OHIO AUDITOR OF STATE
KEITH FABER

34th Annual GFOA Conference

2021 OCS Update

Presented by: Joey Jones, Chief Auditor, East Region

Agenda

- What, Where, How, When
- Implementation Guide Updates
- Ch. 1 Updates
- Ch. 2 Updates
- Ch. 3 Updates
- OPM Updates

WHAT
WHY
WHERE
WHEN
HOW
WHO

What is the OCS?

OCS = Ohio Compliance Supplement

Contains certain laws and regulations which are:

- of the type auditors generally consider direct and material
- or of considerable public interest

Is <u>not</u> a comprehensive listing of applicable laws and regulations

Is designed to help auditors and public offices identify and familiarize themselves with certain laws and regulations

What is the effective date?

2021 OCS ★

Engagements of FYE 12/31/20 – 11/30/21

2020 OCS

Engagements of FYE 12/31/19 – 11/30/20

Where is the OCS?

www.ohioauditor.gov/references/compliancemanuals.html

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AUDITS | LOCAL GOVERNMENT | OPEN GOVERNMENT | RESOURCES | CONTACT US | Quick Links ▼ | Site Search

Local Government Services | IPA Resources

Reference Materials

Clients & IPA Firms

- GASB 84
- GASB 75
- GASB FAQs
- Ohio Compliance Supplement Manuals
- Financial Statement Shells and Footnotes
- Single Audit Practice Aids &

Ohio Compliance Supplement Manuals

2021

Ohio Compliance Supplement Implementation Guide (PDF)

- Exhibit 3 Compliance ACE (Microsoft Word)

Ohio Compliance Supplement Manual (PDF)

- Chapter 1 - Direct Laws (PDF) (Microsoft Word)
- Chapter 2 - Indirect Laws and Statutorily Mandated Tests (PDF) (Microsoft Word)
- Chapter 3 - Stewardship (PDF) (Microsoft Word)

Optional Procedures Manual (Microsoft Word)

http://www.ohioauditor.gov/references/compliancemanuals.html

How is the OCS Organized?

Implementation Guide (IG)

Chapter1

- Direct Laws - has the potential to materially misstate the financial statements.

Chapter 2

- Indirect Laws & Statutorily Mandated Tests

Chapter 3

- Stewardship

Optional Procedures Manual (OPM)

Updates - When/How Often? How to Identify Changes?

- Updated annually
- Normally posted Nov-Jan timeframe
- Changes marked with ~~strike-out~~, <u>double underline</u> or wavy-underline

2021 OCS Updates

2021 OCS Updates

Throughout

- Red text in OCS indicates a change related to COVID-19
- Removed references to the 2011 Yellow Book
- Changed 'CAFR' to 'Comprehensive Annual Financial Reports'
- Effective for federal awards made after November 12, 2020, the terms "Catalog for Federal Domestic Assistance (CFDA) number" and "CFDA program title" have been changed to the terms "Assistance Listings number" and "Assistance Listings program title".

2021 OCS Updates – IG

Finding for Recovery Clarification

- A FFR should be issued even if a criminal restitution order is already in place for the same conduct without a repayment plan. The following distinctions may be denoted as applicable:
  - Repaid Under Audit – if repaid 100%
  - Resolved – if repayment plan in place
- Only unresolved/unpaid FFR's from Section 2 of the p/y SOF are summarized in the Schedule of Prior Audit Findings. Those from Section 4 are not.

2021 OCS Updates – IG

Finding for Adjustment (FFA) Clarification

- Track p/y's material FFA in the Schedule Of Prior Audit Findings until appropriately recorded by client.
- If in subsequent audits, the issue that caused/allowed the material FFA to occur has:
  - Been corrected – do <u>not</u> repeat comment
  - Remains uncorrected – evaluate for f/s materiality & opinion modification
  - Remains uncorrected **&** additional errors occurred in current audit period that add to the FFA – report <u>cumulative</u> amount of the errors, including amounts from prior period, for the current period – and evaluate for f/s materiality & opinion modification
- A client not recording a necessary adjustment that requires an opinion modification should usually result in a material weakness / significant deficiency reported in the GAGAS report and the Schedule of Findings.

2021 OCS Updates – IG

Appendix A: Budgetary and Certain Related Requirements

- Many governments may pass budgets even though they are not legally required to. In these instances consider GASB Cod. 2400.702-14, in reference to GASB 34 ¶130:
  - 7.91.14….A government may formally adopt an operating budget, but if they have the legal authority to spend resources without it, it does not constitute a legally adopted budget as contemplated in the GASB standards.

2021 OCS Updates – IG

Appendix A-1: Transfers and Advances

- AOS encourages local governments to take advantage of the opportunity to reimburse expenditures made from other funds, particularly during the early months of the pandemic before the CARES Act and other COVID-19 awards, including FEMA assistance, were available.
- **AOS prefers a negative expenditure, Reduction of an Expenditure, or Reduction of Prior Year Expenditure** line-item be utilized to move the eligible expenditure out of the fund that originally paid for it and record the expenditure in the appropriate federal fund.

2021 OCS Updates – IG

Appendix A-1: Transfers and Advances (cont'd) ★

- Alternatively - may use the **transfer** line-items to reimburse eligible expenditures made in state and local funds with an allowable federal fund – but **should be the method of last resort when recording reimbursements**.
- If using transfer, see further guidance added to App. A-1.

2021 OCS Updates – IG

Appendix A-2: Direct Charges

- For purposes of H.B. 481 as amended by H.B. 614 entities should consider encumbering eligible direct charges in their accounting system for the CRF when possible.

2021 OCS Updates – IG

Legal Matrix – Exhibit 5

- State Community College –
  - If the board of trustees of a state community college district levies a tax per ORC 3358.11 the board/treasurer must comply with ORC 5705.41(D)

2021 OCS Updates – IG

Legal Matrix – Exhibit 5

- 1-6 Transfer Funds -
  - There may be other statutes to consider with regard to transfer compliance, (see e.g. ORC §§ 743.05, 3375.40(L)).

2021 OCS Updates – IG

Legal Matrix – Exhibit 5

- 1-3 Amending or Supplementing Appropriations – Library -
  - A library that meets the definition of a district authority, pursuant to ORC 5705.01(I), must amend appropriations if they receive additional revenue and intend to spend it.
  - A public library that does not meet that definition may choose, by policy or practice, to implement controls similar to ORC 5705.41.

2021 OCS Updates – IG

Legal Matrix – Other

- Exhibit 6 - ORC 117.01(E) should be cited in the initial audit year when evidence indicates any entity was created without notifying AOS
- Added OCS 2-23 applicability tab

2021 OCS Updates – Ch. 1

1-1: Annual appropriation measures – classification

- In light of the timing of COVID events and guidance, auditors are encouraged to evaluate the due diligence on the part of the local government to convene a meeting as soon as possible, and pass the permanent appropriations.
  - If they were late but following due diligence **AND** did not overspend their temporary appropriations, auditors will not issue citations.
- For nonexpendable trust funds – added reference to Bulletins 2020-003 & 2020-008.

2021 OCS Updates – Ch. 1

1-2: Restriction upon appropriation and expenditure of money

- An appropriation for the newly created special revenue fund (for the federal CARES Act moneys) is effectively created by operation of ORC 5705.42.
- The moneys are treated by the fiscal officer as if they have been appropriated for a specific purpose, without requiring the taxing authority to adopt an amended appropriation measure.
- However, the fiscal officer should include the appropriated amounts on the (amended) certificate; and record the appropriation in the accounting system.

2021 OCS Updates – Ch. 1

1-4: Establishing funds and permission to establish special funds

- Local government subrecipients of H.B. 481 / H.B. 614, allocations of the Coronavirus Relief Fund need only adopt the resolution or ordinance required by these bills.
- This resolution can serve as governing board authorization for the establishment of the Coronavirus Relief Fund.

2021 OCS Updates – Ch. 1

1-5: Distributing revenue derived from tax levies, proceeds from sale of bond issue, proceeds from sale of permanent improvement

- Added definitions for terms used in this guidance: The *premium* and *accrued interest* received from the sale of public obligations or fractionalized interests in public obligations as defined in Ohio Rev. Code § 133.01 is to be paid into the subdivision's sinking fund or the bond retirement fund [Ohio Rev. Code § 5705.10(E)].
- Even if a permanent improvement was purchased or maintained with special levy revenue, the proceeds from the sale of the permanent improvement shall be credited in accordance with ORC 5705.10(F) or other specific statute that addresses the crediting or use of sale proceeds.

2021 OCS Updates – Ch. 1

1-6: Transfer of funds

- Added reference to COVID transfer guidance in Appendix A-1.

2021 OCS Updates – Ch. 1

1-7: Advances

- Per OCS 1-6 (transfers), upon availability of federal award funding, entities should use advances to cover fund deficits if a CARES Act or Families First Act federal program is operating on a reimbursement basis.
- Auditors must evaluate whether schools meet the criteria in ORC 3315.20, which provides an allowable exception for school districts.
  - A school district may have a deficit in any special fund of the school district, but only if certain conditions are satisfied.

2021 OCS Updates – Ch. 1

1-8: Reserve balance accounts and funds

- Bulletin 2020-008 simplified the reporting of fund balance classifications in the AOS regulatory cash basis financial statements and footnotes beginning with the 12/31/2020 FYE reporting.

2021 OCS Updates – Ch. 1

1-12: Community School Debt ★

- Changed section from covering just CS foundation anticipation notes – to cover <u>all community school debt</u>.
- This section applies if the community school had any previous debt still outstanding/being repaid during the current audit period, **or** new money loaned **to/from** the school during the current audit period.

2021 OCS Updates – Ch. 1

1-12: Community School Debt (cont'd)

- A CS <u>may</u> borrow money from their operator, but such must be accounted for, documented & bear interest at a fair market rate.
- As mentioned in OCS 2-22, a community school's Treasurer should <u>not</u> loan money to a community school they work for, as this could violate Ohio Ethics Laws.

2021 OCS Updates – Ch. 1

1-12: Community School Debt (cont'd) ★

- CS's do not have legal authority to make loans to other community schools.
- A Finding for Recovery may be issued <u>against</u> the community school <u>receiving</u> the funds as part of the audit of the community school loaning the funds.

2021 OCS Updates – Ch. 1

1-12: Community School Debt – AOS Bull 2021-002 – impl. details:

- Effective upon issuance – 2/19/21
- For <u>existing</u> loans outstanding on 2/19/21, school may either:
  - Repay in full immediately, or
  - Continue to follow repayment plan

2021 OCS Updates – Ch. 1

1-12: Community School Debt – AOS Bull 2021-002 – implementation details:

- Existing loan not in writing by 2/19/21:
  - Put in writing by 4/20/21, or
  - Potential FFR

2021 OCS Updates – Ch. 1

1-12: Community School Debt – AOS Bull 2021-002 – impl. details:

- Eff. 2/19/21 citation &/or FFR may be issued:
  - For existing loans o/s where:
    - Loan payments are discontinued;
      - Loan agreement / covenants are not complied with; or
      - Repayment plan / loan doc. is altered

    Auditors will continue to monitor repayments during each audit until repaid in full.
  - For any new loans made after 2/19/21

2021 OCS Updates – Ch. 1

1-17: Annual financial reporting

- Added link to 12/31/19 Hinkle System GAAP basis filing extension.
- Added reminder that when citing for a GAAP mandated entity filing OCBOA or regulatory stmts. – AOS auditors should use the sample standardized comment in briefcase.

2021 OCS Updates – Ch. 1

1-19: Health care self insurance ★

- Reorganized testing section

2021 OCS Updates – Ch. 1

1-20: Liability self insurance ★

- Reorganized testing section

2021 OCS Updates – Ch. 1

1-22: Vacation and Sick Leave ★

- Added guidance and testing related to the Families First Coronavirus Relief Act (FFCRA) / Consolidated Appropriation Act (CAA) of 2021
  - An employer shall provide to each employee paid sick time to the extent the employee is unable to work (or telework) from 3/1 – 12/31/2020 or 3/31/2021 (if their policy indicates they chose to optionally extend based on the CAA) because the employee met certain COVID related criteria.

2021 OCS Updates – Ch. 1

1-23: Collection of income tax at source on wages

- Medicare tax – added authority for crediting certain paid leave costs against the tax obligations related to various COVID statutes and/or deferring the tax obligations to future periods.
- IRS forms 1099 & 1096 - grants that local governments provide to small businesses under the CARES Act Coronavirus Relief Fund <u>are taxable</u>.
- Added to testing to determine if they properly credited the paid leave costs against the tax obligations and/or deferred the tax obligation to future periods.

2021 OCS Updates – Ch. 1

1-24: Definitions, rates of contributions etc.

- Auditors should be alert for changes in the account classification for related costs as compared to prior years because payments to cover payroll or benefits expenses of public employees for those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency may be charged to the Coronavirus Relief Fund.

2021 OCS Updates – Ch. 1

1-25: Permanent endowment funds

- Townships with cemetery endowment fund:
  - Added guidance related to AOS Bulletin 2020-008

2021 OCS Updates – Ch. 1

1-26: Traditional School District Funding

- Auditors will take a controls/walk-through approach with limited testing to evaluate compliance.
- 133rd GA, HB 166, Sections 265.215 & 265.220 froze traditional district funding to FY 2019 levels for FY 2021.
    - Aside from deductions/adjustments being based on current year data (ie. open enrollment, etc.), traditional school districts received the same payment in FY 2021 as they did in FY 2019, regardless of their FTE.
- 133rd GA, HB 164, Section 16(B) allowed temporary remote learning plans for Fy 2021 only
    - Section 16(D) – a school that implemented such a plan which addressed the 6 required elements shall be considered to have complied with 1.) min. # of hours req and 2.) Any req's to receive state funds under ORC 3317

2021 OCS Updates – Ch. 1

1-26: Traditional School District Funding (cont'd)

- As a result, for FY 2021 auditors will test as follows:
  - Controls – Have client complete form documenting learning model(s) used during Fy 2021 per building/time period; as well as a narrative on controls over student attendance for each model utilized
  - Step 1 –
    - If remote learning plan used - assess plan & walkthrough 1 student for 1 week.
    - If blended declaration used – assess related policy & walkthrough 1 student for 1 week.
    - If operated in person as normal – evaluate attendance policies & walkthrough 1 student for 1 week.
  - Step 7 - Test as normal (Student Cross Reference application)
  - Steps 2-6 & 8 – no testing required for FY 2021.

2021 OCS Updates – Ch. 1

1-27A: Community school funding – Brick & Mortar Schools ★

- This section applies to B&M CS's operating in person as normal, **or** under a remote learning plan
- Auditors will perform alternative testing procedures.
- 133rd GA, HB 164, Section 16(B) allowed temporary remote learning plans for Fy 2021 only
  - Section 16(F) – a community school that implemented such a plan shall be considered to have complied with 1.) min. # of hours req and 2.) any req's to receive state funds under ORC 3314

2021 OCS Updates – Ch. 1

1-27A: Community school funding – B&M (cont'd)

- As a result, for FY 2021 auditors will test as follows:
  - Controls – Have client complete form documenting learning model(s) used during Fy 2021 per building/time period; as well as a narrative on controls over student attendance for each model utilized
  - If operated in person as normal all year – full testing procedures
  - If operated under a remote learning plan:
    - Step 1 - assess plan & walkthrough 1 student for 1 week.
    - Steps 4, 5, 6, 7b & 8 - test as indicated in step.
    - Steps 2, 3, 7a & 9 – no testing required for FY 2021.

2021 OCS Updates – Ch. 1

1-27B: Community school funding – E-Schools

- This section <u>only</u> applies to actual 'e-schools' – meaning those created under the definition in ORC 3314.02(A)(7).
- 1-27B should <u>not</u> be used for comm. schools established as a brick & mortar that utilized remote learning plans due to COVID during FY 2021.
- For e-schools, attendance should have been tracked in the same manner it was prior to COVID. E-schools continued to be funded based on documented learning opportunities. Auditors will therefore perform normal testing procedures.
- Excused and unexcused days of absence or assignments do not count as hours in e-schools.

2021 OCS Updates – Ch. 1

1-27C: Community school funding – Blended Schools

- This section applies to CS's operating in under blended learning declarations
- Full testing procedures apply
- Auditors must review ODE's document titled 'Methodology for funding blended learning community schools during the ordered school-building closure'.

2021 OCS Updates – Ch. 1

1-27C: Community school funding – Blended Schools

- Opening assurances are only required for community schools in their first year of operations, or schools that are not e-schools and changed buildings.
- Blended learning declaration form due to ODE by 11/1/2020

2021 OCS Updates – Ch. 1

1-27A, B & C: Community school funding

- Due to COVID-19, ODE may issue 1-year nonrenewable provisional licenses; however, no such license shall be valid on or after July 1, 2021.
- The original source document for a birth record may be a photocopy of a birth certificate or a properly attested documentation of birth.
- Table added to clarify difference between habitual truancy, excessive absences, & chronic absenteeism – and the related steps schools must take for each.
    - Community schools, e-schools, and dropout prevention and recovery schools must follow all requirements in the table.
    - Students may not be suspended or expelled for truancy, and this does **not** indicate a student must be automatically withdrawn.

2021 OCS Updates – Ch. 1

1-27A, B & C: Community school funding

- **In addition**, for community schools, ORC 3314 does require the following, which is a separate law from the categories in the table discussed on the prior slide:
  - 3314.03(A)(6)(b): the governing authority must adopt an attendance policy that includes a procedure for **automatically withdrawing** a student from the school if the student without a legitimate excuse fails to participate in seventy-two (72) **consecutive** hours of the learning opportunities offered to the student.
  - 3314.08(H)(2)(c): if the student, without a legitimate excuse, fails to participate in the first seventy-two (72) consecutive hours of learning opportunities offered to the student in that subsequent school year, the student shall be considered not to have re-enrolled in the school for that school year.

2021 OCS Updates – Ch. 2

2-1: Appropriations limited by estimated revenue

- There are no budgetary exemptions for CRF funding.
- Therefore the government would need to follow the same procedures for expenditures, including any required modifications and certificate requests to the County.

2021 OCS Updates – Ch. 2

2-2: Restrictions on appropriating and expending money

- An appropriation for the newly created special revenue fund (for the federal CARES Act moneys) is effectively created by operation of ORC 5705.42.
- The moneys are treated by the fiscal officer as if they have been appropriated for a specific purpose, without requiring the taxing authority to adopt an amended appropriation measure.
- However, the fiscal officer should include the appropriated amounts on the (amended) certificate; and record the appropriation in the accounting system.

2021 OCS Updates – Ch. 2

2-3: Internet- or computer-based community school cannot contract with a nonpublic school for instructional facility space

- This section only applies to community schools which are classified as internet/e-schools.
- It does not apply to a brick & mortar or blended community school, which implemented a temporary remote learning plan for Fy 2021 due to COVID-19, as permitted under 133 GA H.B. 164, Section 16(B).

2021 OCS Updates – Ch. 2

2-5: Accounting for management company expenses

- Added clarification that **all** community schools meeting the threshold in ORC 3314.024(A) must include the management company detailed accounting in the footnote prescribed by Bulletin 2004-009 in their annual financial statements.
- AOS, pursuant to ORC 3314.024(D) and AOS Bulletin 2004-009, verifies information contained in the detailed accounting footnote by examining community school records during the course of the regular financial audit. This verification occurs through one of the three options explained in this section.

2021 OCS Updates – Ch. 2

2-5: Accounting for management company expenses (cont'd)

- IPA's can now check the AOS community school master spreadsheet in IPA portal for mgmt. co. name
- Management Co. AUP draft procedures & final reports are now submitted to CommunitySchoolQuestions@ohioauditor.gov
- AOS will attest to the sufficiency of the procedures **prior to** the practitioner ("auditor") commencing the procedures.
- Each AUP Report and engagement letter should list the schools to which the agreed-upon procedures apply.

2021 OCS Updates – Ch. 2

2-13: Sponsor monitoring of community schools

- Effective FY 2021, opening assurances are only required for new schools, or existing community schools that changed school buildings that year.
- If a remote learning plan was adopted, determine whether the sponsor reviewed/approved the plan.
- Sponsor ratings:
  - HB 164 prohibited ODE from issuing any sponsor ratings for Fy 2020, and established safe harbor from penalties and sanctions for sponsors based on the absence of such ratings, in which only ratings from previous and subsequent years be considered.
  - Per HB 67, sponsor ratings issued for Fy 2021 have no effect in determining sanctions or penalties; do not create a new starting point for determinations that are based on ratings over multiple years; and only certain components are rated.

2021 OCS Updates – Ch. 2

Force Accounts –

2-16: Municipal Corp's

2-17: Counties

2-18: Townships

- Added force account limits for 2020-2021

2021 OCS Updates – Ch. 2

2-19: Security controls over counties' electronic transactions

- While not a statutory mandate, auditors should consider whether testing this requirement at a service organization is necessary based upon the assessed audit risks and materiality of the service organization(s)'s activities.
- If deemed necessary to test, update planning and include the steps in your service organization procedures within the audit project.
- Results of testing these procedures at a service organization would not result in noncompliance.

2021 OCS Updates – Ch. 2

2-23: Ohio Sunshine Laws

- Clarified guidance & testing procedures from HB 404
- Effective 3/9/20 until 7/1/21, members of a public body may hold and attend meetings and may conduct and attend hearings by means of teleconference, video conference, or any other similar electronic technology.
- Step 2 now combines 3 tests into 1 sample

2021 OCS Updates – Ch. 2

2-24: CARES Act (NEW) ★

- New section added to the OCS because HB 481 includes the following statutory mandate for AOS:
  - "Money in a subdivision's local coronavirus relief fund shall be audited by the Auditor of State during the subdivision's next regular audit under section 117.11 of the Revised Code to determine whether money in the fund has been expended in accordance with the requirements".

2021 OCS Updates – Ch. 2

2-24: CARES Act (NEW) ★

- Who received it?

2021 Ohio Compliance Supplement *Indirect Laws & Statutorily Mandated Tests*
Section 2-24

This new section added to the OCS because Am. Sub. H. B. No. 481 133rd G.A Section 27(E) includes the following statutory mandate for the Auditor of State:

> "Money in a subdivision's local coronavirus relief fund shall be audited by the Auditor of State during the subdivision's next regular audit under section 117.11 of the Revised Code to determine whether money in the fund has been expended in accordance with the requirements"[90]

For reference, detailed HB 481 / HB 614 requirements and additional AOS guidance is recapped
Ohio Legislation Information - CARES Act.docx.

Local Government CRF Distribution/ Redistribution Listing -12/29/20 (including fund returned to OBM: Local Govt Distributions Listing 2020-12-29.xlsx

2021 OCS Updates – Ch. 2

2-24: CARES Act (NEW) ★

- This step <u>is mandatory</u> for local governments who:
  - Received and expended CRF allocations pursuant to Am. Sub. HB 481 and Sub. HB 614.
  - Made subgrants or subloans of CRF allocations received pursuant to Am. Sub. HB 481 and Sub. HB 614.
  - Do not qualify for a single audit in FY2020, **or**
  - Qualify for a single audit but CRF is not a major federal program

2021 OCS Updates – Ch. 2

2-24: CARES Act (NEW)

- Auditors do <u>not</u> have a statutory mandate to test this step for:
  - Local governments receiving direct allocations of CRF from Treasury
    - i.e., City of Columbus, Cuyahoga County, Franklin County, Hamilton County, Montgomery County, or Summit County
  - Nor those receiving CRF allocations from the State of Ohio outside of these bills
    - e.g., libraries, agricultural societies, etc.

2021 OCS Updates – Ch. 2

2-24: CARES Act (NEW) ★

- Payments from CRF can only be used for expenses that:
  - Are necessary expenditures incurred due to the public health emergency (COVID 19)
  - Were NOT accounted for in the budget most recently approved as of 3/27/20
  - Were incurred during the period that begins 3/1/20 and ends on 12/31/21

3 Prong Test

- Includes examples of eligible & ineligible exp's from U.S. Dept. of Treasury guidance
- **AOS will audit expenditures in accordance with the law and guidance issued <u>at the time</u> an expenditure was made with CRF monies and any additional guidance available at the time of the audit (links to various resources included)**

2021 OCS Updates – Ch. 2

2-24: CARES Act (NEW) ★

- Tests include:
  - Inquiry to determine how the entity decided to spend their CRF allocations
  - Interview to determine how the entity evaluated/documented compliance with 3-prong test
  - Select representative # of payroll, non-payroll, subgrant/subloan transactions & test whether spent in accordance with requirements & maintained documentation.
  - If applicable, did the entity pay the correct unencumbered bal. of $ back to the Co. Treasurer on time.

2021 OCS Updates – Ch. 2

2-25: Anti-Bullying Provisions

- Applicable to STEM schools as well

2021 OCS Updates – Ch. 3

3-1: Deposits of public money

- Added reference to AOS COVID FAQ's

2021 OCS Updates – Ch. 3

3-3: Appointments, compensation, contracts, etc.

- Due to COVID - during the period of 3/9/20 – 7/1/21; members of a public body may hold and attend meetings and may conduct and attend hearings by means of teleconference, video conference, or any other similar electronic technology

2021 OCS Updates – Ch. 3

3-3: Appointments, compensation, contracts, etc.

- The maximum number of governing authorities of **start-up** community schools on which a person can serve at the same time is five (unless the person serves in a volunteer capacity on all such boards, with no compensation under this section **and** the operator (if the school has one) is a nonprofit organization).
  - A new start-up school means a community school other than one created by converting all or part of an existing public school or educational service center building, as designated in the school's contract
- However, per ORC 3314.02(B)(5), a school established as a conversion school that later changes to a sponsor that is not a traditional public school or ESC, shall then be deemed a start-up school.
- Auditors may check the AOS master community school spreadsheet for the schools designation as a start-up or conversion school.

2021 OCS Updates – Ch. 3

3-6: Community Schools - Dropout Prevention and Recovery School eligibility requirements

- Opening assurances are only required for community schools in their first year of operations, or schools that are not e-schools and changed buildings.
- HB 67 prohibits ODE from publishing state report card ratings for Fy 2021.
- The requirement for FY 2020 state testing was removed by the legislature, and subsequent federal waiver, due to the COVID-19 pandemic.
  - For Fy 2021 – HB 67 removed the American History end-of-course requirement.

2021 OCS Updates – Ch. 3

3-18: Submission for information for National Instant Criminal Background Check System (NICS) ★

- Procedures for this section are limited to the evaluation of prior year comments.
- Test procedures are not required for periods applicable to the 2021 OCS.

2021 OCS Updates – OPM

O-11: County payments to be by auditor's warrant, competitive bidding - County notice and other bid requirements

- The commissioners, by unanimous vote, can declare an emergency and waive the competitive bidding when any of the following apply: (new item below added to list)
  - The product to be purchased is personal protective equipment, and the purchase is completed during the period of the emergency declared by Executive Order 2020-01D, issued on March 9, 2020.
  - Personal protective equipment is equipment worn to minimize exposure to hazards that cause workplace injuries and illnesses.

2021 OCS Updates – OPM

O-13: Township's expenditures and competitive bidding

- During the period of the emergency declared by Executive Order 2020-01D, issued on March 9, 2020, the board of township trustees may, by resolution, enter into a contract, without bidding or advertising, for the purchase of personal protective equipment needed to meet the emergency, regardless of the estimated cost of the contract.

2021 OCS Updates – OPM

O-15: Bidding procedures and purchasing policies for supplies and equipment (County Hospitals)

- The board is exempt from competitive bidding if, by unanimous vote, they make a determination that a real and present emergency exists, and any of the following applies: (new item below added to list)
  - The product to be purchased is personal protective equipment and the purchase is completed during the period of the emergency declared by Executive Order 2020-01D, issued on March 9, 2020.

2021 OCS Updates – OPM

O-27: Allocating audit costs

- Added reference to AOS Bulletin 2020-005
  - Generally, the percentage of costs charged to federal awards for a single audit shall not exceed the percentage derived by dividing federal funds expended by total funds expended by the recipient or sub-recipient (including program matching funds) during the fiscal year.
  - The percentage may be exceeded only if appropriate documentation demonstrates higher actual costs.
  - Other audit costs are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.

OHIO AUDITOR OF STATE
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34th Annual GFOA Conference
2021 OCS Update

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