

Fairfield County Auditor — Finance Internal Control Manual

Excerpts from the Ohio Compliance Supplement

Part 1: Contracts and Expenditures

Section I: General

2-21 Compliance Requirements: Ohio Rev. Code Sections 4115.04 and 4115.05 - Prevailing wage rates.

Summary of Requirements: The prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

Exceptions:

- When a project is receiving federal funding, prevailing wage law does not apply if the Davis Bacon Act, which is a federal prevailing wage law, applies instead. Also, if contractors are using employees that are taking part in certain programs established by the Bureau of Employment Services, prevailing wages do not apply to these individuals.
- For public improvements undertaken by boards of education or educational service centers after August 19, 1997, the prevailing wage law also does not apply.
- Effective, October 26, 1999, the prevailing wage law does not apply to county hospitals if none of the funds for constructing, including funds to repay any amounts borrowed, have been secured by obligations pledging the full faith and credit of the State, the county, a township, or a municipal corporation, or are funds that have been generated by the levy of a tax by the State, the county, a township, or a municipal corporation [4115.04(B)].

If you are conducting a federal single audit, and this provision applies, consult the appropriate guidance for conducting such an audit, such as the *OMB Circular A-133 Compliance Supplement* and the AICPA's *Audits of State and Local Governmental Units*.

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

- Policies and Procedures Manuals
- Knowledge and Training of personnel
- Oversight Body 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

Inquire if the contract is funded in whole or part by federal grant or contract. If so, perform appropriate federal audit procedures.

Inspect contracts for the required "prevailing wage" language.

Inquire if any projects were sublet. If so, inspect the contractor's contract for language authorizing the subletting.

Compare the date of prevailing wage establishment with the contract date. If more than 90 days elapsed between the two dates, determine that a prevailing wage redetermination was obtained by inspecting that document.

If a county hospital has claimed the exception provided by Section 4115.04 (B), review project documents and legislation authorizing the project, make inquiries, and perform such other procedures to determine whether financing sources meet the criteria of Section 4115.04(B).
