

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: 2025 Ohio Compliance Supplement

Date: November 19, 2024

The 2025 OCS has been posted to <http://www.ohioauditor.gov/references/compliancemanuals.html>. (If you have trouble seeing the 2025 OCS at this link, please refresh your screen or hit F5.)

A summary of changes from 2024 to 2025 is attached. Audit years ending 12/31/2024 must include the new 2025 OCS if compliance testing has not yet started. If you have already pulled the 2024 compliance supplement into your 12/31/2024 (or later) project you must evaluate which edits are considered significant to your engagement and therefore require replacing or adding the corresponding updated sections. You may include the attached file in your work papers with cross references to updated compliance testing where applicable, for the remaining modified sections.

Questions can be directed to kmberger-davis@ohioauditor.gov.

Ohio Compliance Supplement 2025

Summary of Changes

NOTE: Red text throughout the 2025 Ohio Compliance Supplement is related to COVID-19 and/or the Infrastructure Investment & Jobs Act (IIJA)

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| Throughout | <ul style="list-style-type: none">- Red COVID language – removed where no longer relevant to the period covered by this OCS. Changed some red language to black font, where it now applies in general (not COVID specific). Noted that red font is related to both COVID & the Infrastructure Investment & Jobs Act (IIJA).- References to State & Local Government Guide (SLG) updated, where appropriate, to agree to 2024 edition.- Updated language, where needed, to sync to GASB, AU-C, etc.- Added hyperlinks to several prior references to Bulletins, outside documents, etc.- Changed references from ODE to DEW.- Removed old effective dates that are irrelevant to the periods covered by this OCS. |
| Chapter 1 | <p>1-1: Annual appropriation measures – classification – Removed references to Agency funds.</p> <p>1-2: Restriction upon appropriation and expenditure of money – Updated some language to agree to ORC.</p> <p>1-4: Establishing funds and permission to establish special funds – Added reference to additional OneOhio Opioid Settlement guidance on AOS website.</p> <p>1-6: Transfer of funds – Updated as a result of HB 101 (ORC 5705.14(J)). Updated some language to agree to ORC. Added guidance for transfers to certain reserve accounts.</p> <p>1-10: Issuing or retiring bonds and notes – Added guidance from Bulletin 2024-002 on debt in the form of standard installment loans from private financial institutions.</p> <p>1-14: Annual financial reporting – Added Library requirement, effective for 12/31/24 financial statements, to be prepared using the more detailed program codes. Added OAC 117-6-01 requirement that schools follow USAS. Clarified SAP 2, and added SAP’s for Library & school requirements.</p> <p>1-16: Health care self-insurance – Updated self-insurance table.</p> <p>1-17: Liability self-insurance – Updated self-insurance table.</p> <p>1-18: Vacation and sick leave – Various edits made throughout.</p> <p>1-19: Collection of Income Tax at Source on Wages – Clarified W-2 footnote to include independent contractors. Also added guidance on referrals from OCS Implementation Guide related to Employee vs. Independent Contractor Status issues noted.</p> <p>1-20: Definitions, rates of contributions etc. – Added footnote on membership requirements for EMT’s and other public safety officers.</p> <p>Appendix A: Agricultural Societies – Section numbers removed. In the Filing Financial Reports section, removed SAP 4 to agree to requirements in section. In the Ohio Fairs Fund section, removed information on the Ohio Expositions Commission, as it does not relate to County or Independent Ag. Societies.</p> |
| Chapter 2 | <p>2A-2: Restrictions on appropriating and expending money – Updated as a result of SB 91 (ORC 5705.41(B)).</p> <p>2A-3: Municipal contracts – Updated as a result of HB 101 (ORC 731.14). Also updated thresholds, where appropriate.</p> <p>2A-5: County notice and other bid procedures – Updated thresholds, where appropriate.</p> |

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| | <p>2A-6: Township expenditures and competitive bidding – Updated thresholds, where appropriate.</p> <p>2A-9: Bidding required on improvement contracts (Colleges & Universities) – Updated Board of Regents name to Department of Higher Education. Updated thresholds, where appropriate.</p> <p>2A-11: Separate bids and contracts required for each class of work on buildings and other structures– Added guidance & SAPs related to significant projects undertaken through a construction manager at risk or design-build firm.</p> <p>2A-12: Prevailing wage rates in public works contracts – Updated thresholds, where appropriate.</p> <p>2A-19: Other County and County Hospital Investment Requirements – Updated footnote that any investment policies received prior to 1/2021 were retained on the S drive and not migrated to eServices/GP; any received after that date are saved only in GP. Also updated SAP 6c from ‘quarterly investment report’ to ‘monthly portfolio report’, to agree to ORC.</p> <p>2B-1: Force accounts for certain municipal corp’s – Updated thresholds, where appropriate.</p> <p>2B-2: Force accounts for Counties – Updated thresholds, where appropriate.</p> <p>2B-3: Force accounts for Townships – Updated thresholds, where appropriate.</p> <p>2B-5: Landfill financial assurance responsibility and certifications; Solid waste transfer facility financial assurance responsibility and certifications – Hyperlinked to State Support Document for the Local Government Financial Test. Added other edits, as requested by Ohio EPA.</p> <p>2B-6: Education Requirements – Various edits made throughout. In addition, added TOS e-mail address to confirm CPIM certifications & exemptions, as currently the TOS does not have a searchable database. Also clarified SAPs for consistency with the requirements.</p> <p>2B-7: Fraud and abuse; conflict of interest; ethics – Updated certain items to agree to ORC. Also updated for AOS Bulletin 2024-005 on the new Fraud Reporting System, and added additional clarifications.</p> <p>2B-8: Ohio Sunshine Laws – Updated Sunshine Laws and StaRS FAQs document. Continued p/y guidance related to AOS Bulletin 2021-007 for community schools. Added guidance from AG’s Ohio Sunshine Law Manual (ie. AG Yellowbook). Added reference to ORC’s regarding virtual participation at meetings for Port Authorities, & Soil and Water Conservation Districts. Added reference to AG Opinion on definition of “special taxing district”.</p> |
| Chapter 3 | <p>3-15: Twp Reimbursement of ins. Premiums – Updated thresholds, where appropriate.</p> <p>3-16: Cafeteria Plans – Updated thresholds, where appropriate.</p> |
| Implementation Guide | <p>Compliance Risk & Controls – Changed ‘100%’ to ‘High’ due to updated AOS approach.</p> <p>Findings for Recovery – Clarifications made throughout, including:</p> <ul style="list-style-type: none"> • Changed AOS policy to issue FFR’s for exact dollar/cents (no more rounding down). • Created a new flowchart summarizing the FFR process for “AOS audits without SIU involvement. • Added footnote that insurance policies that are purchased in place of a bond are treated the same as a bond for FFR purposes. • Added footnote that for any FFR repayments related to a criminal case, the client should be reminded to notify the clerk of courts as well, so it can be properly updated in the court record; if connected to a restitution order, they should inform both the Clerk of Courts & the Attorney General Collections section. <p>Findings for Waste or Abuse – Explained that there are times when conduct may meet the GAGAS standard of abuse, but not constitute gross neglect of duty or malfeasance under the ORC. Also removed section titled ‘Abuse in Federal Programs’ due to language removed from updated Uniform Guidance.</p> |

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| | <p>Referrals – Added footnote explaining that if there have been fines and penalties assessed by an agency (STRS, IRS, etc.) due to late remittance filings, there would be no need to indicate a referral in the audit report or management letter because they would already be aware of the situation. Also clarified process for referrals to the Ohio Ethics Commission.</p> <p>Appendix A – Budgetary and Certain Related Requirements – Various edits made throughout.</p> <p>Appendix A-1 Transfers & Advances – Updated as a result of HB 101, for dissolved villages). Also added that GASB requires disclosures for amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, and internal service funds in the aggregate.</p> <p>Appendix B – Contracts & Expenditures – Updated as a result of HB 101, for competitive bidding thresholds, and added increase in thresholds by 3% for calendar year 2025.</p> <p>Appendix E – Updates made to Federal Agencies table, as needed.</p> |
| <p>Matrix</p> | <p>Throughout:</p> <ul style="list-style-type: none"> - Updated to sync to edits made in corresponding OCS sections (ORC’s, etc.) <p>Exhibit 5:</p> <ul style="list-style-type: none"> - FN 39 – Added clarification that the STEM/STEAM Schools column applies only to independent STEM/STEAM schools, meaning those public STEM/STEAM schools with an independent governing body. Added link to listing of all STEM/STEAM schools on DEW’s webpage, and noted that the last column on DEW’s listing indicates those that are independent. - FN 40 – Added clarification for STEAM/STEM schools related to section 4A-5 (school funding). - FN 46 – Related to section 2B-8 (StaRS), added note that AOS/IPA auditors should review the 'customer information' section in GP/IPA Portal for the AOS legal divisions determination of whether the public records act testing requirements, and the open meetings act testing requirements are applicable to the specific entity. - FN 66 & 68 – Updated as a result of HB 101. |
| <p>OPM</p> | <p>Intro – Added note that auditors should evaluate the requirements in the OPM for possible testing in the current audit based upon both quantitative and qualitative materiality factors.</p> <p>O-5: County credit and procurement cards – Added reference to CCAO’s Bulletin 2023-5 on credit card use for Counties. In addition, added a footnote on CCAO partnering with Amazon to offer free Amazon Business Prime memberships for one year, and how auditors should treat such purchases.</p> <p>O-7: Government credit cards & purchasing cards – Added footnote on PEX cards.</p> <p>O-12: Allocating Audit Costs – Updated to agree to AOS Bulletin 2024-004. Also updated de’ minimis % as a result of the Uniform Guidance updates.</p> <p>O-13: Continuing Professional Training (CPT) pilot program funding for law enforcement agencies – Removed Component 1 as it is n/a to periods covered by this OCS.</p> |