

# OHIO AUDITOR OF STATE KEITH FABER



**From:** Auditor of State's Center for Audit Excellence

**To:** All IPA Firms

**Subject:** 2022 Ohio Compliance Supplement

**Date:** November 19, 2021

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The 2022 OCS (PDF and Word versions) has been posted to:  
<http://www.ohioauditor.gov/references/compliancemanuals.html>.

A summary of changes from 2021 to 2022 is attached, those highlighted we consider to be significant changes. Audit years ending December 31, 2021 must include the new 2022 OCS if compliance testing has not yet started. If you have already started your compliance testing with the 2021 compliance supplement, you must replace or add the significant sections applicable to your engagement. All other modified sections should be evaluated for applicability, and you may include the attached file in your work papers with cross references to updated compliance testing where applicable.

Note: If you have trouble seeing the 2022 OCS in the link above, refresh your screen.

Please contact the Center for Audit Excellence with any questions.

# Ohio Compliance Supplement 2022

## Summary of Changes

**NOTE: Red text throughout the 2022 Ohio Compliance Supplement is related to COVID-19**

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| <b>Chapter 1</b> | <p><b>1-1: Annual appropriation measures – classification</b> – added to the considerations for COVID-19 and added clarification regarding school district appropriations</p> <p><b>1-2: Restriction upon appropriation and expenditure of money</b> – added to the considerations for COVID-19</p> <p><b>1-4: Establishing funds and permission to establish special funds</b> – added to the considerations for COVID-19 and added clarification regarding legal provisions which conflict with GAAP</p> <p><b>1-5: Distributing revenue derived from tax levies, proceeds from sale of bond issue, proceeds from sale of permanent improvement</b> – added to the requirements the definition of current expenses and clarified footnote regarding school district deficits</p> <p><b>1-6: Transfer of funds</b> – clarified the requirements for transfers of any surplus of a municipal corporation’s water fund and added considerations for COVID 19</p> <p><b>1-7: Advances</b> – modified considerations for COVID 19</p> <p><b>1-8: Reserve balance accounts and funds</b> – additions to the requirements and testing for reserve balance accounts for county board of developmental disabilities and clarified requirements for ORC 5705.13(C)</p> <p><b>1-11: Permissible expenditures for school districts participating in classroom facilities assistance programs; Interest accounting and allocation and maintenance plan funding and expenditures</b> – Requirements and testing procedures were re-written. Changes are not marked</p> <p><b>Section B: Contracts and Expenditures</b> – added considerations for COVID-19</p> <p><b>1-12: Debt</b> – added references to information and guidance contained in OCS 2-5 and Bulletin 2021-002</p> <p><b>1-17: Annual financial reporting</b> – added guidance previously contained in OCS Appendix D, added requirements regarding The Ohio Exposition Commission, removed COVID-19 extension requirements, and added requirement and testing related to Councils of Governments registration with AOS</p> <p><b>1-18: GAAP and annual financial reporting for CICs/DCs</b> – added guidance previously contained in OCS Appendix D and removed COVID-19 extension requirements</p> <p><b>1-22: Vacation and sick leave</b> – added to the considerations for COVID-19</p> |
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|                         | <p><b>1-23: Collection of income tax at source on wages</b> – added to the considerations for COVID-19</p> <p><b>1-24: Definitions, rates of contributions etc.</b> – added to the considerations for COVID-19</p> <p><b>1-26: School district funding</b> – not included in this release. Will be issued for the FYE 6/30/2022 audit cycle.</p> <p><b>1-27: Community school funding</b> – not included in this release. It will be issued for the FYE 6/30/2022 audit cycle.</p> <p><b>Appendix A: Agricultural Society Compliance Supplement</b> – added and clarified requirements and procedures</p>   |
| <p><b>Chapter 2</b></p> | <p><b>2-1: Appropriations limited by estimated revenue</b> – added to the considerations for COVID 19</p> <p><b>2-2: Restrictions on appropriating and expending money</b> – added to the considerations for COVID 19</p> <p><b>2-3: Internet- or computer-based community school cannot contract with a nonpublic school for instructional facility space</b> – removed considerations for COVID 19 and clarified requirement</p> <p><b>2-5: Accounting for management company expenses</b> – added to testing procedures</p> <p><b>2-6: Eligible investments for interim monies; inactive deposits and maturities</b> – modified to clarify requirements and footnotes</p> <p><b>2-8: Other allowable investments for subdivisions other than counties</b> – added reference to OCS IG Appendix E-2</p> <p><b>2-10: Eligible investments for inactive county money</b> - modified to clarify requirements and footnotes</p> <p><b>2-12: Contractually imposed deposit and investment requirements</b> – clarified the identification of applicable requirements</p> <p><b>2-13: Sponsor monitoring of community schools</b> – removed certain considerations for COVID-19, updated the date of the ODE School Suspension and/or Closure Procedures memo and clarified certain procedures</p> <p><b>2-14: Operator relationship with community schools</b> – heading modified to better reflect what is being tested in section</p> <p><b>2-16: Force accounts – municipal corporations</b> – modified requirements and procedures for updates to statutory limits and thresholds</p> <p><b>2-17: Force accounts – counties</b> – modified requirements and procedures for updates to statutory limits and thresholds</p> <p><b>2-18: Force accounts – townships</b> – modified requirements and procedures for updates to statutory limits and thresholds</p> |

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|                             | <p><b>2-20: Landfill financial responsibility and certifications; Solid waste transfer facility responsibility and certifications</b> – modified to separately include solid waste transfer facilities</p> <p><b>2-23: Ohio Sunshine Laws</b> – added to the considerations for COVID-19 and clarified applicability of section and testing procedures</p> <p><b>2-23A: Star Rating System (StaRS)</b> – clarified applicability of section and testing procedures</p> <p><b>2-25: Anti-Bullying Provisions</b> – clarified section to remove STEM schools</p>  |
| <b>Chapter 3</b>            | <p><b>Throughout:</b> modified requirements for testing frequency of sections</p> <p><b>3-1: Deposits of public money</b> – modified considerations for COVID-19</p> <p><b>3-2: Contracts and competitive bidding (NEW)</b> – added section moving contract testing from OPM into chapter 3 for testing when material</p> <p><b>3-3: Appointments, compensation, contracts etc.</b> – clarified requirements and considerations for COVID-19</p> <p><b>3-4: Political activities prohibited</b> – added requirement related to administering and conducting elections</p> <p><b>3-5: Bonding requirements</b> – added to requirements</p> <p><b>3-6: Dropout Prevention and Recovery School eligibility requirements</b> – added to and clarified requirements. Removed considerations for COVID-19.</p> <p><b>3-12: Collection, custody and disbursement of fees, fines, costs and deposits</b> – modified applicable Ohio Rev. Code sections</p> <p><b>3-15: Reimbursement of insurance premiums</b> – modified footnotes to requirements</p> |
| <b>Implementation Guide</b> | <p><b>Throughout</b> – updated references and footnotes</p> <p><b>Home Rule Powers</b> – added clarification</p> <p><b>Reporting</b> – added clarification</p> <p><b>Audit Findings</b> – added clarification and updated language</p> <p><b>Referring Audit Reports and Referrals to the Ethics Commission, Other State Agencies and the IRS</b> – updated process and guidance where applicable</p> <p><b>Appendix A-1: Transfers and Advances</b> – added clarification and considerations for COVID-19</p> <p><b>Appendix A-2: Direct Charges</b> – modified considerations for COVID-19</p> <p><b>Appendix D:</b> moved to other sections of OCS</p> <p><b>Exhibit 1: Prescribed format for citation of legal authority</b> – added clarification</p> <p><b>Exhibit 2: Public Officers’ Bond</b> – updated for changes in law</p>  |

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|                   | <p><b>Exhibit 4: Changes in Compensation</b> – re-written with updated guidance – changes are not marked</p> <p><b>Exhibits 5&amp;6: Legal Matrix</b> – clarified applicable OCS sections and footnotes</p>   |
| <p><b>OPM</b></p> | <p><b>O-1: Certification of available revenue</b> – added considerations for COVID-19</p> <p><b>O-3: Allocating interest among funds for subdivisions other than counties</b> – added considerations for COVID-19 and modified footnotes</p> <p><b>O-4: Allocating interest among county funds</b> – added considerations for COVID-19 and clarified requirements</p> <p><b>O-9: Municipal contracts</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-10: Altering or modifying municipal contracts</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-11: County payments to be by auditor’s warrant, competitive bidding, County notice and other bid requirements</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-12: County credit and procurement cards</b> – added considerations for COVID-19</p> <p><b>O-13: Township’s expenditures and competitive bidding</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-14: Board of Education procedures for bidding and letting of contracts</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-15: Bidding procedures and purchasing policies for supplies and equipment (County Hospitals)</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-16: Contract procedures; bids; bonds; bid openings (Municipal Hospitals)</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-17: Bidding required on improvement contracts</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-18: Procedures for bidding and letting of contracts over \$50,000</b> – added considerations for COVID-19 and removed procurement note</p> <p><b>O-19: Separate bids and contracts required for each class of work on buildings and structures</b> – added considerations for COVID-19</p> <p><b>O-22: Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards</b> – added considerations for COVID-19</p> <p><b>O-27: Allocating audit costs</b> – clarified requirements.</p> |