

OHIO AUDITOR OF STATE
KEITH FABER

**2023 Local Government Officers Conference
AOS Federal Update**

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Quality Assurance and Technical Specialist
And Single Audit Coordinator

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Agenda

2022 Compliance Supplement

FAQs

Upcoming Information

Resources

Questions

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Compliance Supplement and 2022 Updates

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**Office of Management and Budget
Compliance Supplement**

Used by auditors to complete Single Audit testing under Uniform Guidance

Updated Annually by federal agencies

Does not Contain ALL Assistant Listing Numbers

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Build America, Buy America Act

OMB Memo M-22-11

- **Applicability:** Awards made on or after May 14, 2022
- **Iron and Steel** – Used in a project must be produced in the US.
- **Manufactured Items**– Used in a project must be manufactured in the US and items used in manufacturing must be greater than 55% of US sourced goods.
- **Construction Materials** – Used must be sourced and manufactured in the US.

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Build America, Buy America Act

Federal Agency may waive this provision if 1 of the following is applicable:

- Inconsistent with the public interest
- Insufficient availability if products
- Increases the cost of a project by 25%

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**CDBG Cluster
AL# 14.218 and 14.225**

<p style="text-align: center;">CDBG – Disaster Recovery and CDBG – Mitigation</p> <ul style="list-style-type: none"> • New content for additional flexibilities, allowable activities and reporting 	<p style="text-align: center;">CDBG - Coronavirus</p> <ul style="list-style-type: none"> • Added additional allowable activities
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**CDBG State
AL#14.225**

<p style="text-align: center;">CDBG Cluster Items (Previous Slide)</p>	<p style="text-align: center;">Added guidance for Housing Recovery Program</p>
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**Housing Voucher Cluster
AL#14.871 and 14.879**

New Section N Compliance Requirement

Subprograms/Program Elements on Emergency Housing Voucher Program

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Part 8 Appendix VII – Other Audit Advisories

- Updated definition of COVID-19 Funding (See next slide)
- ACE Engagements
- DCF and Report Submissions

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Definition of COVID-19 Funding

As a result of the COVID-19 pandemic, many new federal programs have been established and funding has been added to existing federal programs from the following Acts:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARP)

Funding arising from these sources, both to new and existing programs, is referred to as "COVID-19 funding," "COVID-19 programs," or "COVID-19 related awards" throughout this section. Refer also to Appendix IV, Internal Reference Tables, for a listing of programs with a "higher risk" designation, many of which involve COVID-19 funding, and for information about how that designation impacts the major program determination process.

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Alternative Compliance Examinations (ACE)

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DCF, Transition of the FAC, and Reporting

- Back to 9 month due date
- The provider of the Federal Audit Clearinghouse (FAC) will change from Census to the General Services Administration (GSA) on October 1, 2023
- Fiscal Year Ends 2021 – Report to Census
- Fiscal Year Ends 2022 – Report to Census beginning Oct 1, 2022 (Now Open)
- Fiscal Year Ends 2023 – Report to GSA

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Updates to AOS FAQs

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AOS FAQ's
[COVID-19 FAQs \(ohioauditor.gov\)](https://ohioauditor.gov)

Recently Reorganized

Current	Archived
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Frequently Asked Questions

Frequently Asked Questions (FAQ)
from Auditor of State

[COVID-19 FAQ \(pdf\)](#) (updated 02/17/2023)
[Archived COVID-19 FAQs \(pdf\)](#) (updated 7/21/2022)

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Audit Services, Compliance & Financial Reporting Considerations

3. Will the AOS audit of these funds be rolled into the regular annual audit process? (Updated January 28, 2022, December 13, 2022, and February 17, 2023)

Yes. Local governments currently on a biennial audit schedule for fiscal years 2022 and 2023 will also need to alert their auditors as soon as possible if the total expenditures of federal funds in fiscal year 2022 are anticipated to exceed \$750,000, qualifying them for a Single Audit. Where this occurs, the auditor will need to plan to conduct a timely Single Audit for fiscal year 2022.

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Audit Services, Compliance & Financial Reporting Considerations

5. How do I reimburse expenditures made out of other state and local funds with my COVID-19 federal funding? (updated October 1, 2020, July 30, 2021, July 21, 2022, and December 13, 2022)

See guidance provided within the [Auditor of State Advisory Memo: Prior Fiscal Year Expenditures Reimbursed with Federal Funds in the Subsequent Fiscal Year](#) as well as [Auditor of State Bulletin 2021-004](#).

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Audit Services, Compliance & Financial Reporting Considerations

5. ...Continued

For reimbursements and reallocations occurring in a subsequent year, governments should be careful not to overstate intergovernmental revenue in the year in which the reimbursement or reallocation is posted. For entities filing on the AOS Regulatory or OCBOA basis, the fund receiving reimbursement from the COVID Special Revenue Fund should record the revenue as other/miscellaneous so as to not overstate intergovernmental revenue related to this funding. In this situation, a footnote disclosure should be made to provide transparency about material amounts classified as other/miscellaneous revenue. For entities filing on the GAAP basis, when unexpended prior year COVID-19 monies are in Unearned Revenue, the government can record the reimbursement or reallocation to miscellaneous revenue on the day-to-day books and budgetary statements but can adjust to intergovernmental revenue for GAAP reporting purposes.

Audit Services, Compliance & Financial Reporting Considerations

14. How are receivables related to COVID-19 funding streams calculated and reported? (December 13, 2022)

Receivable determination can be somewhat complex due to the different funding streams. Local governments should review GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, as amended (codified as Section N50 of the GASB Codification; GASB Technical Bulletin 2020-1 (Questions 1 and 3); and the GASB Comprehensive Implementation Guide No. 2021-1 Paragraph 4.23 for information on receivable determination. The guidance leaves room for interpretation therefore auditors will be flexible when evaluating how local governments post these transactions and will accept any reasonable approach. Local governments and school districts should also refer to the Auditor of State's [Miscellaneous GAAP FAQs](#). Question 3 discusses receivables related to COVID-19 funding. Question 5 discusses the calculation of receivables for funding received by schools via the Ohio Department of Education's CCIP.

SLFRF – Allocations and Financial Reporting Considerations

7. How should governments account for transactions charged to the new CSLFRF fund? (July 12, 2021, updated July 7, 2022 and December 13, 2022)

For reimbursements and reallocations occurring in a subsequent year, governments should be careful not to overstate intergovernmental revenue in the year in which the reimbursement or reallocation is posted. For entities filing on the AOS Regulatory or OCBOA basis, the fund receiving reimbursement from the COVID Special Revenue Fund should record the revenue as other/miscellaneous so as to not overstate intergovernmental revenue related to this funding. In this situation, a footnote disclosure should be made to provide transparency about material amounts classified as other/miscellaneous revenue. For entities filing on the GAAP basis, when unexpended prior year COVID-19 monies are in Unearned Revenue, the government can record the reimbursement or reallocation to miscellaneous revenue on the day-to-day books and budgetary statements but can adjust to intergovernmental revenue for GAAP reporting purposes.

SLFRF – Allowable Uses

17. Is the purchase of a new street maintenance truck allowable as a government service under the revenue loss category? (July 7, 2022 and December 13, 2022)

Yes; however, keep in mind that Ohio Competitive bidding laws may apply to expenditures under the revenue loss category. While procurement requirements must be followed for SLFRF expenditures in other categories, Treasury issued updated SLFRF FAQs in July 2022 which, in part, removed the applicability of Federal procurement requirements (2 CFR 200.317 - .327) for government service-related expenditures from the Revenue Loss eligible use category.

Procurement guidance is available on the [COVID-19 Resources](#) page of the Auditor of State website. The Auditor of State also encourages local governments to work closely with legal counsel on procurements.

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SLFRF – Procurement Requirements

8. Procurement rules for small purchases require a local government to obtain quotes from 'an adequate number of sources.' What is considered an adequate number? (July 7, 2022, updated December 13, 2022)

Most federal agencies consider an adequate number of sources to be at least three sources. For this reason, AOS strongly encourages local governments to obtain quotes from at least three sources for all methods of procurement, unless the entity is allowably using the sole-source Non-Competitive Procurement option. **AOS strongly encourages local governments to obtain informal estimates from at least three sources for the micro purchase threshold as well. These informal estimates can be based on research, experience, purchase history or other information the local government deems appropriate to help document its evaluation of cost reasonableness pursuant to 2 CFR 200.320(a)(1), 200.403, & 200.404.** Also, local government procurement policies should address the documentation required to be obtained under each procurement type, including the number of quotes.

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SLFRF – Procurement Requirements

12. Can a local government utilize a vendor from the State of Ohio Cooperative Purchasing Program rather than procuring at the local level? (July 7, 2022, updated December 13, 2022)

Local governments should proceed with caution in this area. Federal procurement rules encourage local governments to collaborate on procurement actions for goods and services where the result will lead to cost savings. However, the Federal procurement rules applicable to states differ from those applicable to local governments. Full and open competition must be maintained on Federal procurements. State entities follow the procurement standards found at 2 C.F.R. §200.317, which directs them to utilize their own procurement standards, comply with applicable guidelines regarding procurement of recovered materials as set forth in 2 C.F.R. § 200.322, and include all necessary contract provisions required by 2 C.F.R. § 200.326. Conversely, local governments must adhere to their own procurement policies and procedures, applicable state and/or local laws, and the federal procurement under grant requirements found at 2 C.F.R. §§ 200.318-326.

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SLFRF – Procurement Requirements

12. ...Continued

Further, as it relates to local governments, the federal procurement under grant standards at 2 CFR § 200.319(b) prohibit the use of statutorily or administratively imposed local, state, and/or local geographic preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preferences. However, because the state is not subject to regulations at 2 CFR §200.319, the regulation bears no applicability to the state. If Ohio law requires the State to comply with geographic preferences in procurement, the State can allowably do so under 2 CFR §200.317. This presents some risk to local governments wishing to utilize the State of Ohio's Cooperative Purchasing Program since the items procured by the State of Ohio may not have complied with the more rigid requirements applicable to local governments.

SLFRF – Procurement Requirements

12. ...Continued

The State of Ohio Cooperative Purchasing Program may be used as one price quote under the micro-purchase or small purchase thresholds. In the event that a local government must competitively bid a Federal procurement transaction, the local government should work closely with the State of Ohio to determine the process the state followed in its own procurement of the item prior to utilizing the Cooperative Purchasing program. If the state maintained full and open competition in a manner that local governments are required to follow, then the local government may be able to proceed with the Federal procurement through the State's Cooperative Purchasing Program.

SLFRF – Procurement Requirements

12. ...Continued

Local governments should also keep in mind that Subpart D, 2 CFR §200.320(c) indicates non-competitive procurement can only be used if one or more of the following conditions apply:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro purchase threshold;
- The item is available only from a single source; • The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- After solicitation of a number of sources, competition is determined inadequate

SLFRF – Procurement Requirements

12. ...Continued

Lastly, local governments wishing to utilize intergovernmental agreements, etc. must be able to demonstrate that the procurements complied with all applicable federal procurement under grant rules before undertaking.

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Upcoming Information

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SLFRF Update

● The **Consolidated Appropriations Act for 2023** includes provisions giving state, local, and Tribal governments more flexibility to use their American Rescue Plan State and Local Fiscal Recovery Funds (SLFRF) to respond to natural disasters, build critical infrastructure, and support community development.

The Treasury is working with the Department of Transportation to issue guidance on how entities can expand their use of SLFRF funds as permitted by the 2023 Act. Upon release of the new guidance, we will make the information available on this page.

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IIJA

Infrastructure Investment and Jobs Act

Infrastructure funding

The Infrastructure Investment and Jobs Act was signed into law in November 2021. This page will be updated as resources become available for Ohio governments navigating the new programs and expanded funding for existing programs provided by this law.

Funding guidebook: The White House has provided a guidebook to funding available under the Infrastructure Investment and Jobs Act. The guidebook offers a searchable format providing information for new programs as well as expanded funding for existing programs. For the searchable format and a downloadable Excel format, go to [whitehouse.gov/build](https://www.whitehouse.gov/build).

GFOA: For GFOA Implementation resources, go to gfoa.org/the-infrastructure.

Funding tracker: The Auditor of State's office has created a [Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act \(IIJA\) Funding Tracker](#) to assist users in identifying types of IIJA funding available and where to locate additional information.

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Resources

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Federal Resources



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Ohio Compliance Manuals

Clients & IPA Firms

- GAAS 84
- GAAS 84a
- Other Accounting FAQs
- Ohio Compliance Manuals
- Financial Statement Shells & Footnotes
 - GAAP
 - GASB 44 - Taxes
 - OIGDA
 - Regulatory
 - Specialized Footnotes
- Single Audit Practice Aids & Report Shells
- Federal Award Compliance Control Records (ACCRC)
- Agreed-Upon Procedure Shells
- Audit Report Shells
 - FTE 12/31/21 & Sures
 - FTE 12/31/22
- Additional Audit Guidance
- Ohio Laws & Rules
- Publications & Manuals

Clients

- Development of Policies and Procedures
- Submitted Annual Financial Reports
- Debit/ESG Disclosure

Ohio Compliance Supplement Manuals

2023

- Ohio Compliance Supplement Implementation Guide (PDF)
 - The Compliance ACE is available in Exhibit 3
- Ohio Compliance Supplement Manual (PDF)
 - Chapter 1 – Direct Laws (PDF) (6/30/22)
 - Chapter 2 – Indirect Laws and Statutorily Mandated Tests (PDF) (6/30/22)
 - Chapter 3 – Stewardship (PDF) (6/30/22)
- Optional Procedures Manual (6/30/22)

2022 • 2023 Crosswalk (xlsx)

2022

- Ohio Compliance Supplement Implementation Guide (PDF) (June 2022)
- Exhibit 3 Compliance ACE (6/30/22)
- Ohio Compliance Supplement Manual (PDF) (June 2022)
 - Chapter 1 – Direct Laws (PDF) (6/30/22)
 - Chapter 2 – Indirect Laws and Statutorily Mandated Tests (PDF) (6/30/22)
 - Chapter 3 – Stewardship (PDF) (6/30/22)
- Optional Procedures Manual (6/30/22)

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Financial Statements and Footnote Shells

Clients & IPA Firms

- GAAS 84
- GAAS 84a
- Other Accounting FAQs
- Ohio Compliance Manuals
- Financial Statement Shells & Footnotes
 - GAAP
 - GASB 44 - Taxes
 - OIGDA
 - Regulatory
 - Specialized Footnotes
- Single Audit Practice Aids & Report Shells
- Federal Award Compliance Control Records (ACCRC)
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- Publications & Manuals

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Financial Statement Shells and Footnotes

- **Generally Accepted Accounting Principles (GAAP) Basis Financial Statements** (in accordance with GASB 34)
 - GASB 44 - Statistical Table Requirements
- **OCBOA Cash/OCBOA Modified Cash Basis Financial Statements** (commonly referred to as "GAAP look-alike")
 - OCBOA Cash Basis - Financial statements prepared on the cash basis as "GAAP look-alike" financial statements, without Governmental Accounting Standards Board (GASB) Statements have been applied to the extent the GASB Statements are applicable to the OCBOA Cash Basis of accounting.
 - OCBOA Modified Cash Basis - Financial statements prepared on a modified cash basis as "GAAP look-alike" financial statements, except GASB Statements have been applied to the extent the financial statements are applicable to an OCBOA Modified Cash Basis of accounting. The most common modification applied within an OCBOA Modified Cash Basis is the recording long term investment activity. Other common modifications include recording of capital assets, net accumulated depreciation and long-term debt arising from cash transactions.
- **Regulatory Cash Basis Financial Statements** (commonly referred to as "ACS basis")
 - Financial statements prepared to comply with the books of accounting described by the Auditor of State in accordance with the financial reporting provisions of Ohio Revised Code 117.08 and Ohio Administrative Code 117.04-0910.
- **Other Specialized Footnote Disclosures**

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Agreed-Upon Procedure Resources

Clients & IPA Firms

- GAAS 84
- GAAS 84a
- Other Accounting FAQs
- Ohio Compliance Manuals
- Financial Statement Shells & Footnotes
 - GAAP
 - GASB 44 - Taxes
 - OIGDA
 - Regulatory
 - Specialized Footnotes
- Single Audit Practice Aids & Report Shells
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 - FTE 12/31/22
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- Ohio Laws & Rules
- Publications & Manuals

Clients

- Development of Policies and Procedures
- Submitted Annual Financial Reports
- Debit/ESG Disclosure

Agreed-Upon Procedures Small Governments

- Additional AUP Guidance – November 2022 (pdf)
- AUP Eligibility Checklist – November 2022 (pdf)

AUP Example Report Shells for 1/1/20 – 12/31/21
YE 12/31/21 and YE 6/30/22 Engagements

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Ohio Village Officer's Handbook

Guidance, Best Practices, and Manuals

- Ohio Compliance Supplement Manuals
- County Board of Developmental Disabilities Manual
- Ohio County Sheriff's Office Manual (JOI 2022)
- Ohio Township Handbook (Atr 2019)
- School District Self-Assessment Guide
- Guidelines for Student Activity Programs
- Uniform School Accounting System User Manual 2011 (Appendix B updated 2022)
- Uniform System of Accounting for Agricultural Societies (May 2022)
- Village Officers Handbook (Aug 2022)
- 2022 Desk Calendar.pdf (includes upcoming events, financial due dates, contacts, and more)

OHIO
VILLAGE OFFICER'S
HANDBOOK

OHIO AUDITOR OF STATE
KEITH FABER

Reports

Performance audits examine the efficiency and effectiveness of government programs.

Recent Audits

Technical Bulletins

The ACE office releases Bulletins offering guidance to the government entities it serves.

2022 - 1995

Advisory Memos

The ACE releases Advisory Memos with important news & guidance for the government entities it serves.

ACE Advisories

August 2023

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Technical Bulletins

Guidance, Best Practices, and Manuals

- Ohio Compliance Supplement Manuals
- County Board of Developmental Disabilities Manual
- Ohio County Sheriff's Office Manual (JOI 2022)
- Ohio Township Handbook (Atr 2019)
- School District Self-Assessment Guide
- Guidelines for Student Activity Programs
- Uniform School Accounting System User Manual 2011 (Appendix B updated 2022)
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Current Official Bulletins

2022 Technical Bulletins

2022 Desk Calendar

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ACE Advisories

August 2023

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Advisory Memos

Guidance, Best Practices, and Manuals

- Ohio Compliance Supplement Manuals
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- Ohio Township Handbook (Atr 2019)
- School District Self-Assessment Guide
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- Village Officers Handbook (Aug 2022)
- 2022 Desk Calendar.pdf (includes upcoming events, financial due dates, contacts, and more)

Auditor of State Advisory Memos and policy updates

COVID-19

In light of the long consequences of COVID-19, entities may face financial reporting challenges, such as visibility in the equity and debt markets as well as reduced revenues and cash flows. ACE resources in this category will include:

- Requester Unemployment Claims - Feb 2021 (p09)
- State Requirements & Fiscal Incentive - May 2021 (p09)
- Payroll Expenses Reimbursed to Subsequent F.Y. Jul 2021 (p09)

Other Advisories

- Fuel Incentives, Inflation, Fuel Card Expenses - Sep 2021

Reports

Performance audits examine the efficiency and effectiveness of government programs.

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August 2023

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