

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: Communication to All Hinkle System Filers

Date: January 13, 2020

Attached is an email that was sent to all Auditor of State clients required to file their annual financial statements via the Hinkle System.

As stated in the email, with the 2018 filings, public offices and other entities required to file have now submitted annual financial statements via the Hinkle System for four years, and all public offices/entities should be familiar with the process. However, our office continues to receive many requests to re-open Hinkle System filing links to make changes after submission. In many cases, the clients state they have been asked to refile by their auditors.

The purpose of this memo is to ensure Independent Public Accountants (IPA) are aware of the information and expectations communicated to clients and ensure clients are being properly advised regarding refiling of Hinkle System submissions. When Auditor of State Bulletin 2015-007 was issued, we expected refiling would be necessary because: 1) the Hinkle System was new, 2) previously small entities were not required to submit notes to the financial statements with their filings, and 3) we historically had not audited the financial statements filed to meet the statutory filing requirement. It was not intended for refiling to be a common practice going forward.

A refiling should only occur in situations where the filing was unintentionally incomplete, for example, if the client attempted to upload two files and was not aware only one would be transmitted to our office, the basis of accounting identified in the filing is inconsistent with the financial statements and/or notes to the financial statements filed, or the financial statements filed were either unauditable or for a different reporting year. Modifications to their financial statements, such as inclusion/modification of a note disclosure or correction of an error that was noted during the audit, are not reasons for refiling. Errors identified should be considered during the audit, and any audit adjustments should be reflected in the financial statements in the audit

report. Refiling the financial statements does not eliminate the auditor's responsibility for consideration of errors identified.

Auditors should not request an entity to refile without first contacting the Hinkle System administrator (HinkleSystem@ohioauditor.gov) to determine if refiling is appropriate.

Auditing the Financial Statements filed via the Hinkle System

AOS Bulletin 2015-007 requires the auditor to audit the unaudited financial statements filed via the Hinkle System. As previously communicated on September 15, 2016, for any audit of a public office or other entity required to file via the Hinkle System, your firm may not complete substantive audit work until the entity has completed its Hinkle System filing, and your firm must audit the financial statements and notes to the financial statements uploaded as part of the Hinkle System filing.

Also, as previously communicated on July 20, 2017, the Center for Audit Excellence's (CFAE) review may not commence until the Hinkle System filing is complete. CFAE will not log in submitted reports until the Hinkle System filing is complete and agrees to the audited financial statements, unless adjustments were noted in the audit adjustment application. This may result in a late IPA report submission. In addition, the report submission may be considered a recall if the filing/refiling via the Hinkle System is subsequent to the filing due date and requires the addition of a non-compliance citation to be reported. CFAE continues to receive reports where the opinion is dated prior to the Hinkle System filing date in violation of this policy.

IPA Nonaudit Services

As stated in the Request for Proposal (RFP), each IPA firm must provide prior notification to the AOS when the IPA performs the engagement on behalf of the AOS and intends to provide any nonaudit service, as defined by the most recent applicable *Government Auditing Standards* related to auditor independence, not disclosed in the firm's proposal. An [IPA Nonaudit Services Form](#) must be submitted to the AOS when nonaudit services are performed, including the preparation of financial statements of an entity when an audit is also being conducted. Several instances have been noted where IPA Nonaudit Services Forms were not submitted to the AOS as required.

Questions can be directed to IPACorrespondence@ohioauditor.gov.



RE: IMPORTANT Message from the Auditor of State Regarding Hinkle System Filings

NOTE: This email is being sent to ALL entities required to file via the Hinkle System. It is NOT a notice regarding your specific entity's Hinkle System filing status.

We initially sent this email on December 30, 2019; however, due to issues with our office's bulk email system, it was not received by all intended entities. We are resending it to all entities required to file via the Hinkle System.

We apologize for the repeated communication if you received the December 30, 2019 email. For entities with a reporting period ended December 31, 2019, a separate email communication with the December 31, 2019 filing information was sent Monday-Tuesday, January 6 and 7th. We apologize for the delay.

You are receiving this email because your public office or other entity is required to submit annual financial statements via the Hinkle Annual Financial Data Reporting System (Hinkle System).

All public offices or other entities with a filing requirement have been required to file via the Hinkle System since the annual filing for the periods ended in 2015. Because the Hinkle System was a new method to file and, as outlined in Auditor of State Bulletin 2015-007, all entities were required to include notes to their financial statements in their Hinkle System filing, we permitted entities to refile when initial filings were incomplete.

With the 2018 filings, public offices and other entities required to file have now submitted annual financial statements via the Hinkle System for four (4) years, and all public offices/entities should be familiar with the process. However, our office continues to receive many requests to re-open Hinkle System filing links after submission in order to make changes.

It is important to note:

- Unaudited financial statements and data (if applicable) submitted via the Hinkle System becomes publicly available on the Auditor of State's [website](#) the day following submission; however, the content of the unaudited financial statements is generally not reviewed until the audit begins.
- The expectation of the Auditor of State's office is each entity required to file its annual unaudited financial statements with our office via the Hinkle System will only submit the filing once by the statutory due date (or approved extension date). Prior to submitting the filing, the entity should complete all reviews, verify the correct basis of accounting has been selected, and view the uploaded file to ensure it is the correct file, and it is a complete file.
- For entities that utilize the Uniform Accounting System (UAN) that have not opted out of UAN filing their Hinkle System filing on the entity's behalf, our office's expectation is the proper basis of accounting has been selected and the notes to the financial statements have been imported prior to submitting your annual financial report (AFR) to UAN by the statutory due date (or approved extension date).
- For entities that prepare a Comprehensive Annual Financial Report (CAFR) for submission to the Government Finance Officers Association (GFOA) award, we strongly recommend that your entity plan appropriately to complete the entire unaudited CAFR on, or preferably before, the statutory filing due date

and upload it via the Hinkle System. Preparation of a CAFR is voluntary and is therefore not required to meet statutory filing requirements via the Hinkle System; however, the due date for submitting the audited CAFR to GFOA for award is six (6) months (approximately 180 days) after the end of the reporting period year-end. While your entity would not be subject to a non-compliance citation if the Hinkle System filing is not the entire unaudited CAFR, completion of the unaudited CAFR after the Hinkle System filing due date may impact the completion of the audit by the GFOA filing deadline.

Adjustments identified as a result of the audit, updates to disclosures with information not available at the time of filing or other minor wording changes or clerical errors do not require refiling the entity's Hinkle System filing(s) for the period under audit. Any necessary adjustments identified as part of the audit will be reflected in the financial statements within the audit report.

Therefore, after submission, a public office or other entity required to file will generally only be permitted to refile its Hinkle System filing in limited circumstances.

If you have any questions, please [contact](#) our office.