

Fairfield County Auditor — Finance Internal Control Manual

Excerpts from the Ohio Compliance Supplement

Part 1: Contracts and Expenditures

Section B: Counties

2-4 Compliance Requirements: Ohio Rev. Code Sections 319.16, 307.86, and 9.37 - **County** payments to be by auditor's warrant; competitive bidding. Ohio Rev. Code Sections 307.87, 307.88, 307.91 - **County** notice and other bid procedures.

Generally, expenditures of county funds must be paid with warrants issued by the county auditor, with the approval of the county commissioners [Section 319.16]. The warrant and all information related to the presentment of the warrant may be provided electronically [Section 9.37].

Ohio Rev. Code Section 319.16 expressly includes county boards of mental health and county boards of mental retardation and developmental disabilities as agencies authorized to approve the issuance of warrants.

Competitive bidding is required for expenditures in excess of \$15,000, except where otherwise provided by law [Section 307.86].

The commissioners, by unanimous vote (defined as all three commissioners when all three are present, or two commissioners if only two are present and they constitute a quorum), can declare an emergency and waive the competitive bidding when:

- (1) the estimated cost is less than \$50,000 [Section 307.86(A)(1)], or
- (2) there is actual physical disaster to structures, radio communications equipment, or computers [Section 307.86(A)(2)].

H.B. 204 made changes regarding a county's participation in the Department of Administrative Service's Cooperative Purchasing Program. As of March 30, 1999, a county may purchase supplies or services from another party, including another political subdivision, instead of through a contract that the Department of Administrative Services has entered into on behalf of the county, if the county can prove that it can purchase those same supplies or services from the other party upon equivalent conditions or specifications but at a lower price. If so, the county does not have to competitively bid those supplies or services. [Section 125.04.]

Other exceptions to the competitive bidding requirement are made for:

- purchase of supplies or replacement parts for which there is a single supplier [Section 307.86(B)];
- purchases from other government agencies [Section 307.86(C)];
- purchases of public social services by the county human services department or of program services for provision by a county board of mental retardation and developmental disabilities [Section 307.86(D)];
- purchases of criminal justice services, social services programs, family services, or workforce development activities from nonprofit corporations or associations under programs funded by the federal government or by state grants [Section 307.86(E)];
- purchases of insurance or contracts negotiated under Section 307.86(F);
- purchases of computer hardware, software or consulting services that are necessary to implement a computerized case management automation project administered by the Ohio prosecuting attorneys association and funded by a grant from the federal government. [Section 307.86(G)];
- purchases of child day care for county employees [Section 307.86(H)];
- acquisition of property, including land, buildings, and other real property leased for offices, storage, or parking pursuant to 307.86 (I);

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- purchase of programs or services under Section 307.86(J) for a felony delinquent, unruly youth, or status offender under the supervision of the juvenile court; and
- purchase of social services, programs, or certain ancillary services by a public children services agency for children at risk or alleged to be abused, neglected, or dependent children [Section 307.86(K)].

Excluded from competitive bidding are expenditures for the services of an accountant, architect, attorney, physician, professional engineer, construction project manager, consultant, surveyor, or appraiser. [Section 307.86].

Contracts for building modifications for energy savings pursuant to Ohio Rev. Code Section 307.04, where the estimated cost exceeds \$15,000 must be to the lowest and best bidder in accordance with the provisions of Ohio Rev. Code Sections 307.86 to 307.92.

Section 307.87 requires a county to advertise for once per week for at least two weeks of its intent to seek competitive bids for purchases or leases with an estimated cost exceeding \$15,000. The county should also maintain a copy of the bid. Section 307.88 requires that sealed bids be opened and tabulated (i.e., summarized).

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

- Policies and Procedures Manuals
- Knowledge and Training of personnel
- Legislative and Management Monitoring
- 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

During the test of expenditures, determine that disbursements were made only by county warrant (or electronic transaction via the county auditor).

Identify contract expenditures while reading the minutes, by inquiry of government personnel, and/or by scanning the disbursement records. Select contracts and related contract expenditures and determine through inspection, vouching, or other such means that contracts over \$15,000 were awarded using competitive bidding procedures. Be alert for indications of "bid-splitting" or deliberate attempts to evade bid limitations, such as successive contracts just under the bid amount.

For contracts selected above, determine whether advertisements of the proposals for bids were made at least once per week for two consecutive weeks, and whether bids were tabulated.

For contracts exceeding \$15,000 that are purported to meet one or more of the exceptions indicated above, determine documentation exists to support expenditures as meeting those exceptions.
