

Fairfield County Auditor — Finance Internal Control Manual
Excerpts from the Ohio Compliance Supplement

Legal Compliance Control Procedures and Substantive Tests

Section A: General Budgetary Requirement

1-20 Compliance Requirement: Ohio Rev. Code Section 5705.09 - Establishment of funds.

Summary of Requirements: Each subdivision is required to establish the following funds:

- General fund;
- Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- A special fund for each special levy;
- A special bond fund for each bond issue;
- A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- A special fund for each public utility operated by a subdivision;
- A trust fund for any amount received by a subdivision in trust.

In determining how the government ensures compliance, consider the following:

- Policies and Procedures Manuals
- Knowledge and Training of personnel
- Presence of Effective Accounting System
- Legislative and Management Monitoring
- Periodic Reviews of Fund Ledgers
- Management's identification of changes in laws and regulations
- Management's communication of changes in laws and regulations to employees

Suggested Audit Procedures - Compliance (Substantive) Tests

Inquire of responsible officials whether the funds required have been established. During revenue tests, be alert for whether funds that should have been established pursuant to this section have been established.

- Inspect authority (e.g., board resolution) to establish the fund.