

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

1-22 Compliance Requirement: Ohio Rev. Code Section 5705.12 - Permission to establish funds.

Summary of Requirement: In addition to the funds provided for by Ohio Rev. Code Sections 5705.09 and 5705.13, the taxing authority of a subdivision may establish, with the approval of the Auditor of State, such other funds as are desirable. The subdivision may provide by ordinance or resolution that money derived from special sources other than the general property tax shall be paid directly into such funds.

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

- If there is evidence new funds were established during the period, trace funds' establishments to the minutes. Determine code section under which established.
 - If established under other than sections 5705.09 or 5705.13, inspect Auditor of State approval letters for funds created during the current audit period.
 - Read ordinances and resolutions regarding how monies derived from special sources are to be used. Trace a representative number of receipts into the funds or accounts required by the ordinances or resolutions.
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