

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

Part 1: Contracts and Expenditures
Section I: General

2-20 Compliance Requirements: Ohio Rev. Code Sections 153.50, 153.51, and 153.52 - Separate bids and contracts required for each class of work on buildings and other structures.

Summary of Requirements: When a project is to be contracted out, the entity required to bid such project may group the work to be done into the specifically listed classes before drawing up the bid specifications. Allowing them to group certain types of work into one bid streamlines the bidding procedure and is a change from the requirement that each separate kind of mechanical labor or employment or business be bid separately.

The separate classes are: plumbing and gas fitting; steam and hot water heating; ventilating apparatus; steam power plant; and electrical equipment; if the estimated cost of such branch or class of work exceeds \$5,000 [153.50].

In the situation, however, where an entity is able to bid the entire project in one bid and that bid is lower than the bids are if separately bid by branches or classes, the entity may then bid the project as one single bid. The entity may also bid groups or branches together, but not encompassing the whole project, if the aggregate of the bids is lower than the total sum of the individual bids for the classes or branches included in the single bid. Finally, if bidding the project by classes or groups does not allow the entity to include all the work required into the bids, and grouping classes or groups together would allow the entity to do so, the entity may then aggregate the classes or branches together into a single bid that would allow them to bid out the work required by the project but not otherwise included in the bidding process.

The contract must be awarded to the lowest and best separate bidder.

The contract must be made directly with the contractor(s) upon the terms, conditions, and limitations of the bid.

The above requirements do not apply to the erection of buildings and other structures which cost less than \$50,000. When an entity is to bid a project, the cost of which is greater than \$50,000, it shall require separate and distinct bids to be made for each of the following branches or classes of work to be performed if the estimated cost for that branch or class is \$5,000 or more: (1) plumbing and gas fitting; (2) steam and hot-water heating, ventilating apparatus and steam-power plant; (3) electrical equipment.

Multiple branches or classes may not be combined unless the separate bids do not cover all the work and materials required or the bids are lower than the separate bids in the aggregate. Also, the bidder to whom a contract is awarded may assign any or all of its interest in the contract as long as it is agreed to in the award of the contract.

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

- Policies and Procedures Manuals
- Knowledge and Training of personnel
- Trustee Monitoring
- Management's identification of changes in laws and regulations
- Management's communication of changes in laws and regulations to employees

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Suggested Audit Procedures - Compliance (Substantive) Tests

Read bids and contracts for erection, repair, alteration, improvement, and rebuilding of public buildings, bridges, and culverts and determine that:

The government documented the classification structure for the bid requests in a manner that supports that the government was likely to receive the lowest possible combined or separate bids for the work;

The contract was awarded to the lowest and best separate bidder;

The contract was made directly with the contractor(s) upon the terms, conditions, and limitations of the bid.
