

GOVERNOR'S OFFICE OF EMERGENCY SERVICES

Investigations of Improper Activities by State Employees, Report I2001-2

ALLEGATION I990186, SEPTEMBER 2001

We investigated and substantiated that the Governor's Office of Emergency Services (OES) improperly awarded a sole-source contract and failed to follow proper contracting procedures. Specifically, we found:

Audit Highlights . . .

An executive and a contract manager at the Governor's Office of Emergency Services (OES):

- Falsely claimed that they had made reasonable attempts to identify alternative and competitive sources of training services and that they had verified references for their preselected vendor.*
- Misled their deputy director about the subject matter of training to be provided. Then they exceeded their authority by changing the scope of the contract without proper approval.*

OES:

- Made payments for expenses not allowed under state regulations and entered into other contracts lacking sufficient specificity.*
-

Finding #1: OES improperly awarded a sole-source contract.

Contrary to their representations, an OES executive and a contract manager did not seek an alternative source for a \$37,500 contract for training services. After amending the contract to total \$77,500, OES paid the contractor the full per-person amount even though the full number of people did not attend the training. OES denied other entities the right to compete for this business and may not have received the best training at the best price.

In addition, an OES assessment form indicates OES verified the contractor's references, but it did not. The form also indicates that OES received the consultant's resume and verified his experience, but there was no documentation in the file to support that statement. As a result, the individuals responsible for approving contracts may be making decisions based on false or misleading information.

Finding #2: OES employees misled their superior to obtain contract approval and then changed the terms of the contract.

The same OES executive and contract manager also misled their deputy director about the nature of training being purchased through another contract because they believed she would not approve the training they wanted to offer. After the deputy director approved the \$36,985 contract, the employees changed the training from the specified course to another that was part of a longer certification program. Ultimately, the contract was amended to total \$90,588. Although OES told us that its practice is to allow someone at the executive's level to change the scope of a contract

as long as it does not change the dollar amount, the executive did not have specific authority to approve contracts. Further, it appears that OES paid more for the training than necessary.



OES Action: Partial corrective action taken.

OES disagrees that its executive and contract manager misrepresented their efforts to identify alternative sources of training and misled their deputy director. OES contends that any mistakes that occurred probably occurred because of an imperfect understanding of state contracting rules, a lack of formal contract management training, and an incomplete contract tracking system. However, OES will review contractor A's bills to determine if billing errors occurred. If so, OES will recover any overpayments or seek additional training. OES promoted the contract manager to a career executive assignment effective September 17, 2001.

Finding #3: OES paid for improper contract expenditures and mismanaged other contracts.

OES violated state regulations when it provided meals at a three-day conference for 40 managers at a cost of \$3,827. In addition, OES made a questionable decision when it agreed to pay a contractor more than \$1,300 for an estimated 20 hours of work.

Some OES contracts lack relevant details, which could lead to misunderstandings or disputes between the parties over contract terms. Also, some contract files did not contain sufficient information to allow individuals reviewing and approving the contracts to make an informed decision about the need for or quality of the services being purchased.



OES Action: Partial corrective action taken.

OES disagrees that it paid more for some training than was necessary, but agrees it should not have paid for meals for employees within 25 miles of their headquarters. OES stated that the payment occurred because of the contracting method used, and the approving official did not realize that meals were included. OES no longer uses this method of contracting.

OES reported that it has established a process that involves both its deputy director and director in approving all service contracts.