

AUDIT PROPOSAL

Evaluating County Government Procurement and Contracting Practices

SOURCE

This audit proposal was requested by Representative John Toplikar.

BACKGROUND

An employee can have a conflict of interest if a personal relationship influences him to make a decision that benefits him personally. Additionally, a conflict of interest can arise if a decision may benefit a family member, close friend, or business associate. For example, it is a conflict of interest for an employee in charge of purchasing computer software to evaluate a bid submitted by his brother's software company.

Undisclosed conflicts can reduce government transparency or lead to inefficient spending, fraud, or abuse. To increase transparency, governments can require decision-makers to disclose certain kinds of interests. Further, training and written policies can help employees in charge of purchasing or contracting to recognize and manage conflicts. These policies can ensure that employees do not have a conflict that might lead to inappropriate use of taxpayer dollars.

Legislators have expressed concern that county governments may not appropriately identify conflicts of interest when purchasing or contracting for goods and services.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objective listed below represents the question that we would answer through our audit work. The proposed steps for the objective are intended to convey the type of work we would do but are subject to change as we learn more about the audit issues and are able to refine our methodology.

Objective 1: Do a selection of county governments have adequate procedures and controls to manage conflict of interests in the procurement and contracting processes? Our tentative methodology would include the following:

- Work with county officials and review documents in the state's five largest counties to understand the procurement and contracting policies and practices each uses in general, and how they identify and manage conflict of interests.

- Work with county officials and the Revisor's office to identify state laws or other rules that county governments must follow in the procurement or contracting process with a focus on disclosing conflicts of interest.
- Work with organizations, such as the Association of Counties, to identify best practices for identifying and managing conflict of interests in these processes.
- For a selection of purchases or contracts in each county, determine what their process was and whether the process the county used to award the contract met the best practices we identified.

ESTIMATED RESOURCES

We estimate this audit would require a team of **3 auditors** for a total of **4 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).