



Community School Training

August 8, 2014

Ohio Department of Transportation
1980 W. Broad St.
Columbus, Ohio 43223



Auditor of State Dave Yost

2014 Community School Training Friday, August 08, 2014

8:30 a.m. - 9:00 a.m.	Registration
9:00 a.m. - 9:05 a.m.	Conference Welcome
9:05 a.m. - 10:00 a.m.	Managing Federal and State Grants Brian Jones, Ohio Department of Education
10:00 a.m. - 11:15 a.m.	A-133 Update Kelly Berger-Davis, Auditor of State's Office
11:15 a.m. - 11:30 a.m.	Break
11:30 a.m. - 12:15 p.m.	Getting Organized For Your Audit Joey Jones, Auditor of State's Office
12:15 p.m. - 1:15 p.m.	Lunch
1:15 p.m. - 2:15 p.m.	Legal Update Brendan Inscho, Auditor of State's Office
2:15 p.m. - 2:30 p.m.	Break
2:30 p.m. - 3:30 p.m.	Annual Financial Data Reporting System Leanna Abele, Auditor of State's Office
3:30 p.m. - 3:45 p.m.	Certificates/Adjourn



Managing Federal and State Grants

August 8, 2014

Office of Grants Management
25 South Front Street Mail Stop G03
Columbus, Ohio 43215-4183

Brian Jones, Executive Director
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Yolanda Mitchell, Grants Management Supervisor
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Lois Sunderland, External Audit Supervisor
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Tiffany Davis, Grants Administrator
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Fiscal Services Grants Management and Grants Administration

GM Consultants (Supervisor + 2 Consultants)
➤ Project Cash Requests (PCR)
➤ Fiscal Expenditure Reports (FER)
➤ Federal Requirements (EDGAR)
➤ (GM) Business Rules

External Monitoring Team (Supervisor + 2 monitors)
➤ Subrecipient Monitoring vs. Single Audits (A-133)
➤ Basics to Prepare for SRM
➤ Trending Statewide Issues/Findings
➤ GM Business Rules

Grants Administration (Administrator + 1 Coordinator)
➤ Indirect Cost Rate
➤ Time & Effort
➤ Combined Federal Circular
➤ Program and GM Business Rules

Financial and Grants Management

- **Overview:**
 - What it is? How does this Affect me?
 - Communication
- **Technical Aspects:**
 - Paper Grant vs. CCIP
 - PCR (Advance vs. Reimbursement)
 - Final Expenditure Report
- **Maintaining Compliance**
 - Subrecipient Monitoring vs. Single Audits

How does this affect me?

- All grants, federal or state, have requirements to ensure the grant is used for its intended purpose.
- If **determined** to be noncompliant the funds would be required to be returned and future funding could be in jeopardy.
 - Determination could be through an audit, monitoring or simple desk review.

Communication

- **Communication is key to an efficient and effective grant process**
 - Not just between ODE and district
 - District Internal groups (various offices within the district)
 - District's relationship with External groups
 - District and their external auditor (AOS, IPA)
 - **Periodic status updates:**
 - **Internally:** anything that may effect the grant programmatically or financially should be updated.
 - » If everything is on the table there will be no surprises during grant closeout.
 - **Auditor: No surprises! Don't be afraid your auditor questions**
 - » Example: make sure update meetings give the district enough time to request "Prior Period Adjustment" if needed.
 - Assume Nothing!

Technical Aspects of Managing a Grant

- New for FY15 - Majority of Paper grants moved CCIP
 - **Standardized Award Letter** -
 - Starting FY16 Award Letter is required to have the following Information Award Amount, Program Period, Purchase order number, CFDA number (if applicable), USAS Code, contact information for questions, how to request funds, required financial and programmatic (if applicable) reporting Due Dates.
 - **DUNS #**, please make sure we have the correct within EMIS (FAFATA)
 - **Full CCIP capabilities**
 - Budget Revisions, Project Cash Requests (PCR) and Final Expenditure Reports (FER) completed online
 - Ability to track allocations, amount received and expenses reported electronically
 - Funds controlled by allocation load amount, No more Purchase Orders (P.O.) assigned by ODE to track
 - History Log, Contact List and direct e-mail abilities

Technical Aspects (cont.)

- 97% of all USDOE Project Cash Requests (PCR) and Final Expenditure Reports (FER) come through the Office of Grant Management
- Grants Management determines,
 - If the reported expenditures were budgeted. If not where's the revision?
 - Does the request exceed 10%, if so is there justification (USDOE asks this question all the time). **Does it meet immediate cash needs? Is support documentation needed? Is there cash on hand?**
 - Do the reported expenses seem reasonable compared to the last PCR submitted
- From these questions we help ensure Ohio maintains its ability to allow districts to request advances.

Only a few states are given the ability by USDOE to allow advance payment.

Technical Aspects (cont.)

- Proper Support Documentation
 - Time and Effort (will be updating guidance) (OMB A-87 Requirement)
 - No Estimates
 - Is it in writing? History Log?
- Proper Coding
 - Fund and Object (does it make sense)
- Indirect Cost Rate
 - USDOE looking for LEAs to utilize an indirect cost rate
 - Adding Indirect Cost Rate calculation to the CCIP
 - Indirect Cost has its own line on budget and is coded to Object Code 800 "Other"

Subrecipient Monitoring

Subrecipient Monitoring (SRM) vs Single Audits (A-133)

Subrecipient Monitoring -is the process of providing oversight on subawards throughout their lifecycle including:

- A. Monitoring the activities of subrecipients (Grantees)
- B. Ensuring Federal awards are used in compliance with laws, regulations and the provisions of the grant provisions.
- C. Ensuring performance goals are achieved.

Single Audit Act (A-133)- a federal audit completed by an independent auditor as part of the financial audit of an entity with more than \$500,000 in federal expenditures.

Note: Single audit only selects a sample of grants and does not look at all the grants an entity may receive. Therefore, a Single Audit cannot be used in lieu of subrecipient monitoring.

Statewide monitoring/audit Issues

- 1)Lack of or incomplete Time & Effort forms/Semi-Annual Certifications.
 - 2 CFR 225 Appendix B 8.g. (1-3) Where an employee work on multiple activities, A Fed award and a non-Fed award, 2 or more indirect activities = T & E
 - Where are expected to work solely on a single Fed award=Semi Annual certs
- 2)Cash Management & Time Lapsed between payments.
 - 34 CFR 80.20 (b)(7) and 80.21 (c)
- 3)Obligations/Period of Availability (POA)
 - 34 CFR 80.23- Ensure expenses are incurred within the project period
- 4)Activities Allowed or Unallowed
 - Costs that are: Reasonable, allocable, necessary, & compliant

Grants Administration

- State Level Grant Life Cycle Process
- Responsible for Indirect Cost Rates
 - Review and approval
- Review “New” and “Updated” General Federal Compliance Policies

Time & Effort

- When an employee works on multiple cost objectives (different federal funds) they must maintain a distribution of their salaries. This has been done by maintaining time and effort documentation (personal activity reports), where the employee associates the total hours worked during the pay period to a specific activity and/or funding source. Failure to complete and retain proper documentation could result in questioned costs with the potential of loss of funds for the LEA.
- Based on feedback to reduce the burden of this time and effort documentation, USDOE is allowing ODE to develop substitute systems for tracing required information. An LEA may submit proposed documentation for personal activity reports that contains the required components. Once the proposed documentation is reviewed and approved, the LEA will receive notification that their plan is acceptable and will be able to use their new format.
 - Current Requirements
 - They must reflect an after-the-fact distribution of the actual activity of each employee
 - They must account for the total activity for which each employee is compensated
 - They must be prepared at least monthly and must coincide with one or more pay periods
 - They must be signed by the employee
 - New Flexibility
 - Allows for a hybrid of semi-annual certifications and employee "calendar"
 - Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule
 - Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule
 - Be certified at least semiannually and signed by the employee or a supervisory official having firsthand knowledge of the work performed by the employee

Questions?



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Community School Training

Changes to Single Audits
The New OMB Super-Circular
(A-87, A-122, A-21, A-102, A-110, A-89, A-133 & A-50)

Presented by:
Kelly Berger-Davis, AOS CFAE

Ohio Auditor of State
Dave Yost
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Agenda

- Background & General Information
- Roadmap of New and Old Requirements
- Specific Changes
- What To Do NOW!!!
- Straight A Grant – new STATE grant



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What is a single audit?

- History of A-133:
 - “The Single Audit Act of 1984” (*Public Law 98-502*) established requirements for certain governments that administer Federal financial assistance programs.
 - **Single Audit Act** Amendments of 1996 (*31 USC 75*)
 - OMB Circular A-128 (*Audits of States, Local Governments*), issued in 1985 to help auditors and recipients implement the new Single Audit Act.
 - OMB Circular **A-133** (*Audits of Institutions of Higher Education & Other Non-Profit Organizations*), issued in 1990, where OMB extended the single audit process to non-profits.
 - A-133 requirements amended in 2003 & 2007 & 2013



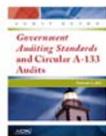
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What is a single audit?

- History of A-133:
 - Each year, OMB issues an updated version of the “OMB Compliance Supplement” to assist auditors in performing the required audits.
 - In addition, the AICPA maintains a guide titled *Government Auditing Standards and Circular A-133 Audits* which gives a basic description of the procedures auditors should perform and the reports they should issue for single audits.



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Am I required to have a single audit?



- A-133, Subpart B, Section .200(a) states:
 - Non-Federal entities that **expend \$500,000 (for fiscal years ending after December 31, 2003) or more in a year in Federal awards** shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part.



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Am I required to have a single audit?

- So, how do you know how much Federal funds you spent?
 - It is **VERY IMPORTANT** that the Treasurer has some method in place to track federal expenditures!
 - As an example: Each federal grant is tracked in a separate fund & cost center. At year end, as part of closing out the books, the system requires the Treasurer to complete a Federal Expenditures summary to determine if it is over the threshold.



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Am I required to have a single audit?

- **IMPORTANT NOTES:**
 - If the Charter School passes federal funds through to their Management Company to spend – the federal expenditures are determined when they are spent by the management company.
 - A-133 requires the auditee to prepare a schedule of expenditures of federal awards.
 - A-133 requires the auditor to determine and provide an opinion on, whether the auditee's schedule is presented fairly.
 - Auditors must be able to audit original records (ie. when school utilizes a mgmt. co. auditors need mgmt. company records).

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Am I required to have a single audit?

- So, how do you know if you require a single audit, if you don't track and calculate total federal expenditures at the end of the fiscal year?
 - You don't know, and you may not get the required single audit.

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Am I required to have a single audit?

- Per A-133 .235(c)(1):
 - The audit shall be completed and the reporting required by paragraph (c)(2) or (c)(3) of this section submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period.
 - If FYE is 6/30/14, then single audit must be done and submitted by 3/31/15.



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Am I required to have a single audit?

- If an entity fails to have a required single audit, or fails to meet the A-133 deadline, there are several possible consequences:
 - Pay back the federal funds, and/or
 - Loss of federal funding in future years, and/or
 - Citations, internal control deficiencies, & A-133 opinion modification in federal audit,
 - Etc.
- It is up to the Federal Agency to decide what the ultimate outcome will be.



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Am I required to have a single audit?

- If your school did not qualify for a single audit in the past, be sure to contact your auditors ASAP if you think you may be single in the current year!
 - Auditors need to do single audits earlier in order to meet the deadline.



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Super-Circular - Background

- President Obama's Administration launched its Campaign to Cut Waste and go after unnecessary, inefficient, or ineffective government spending on June 13, 2011.
- Also on June 13, 2011 President Obama issued an Executive Order on Delivering an Efficient, Effective, and Accountable Government.



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Background

- OMB therefore created a Council on Financial Assistance Reform (COFAR) on October 27, 2011 to provide recommendations to OMB on policies and actions necessary to effectively deliver, oversee, and report on grants and cooperative agreements.
 - In addition to other items, COFAR was also tasked with streamlining and simplifying the financial assistance process by eliminating unnecessary regulatory, reporting, and grant-agreement requirements and by increasing flexibilities for satisfying grant requirements.



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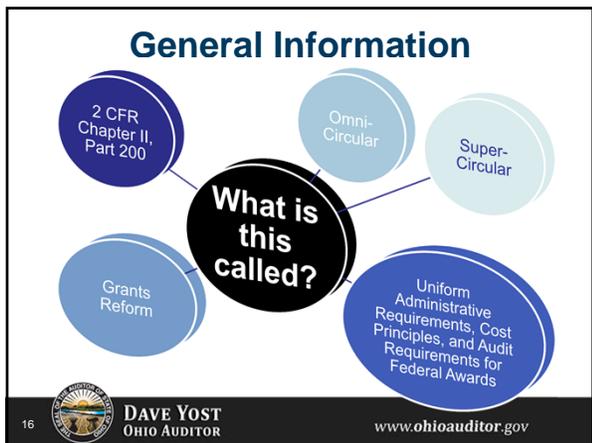
Background

OMB Reform was issued in 3 parts

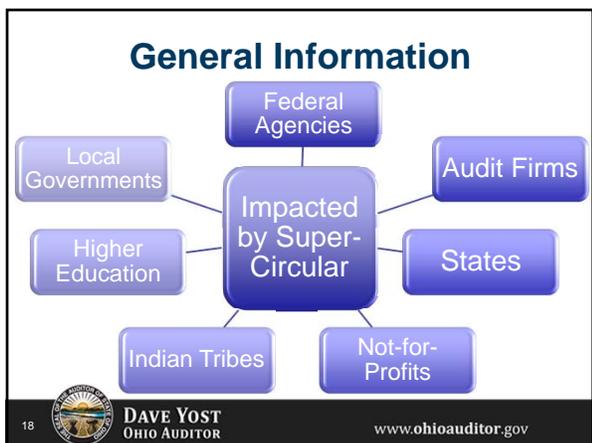


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- ### General Information
- Where can I find the Super-Circular?
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
 - Does this apply to me?
 - Yes – if you receive any federal grants.
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General Information

- What is the effective date?
 - Federal Agencies must adopt the guidance and implement the requirements to be effective by 12/26/14
 - All Federal Agencies are expected to implement the guidance in unison to provide for a smooth transition for entities that are required to comply



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General Information

- What is the effective date? (cont'd)
 - Non-Federal entities: *Administrative requirements and cost principles* will apply to new awards and to additional funding to existing awards (funding increments) made after 12/26/14
 - This does not retroactively change the terms and conditions for funds a non-Federal entity has already received.
 - Existing Federal awards will continue to be governed by the terms and conditions of the Federal award



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General Information

- What is the effective date? (cont'd)
 - **Important note** – OMB clarified in their 2/12/14 FAQ's:
 - "We would anticipate that for many of the changes, non-federal entities with both old and new awards may make changes to their entity-wide policies (for example to payroll or procurement systems)."
 - "Non-Federal entities wishing to implement entity-wide system changes to comply with the uniform guidance after the effective date of 12/26/14 will not be penalized for doing so."



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General Information

- What is the effective date? (cont'd)
 - Non-Federal Entities - *Audit Requirements* are effective for fiscal years beginning on or after 12/26/14
 - For fye 12/31 entities, audit requirements would be effective for the 1/1/15 – 12/31/15 fiscal year
 - For fye 6/30 entities, audit requirements would be effective for the 7/1/15 – 6/30/16 fiscal year
 - Audit requirements cannot be early implemented



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General Information

- Non-Federal Entities:
 - 6/30/14, 9/30/14, & 12/31/14 FYE's – No impact
 - 3/31/15, 6/30/15, & 9/30/15 FYE's –
 - Super-Circular *administrative requirements & cost principles* apply to new federal awards and additional funding to existing awards
 - Old (current) A-133 *audit* requirements in effect
 - 12/31/15 FYE and beyond –
 - New *administrative requirements, cost principles* and *single audit requirements* all apply



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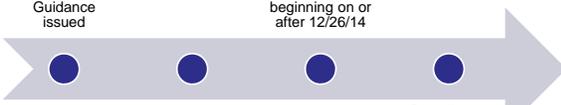
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General Information

Subpart F - Audit Requirement Timeline

Subpart F Audit Guidance effective for non-Federal entities with fiscal years beginning on or after 12/26/14

12/26/13 Final Guidance issued



6/14 Fed. Agencies to submit draft rules to OMB

Compliance supplement expected to change 2015

Early Implementation Is NOT Permitted



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General Information



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General Information

- OMB's purpose is to help reduce the administrative burden and strengthen oversight of federal funds to reduce the risk of fraud, waste and abuse.
 - This guidance makes grant requirements similar across all types of grant recipients and all federal agencies.
 - Aims to eliminate duplicative language, and to clarify where grant policies are different across entity types.

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Roadmap of OLD (current) OMB Circulars and NEW Super-Circular



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Roadmap – OLD (current) A-133

- Subpart A – General Info
 - .100 Purpose
 - .105 Definitions
- Subpart B – Audits
 - .200 Audit requirements
 - .205 Basis for determining Federal awards expended
 - .210 Subrecipient and vendor determinations
 - .215 Relation to other audit requirements
 - .220 Frequency of audits
 - .225 Sanctions
 - .230 Audit costs
 - .235 Program-specific audits



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Roadmap – OLD (current) A-133

- Subpart C – Auditees
 - .300 Auditee responsibilities
 - .305 Auditor selection
 - .310 Financial statements
 - .315 Audit findings follow-up
 - .320 Report submission
- Subpart D – Federal Agencies & Pass-Through Entities
 - .400 Responsibilities
 - .405 Management decision



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Roadmap – OLD (current) A-133

- Subpart E – Auditors
 - .500 Scope of audit
 - .505 Audit reporting
 - .510 Audit findings
 - .515 Audit working papers
 - .520 Major program determination
 - .525 Criteria for Federal program risk
 - .530 Criteria for a low-risk auditee



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Roadmap – OLD (current) A-87

- A-87 (cost principles) was codified in 2 CFR 225:
 - Appendix A - General Principles for Determining Allowable Costs
 - Appendix B - Selected Items of Cost
 - Appendix C - State/Local-Wide Central Service Cost Allocation Plans
 - Appendix D - Public Assistance Cost Allocation Plans
 - Appendix E - State and Local Indirect Cost Rate Proposals

Roadmap – OLD (current) A-102

- Each federal agency codified A-102 (Administrative Requirements) in their own section of the CFR:
 - US Department of Education – 34 CFR 80
 - US Department of Agriculture – 7 CFR 3016
 - Complete listing of US Dept's is available at http://www.whitehouse.gov/omb/grants_chart
- A-102:
 - Section 1 – Pre-Award Policies
 - Section 2 - Post-Award Policies
 - Section 3 – After-The-Grant Policies

Roadmap – New Super-Circular

Federal Register / Vol. 78, No. 248 / Thursday, December 26, 2013 / Rules and Regulations



FEDERAL REGISTER

Vol. 78 Thursday,
No. 248 December 26, 2013

Part III

Office of Management and Budget

2 CFR Chapter I, Chapter II, Part 200, et. al.
Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards, Final Rule

Roadmap – New Super-Circular

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Roadmap – New Super-Circular

- Part II – Major Policy Reforms
 - Chapter II – OMB Guidance
 - Part 200
 - Subpart A – 200.0 – 200.99 - Acronyms & Definitions
 - Subpart B – 200.100 – 200.113 - General Provisions
 - » i.e. authorities, effective/applicability date, conflict of interest
 - Subpart C – 200.200 – 200.211 - Pre-Federal Award Requirements and Contents of Federal Awards
 - » i.e. use of grant agreements, cooperative agreements and contracts, special conditions, public access to federal award information

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Roadmap – New Super-Circular

- Part II – Major Policy Reforms
 - Chapter II – OMB Guidance
 - Part 200 (cont'd)
 - Subpart D – 200.301 – 200.345 - Post Federal Award Requirements
 - » i.e. standards for financial and program management; property standards; procurement standards; performance and financial monitoring and reporting; subrecipient monitoring and management; record retention and access; remedies for noncompliance; closeout; post-closeout adjustments and continuing responsibilities; collection of amounts due

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Roadmap – New Super-Circular

- Part II – Major Policy Reforms
 - Chapter II – OMB Guidance
 - Part 200 (cont'd)
 - Subpart E – 200.400 – 200.475 - Cost Principles
 - » Formerly A-87 (A-21 and A-122)
 - » i.e. general provisions; basic considerations; direct and indirect costs; special considerations for local gov's; general provisions for selected items of cost
 - Subpart F – 200.500 – 200.521 - Audit Requirements
 - » i.e. auditee responsibilities; federal agency responsibilities; auditor responsibilities; management decisions



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Roadmap – New Super-Circular

- Part II – Major Policy Reforms
 - Chapter II – OMB Guidance
 - Part 200 (cont'd) – Appendices:
 - Appendix I – Full Text of Notice of Funding Opportunity
 - Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
 - Appendix III - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
 - Appendix IV - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations



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Roadmap – New Super-Circular

- Part II – Major Policy Reforms
 - Chapter II – OMB Guidance
 - Part 200 (cont'd) – Appendices:
 - Appendix V – State/Local Government and Indian Tribe – Wide Central Service Cost Allocation Plans
 - Appendix VI - Public Assistance Cost Allocation Plans
 - Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals
 - Appendix VIII - Nonprofit Organizations Exempted From Subpart E—Cost Principles of Part 200
 - Appendix IX - Hospital Cost Principles
 - Appendix X – Data Collection Form
 - Appendix XI - Compliance Supplement



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Specific Changes



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Specific Changes

Subpart A – 200.0 – 200.99 - Acronyms & Definitions

OLD (current)	NEW Super-Circular	Super-Circular Section
Circular A-133 Compliance Supplement	Compliance Supplement	200.21
Vendor	Contractor	200.23
n/a	Personally Identifiable Information (PII)	200.79
n/a	Protected Personally Identifiable Information	200.82
n/a	Program Income	200.80

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Specific Changes

Subpart B – 200.100 – 200.113 - General Provisions



Clarifies that the terms and conditions of federal awards flow down to subrecipients unless the Uniform Grant Guidance or the terms and conditions specifically indicate otherwise.



Federal agencies must not impose additional or inconsistent requirements, except as provided in 200.102 and 200.210.

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Specific Changes

Subpart B – 200.100 – 200.113 - General Provisions

Conflict of Interest

- Federal awarding agencies must establish conflict of interest policies for their federal awards
- Non-federal entities must disclose in writing any potential conflict of interest to the Federal awarding agency (or pass-through entity) in accordance with the federal awarding agency policy

Mandatory Disclosures

- Non-federal entities must disclose all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award

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Specific Changes

Subpart C – 200.200 – 200.211 - Pre-Federal Award Requirements and Contents of Federal Awards

Streamlined guidance to federal agencies on information required to be provided to non-federal entities

Determining the instrument to be used	Standard formats to announce funding opportunities	Fed's required to consider risk posed by each applicant prior to making award
<ul style="list-style-type: none"> - Grant agreements - Cooperative agree. - Contract 		<ul style="list-style-type: none"> - Financial stability - Prior performance - Mgmt. systems

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Specific Changes

Subpart D – 200.301 – 200.345 - Post Federal Award Requirements

Requires non-Federal entities to have effective internal controls over federal awards and mentions 3 best practices:

- GAO's Green Book
- COSO's Internal Control Framework
- Compliance Supplement, Part 6 Internal Control

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Specific Changes

Subpart D – 200.301 – 200.345 - Post Federal Award Requirements (cont'd)

Explicit information on what info must be included by a pass-through entity in its subawards at the time subaward is made

- Federal award identification
- All requirements imposed by the pass-through entity
- Certain indirect cost information
- Access requirements
- Terms & conditions surrounding closeout

Pass-through entity's responsibility to evaluate each subrecipients risk and develop appropriate subrecipient monitoring in response to the assessed risk



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Specific Changes

Subpart D – 200.301 – 200.345 - Post Federal Award Requirements (cont'd)

Procurement

- The new procurement standards adopt the majority of the language used from Circular A-102.
- There were some changes though, so carefully review to determine the impact on your procurement procedures.
- One new item to review is micro-purchases – for acquisition of supplies or services if aggregate amount does not exceed \$3,000.



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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

Time & Effort

- Carefully read and analyze this section
- Principles based, not rules based anymore – requires judgment



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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

Direct
Costs

- Clarifies that salaries of administrative and clerical staff may be treated as direct costs if:
 - The services are integral to a project or activity
 - The individuals involved can be identified as specifically with the project or activity
 - The costs are included expressly in the budget or have the prior written approval of the federal awarding agency, AND
 - The costs are not recovered as indirect costs

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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

Indirect
Costs

- Requires federal agencies to accept a non-federal entity's negotiated indirect cost rate
- Allows for a one-time extension without further negotiation of a federally approved negotiated indirect cost rate for up to 4 years

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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

Indirect
Costs

- Provides for a de minimis indirect cost rate of 10% of modified total direct costs for entities that have never had a negotiated indirect cost rate.

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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

M

Prior
Approval

- Provides a list of circumstances under which entities need to seek prior approval from the Federal awarding agency including:
 - Pre-award costs
 - Additions to program income or the use of program income to meet a cost sharing or matching requirement
 - Changes in scope or objectives of a project/program
 - Subcontract of work under the award not previously approved

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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

M

Allowable
Costs

- Clarifies guidance for certain allowable costs:
 - Employee health/welfare costs
 - Travel Costs
 - Conferences

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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

Family-Friendly Policies

- Encouraging Non-Federal Entities to Have Family-Friendly Policies
 - “Conferences” section provides that, for hosts of conferences, the costs of identifying (but not providing) locally available child-care resources are allowable
 - “Travel costs” section provides that temporary dependent care costs that result directly from travel to conferences and meet specified standards are allowable

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Specific Changes

Subpart E – 200.400 – 200.475 - Cost Principles

Compensation - Fringe Benefits

- Added/clarified guidance on:
 - Mass severance - federal agency or cog approval required
 - Excessive severance pay - unallowable

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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

Increase in Single Audit Threshold

Maintains oversight on over 99.7% of the dollars currently subject to Single Audit

\$750,000
FYE 12/31/15
6/30/16

\$500,000
FYE 6/30/04
12/31/04

\$300,000

Reduces audit burden for approximately 5,000 entities

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Specific Changes

NUMBER OF SINGLE AUDITS BY STATE

State	Number of Single Audits
CA	1938
OH	2576
PA	2320
IL	2287
TX	2023
FL	1985
MA	1827
MD	1712
WA	1685
NY	1682
GA	1652
LA	1649
IA	1627
NC	1627
MI	1627
IN	1627
VT	1627
RI	1627
DE	1627
DC	1627
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Specific Changes
Subpart F – 200.500 – 200.521 - Audit Requirements

Report Submission

Explicitly stated that the Federal Audit Clearinghouse is the authoritative source for single audit reports

Audit reports will be publically available on the FAC website

Federal agencies, pass-through entities, and others interested in obtaining audit reports should obtain it by accessing the clearinghouse, rather than requesting it from the non-federal entity

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Specific Changes
Subpart F – 200.500 – 200.521 - Audit Requirements

Questioned Cost Threshold

OLD (current) \$10,000

Super-Circular \$25,000

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Specific Changes
Subpart F – 200.500 – 200.521 - Audit Requirements

Criteria for Low Risk Auditee

- 1 new criteria: In the prior 2 audit periods, the auditor did not report a substantial doubt about the auditee's ability to continue as a going concern.
- 1 modified criteria: In the prior 2 audit periods, the auditor's opinion on whether the financial statements were prepared in accordance with GAAP, or a basis of accounting required by state law, and the auditor's in-relation-to opinion on the SEFA were unmodified.

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Specific Changes

- OAC 117-2-03 state Pursuant to section [117.38](#) of the Revised Code, all local public offices must file an annual financial report. Such reports shall be filed in accordance with the following:
 - (B) All **counties, cities and school districts**, including educational service centers and community schools, shall file annual financial reports which are prepared using generally accepted accounting principles



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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

Not Low-Risk Auditee	Old (Current) 50%	New 40%
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% Coverage

Low-Risk Auditee	Old (Current) 25%	New 20%
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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

- Loans & Loan Guarantees – modified cluster guidance
 - A cluster of programs is treated as 1 program in determining Type A programs.
 - For the purpose of excluding large loan programs for the revised Type A threshold calculation, a cluster of programs is not considered a loan program if the individual loan programs within the cluster comprise less than 50% of the total expenditures of the cluster.



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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

- For loan & loan guarantees, now required to identify in the notes to the SEFA loan balances outstanding at the end of the audit period
 - This is in addition to including the total federal awards expended for loan or loan guarantees in the SEFA

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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

- SEFA notes required to include whether or not non-federal entity elected to use the 10% de minimis cost rate
- SEFA is now required to include the total amount provided to subrecipients from each Federal program.
 - Previously this was only required “to the extent practical”

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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

- Summary Schedule of Prior Audit Findings – this is NOT a change
 - Schedule must be prepared by Auditee (not auditor)
 - Auditor audits the schedule
 - If the auditee materially misrepresents the status of any prior audit finding, it would be reported as an audit finding in the Schedule of Findings

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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

- Auditors and auditees must ensure reports do not include protected personally identifiable information (PII) and sign a statement stating such on the DCF.



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Specific Changes

Subpart F – 200.500 – 200.521 - Audit Requirements

What is Protected PII?

A persons first name, or first initial & last name in combination with:

SS #	Passport #	Clearances	Bank Numbers	Biometrics	Date and Place of Birth	Mothers Maiden Name	Credit, Medical, & Financial Records	Educational Transcripts	Credit Card #
------	------------	------------	--------------	------------	-------------------------	---------------------	--------------------------------------	-------------------------	---------------

This does NOT include PII that is **required by law** to be disclosed.



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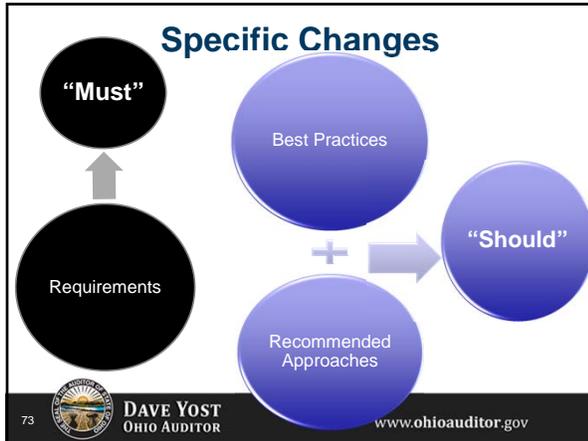
Specific Changes

- Ohio Revised code Sections 117.28, 9.24(H)(3), & 9.24(D) requires AOS to:
 - Issue FFR's in certain circumstances
 - Maintain an unresolved FFR database, accessible to the public



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Specific Changes

- § 200.303 Internal controls.
- The non-Federal entity **must**:
 - (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls **should** be in compliance with guidance in "Standards for Internal Control in the Federal Government" [*Green Book*] issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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Specific Changes

- § 200.303 Internal controls.
- The non-Federal entity **must**:
 - (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
 - (c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.
 - (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
 - (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

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Specific Changes

- Data Collection Form (DCF)
 - While not in the Super-Circular, reminder that beginning with Fy 14 audit reports, DCF's are required to be:
 - Unlocked & unencrypted
 - At least 85% text searchable



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Specific Changes

Single audit reporting deadline (currently 9 months)

**Changes
NOT
Made**

Reducing # of compliance requirements in Compliance Supplement



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What To Do NOW!!!!

- _____
- _____
- _____



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What To Do NOW!!!

- Review the details of 2 CFR Chapter II, Part 200 that are applicable to your entity
- Visit <https://cfo.gov/cofar/> for:
 - Link to COFAR's 12/20/13 webcast announcing release
 - Link to COFAR's 1/27/14 archived training webcast
 - COFAR's FAQ's
 - Register for the COFAR mailing list to receive future announcements, information on upcoming webcasts, and other COFAR resources

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What To Do NOW!!!

- Review OMB Supporting Documents http://www.whitehouse.gov/omb/grants_docs/
 - Crosswalk from Predominant Source in Existing Guidance
 - Crosswalk to Predominant Source in Existing Guidance
 - Cost Principles Text Comparison
 - Audit Requirements Text Comparison
 - Definitions Text Comparison

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What To Do NOW!!!

- Develop a plan to become compliant
- Ensure an appropriate understanding of effective dates
- Obtain an understanding of the new requirements
- Focus on areas of most significance first (time & effort, indirect costs, procurement, internal control, subrecipient monitoring)
- Begin process to update local policies and regulations on federal grants and internal controls

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Upcoming Trainings



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Upcoming Local Super-Circular Trainings

- U.S. OMB presenting at Central Ohio AGA PDT 10/14/14 & 10/15/14 in Columbus.
- AOS presenting at:
 - 8/22 AOS IPA Conference
 - 9/17-9/19 Ohio GFOA Conference



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Straight A Grant



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Straight A Grant

- This is NOT a federal grant – this is a STATE grant.
- New Fy 2014 grant
- Fy 14 appear to be non-reimbursable, but we expect Fy 15 to be different
- Post all activity to fund 466



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Straight A Grant

- Grant is restricted for projects that will provide for advancement in school achievement, achieve spending reductions in the 5-year forecast, or allow a greater share of resources to be utilized in the classroom.



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Straight A Grant

- Each arrangement is unique:
 - Some schools applied for as a consortium – these have a lead applicant
 - Some may have created a new Council of Government (COG)
 - Some may have shared services
 - Some may have private contributions
- Evaluate these issues and discuss with your financial statement converters and auditors



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Straight A Grant

- Consider whether on-behalf of transactions took place
 - See AOS Bulletin 2000-008
- The issue of receivables related to this grant will need evaluated on a case-by-case basis.
- ODE's webpage on Straight A - <http://education.ohio.gov/Topics/Straight-A-Fund>

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Changes to Single Audits

Center For Audit Excellence
88 East Broad Street
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Kelly Berger-Davis

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Getting Organized
for Your Audit

Presented by: Joey Jones
Chief Auditor, East Region

Ohio Auditor of State
Dave Yost

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Agenda



- Records in general
- Personnel files
- Minutes
- Formal approval and maintenance of detail policies and procedures
- Good controls and procedures over the use of credit/debit cards



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Preparing for an audit



- Reconciliations
- Annual Report
- Maintain public records
– Including service organizations



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Typical records needed

- Minutes
- Resolutions
- Bank Reconciliations
- Bank Statements
- Receipts/pay-ins/foundation
- Vouchers/invoice
- Payroll
- Contracts



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Cancelled Checks

- Imaged
 - Must maintain readable image
 - Front and back
- On-line access
 - If expire after 6 or 12 months
 - Download to some other medium



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Typical records needed

- Financial statements (web based)
- Investments policy/depository agreements/collateral stmts
- Budgetary (if applicable)
- Bonds
- Grant award letters
- List of officials



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Cost

- More we do, more it will cost you
 - Federal schedule
 - Include commodities
 - Prepare f/s and/or notes
 - MD&A
 - Pull vouchers
 - Organize records



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TIPS FOR ORGANIZATION

- Tips presented aren't required by law they are suggestions for organization
- Other methods may be used
- You may have found a better way to file an item for your entity



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Support

- Pay-ins/receipts
 - Numerically with support attached
- Expenses/vouchers
 - File numerically or alphabetically
 - Attach support
 - Make sure support verified/signed off

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CONTRACTS

- Each contract should have it's own file that contains the contract
- W-9 from Contractor for the 1099 form
- Certificate of insurance
- Keep printout from the AOS website confirming that the contractor has no state liens (ffr database ORC 9.24)

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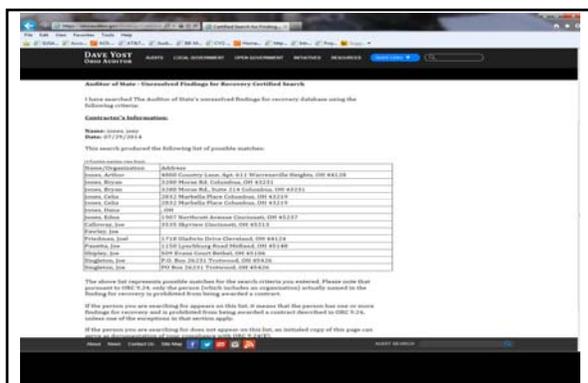


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Findings for Recovery Search

Individual or Company: Search with

State Certified: All Months All Years

Pending Status: Unresolved

* Findings for Recovery with joint and several liability. You may click on the for additional finding information.

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Findings for Recovery Search

Individual or Company: Search with

State Certified: All Months All Years

Pending Status: Unresolved

Name	Amount	Date Issued	Resolved
Clatscott College Preparatory Academy, Inc.	\$53,888.00	6/18/2013	No

* Findings for Recovery with joint and several liability. You may click on the for additional finding information.

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Findings for Recovery Detail

Date Issued: 6/18/2013 Resolution Status

Amount: \$53,888.00 Original Amount: \$53,888.00

Entity: Clatscott College Preparatory Academy, Inc. Amount Paid: \$4,191.00

Reimbursed: No Balance: \$49,697.00

[View Official Report](#)

Named Parties:

Name	Address	City	State	Zip	Amount	Paid
Barney, Tracy	8022 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Chapman, David	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Clatscott, Cary	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Harmon, Lisa	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Harmon, Barbara	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Johns, Emily	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
McIntosh, Susan	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Wright, Barbara	2125 Oakley Glen Apartment 1	Cincinnati	OH	45238	\$54,000	No
Paul, Eric	1710 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No
Phelan, Thomas	1000 Oakley Glen Drive	Cincinnati	OH	45238	\$54,000	No

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Contracts

- Fiscal Agent
- Sponsor
- Management Company
- Leases
- Rent
- Cleaning company



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BID DOCUMENTS

- Projects that are put out to bid should have documents in the project bid file
- Bid specifications
- Proof of Publication
- Bid Amounts
- Copy of minutes
 - Keep these documents separate from the rest of the project files for audit purposes



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Construction Projects

- Each construction project needs to have it's own **set** of files
- Bid Documents (See previous slide)
- Contracts Correspondence
- Pay Requests
- Change Orders
- Pmt. Notifications & Prevailing Wage



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1099

- The 1099 Vendor Report showing all 1099 vendors for the year
- The 1099 report showing only Vendors **receiving** a 1099 for the year
- Your copy of the 1099s and 1096

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CONTINUING EDUCATION

- Keep a file that has certificates for all training taken and all waivers for training not required during the year
- Keep by
 - Audit period
 - Year



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LEGAL

- Keep files by attorney or by subject
- General Correspondence
- Legislation
- Policies
- Lawsuits or disputes should have their own file

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EMPLOYEE FILES



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PERSONNEL FILE

- W-4 and other withholding material
- Date hired/appointed
- Salary notice/rate of pay
 - copy of minutes and/or legislation
- Documentation of education level/certifications
 - Bachelors/Masters



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PERSONNEL FILE

- Disciplinary action
- Resignation/termination information
 - Including severance calculation support
- Medical filing information
 - Single
 - Family (dependent support)
- Maintain copy if outsource



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PAYROLL RECORDS

- Keep a payroll binder separated by employee, with the timecard, batch wage report and leave request forms filed in date order
- Filing them by employee rather than by payment will make them easier to file together over a period of years of employment

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PAYROLL RECORDS

- I don't recommend putting the time card with the check stubs
- How hard will it be to find one person's 2014 time cards quickly, years from now!



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PAYROLL WITHHOLDING

- Each year make a folder for each withholding payee 
- Federal, State, School, & Local Tax
- Retirement STRS, SERS, SSA
- ODJFS
- Keep all monthly and quarterly reports in the files along with correspondence

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PAYROLL WITHHOLDING

- Consider not filing Retirement or Tax reports with the payments
 - Social Security numbers
 - Finding the monthly reports for audit
 - Storage-more difficult to look at reports for a specific period of time



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OHIO NEW HIRE

- Keep an Ohio New Hire report file
- Put a copy of each employee's New Hire form or print the verification of each new hire reported online
- SB 66 Fraud hotline notice
- File can remain open for many years rather than one year



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UNEMPLOYMENT



- Create an Unemployment file when you have separated workers receiving unemployment
- Keep ODJFS notifications for unemployment payments in this file
- Your Quarterly ODFJS wage reports will be separate and kept with the other withholding files



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W-2



- Create a W-2 file each year
- Your copy of the W-2, W-3 and W-2 reports will be placed in the file
- If an error during the year requires a W-2 to be adjusted at year end put all documentation and notes in the file
- Review file at W-2 time

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Minutes



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MINUTES BOOK OR BINDER

- Use pre-numbered page Minutes books if possible
- Pages with printer errors can be marked as printer error but are always kept in the book in numbered order
- If using plain paper add a header with the entity identification and date and add a footer with Page # of # pages

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SPECIAL MEETING

- Notice & Agendas
- Keep all posting sheets and agendas for special or emergency meetings
- Document date, time and location of postings



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ORDINANCES & RESOLUTIONS



- Use Ordinance and Resolution books
- Your policies on numbering legislation before or after adoption will determine if pre-numbered pages are a wise choice
- Plain paper: Add a header with the entity identification, legislations number and date adopted and add a footer with page # of # pages



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POLICIES

- Public Records
- Records Retention
- Employee
- Travel
- Credit/Debit Card
- Equipment Use
- Cell phone



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POLICIES

- Policies should be kept in binders or in book form
- Policies should be reviewed and approved in open meetings
- When update replace old copy with new
- Note the beginning and ending effective dates
- **Keep outdated policies!**



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Credit / Debit Cards

- Safeguarding
 - Where is it
 - Who has access
 - Sign in/out procedures
 - Locked up
- Adopt formal policies and procedures for the handling of the credit cards or store charge accounts



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Credit / Debit Card Policy

- Policy should include a description of employees authorized
- Items allowed to be purchased
- Maximum dollar amount
- Receipt requirements
- Strictly prohibited items
- Review process



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Other Credit/Debit Card Info

- Debit Card-immediate withdrawal
- Guidance on how purchases which cannot be accounted for by personnel are to be handled
- Someone other than card holder should approve
- Refer to ORC § 301.27, relating to County credit cards, for further guidance

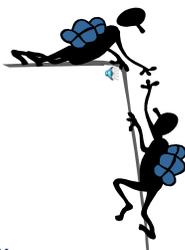


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Always Remember.....
Auditors are here to help!!



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*Auditor of State's 2014
Community School Training*

Legal Update

Presented by:
Brendan M. Inscho
Deputy Chief Legal Counsel

Ohio Auditor of State
Dave Yost
www.auditor.state.oh.us

Agenda

- Ethics Review
- Legislative Update
- Common Findings for Recovery & Noncompliance Citations – How to Avoid



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ETHICS REVIEW

Ethics Statutes

All members of the governing board, officers, employees of a community school are subject, without limitation, to:

- Chapter 102 of the Ohio Ethics Laws
- Ohio Rev. Code Sections 2921.42 and 2921.43 - (including all teachers)



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Applying Ethics Laws to Community Schools

- Ohio Ethics Commission Opinion 2010-01
 - Finding ethics laws apply to community schools
- *Cordray v. Int'l Prep. School*, 128 Ohio St.3d 50 (2010)
 - Supreme Court held the fiscal officer, regardless of title, was subject to strict liability



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Legislative Update



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Shared Services Agreements

- Ohio Rev. Code Section 3313.849
- Ohio Rev. Code Section 9.482



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Community School Sponsor Oversight *Ohio Rev. Code Sec. 3314.015*

- The Department of Education oversees and approves community school sponsors . Most sponsors must be approved by and enter into an agreement with the Department before they may contract with any schools.
- The Department's authority to approve, disapprove, or revoke the approval of an entity's sponsorship applies to *both* start-up community schools *and* conversion community schools



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Common Findings for Recovery and Noncompliance Citations

How to Avoid



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Majority of Community Schools are in Compliance

- Most schools implement sound fiscal practices
- Those who are not in compliance generate the most attention, but are not typical
- Laws and regulations are aimed at schools that are out of compliance
- Compliance is important as it effects children, their parents, teachers and the community



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Findings for Recovery and Noncompliance Citations

- A **finding for recovery** will be issued where, during the course of an audit, it is found that public money has been illegally expended, has not been accounted for, is due but not collected, or that any public property has been misappropriated or converted.
- A **noncompliance citation** is a finding that school has not complied with some local, state or federal provision.



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Findings for Recovery *Who is Liable?*

- The individual directly responsible for the loss or misuse of public funds will be held liable.
- Generally, Ohio law holds certain other parties jointly and severally liable by virtue of holding certain positions:
 - Under Ohio law, any public official who either **authorizes** an illegal expenditure of public funds or **supervises the accounts** of a public office from which such illegal expenditures is made is liable for the amount of such expenditure. *Seward v. National Surety Co.*, 120 Ohio St. 47 (1929); 1980 Op. Att’y Gen. No. 80-074; ORC 9.39; *State ex rel. Vill. of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985)



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Findings for Recovery *Who is Liable?*

- So, to whom does this apply?
- Who “authorizes” and/or “supervises the accounts” of the school?
 - Those who make the purchase
 - Those who sign checks
 - Those who approve expenditures/purchases
 - The Treasurer/Fiscal Officer – think about **Cordray v. TIPS**
 - Documentation and Transparency are paramount



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Common Findings for Recovery *Proper Public Purpose*

- Government entities may not make expenditures of public monies unless they are for a valid public purpose. **State ex rel. McClure v. Hagerman**, 155 Ohio St. 320 (1951).
- Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable.
- Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized and must be approved BEFORE the purchase is made.
- Policies



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Common Findings for Recovery *Proper Public Purpose*

- AOS Technical Bulletins 2003-005 and 2004-002 discuss the requirements imposed by case law and AG Opinions.
- There are two criteria that the entity should consider when making a determination of proper public purpose:
 - (1) the expenditure is required for the general good of all inhabitants (students), meaning its objective is the promotion of public health, safety, morals, general welfare, security, prosperity, and contentment of all inhabitants, and
 - (2) the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced



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Common Findings for Recovery Proper Public Purpose & Documentation

- Most findings for recovery are due to a lack of documentation
- An expenditure may be for a proper public purpose, but lack of documentation makes it impossible to determine what the purpose was
- Credit cards and lack of itemized receipts
- Sam's Club, Office Max, Target, Restaurants, Grocery Stores, and Gasoline – personal or private?
- Remember – transparency and documentation!



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Common Findings for Recovery Proper Public Purpose & Documentation

... continued ...

Example: During the audit period, purchases were made from the Academy's bank accounts for which supporting documentation was not on file and approval of the Governing Board could not be verified. The following transactions were unsupported:

Food - \$1,500	Retail - \$25,000
Gasoline - \$5,000	Internet/Computer - \$5,200
Travel - \$12,000	Cell Phone - \$9,200
Fed Ex - \$1,100	Utilities - \$1,700



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Common Findings for Recovery Proper Public Purpose & Documentation

... continued ...

Example: During the audit period cash withdrawals were made from the School's bank account for which supporting documentation was not on file and approval of the Governing Board could not be verified. A total of \$27,200 in ATM withdrawals and checks made payable to "cash" were unsupported.

- ? Think about who would be liable for this.
- ? How could documentation have changed the outcome?



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Avoiding Findings & Citations *TRUST BUT VERIFY*

- Sponsors should review the governing board's contracts and arrangements to ensure compliance and best practices.
- Governing board must monitor and verify companies and/or employees responsible for fiscal operations.
- Fiscal officers must assure compliance with board policies and accounting procedures.
- This is not a lack of trust – it is a system of checks and balances that help everyone win.



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Avoiding Findings & Citations *TRUST BUT VERIFY*

... continued ...

- The Executive Director was responsible for many significant operational duties for the Academy during the year – including approving contracts, setting salary schedules, drafting and approving purchase requisitions and reimbursements (including her own), and entering into debt agreements.
- This lack of segregation of duties increases the risk that the Academy's funds could be misappropriated or fraudulent activity could occur and go undetected by management. Again, this is the exception – not the rule. However, this is a safeguard that helps keep public funds safe.



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Avoiding Findings & Citations *TRUST BUT VERIFY*

... continued ...

- In this type of situation, we'd recommend that the Board take a more active role. This would allow for segregation of duties which would, in turn, help the organization safeguard its assets. We would also recommend that all expenditures involving the salary of or reimbursement to the Executive Director be approved by the Board.



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Avoiding Findings & Citations *Board Approval of Expenditures/Policies*

- A way to avoid findings/citations of this nature is for the governing board to adopt formal policies over authorization of expenditures and terms for reimbursements. Those expenditures and policies should be reviewed on a regular basis.
- These types of policies should identify those individuals responsible for reviewing and approving purchases of the entity. Those individuals with such authority should be independent of the purchases. The policy should also include a requirement that supporting documentation be provided, and should specify what documentation is required.
- Additionally, policies on reimbursements should require that prior approval be given to make a purchase for which reimbursement is sought.



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Avoiding Findings & Citations *Treasurer Issues*

- Avoid having your treasurer on both sides of a transaction.
- Example: School contracts with a management company for treasurer and other services. The board determines to contract with the management company for grant writing services. Treasurer signs the check issued to the management company as compensation for grant writing services.



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Annual Financial Data Reporting System (AFDRS)

Presented by:
Leanna Abele, CPA
Assistant Chief Deputy Auditor

Ohio Auditor of State
Dave Yost

Community School Training
August 8, 2014

www.ohioauditor.gov

Objectives

Annual Financial Data Reporting System (AFDRS)

- Definition
- Uses of Information Gathered
- Implementation/Development of the AFDRS
- How to Report via the AFDRS
- Walkthrough of the AFDRS
- Available Resources
- Frequently Asked Questions



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What is the Annual Financial Data Reporting System?



The Annual Financial Data Reporting System (AFDRS) replaces the existing multiple methods (hard copy through U.S. mail, documents attached to emails, etc.) used by entities to file their annual financial reports as required by ORC 117.38.



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What is the AFDRS? (cont.)

The AFDRS is an Internet based application that allows certain financial statement, debt, and demographic data to be entered and transmitted to the Auditor of State (AOS) to satisfy the annual filing requirements prescribed by the Ohio Revised Code (ORC) and the Ohio Administrative Code (OAC).

At this time, the AFDRS does not require a complete set of financial statements to be provided.



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Uses of Information Gathered by the AFDRS

The AFDRS will be able to be used by the AOS to meet the following needs:

Annual Financial Report Filing Purposes: Record the filing of the annual financial reports and identify the need to assess penalties for late or improper filings.	Legislative Reporting Purposes: Extract the data necessary to be provided to the Governor and General Assembly as required by ORC 117.38(D).	Audit Purposes: Provide more immediate access to entity financial data for the auditors (Not Immediately Available; Future Development).	Comparison Purposes: Provide online access to each entity's financial data to allow comparisons of year-to-year data and data from like-entities (Not Immediately Available; Future Development).	Financial Health Indicator* (FHI) Purposes: Generate data for the FHI (multiple years of data will be required).
--	--	--	---	--

* FHI indicator information can be obtained at <https://ohioauditor.gov/indicators/default.html>.

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Implementation/ Development of the AFDRS

Filing with AFDRS is being implemented in four phases:

- ★ Phase 1 = cities and counties (filing of December 31, 2013 information)
- ★ Phase 2 = school districts, educational service centers and community schools (filing of June 30, 2014 information)
- ★ Phase 3 = villages, townships and libraries (filing of December 31, 2014 information)
- ★ Phase 4 = all other entity types (filing of year-end information; anticipated that Phase 1-3 entities will also begin uploading a completed financial report)



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How to Report via the AFDRS

The AFDRS must be accessed through an entity-specific URL link that will be delivered to each entity via email. Prior to the distribution of the entity-specific URL link, the AOS has attempted to obtain confirmation from each entity that the proper contact name and email address for the fiscal officer/ treasurer, who will serve as the primary contact, is on file with the AOS.





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How to Report via the AFDRS (cont.)



The AOS encourages entities to become members of its eServices application. As a result, if an entity's contact information changes, the entity may login to <https://eServices.ohioauditor.gov> and request a change to its contact information. Otherwise, an entity will need to notify the AOS of the contact information changes via the email address established for AFDRS correspondence (annualdatareportingcorrespondence@ohioauditor.gov).

If an entity is unsure of the information on file with the AOS, please either login to eServices, if a member, or send an inquiry to the AFDRS correspondence email address.



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Walkthrough of the AFDRS

- After clicking on the entity-specific URL link provided by the AOS in the email sent, the following screen will appear:

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Annual Financial Data Reporting

Entity Name

County

Filing Year

Welcome to the Auditor of State's Annual Financial Data Reporting System.

The Ohio Revised Code (ORC) Section 117.38 requires that local public officers file their annual financial reports with the Auditor of State's Office (ASO). Further, the Ohio Administration Code (OAC) 117.2-0108 requires that all counties, cities and school districts, including educational service centers and community schools, prepare their financial reports pursuant to generally accepted accounting principles (GAAP). ORC Section 124.05 requires community improvement corporations established under this Code section to report annually on a GAAP basis. Entities filing on a GAAP basis have 150 days, except for community improvement corporations who have 120 days, following fiscal year end to submit their annual financial reports to the ASO, while other entities have 60 days following fiscal year end to complete their submission. Previously, various submission methods were permitted by the ASO to comply with Ohio law. These procedures have been modified with the development of the Annual Financial Data Reporting System.

With the Annual Financial Data Reporting System, governmental entities are required to submit their financial statements and related footnotes through the online web application. Select types of governmental entities (counties, cities, school districts, educational service centers, and community schools) are required to enter certain financial statement, debt, and demographic data. These submissions satisfy the filing requirements as specified in the ORC and the OAC. This manner of submission will allow the financial information to be maintained in an electronic format, which will provide for more immediate access to the information.



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Walkthrough of the AFDRS (cont.)

- Once the introduction and instructions have been read, the "Begin Filing" option should be selected as shown below.



Walkthrough of the AFDRS (cont.)

- Then the basis of accounting should be selected as identified by the following screen:



Walkthrough of the AFDRS (cont.)

- If an entity is required to prepare GAAP basis financial statements and selects to file its annual financial report on a Modified Cash or Cash basis, the following warning message will appear to notify the entity of the potential penalty assessment by the AOS:



- Once the basis of accounting has been selected, the reporting shells are loaded and locked within the AFDRS and the basis of accounting selected **cannot** be modified.

Walkthrough of the AFDRS (cont.)

- If the entity filed under a GAAP basis of accounting but not within due date established by State law or an extension date (if requested), the following message will be shown:



Available Resources

Established information concerning the AFDRS on the AOS website

- ➔ <https://ohioauditor.gov/financialreporting/default.html>
- ➔ Frequently Asked Questions
- ➔ Annual Financial Data Reporting System Quick Guides
- ➔ Provides email address where questions may be sent annualdatareportingcorrespondence@ohioauditor.gov

Available Resources (cont.)

1. Go to <http://ohioauditor.gov>
2. Select Local Government
3. Select Annual Financial Reporting



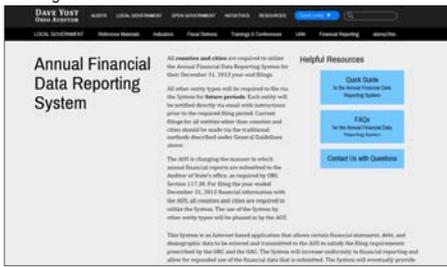
Available Resources (cont.)

The following screen appears detailing the annual financial reporting requirements.



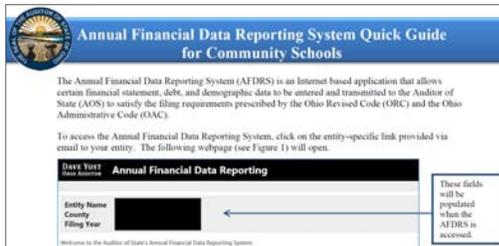
Available Resources (cont.)

If you continue to scroll down the annual financial reporting page, the following appears from which you can access the Quick Guide(s) and FAQs concerning the AFDRS:



Available Resources (cont.)

The Quick Guide(s), noting that there will be one for each phase of implementation of the AFDRS, looks like the following:



FAQs (cont.)



Q: If the original email containing the link to the AFDRS for my entity was deleted or is otherwise no longer available, what is the appropriate manner to restore access?

A: The entity's *fiscal officer* should send an email to the AOS at annualdatareportingcorrespondence@ohioauditor.gov requesting the link be resent. The name of the entity will need to be included in this request.



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FAQs (cont.)



Q: Am I able to obtain an extension for filing the annual financial report?

A: Entities filing on a GAAP basis have 150 days, except for community improvement corporations who have 120 days, following fiscal year-end to submit their annual financial reports to the AOS, while other entities have 60 days following fiscal year-end to complete their submission. The AOS is aware the initial implementation of the AFDRS will affect client schedules and could impact the ability to meet the filing deadlines prescribed by ORC 117.38; therefore, extensions of the due dates will be available, if requested.

AOS Technical Bulletin 2008-001 addresses the need for extensions and the specific requirements of a request. It states the AOS recognizes that occasionally circumstances may arise that justify granting an extension of the annual report filing deadline. Generally, the AOS will consider granting an extension when the circumstances listed in the Bulletin exist or have occurred; however, the initial year each entity is required to file via the AFDRS is also an acceptable reason for requesting an extension.

Note: No matter the basis of accounting, entities should also request extensions, if necessary, to avoid a noncompliance citation in the management letter for not filing timely in accordance with ORC 117.38.



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FAQs (cont.)



Q: Where do I send a request for extension for filing my entity's annual financial report?

A: The request for extension should comply with the requirements specified in AOS Technical Bulletin 2008-001 by stating the reason for the request and estimated completion date and including the signatures of the Chief Fiscal Officer and a representative of the entity's governing board. The request for extension should be submitted to Local Government Services (LGS) at LGSAnnualFinancialReports@ohioauditor.gov no later than the deadline for filing the annual financial report. **Please be aware that receiving an extension for filing the entity's annual financial report does not eliminate the assessment of penalties for failing to comply with the requirements of OAC 117-2-03(B), which requires certain entity types to prepare their financial reports pursuant to GAAP.**

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FAQs (cont.)

Q: Our entity contracts for GAAP services. In the past, the GAAP converter has filed our annual financial report with the AOS. Will they be able to access the AFDRS in order to continue complying with the annual filing requirements?



A: Yes. Each entity's fiscal officer will receive an email that contains an entity-specific link to access the AFDRS to file that entity's annual financial report with the AOS. This link may be provided to other individuals to provide access to file the entity's annual financial report; however, the responsibility to ensure the annual financial report information is filed with the AOS remains with the entity.

NOTE: Since any individual who is provided the entity-specific link will be able to access the AFDRS and file on behalf of the entity, please ensure the email with the embedded link is only provided to other individuals when necessary.

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FAQs (cont.)

Q: What information is needed in order to complete the filing requirements within the AFDRS?



A: The information may vary with each entity type. The following slide is a list of items for each entity type that is currently required to utilize the AFDRS:

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FAQs (cont.)

- Annual Financial Statements and Related Footnotes
- Population for the Reporting Year
- Total Annual Final Appropriations for All Funds for the Reporting Year
- Average Number of Utility Customers for the Reporting Year (if applicable)
- Full Tax Rate per \$1,000 of Assessed Valuation for the Reporting Year
- Total Assessed Property Tax Valuation for the Reporting Year
- Unrestricted General Fund Carryover Cash Balance at Year End

Cities/
Counties

- Annual Financial Statements and Related Footnotes
- Average Daily Membership (ADM) for the Reporting Year
- Total Annual Final Appropriations for All Funds for the Reporting Year
- Full Tax Rate per \$1,000 of Assessed Valuation for the Reporting Year
- Total Assessed Property Tax Valuation for the Reporting Year
- Unrestricted General Fund Carryover Cash Balance at Year End

School
Districts &
Educational
Service
Centers

- Annual Financial Statements and Related Footnotes
- Average Daily Membership (ADM) for the Reporting Year
- Total Forecasted Expenditures for the Reporting Year as Reported to ODE
- Unrestricted Carryover Cash Balance at Year End

Community
Schools

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FAQs (cont.)



Q: When I select the basis of accounting, I receive a warning message. Why?

A: The AFDRS requires you to select the basis of accounting on which your entity's annual financial report will be filed (i.e., GAAP, Modified Cash, or Cash). The warning message serves as a notification that if your entity is required to file its annual financial report on a GAAP basis, and the basis of accounting selected is modified cash or cash basis, your entity is subject to penalty under OAC 117-2-03(B).

Note: Once the basis of accounting has been selected, the reporting shells are loaded and locked within the AFDRS and the basis of accounting selected cannot be modified. Therefore, it is imperative to ensure the selection is correct before proceeding to the next step in the filing process.



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FAQs (cont.)



Q: Do I have the ability to save the data I have entered and complete the submission at a later time?

A: Yes. The AFDRS is designed to save all progress upon the advancement to the next screen. However, if the submission process will not be completed in one session, the Internet browser should be closed between sessions.



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FAQs (cont.)



Q: I am the fiscal officer of a governmental entity but have either assigned staff or contracted to have the financial information entered into the AFDRS. Whose name and title should be entered into the acknowledgement page when submitting the annual financial information?

A: The individual who inputted the annual financial information in the AFDRS should enter his/her name and title into the acknowledgement page to ensure that the proper individual is contacted should questions arise.



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MODIFY

FAQs (cont.)

Q: Can I modify my entity's submission once it is submitted?

A: No. Each entity has the ability to save and modify data for its submission up to the point that it is submitted; however, once submitted, the information cannot be modified. If, under certain limited circumstances, a modification may be necessary, the fiscal officer must contact the AOS via the email account established for questions (annualdatareportingcorrespondence@ohioauditor.gov).

Note: Entities should consider the need for extension requests prior to established due dates. If an entity refiles its annual financial information, the filing date will be recorded as the most recent submission date, which may result in penalties outlined in ORC 117.38 and/or a noncompliance citation in the management letter.

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FAQs (cont.)

Q: After reviewing the FAQs, I still have questions. To whom should questions concerning the AFDRS and/or the new filing method required by the AOS be addressed?

A: If, after reviewing the Quick Guide and FAQs, you encounter difficulties or have further questions concerning the AFDRS or during the submission process, please contact the AOS at annualdatareportingcorrespondence@ohioauditor.gov.



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Summary

Important Things to Take Away from Today



- Become familiar with the requirements of ORC 117.38 and OAC 117-2-03(B)
- All entities will be required to utilize the AFDRS once fully implemented
- The AFDRS will serve many purposes in the future
- Extensions for filing via the AFDRS will be granted for first time users, if requested
- Do not file in the AFDRS unless the financial statements are complete since refileing an entity's annual financial report will only be accepted under certain limited circumstances
- Be aware of due dates and request extensions, if necessary, to avoid penalties and audit report comments

Resources to Keep in Mind

- Ohio Auditor of State Web Site
- Quick Guides Established for the AFDRS
- FAQs Established for the AFDRS
- Contact: annualdatareportingcorrespondence@ohioauditor.gov



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Questions???



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