund net position, as applicable, should be disclosed as required by paragraph 32.

GASB 100 ¶17&18

Efficient • Effective • Transparent 12

12

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes in Accounting estimates – Note Disclosure**

20. A change in accounting estimate, as described in paragraph 7, should be reported **prospectively** by recognizing the change in accounting estimate in the reporting period in which the change occurs

Efficient • Effective • Transparent 13

13

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes in Accounting estimates – Note Disclosure**

21. A government should disclose the following in notes to financial statements in each circumstance in which a change to an input (that is, a change to the data, assumptions, or measurement methodologies) has a significant effect on the accounting estimate:

- a. The nature of the change in accounting estimate, including identification of the financial statement line items (excluding totals and subtotals) affected
- b. If the change in accounting estimate results from a change in measurement methodology, (1) the reason for the change in measurement methodology and (2) except in circumstances in which the change in measurement methodology is required by a GASB pronouncement, an explanation of why the new measurement methodology is preferable.

GASB 100 ¶20&21

Efficient • Effective • Transparent 14

14

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes to or within the financial reporting entity – Note Disclosure**

22. A change to or within the financial reporting entity should be reported by adjusting the current reporting period's beginning net position, fund balance, or fund net position, as applicable, for the effect of the change as if the change occurred as of the beginning of the reporting period. Notes to Financial Statements

GASB 100 ¶22

Efficient • Effective • Transparent 15

15

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Changes to or within the financial reporting entity – Note Disclosure**

23. A government should disclose the following in notes to financial statements for each change to or within the financial reporting entity:

- a. The nature of the change to or within the financial reporting entity
- b. The reason for the change to or within the financial reporting entity, except in circumstances in which a change in a fund's presentation results only from meeting or not meeting the quantitative threshold for major funds in paragraph 76 of Statement 34, as amended.

24. In addition, the effects on beginning net position, fund balance, or fund net position, as applicable, should be disclosed as required by paragraph 32.  
GASB 100 ¶23 &24

Efficient • Effective • Transparent 16

16

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Error Correction**

25. For financial statements that present a single period, an error correction should be reported **retroactively** by restating beginning net position, fund balance, and fund net position, as applicable, for the cumulative effect of the error correction on prior periods

GASB 100 ¶25

Efficient • Effective • Transparent 17

17

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Error Correction – Note Disclosure**

27. A government should disclose the following in notes to financial statements for each error correction:

- a. The nature of the error and its correction, including the periods affected by the error and identification of the financial statement line items (excluding totals and subtotals) affected by the error in prior periods
- b. For financial statements that present a single period, the effect on the prior period's change in net position, fund balance, or fund net position, as applicable, had the error not occurred
- c. For comparative financial statements, the effect of the error correction on the change in net position, fund balance, or fund net position, as applicable, of the prior period.

Efficient • Effective • Transparent 18

18

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Error Correction – Note Disclosure**  
 28. In addition, the effects on beginning net position, fund balance, or fund net position, as applicable, should be disclosed as required by paragraph 32 GASB 100 ¶27&28

Efficient • Effective • Transparent 19

---

---

---

---

---

---

---

---

19

**GASB 100 Accounting Changes and Error Corrections**

**Reclassification**  
 29. For a change in accounting principle that does not have an effect on beginning net position, fund balance, or fund net position but that results in a reclassification in the financial statements, the disclosures required by paragraphs 17a and 17b should be included in notes to financial statements. For comparative financial statements, amounts should be reclassified in all prior periods presented, if practicable. If amounts are not reclassified in prior periods presented because it is not practicable to do so, the reason why it is not practicable also should be disclosed.

GASB 100 ¶29 Note ¶17a and 17b relate to the nature of a change in accounting principle. f/s line items

Efficient • Effective • Transparent 20

---

---

---

---

---

---

---

---

20

**GASB 100 Accounting Changes and Error Corrections**

**Reclassification**  
 30. For an error correction that does not have an effect on beginning net position, fund balance, or fund net position but that results in a reclassification in the financial statements, the disclosures required by [paragraph 27a](#) should be included in notes to financial statements. For comparative financial statements, amounts should be reclassified in all prior periods presented.

GASB 100 ¶29 Note ¶17a and 17b relate to the nature of the error, periods impacted and f/s line items

Efficient • Effective • Transparent 21

---

---

---

---

---

---

---

---

21

**GASB 100 Accounting Changes and Error Corrections**

**Display in Financial Statements**  
 The aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, should be displayed for each reporting unit.

GASB 100 ¶31

Efficient • Effective • Transparent 22

22

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Note Disclosure**  
 A government should disclose in notes to financial statements the effects on beginning net position, fund balance, or fund net position, as applicable, of the earliest period adjusted or restated for the following that occurred during the period: (a) each change in accounting principle (including the implementation of new pronouncements that result in restatement), (b) each change to or within the financial reporting entity, and (c) each error correction. Those effects should be disclosed in a tabular format that reconciles beginning balances as previously reported to beginning balances as adjusted or restated for each reporting unit. If the government has separately displayed in the financial statements the effects of each accounting change or error correction by reporting unit, those effects need not be repeated in notes to financial statements.

GASB 100 ¶32

Efficient • Effective • Transparent 23

23

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Note Disclosure**  
 The note disclosures required by this Statement should correspond to the reporting units. Except for the note disclosure required by paragraph 32, disclosure by reporting unit is subject to the requirements in paragraph 63 of Statement 14, as amended. Information that is the same for more than one reporting unit should be combined in a manner that avoids unnecessary duplication.

GASB 100 ¶33

Efficient • Effective • Transparent 24

24

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Note Disclosure**

The note disclosures required by this Statement should be made in the reporting period in which the accounting change occurs or in the reporting period in which the error is discovered and corrected. If a note disclosure is included in interim financial statements, that disclosure also should be included in the related annual financial statements. For comparative financial statements, if the prior periods presented were restated in the period in which the accounting change occurred or the error was discovered and corrected, subsequent annual financial statements need not repeat the disclosures.

GASB 100 ¶34

Efficient • Effective • Transparent 25

25

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**RSI and SI**

*Change in accounting principle and change to or within the financial reporting entity*

35. For reporting periods that are presented in the basic financial statements, information for those periods that is presented in required supplementary information (RSI) (including management's discussion and analysis [MD&A]) or supplementary information (SI) should be consistent with the manner in which the information for those periods is presented in the basic financial statements. (That is, the reporting periods should be adjusted or restated in the same manner as the basic financial statements.)

36. For prior reporting periods that are earlier than those presented in the basic financial statements, information for those prior periods that is presented in RSI (including MD&A) or SI should not be restated for a change in accounting principles or a change to or within the financial reporting entity.

GASB 100 ¶35-37

Efficient • Effective • Transparent 26

26

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**RSI and SI**

*Change in accounting principle and change to or within the financial reporting entity*

37. If prior-period information presented in RSI (including MD&A) or SI is not consistent with current-period information as a result of a change in accounting principle or a change to or within the financial reporting entity, an explanation of why the information is not consistent should be provided in RSI (including MD&A) or SI, as applicable. In MD&A, that explanation should include a reference to the related note disclosure in the basic financial statements

GASB 100 ¶35-37

Efficient • Effective • Transparent 27

27

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**RSI and SI**  
**Error Correction**

38. For reporting periods that are presented in the basic financial statements, information for those periods that is presented in RSI (including MD&A) or SI should be restated. If the error affects periods earlier than those presented in the basic financial statements, all affected information should be corrected by restating the information for those prior periods in RSI (including MD&A) or SI, if practicable.

39. Information presented in RSI (including MD&A) or SI that is affected by an error should be identified as restated or not restated, as appropriate, and an explanation about the nature of the error should be provided in RSI MD&A) or SI, as applicable. In addition, if it is not practicable to restate information in RSI or SI, an explanation of why it is not practicable to restate should be provided in RSI (including MD&A) or SI, as applicable

GASB 100 ¶38-39

Efficient • Effective • Transparent 28

28

---

---

---

---

---

---

---

---

---

---

**GASB 100 Accounting Changes and Error Corrections**

**Effective Date**

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB 100 ¶40

Efficient • Effective • Transparent 29

29

---

---

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

A compensated absence is leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The payment or settlement could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. Examples of compensated absences include vacation (or annual) leave, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave.

(GASB 101 ¶3)

Efficient • Effective • Transparent 30

30

---

---

---

---

---

---

---

---

---

---

### GASB 101 Compensated Absences

Liabilities for compensated absences should be recognized in financial statements prepared using the economic resources measurement focus for (a) leave that has not been used (paragraphs 9–20) and (b) leave that has been used but not yet paid or settled (paragraph 21). Those liabilities are not required to be aggregated for display in the basic financial statements. Applicable salary-related payments (paragraphs 22–26) should be included in the measurement of those liabilities.(GASB 101 ¶8 )

31

---

---

---

---

---

---

---

---

---

---

### GASB 101 Compensated Absences

#### Leave that has not been used

Except as discussed in paragraphs 13–15, a liability should be recognized for leave that has not been used if all of the following are true:

- a. The leave is attributable to services already rendered. (See paragraph 10.)
- b. The leave accumulates. (See paragraph 11.) carries from one reporting period to the next
- c. The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (See paragraph 12)

(GASB ¶9)

32

---

---

---

---

---

---

---

---

---

---

### GASB 101 Compensated Absences

A government should evaluate whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means by assessing relevant factors, including the following:

- a. The government's employment policies related to compensated absences
- b. Whether leave that has been earned is, or will become, eligible for use or payment in the future.
- c. Historical information about the use, payment, or forfeiture of compensated absences
- d. Information known to the government that would indicate that historical information may not be representative of future trends or patterns.

(GASB ¶12)

33

---

---

---

---

---

---

---

---

---

---



**GASB 101 Compensated Absences**

Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be recognized as a liability for compensated absences.

(GASB ¶13)

Efficient • Effective • Transparent 34

34

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

14. For types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period, a government should not recognize a liability until the leave commences. For the purposes of this Statement, parental leave, military leave, and jury duty leave should not be recognized as liabilities until the leave commences. However, sick leave and unrestricted sabbatical leave should be recognized in accordance with the provisions in paragraph 9

15. For the following types of compensated absences, a government should not recognize a liability until the leave is used:

- a. Leave that employees are able to take as needed without specific limits (sometimes referred to as unlimited leave)
- b. Holiday leave that is taken on a specific date not at the discretion of employees.

(GASB ¶14& 15)

Efficient • Effective • Transparent 35

35

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

16. A liability for leave that is recognized in accordance with paragraph 9 or paragraph 14 should be measured using an employee's pay rate as of the date of the financial statements, unless one of the criteria in paragraphs 17–19 is met.

17. If some or all of the leave is more likely than not to be paid at a rate different from the employee's pay rate at the time the payment is made, a government should measure that portion of the liability using that different rate as of the date of the financial statements. For example, if leave is paid upon termination of employment at one-half of an employee's pay rate at the time of payment, the leave that is more likely than not to be paid upon termination of employment (instead of being used for time off) should be measured using one-half of the employee's pay rate as of the date of the financial statements.

(GASB 101 ¶16 - 17)

Efficient • Effective • Transparent 36

36

---

---

---

---

---

---

---

---

### GASB 101 Compensated Absences

18. If the leave is not attributable to a specific employee as of the date of the financial statements (for example, if leave has been donated to a **shared employee leave pool**), a government should measure the liability using an estimated pay rate that is representative of the eligible employee population

(GASB 101 ¶18)

37

---

---

---

---

---

---

---

---

---

---

### GASB 101 Compensated Absences

B13. **The Board acknowledges that governments may have to exercise professional judgment in estimating amounts of leave that are more likely than not to be used or otherwise paid or settled.** The Board considered adapting the termination payment method or vesting method for sick leave from Statement 16, as amended, to provide guidance for how preparers should estimate forfeitures of leave. Paragraph 32 in the Basis for Conclusions of Statement 16 noted that the inclusion of the vesting method was due to concern from stakeholders that the historical information required for the termination payment method might not be available to all governments. **Based on stakeholder outreach, the Board believes that governments now generally have access to historical data that can facilitate such an estimate.** However, the Board believes that requiring a specific method to determine the estimate may be overly prescriptive. Therefore, in order to provide flexibility to preparers in estimating potential forfeitures of leave, the Board decided to provide general guidance in the form of factors to consider in determining that estimate.

38

---

---

---

---

---

---

---

---

---

---

### GASB 101 Compensated Absences

B14. Specifically, the Board believes that certain factors provide governments with a contextual basis to estimate whether leave is more likely than not to be used or otherwise paid or settled, **including employment policies related to compensated absences; historical information about leave usage patterns, payments upon termination of employment, and forfeitures of leave; and information about current and expected future eligibility.** Those factors may need to be evaluated in combination with each other. **The Board also determined that governments should consider factors that may indicate that historical information would not lead to a representative estimate of whether leave is more likely than not to be used or otherwise paid or settled.** The Board believes that governments should exercise judgment in considering historical information because, in some instances, a government may be aware of information that contradicts historical trends of payment for leave usage, payment upon termination, and forfeiture.

39

---

---

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

- **Flows Assumption**
- B43. A key component in determining the estimate of the amount due within one year is the flows assumption for the pattern of usage of compensated absences. The flows assumption, whether implicit or explicit, is used in determining whether the amount the government expects to pay in the next reporting period will be attributed first to (a) the recognized liability at the date of the financial statements (a first-in, first-out [FIFO] flows assumption) or (b) the leave earned in the next reporting period (a last-in, first-out [LIFO] flows assumption).

Efficient • Effective • Transparent 40

40

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

- **Flows Assumption**
- B44. The Board considered specifying that the flows assumption should be determined based on a government's employment policies and requiring the use of the FIFO flows assumption in the absence of a relevant employment policy. Whereas some governments have an employment policy that specifies a FIFO use of leave, the Board was unaware when developing the Exposure Draft of any governments that have a LIFO employment policy. Therefore, the Board concluded that the effect of an alternative based on employment policies would have the same practical effect as prescribing the use of FIFO for all governments. The Exposure Draft proposed that all governments use a FIFO flows assumption, with the idea that the use of a single flows assumption would enhance comparability.

Efficient • Effective • Transparent 41

41

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

- **Flows Assumption**
- B45. Feedback received on the Exposure Draft indicated confusion about using FIFO terminology, which typically is associated with inventory. Some respondents to the Exposure Draft also indicated that they are aware of governments with a LIFO employment policy and they believe that requiring those governments to use a FIFO accounting policy would not be representationally faithful. After considering that feedback, the Board decided not to provide guidance on the flows assumption in the final Statement.

Efficient • Effective • Transparent 42

42

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

**Leave that has been used**

A liability should be reported when leave is used for time off but has not yet been paid in cash or settled through noncash means, including the types of leave discussed in [paragraph 15](#). That liability, including any applicable salary-related payments, should be measured at the amount of the cash payment or noncash settlement to be made for the use of the leave.

(GASB 101 ¶21)

Efficient • Effective • Transparent 43

43

---

---

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

**Salary Related Payments**

Salary-related payments are obligations that a government incurs related to providing leave in exchange for services rendered. (The term *salary* in *salary-related payments* represents any pay provided to the employee, whether it is a fixed amount or an hourly wage.) Examples of salary-related payments include the employer share of Social Security and Medicare taxes.

A government should include in the measurement of its liabilities for compensated absences (for both leave that has been used and leave that has not been used) salary-related payments that are directly and incrementally associated with the leave, except as provided in [paragraph 26](#). A payment is *directly associated* if the amount of the payment is a function of salary to be paid (that is, the amount of the payment depends on the amount of salary to be paid). A payment is *incrementally associated* if the government will make a payment in addition to the payment for the salary. ...

(GASB 101 ¶22 & 23)

Efficient • Effective • Transparent 44

44

---

---

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

**Salary Related Payments**

Salary-related payments related to defined benefit pensions or defined benefit OPEB should not be included in the measurement of liabilities for compensated absences, even if they meet the criteria in [paragraph 23](#).

(GASB 101 ¶26)

Efficient • Effective • Transparent 45

45

---

---

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

*Notes to Financial Statements*

30. For the purpose of the long-term liabilities disclosure required by paragraph 119b of Statement 34, as amended, a government should present either (a) the separate increases and decreases or (b) a net increase or a net decrease in its liability for compensated absences included in that disclosure. A government that presents a net increase or a net decrease should indicate that it is a net amount.

31. The disclosure requirement in paragraph 119d of Statement 34, as amended, is not required to be applied to liabilities for compensated absences included in that disclosure.

(GASB 101 ¶30&31)

Efficient • Effective • Transparent 46

46

---

---

---

---

---

---

---

---

---

---

**GASB 101 Compensated Absences**

*Effective Date and Transition*

32. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

33. Changes adopted at transition to conform to the provisions of this Statement should be reported as a change in accounting principle in accordance with Statement No. 100, Accounting Changes and Error Corrections, including the related display and disclosure requirements.

(GASB 101 ¶32&33)

Efficient • Effective • Transparent 47

47

---

---

---

---

---

---

---

---

---

---

**IG 2021-1**

5.1. Q—Should a government's capitalization policy be applied only to individual assets or can it be applied to a group of assets acquired together? Consider a government that has established a capitalization threshold of \$5,000 for equipment. If the government purchases 100 computers costing \$1,500 each, should the computers be capitalized?

A—Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis, yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers.

Question 5.1 is effective for reporting periods beginning after June 15, 2023.

Efficient • Effective • Transparent 48

48

---

---

---

---

---

---

---

---

---

---

**IG 2021-1**

**Appendix B**  
 Q5.1 amends Question 7.9.8 in Implementation Guide 2015-1 to clarify the capitalization requirement for capital assets that are significant in the aggregate.

Efficient • Effective • Transparent

49

49

---

---

---

---

---

---

---

---

**IG 2021-1**

An FAQ (question 8) has been added to the Miscellaneous GASB FAQs on our website

Efficient • Effective • Transparent

50

50

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
 KEITH FABER

Tracie McCreary  
 Chief Technical Specialist  
 LGS  
 tlmccreary@ohioauditor.gov



Efficient • Effective • Transparent

51

51

---

---

---

---

---

---

---

---

# Federal Update

2024 IPA Conference

September 5, 2024

Presented by:

Amanda Stidham, CPA, CFE

Quality Assurance and Technical Specialist

# Agenda



Uniform Guidance Updates

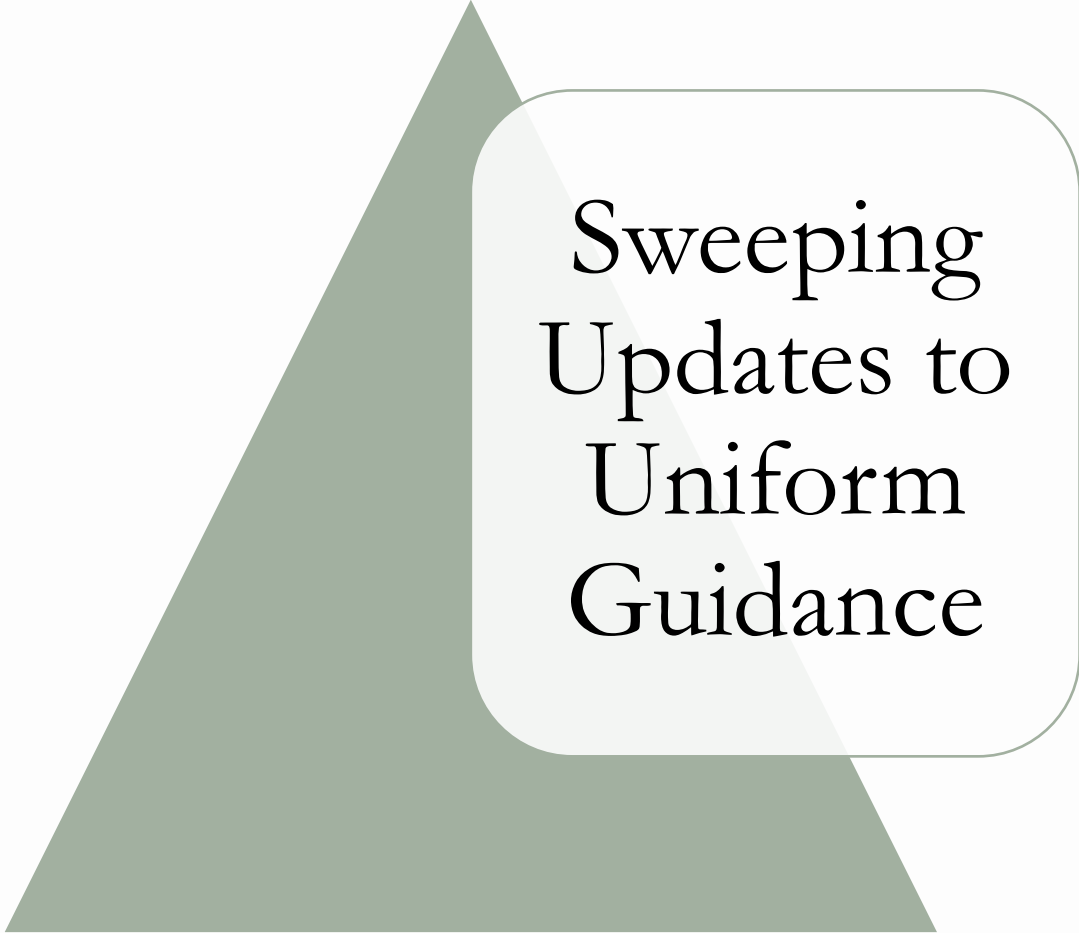
2024 OMB Compliance Supplement

Other Federal Updates



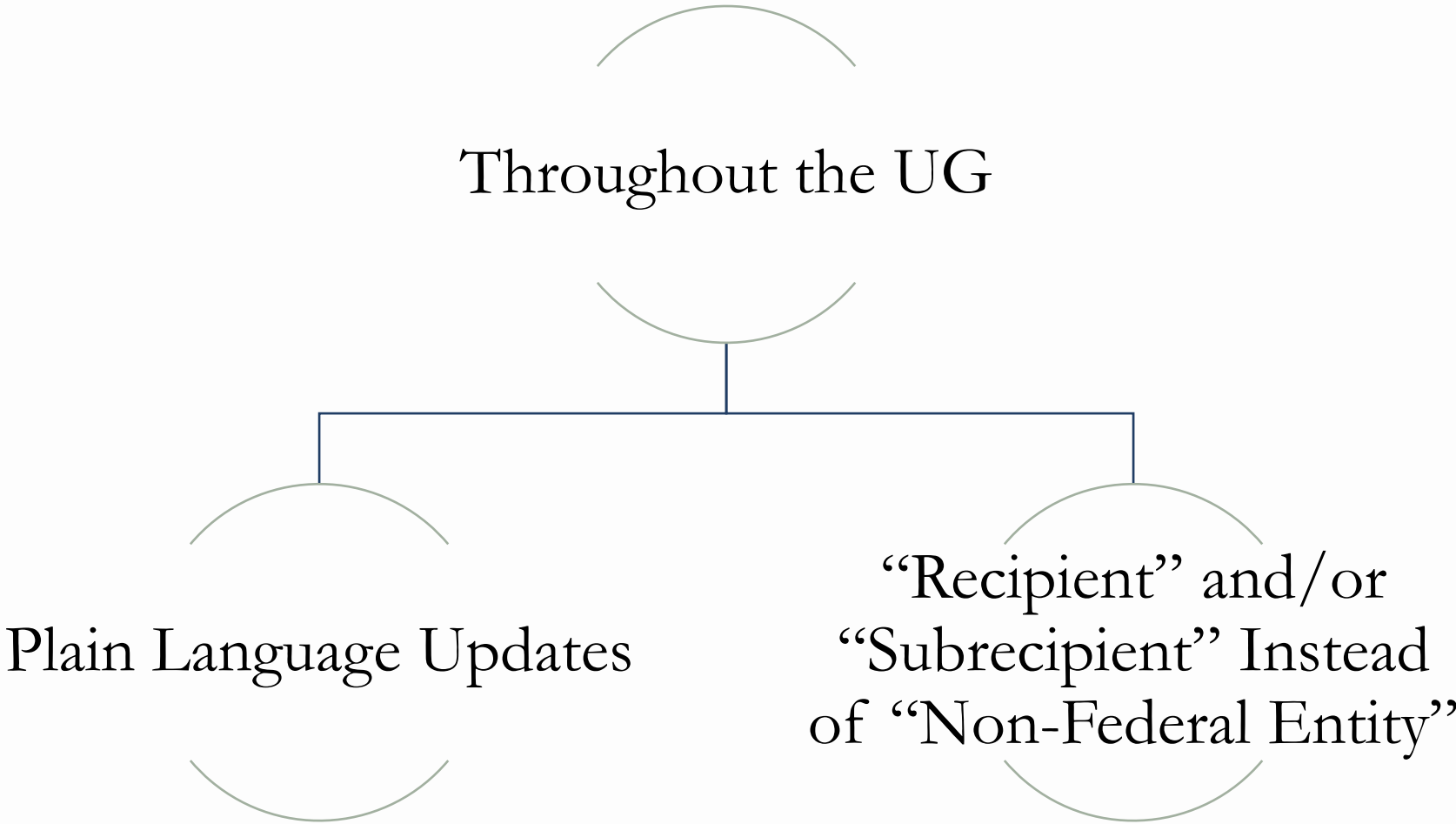
# Uniform Guidance Update

# Uniform Guidance Updates



Sweeping  
Updates to  
Uniform  
Guidance

# Uniform Guidance Updates



# Uniform Guidance Updates

## Equipment

Capitalization  
Threshold Increase  
from \$5,000 to  
\$10,000

*2 CFR 200.1*

# Uniform Guidance Updates

De Minimis  
Indirect Cost Rate

- Increase from 10% to 15% of Modified Total Direct Costs

Modified Total  
Direct Costs  
(MTDC)

- Includes First \$50,000 of Each Subaward (Previously \$25,000)

*2 CFR 200.414(f); 2 CFR 200.1*

# Uniform Guidance Updates

Internal  
Controls

- Must **Document** Internal Control
- Must Take Reasonable Cybersecurity and Other Measures to Safeguard Information

*2 CFR 200.303*

# Uniform Guidance Updates

## Procurement Updates

Removed Prohibition  
on Geographical  
Preferences in  
Evaluation of Bids  
or Proposals

Terminology Change:  
Small Purchases Now  
Simplified  
Acquisitions

Must Provide  
Justification for  
Rejected Bids

*2 CFR 200.317 - .327*

# Uniform Guidance Updates

Single Audit  
Threshold

- Increase from \$750,000 to \$1,000,000

Type A  
Threshold

- Increase from \$750,000 to \$1,000,000

*2 CFR 200.501, 2 CFR 200.518*



# Uniform Guidance Updates

Effective Dates

Federal Agency Adoption

Required by October 1,  
2024

Early Implementation  
Permitted

# Uniform Guidance Updates

2024 OMB  
Compliance  
Supplement

- “The auditor should perform reasonable procedures to ensure that compliance requirements identified as subject to the audit are current and determine whether there are any additional or modified provisions of federal awards based on the 2024 revisions.”

# Uniform Guidance Updates

Effective Dates

Audit Requirements

Effective for Audits of  
Fiscal Years Beginning on  
or After October 1, 2024

Fiscal Year 2026 for  
Schools

Early Adoption Not  
Permitted

# 2024 OMB Compliance Supplement

# 2024 OMB Compliance Supplement

All Uniform Guidance references and requirements are based on the Uniform Guidance **prior to** the 2024 update.

# 2024 OMB Compliance Supplement, Part 3: New Step Added to Section I: Procurement and Suspension and Debarment

Select a sample of procurement agreements for infrastructure projects subject to Build America, Buy America (BABA) and test whether the non-federal entity included the Buy America domestic preference provisions in each agreement, or obtained a BABA waiver.

For each agreement selected where a waiver was not applicable, review the non-federal entity's documentation supporting that it monitored the contractor's compliance with the BABA domestic preference provisions in the agreement (2 CFR 200.318(b)).

# 2024 OMB Compliance Supplement, Part 4

Changes to  
Programs  
Included in  
the OMB  
Compliance  
Supplement

- Several Programs Added, Including Many Funded by Infrastructure Investment and Jobs Act (IIJA)
- Programs Not Frequently Audited Were Removed

## Part 4: Child Nutrition Cluster

Section N: Verification of  
Free and Reduced Price  
Applications was Deleted



## Part 4: Child Nutrition Cluster

USDA Particularly Interested in Ensuring Procurements Adhere to Federal Standards

Potential  
Conflicts of  
Interest

Proper  
Documentation

Less Than  
Arm's Length  
Transactions

# Part 4: Community Development Block Grants (CDBG) Entitlements/Special Purpose Cluster (AL #14.218 and AL #14.225) and CDBG State's Program (AL #14.228)

## Section L: Reporting

- Performance reporting no longer applicable.

## Section N: Special Tests and Provisions

- New Requirement: Section 3 of the Housing and Community Development Act (HCDA)

# Part 4: Public Housing Operating Fund (AL #14.850)

New Name

## Section N: Special Tests and Provisions

- Deleted Requirement: CARES Act Funding
- New Requirement: Shortfall Funding

# Part 4: Housing Voucher Cluster (AL #14.871 and AL #14.879)

Section N:  
Special  
Tests and  
Provisions

- Deleted Requirement: CARES Act Funding

# Part 4: Public Housing Capital Fund (AL #14.872)

## Changes to Direct and Material Compliance Requirements:

- Removed Section I: Procurement and Suspension and Debarment
- Removed Section N: Special Tests and Provisions
- Added Section L: Reporting

# Part 4: Emergency Rental Assistance (AL #21.023)

## Changes to Direct and Material Compliance Requirements

- Removed Section M: Subrecipient Monitoring
- Added Section G: Matching, Level of Effort, Earmarking

# Part 4: State and Local Fiscal Recovery Funds (SLFRF) (AL #21.027)

Guidance updated to include the three additional allowable use categories established under the 2023 Interim Final Rule

- Emergency Relief from Natural Disasters
- Surface Transportation Projects
- Title I Projects

Section G: Matching, Level of Effort, Earmarking

- Matching and Level of Effort are Applicable
- Previously, Only Earmarking was Applicable

# Part 4: Emergency Connectivity Fund (AL #32.009)

## Changes to Direct and Material Compliance Requirements

- Removed Section I: Procurement and Suspension and Debarment

## Section N: Special Tests and Provisions

- Deleted Requirement: Eligible Entities



## Part 4: Title I (AL #84.010)

### Changes to Direct and Material Compliance Requirements

- Removed Section L: Reporting

### Section N: Special Tests and Provisions

- New Requirement: Title I, Part A Specific Supplement Not Supplant

# Part 4: Twenty-First Century Community Learning Centers (AL #84.287)

## Changes to Direct and Material Compliance Requirements

- Removed Section E: Eligibility
- Removed Section L: Reporting
- Added Section N: Special Tests and Provisions: *Participation of Private School Children*

# Part 4: Supporting Effective Instruction State Grants (AL #84.367)

## Changes to Direct and Material Compliance Requirements

- Removed Section L: Reporting

# Part 4: Foster Care – Title IV-E (AL #93.658)

Section N:  
Special  
Tests and  
Provisions

- Deleted Requirement: Former Operation of a Foster Care Demonstration Project

# Part 4: Block Grants for Substance Use Prevention, Treatment, and Recovery Services (AL #93.959)



# Part 5: Student Financial Assistance Cluster (SFA)



# Part 5: Student Financial Assistance Cluster (SFA)

## New Requirement in Section N: Special Tests and Provisions

- Institutional Eligibility

## Deleted Requirements in Section N: Special Tests and Provisions

- Satisfactory Academic Progress
- Additional Locations

# Part 5: Student Financial Assistance Cluster (SFA)



Updated Guidance



Changes to Suggested Audit  
Procedures



# Part 5: Other Clusters

## No Longer Clustered

- Community Facilities Loans and Grants Cluster
- Clean Water State Revolving Fund (CWSRF) Cluster
- Drinking Water State Revolving Fund (DWSRF) Cluster

## Other Cluster Changes

- AL #14.182 Removed from Section 8 Project-Based Cluster
- AL #20.611 Removed from Highway Safety Cluster

# Part 8: Higher Risk Designated Programs

Agency	Assistance Listing Number (ALN)	Title
HHS**	93.778/93.777/93.775	Medicaid Cluster
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds
Interior**	15.252	Abandoned Mine Land Reclamation (AMLR)

\* Programs considered 100% COVID-19 funding.

\*\* Existing programs that received additional IIJA or COVID-19 funding.

# Other Federal Updates

# Federal Audit Clearinghouse (FAC)

## FAC Updates Since Transition from Census to GSA October 2023

User-Friendly  
Validation

Ability to  
Download  
Workbooks  
Before  
Submission

User  
Information  
Can be  
Updated

Locked Forms  
Can Be  
Unlocked

# Federal Audit Clearinghouse (FAC)

*Ability to Resubmit a Previously Submitted Audit is on FAC's Radar*

# State and Local Fiscal Recovery Funding (SLFRF, AL #21.027)

Obligation Deadline of  
December 31, 2024

Influx of Pass-Through  
Funding to Locals as  
Obligation Period Winds Down

# State and Local Fiscal Recovery Funding (SLFRF, AL #21.027) Alternative Compliance Examination Engagements

ACE  
Engagements  
Continue to be an  
Option in 2024

ACE Reports  
Filed by Auditee  
via Treasury Portal

# Low Risk Auditee Determination: US Department of Education Interpretation

Data Collection Form (DCF) must be filed within the earlier of 30 days after receipt of the auditor's report or 9 months after year-end.



For audits submitted after June 30, 2024, the US Department of Education considers the date of the auditor's report to be the date received.

*34 CFR § 668.23(a)(4)*



# Student Financial Assistance (SFA) Cluster

## Related Party Disclosure Requirements

- Effective for audits of SFA recipients issued on or after July 1, 2024.
- Notes to the Financial Statements must include detailed descriptions of related parties in the related party disclosure.
- If there are no related party transactions, Notes to the Financial Statements must disclose that fact.

*34 CFR § 668.23(d)(1)*

# Federal Award Compliance and Control Record (FACCR) Update: Written Policies

## Documentation of Required Written Policies

- Document whether the non-federal entity established written procedures consistent with the following requirements:
  - 2 CFR 200.302(b)(7) for determining the allowability of costs in accordance with Subpart E-Cost Principles.
    - Reference to Written Policy: Auditors must include a reference here to the Entity's written policy which addresses this requirement. If the Entity does not have a written policy, auditors must document a reaction/conclusion.
  - 2 CFR 200.430 for allowability of compensation costs.
    - Reference to Written Policy: Auditors must include a reference here to the Entity's written policy which addresses this requirement. If the Entity does not have a written policy, auditors must document a reaction/conclusion.
  - 2 CFR 200.431 for written leave policies.
    - Reference to Written Policy: Auditors must include a reference here to the Entity's written policy which addresses this requirement. If the Entity does not have a written policy, auditors must document a reaction/conclusion.

# Resources

# Federal Resources from AOS

## 🏠 Reference Materials

### Clients & IPA Firms

[GASB 84](#)

[GASB FAQs](#)

[Library FAQs and Program Codes](#)

[Other Accounting FAQs](#)

[Financial Statement Shells & Footnotes](#)

- [GAAP](#)

- [GASB 44 – Tables](#)

- [OCBOA](#)

- [Regulatory](#)

- [Specialized Footnotes](#)

[Ohio Compliance Manuals](#)

[Single Audit Practice Aids & Report Shells](#)

[Federal Award Compliance Control Records \(FACCR\)](#)

[Agreed-Upon Procedure Shells](#)

**Audit Report Shells**

- [FYE 12/31/21 & Subseq](#)

- [Prior to FYE 12/31/21](#)

## Single Audit Practice Aids & Audit Report Shells

### Single Audit Practice Aids

- [Federal Award Compliance Control Records \(FACCR\)](#)
- [Record of Single Audit Risk & Major Program Determination \(RSAR\) \(xlsx\)](#)  
(For 2022 Audits)
- [Record of Single Audit Risk & Major Program Determination \(RSAR\) \(xlsx\)](#)  
(For June 30, 2023 – June 29, 2024, Year End Audits)
- [School SEFA Transaction Presentations – May 2024 \(pdf\)](#)
- [2024 SEFA Completeness Guide – rev. Aug 2024 \(pdf\)](#)
- [2023 SEFA Completeness Guide – rev. Aug 2024 \(pdf\)](#)
- [Federal Frequently Asked Questions – rev. Jun 2024 \(pdf\)](#)

### Single Audit Report Shells

- [Sample Corrective Action Plan Uniform Guidance \(docx\)](#)
- [Schedule of Expenditures of Federal Awards Uniform Guidance – Nov 2023 \(xlsx\)](#)
- [Notes to the Schedule of Expenditures of Federal Awards Uniform Guidance – May 2024 \(docx\)](#)
- [Schedule of Findings and Questioned Costs Uniform Guidance \(docx\)](#)
- [Schedule of Prior Findings and Questioned Costs Uniform Guidance – Nov. 2023 \(docx\)](#)

### AL #21.027 State and Local Fiscal Recovery Fund Alternative Compliance Examination Practice Aids

A brief discussion on the benefits of performing an Alternative Compliance Examination Engagement rather than a full Single Audit is [available on demand](#).

<https://www.ohioauditor.gov/references/practiceaids.html>

# Federal Resources from AOS

**Federal Resources**



**General Federal Resources**  
Guidance for Ohio governments who receive and expend Federal funding.

[Federal Resources](#)

**COVID-19 Resources**



**Covid-19 Assistance**  
Resources and guidance for funding provided by COVID-19 Federal funding streams.


[COVID-19 Resources](#)

[Fiscal Tracking](#)

[Guidance for Clients](#)

[FAQs](#)

**Infrastructure Law**



**Infrastructure Resources**  
Resources and guidance for funding provided by the Infrastructure Investment and Jobs Act.

[Infrastructure Investment and Jobs Act](#)

<https://ohioauditor.gov/resources/federal.html>

# Questions?

Amanda Stidham, CPA, CFE  
Quality Assurance and Technical Specialist  
Center for Audit Excellence  
[AOSFederal@ohioauditor.gov](mailto:AOSFederal@ohioauditor.gov)





OHIO AUDITOR OF STATE  
KEITH FABER



Conference Notes

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

OHIO AUDITOR OF STATE  
**KEITH FABER**



**Conference Notes**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---