



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report-Issued October 9, 2013

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## Springfield Housing Authority

For the period January 1, 2006 through December 31, 2009





Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

October 9, 2013

Raymond Warren, Chairman  
Springfield Housing Authority  
P.O. Box 1609  
25 Saab Court  
Springfield, MA 01101-1609

Dear Chairman Warren:

I am pleased to provide this performance audit of the Springfield Housing Authority. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, January 1, 2006 through December 31, 2009. My audit staff discussed the contents of this report with management of the Authority, and pertinent management comments are reflected in this report.

I would also like to express my appreciation to the Springfield Housing Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue horizontal line.

Suzanne M. Bump  
Auditor of the Commonwealth

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## **INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS**

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) conducted an audit of certain activities of the Springfield Housing Authority. This audit was initiated as a result of allegations received by OSA of potential wrongdoing at the Authority that purportedly took place during the tenure of a prior Executive Director. OSA initiated an audit that covered the time period in question (January 1, 2006 through December 31, 2009) to assess the validity of the allegations.

### ***Highlight of Audit Findings***

- The Authority provided its former Assistant Executive Director of Operations (AEDO) with a consultant contract for September 28, 2007 through January 25, 2008 that OSA estimates was worth \$35,467 (including salary and benefits). This contract made no mention of a work product or deliverables, only requiring that the AEDO be available during business hours. Although he submitted timesheets indicating hours that he said he worked, the timesheets were not accurate and there was no documentation to substantiate what services he actually provided to the Authority during this period. Consequently, there is inadequate documentation to show that the compensation provided under this contract was necessary and benefited the Authority. Additionally, this contract was not approved by the Authority's board of commissioners as required by the Authority's policies.
- The Authority entered into a five-year employment contract with an annual cost of \$78,000 plus benefits with its former In-House Legal Counsel; the contract was not approved by the Authority's board of commissioners as required by Authority policy.
- The Authority paid \$13,274 to purchase computer software that it did not fully use and ultimately went back to using a self-developed software package. The entire purchase was paid for up front, and there is no documentation to show that the final working version of the software was ever delivered to the Authority.
- Allegations regarding a questionable procurement process for nine personal computers could not be evaluated because OSA could not obtain sufficient documentation to perform an analysis of this issue.

### ***Recommendations of the State Auditor***

- In the future, the Authority should ensure that contracts that it awards for services contain all the necessary language to protect all the Authority's interests, including specific tasks/deliverables. Further, the Authority should make sure that the award of all contracts is done consistently with its policies.
- The Authority should ensure that all employment contracts are approved by its board of commissioners, in accordance with Authority policies.

- The Authority should ensure that software purchases are made as a result of a planned software replacement cycle. Additionally, the Authority should follow its established procedures to document that goods have been received and payment can be made. For sole-source procurements, the Authority should follow its established procedure of performing and retaining a cost analysis of the purchase and using the forms stipulated in its procedures.
- In the future, the Authority should ensure that it maintains records to document all its procurements in accordance with the state's record-retention requirements.

## OVERVIEW OF AUDITED AGENCY

The Springfield Housing Authority is authorized by, and operates under, the provisions of Chapter 121B of the Massachusetts General Laws, as amended. The Authority operates and administers low-rent housing programs, which are funded and assisted by the Commonwealth's Department of Housing and Community Development (DHCD) and the U.S. Department of Housing and Urban Development (HUD).

The Authority has a total of 2,387 traditional public housing units located at 27 sites throughout the city, over 200 Massachusetts Rental Vouchers, and over 2,400 Federal Housing Choice Vouchers. Its \$33 million annual budget is derived from rental income and funding from DHCD and HUD.

The Authority is governed by a five-member board of commissioners that is headed by a chairperson elected by the board. Four of the members are appointed by the mayor of Springfield and confirmed by the city council, and one member is appointed by the governor of Massachusetts. At least one of the members is required to be an Authority tenant. The Authority's Executive Director reports directly to the board of commissioners and is responsible for the management and operation of the agency and its personnel.

The Authority operates with a staff of over 120 full- and part-time employees in the following divisions: Executive, Finance, Property Management, Resident Services, Procurement, Facilities and Capital Improvements, and Public Safety. The staff also includes temporary employees hired through partnerships established with Roger L. Putnam Vocational/Technical High School, the Massachusetts Career Development Institute, the Hampden County House of Correction, and the City of Springfield's Department of Elder Affairs.

## **AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY**

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted an audit of certain activities of the Springfield Housing Authority. This audit was initiated as a result of allegations received by OSA of potential wrongdoing at the Authority that purportedly took place during the tenure of a prior Executive Director. OSA initiated an audit that covered the time period in question (January 1, 2006 through December 31, 2009) to assess the validity of the allegations. However, in some instances, it was necessary to perform testing outside the designated audit period to follow up on certain specific items.

The objective of our audit was to determine whether the allegations of wrongdoing at the Authority that came to our attention could be substantiated. The allegations that we reviewed included the following:

- The former Assistant Executive Director of Operations was awarded an approximately four-month consultant contract that lacked the required approval from the board of commissioners and contained no list of services to be provided. In addition, no services were delivered under this contract, and false timesheets were used to justify payments to this individual.
- The former In-House Legal Counsel received an employment contract that lacked the required approval from the board of commissioners, was executed by an Executive Director who no longer worked at the Authority, and was signed with false dates.
- New computer software to track crime statistics and other incidents was paid for without going out to public bid (because it was classified by Authority personnel as a “sole source” purchase), the software was never delivered, and other housing authorities that were supposedly using the software did not have it.
- The purchase of a group of desktop personal computers was flawed because the bid specifications were not applied to all bidders, the winning bidder provided prices that were not in accordance with the bid specifications, and bid prices were altered.

To accomplish our audit objective, we obtained and reviewed the allegations provided to us, meeting minutes of the Authority’s board of commissioners, pertinent Authority policies and procedures, documents provided by outside legal counsel, and various source documents we considered necessary. During our examination, we also interviewed various Authority employees and contacted other outside organizations as we deemed it appropriate.

We determined that the following internal controls were relevant to our audit objective:

- Controls over the contract and employment-agreement process.
- Controls over procurement for software and computers.

We conducted a limited review of internal controls related to our audit objective in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. As noted in our audit findings, we noted deficiencies in internal control with respect to the control environment, as top management bypassed existing procedures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not rely on computer-processed data for our audit purposes. We relied on hardcopy source documents, interviews, and other non-computer-processed data as supporting documentation on which we based our conclusions.

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## AUDIT FINDINGS

### 1. CONTRACT TOTALING \$35,467 AWARDED TO FORMER ASSISTANT EXECUTIVE DIRECTOR OF OPERATIONS LACKED PROPER CONTROLS

The Authority's former Assistant Executive Director of Operations (AEDO) resigned his position effective September 28, 2007 but was awarded a consultant contract by the Authority that the Office of the State Auditor (OSA) estimates is valued at \$35,467 (including salary and benefits) for September 28, 2007 through January 25, 2008. According to Authority officials, because its Executive Director was leaving, the Authority wanted to have the former AEDO's expertise dealing with physical building issues available on a temporary basis in case any major issues arose on Authority property. Although the former AEDO was hired as a consultant, the contract provided for him to remain on the Authority's payroll<sup>1</sup> with full benefits accruing to him during this period.

The problems we identified with this contract (which are detailed in the sections below) occurred because, in its attempt to provide continuity through the transition period of the Executive Director's departure, the Authority's management bypassed existing control procedures that required the approval of the board of commissioners for this kind of contract and did not take appropriate measures to ensure that it was obtaining equitable services for the compensation it was paying under this contract.

#### ***Allegation 1: The contract lacked required approval from the board of commissioners.***

Our audit testing in this area, which included a review of the Authority's board of commissioners' meeting minutes for the period of time in question and discussions with Authority staff, indicated that the contract with the former AEDO was not approved by the board and that the board may not even have been aware of this employment arrangement. According to Section 2.2A of the Authority's procurement policies, "Approval of the Board shall be required for contracts and contract modifications, that alone or in the aggregate, total an amount in excess of twenty five thousand dollars (\$25,000)."

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<sup>1</sup> He continued to be paid at his former salary, \$1,550 per week.

***Allegation 2: The contract contained no list of services to be provided, and no services were delivered under this contract.***

Our review of the contract language determined that the contract did not incorporate specific deliverables or services to be provided. Additionally, the Authority could not provide us with documentation or other evidence of any meaningful services being delivered by this individual. We interviewed the former AEDO, and he stated that he did visit the Authority a few times and was also involved in a few telephone conversations. However, he could not provide us with any specific examples of work he performed. The former AEDO also told us he was available if the Authority sought more help, but was only called upon a few times. Consequently, there is inadequate documentation to show that all of the approximately \$35,000 in compensation that the Authority provided to this individual for these services was necessary and appropriate.

***Allegation 3: False timesheets were created to justify payments made under the contract.***

Our audit work determined that when the contract in question became effective in September 2007, rather than personally submitting timesheets each week, the former AEDO signed a series of timesheets in advance so that an Authority supervisor could approve and submit a timesheet each week for him as needed. Our testing verified that the timesheets in question were retained and submitted to the supervisor for approval each week. We also determined that these timesheets were not entirely accurate, in that they only indicated the total hours that the former AEDO said he worked each day and did not differentiate between the hours he actually worked and the hours he was “available” for work.

***Recommendation***

In the future, the Authority should ensure that contracts that it awards for services contain all the necessary language to protect all the Authority’s interests, including specific tasks/deliverables. Further, the Authority should make sure that the award of all contracts is done consistently with its policies.

***Auditee’s Response***

*This “consultant” contract between [the former Executive Director] and [the former AEDO], which cost the [Authority] over \$35,000, was entered into in disregard of procurement requirements, contained no substantial performance standards, was concealed from the [Authority’s] Board of Commissioners, was supported by perjured time records, and provided unlawful benefits [to the AEDO]. No meaningful services were*

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*provided under this contract. The draft report finds many of those points to be accurate, and none of the underlying facts are contested . . . .*

**2. CONTRACT OF OVER \$78,000 PER YEAR FOR FORMER IN-HOUSE LEGAL COUNSEL SHOULD HAVE BEEN APPROVED BY BOARD OF COMMISSIONERS**

In October 2007, the Authority entered into a five-year employment contract with its In-House Legal Counsel that granted her an annual salary of \$78,000 plus benefits. According to the minutes of a meeting of the board of commissioners, at the time this contract was executed, the former Executive Director was going to be leaving and she wanted to keep the senior staff intact through the upcoming transition. The board minutes indicate that the Executive Director was authorized to negotiate terms of an employment contract with the Chief Financial Officer and the In-House Legal Counsel and that a specific board member would be responsible for negotiating a contract with the new Interim Executive Director. On October 12, 2007, the former Executive Director signed a contract with the In-House Legal Counsel. It is alleged that the former Executive Director was uncomfortable with certain terms in the contract and had a revised contract prepared in either December 2007 or January 2008, but kept the original signature date of October 12, 2007 on this second contract. After the Authority had gone through two Interim Executive Directors, the board appointed a new Executive Director in March 2008. In September 2009, the board voted to terminate the In-House Legal Counsel, who later filed suit in Berkshire Superior Court.<sup>2</sup>

Our audit work determined that the original employment contract and the alleged second contract had the same date: October 12, 2007. Both documents state that employment can only be terminated “for just cause of malfeasance or dishonesty for personal gain, and with notice.” The revised contract did not include a provision that had been in the original contract that would have entitled the employee twelve months’ severance pay, plus benefits, if the Authority improperly terminated the contract. When the individual was originally hired in 2006, the understanding was that she would work four days a week (working one of those days from home). Although this arrangement was not formally documented, it appears that the board was aware of the work schedule, as it was mentioned in the board’s September 20, 2007 meeting minutes. The results of the audit work we performed in relation to the allegations we received in this area are detailed in the sections below.

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<sup>2</sup> In January 2013, the former In-House Legal Counsel entered into a settlement agreement with the Authority, not related to this specific matter, under which she received \$42,500.

***Allegation 1: The contract lacked the required approval from the board of commissioners.***

According to the Authority's Employee Handbook, the board of commissioners did need to approve this contract. This contract was for a five-year period, and the Employee Handbook states that the Executive Director "shall have the authority to appoint persons in an acting capacity to Executive Management Positions for temporary periods of up to one year in duration." For longer-term contracts, the Employee Handbook states, "The authority to take employment action (appointments, promotions, transfers, demotions or terminations) . . . shall rest with the Board, normally upon the recommendation of the Executive Director." The board of commissioners allowed the former Executive Director to negotiate the terms of the contract only, not to execute the contract. The board of commissioners' meeting minutes did not indicate a vote to approve the In-House Legal Counsel's contract, which was executed on October 12, 2007.

***Allegation 2: The former Executive Director executed an employment contract with the former In-House Legal Counsel after leaving the Authority. In addition, the contract was signed with false dates.***

This issue was addressed in the Massachusetts court system. The former In-House Legal Counsel filed suit against the Authority and its Executive Director after the Authority terminated her employment. The Berkshire Superior Court held hearings regarding the suit and, after we completed our audit fieldwork, issued a summary judgment<sup>3</sup> that the former In-House Legal Counsel did not have a valid employment contract. Additionally, as part of the background information for the judgment, the Court referred to a revised employment contract being signed in late December 2007 or January 2008 (after the Executive Director left), but the revised contract kept the original date of October 12, 2007.

***Recommendation***

The Authority should ensure that all employment contracts are approved by its board of commissioners, in accordance with Authority policies.

***Auditee's Response***

*We appreciate the finding of the draft report substantiating that Board of Commissioners approval was required for this contract between [the former Legal Counsel] and [the*

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<sup>3</sup> A summary judgment is a judgment entered by a court for one party and against another party without a full trial taking place.

*former Executive Director]. The draft report acknowledges that in the absence of Board approval, the contract had no legal validity.*

*Regarding Allegation 2, we agree that it is appropriate for the draft report to incorporate court findings that [the former in-house Legal Counsel] did not have a valid employment contract, and that she and [the former Executive Director] signed and backdated a revised employment contract months after [the former Executive Director] had left the employ of the [Authority].*

*The draft report makes no reference, however, to the misuse of public money that resulted from these manipulations. As the court and the draft report found, [the In-House Legal Counsel] was an employee at will. The Employee Handbook required that she work full time in exchange for full time pay. By working at most four days per week, and by her non-compliance with Handbook requirements for "working from home," which she claims, without required documentation, to have done for an additional day each week, this employee worked only 60% – 80% of the required work week, but received payment and benefits for full time work. The report also makes no reference to the inaccurate time sheets submitted by (the In-House Legal Counsel) in support of this arrangement.*

*. . . The draft report expresses little concern for the seriousness of this misconduct, recommending only that the Authority "should follow its existing procedures" of obtaining Board of Commissioner approval before executing this kind of contract. There is no sense of the deliberate misuse of public funds that the parties intended and achieved in this arrangement, or of the seriousness of after-the-fact contract alterations for personal gain.*

### **Auditor's Reply**

Our report does not state that the contract with the In-House Legal Counsel had no legal validity because of the absence of board approval. Rather, our report discloses that the Berkshire Superior Court issued a summary judgment that the former In-House Legal Counsel did not have a valid employment contract. In its response, the Authority expresses concerns over problems with this contract that it contends were not disclosed in our report. However, our report presents a balanced assessment of the events regarding the employment of the In-House Legal Counsel based on the allegations received and the documentation reviewed.

With respect to the Authority's assertion regarding the misuse of public money, based on our audit testing, it appears that the In-House Legal Counsel worked the schedule that was expected of her from the time she was hired in 2006 until her termination. Further, according to the board's meeting minutes, the board was fully aware that this individual was working four days per week including one day from home. With respect to the Authority's concern over a revised and backdated contract, it is important to note that the revised contract was favorable to the

Authority, since it removed the provision that the Authority would be responsible for twelve months' severance pay.

### **3. PURCHASE OF INCIDENT-TRACKING SOFTWARE COSTING \$13,274 WAS UNNECESSARY AND NOT CONSISTENT WITH AUTHORITY POLICIES**

During April 2007, the Authority purchased incident-tracking software from Incident Central, LLC that cost \$13,274. Before this, the Authority had been using a self-developed crime-statistics software program (which tracked only criminal activity), but sought a more comprehensive incident-tracking software program (which would track not only crimes, but also other items, such as incidents not rising to the level of a crime, restraining orders, no-trespass orders, and financial delinquencies that might lead to eviction). The former Assistant Executive Director stated that a more comprehensive incident-tracking software was needed and moved to acquire and implement it. However, ultimately, the Authority went back to using its old system. The results of the audit work we performed in relation to the allegations we received in this area are detailed in the sections below.

***Allegation 1: The Authority did not follow proper bidding procedures to acquire incident-tracking software. Former Authority officials incorrectly classified this software as a sole-source procurement when other options existed.***

Contrary to the allegation made, there was documentation to justify the Authority's sole-source procurement of the incident-tracking software. The former Assistant Executive Director prepared and submitted a memorandum to the Authority's Purchasing Director on March 22, 2007, authorizing the purchase of incident-tracking software from a vendor as a sole-source procurement. The memorandum stated that eight software companies were contacted to determine whether they had such software and that none did. We reviewed the list of eight vendors and determined that some did have incident-tracking software available, but it was part of a much larger software package that would require extensive and expensive changes to the entire Authority computer accounting information system (not just an incident-tracking subsystem), which the Authority was not prepared to make at that point.

We did find two deviations from the Authority's procurement policies. First, for a sole-source procurement, Authority personnel are required to perform a cost analysis showing the individual cost elements and separately analyzing and negotiating profit and also to use a "Non Bid Purchase Approval Form" that is to be approved by the Chief Procurement Officer and

Assistant Director of Finance. The Authority had neither the cost analysis nor the form on file for this procurement.

***Allegation 2: The Authority paid a vendor \$13,274 for software that was not delivered. Also, other housing authorities that supposedly used the program did not have it.***

There was no evidence to show that a final working version of the software that the Authority purchased in this procurement was delivered. Of particular concern is that the Authority paid the total price for the software on April 13, 2007, even though the contract provided for payments to be made on a three-part schedule (\$4,808 at contract signing on April 25, 2007, \$4,233 at the beginning of application testing, and \$4,233 when the application went live). There is also a question as to whether the final \$4,233 should have been paid at all, since we could not determine when, or even whether, the application went live. Authority employees told OSA that they remember having the new software available, either as a demonstration model or as a working version to be customized by the Authority. However, employees stated that when the Assistant Executive Director left the Authority, they were reluctant to continue with the software and switched back to the old system. Authority employees either indicated that they could not remember the reason, or provided conflicting explanations, for reverting to the Authority's old, self-developed crime-statistics program. With respect to the software not being used at other housing authorities, we contacted two authorities (Worcester and Shrewsbury Housing Authorities), both of which stated that they had used the software at the time the Authority was considering it and are still using it.

***Recommendation***

The Authority should ensure that software purchases are made as a result of a planned software replacement cycle. Additionally, the Authority should follow its established procedures to document that goods have been received and payment can be made. For sole-source procurements, the Authority should follow its established procedure of performing and retaining a cost analysis of the purchase and using the forms stipulated in its procedures.

***Auditee's Response***

*While we agree that there was a Memorandum provided in the file for this procurement alleging the reasons why [the Assistant Executive Director] felt the purchase of this software to be sole source procurement, we disagree that this was enough to justify a sole source procurement under state law and the Procurement Policy that was in place at the Housing Authority at the time the procurement was made. Under that policy only the*

*Executive Director can authorize purchases under \$25,000. There is no documentation in the file that reflects that [the then Executive Director] authorized this purchase.*

*A sole source procurement can only be made when an item is available from a single source and that determination is made in good faith with approval of the Chief Procurement Officer and Finance Officer. From our review of the procurement file, it appears that the [Assistant Executive Director] created a self-serving memorandum which indicated that there were several vendors who provided this type of software as part of a larger package, but that none of those "packages" met the needs of the [Authority]. It is known within all industries that software can be customized for the need of the client. All interested vendors should have had the opportunity to submit their proposals in response to a valid public request for this software.*

Regarding the total contract price being paid before the contract was signed, the Authority responded as follows:

*This was an extraordinary violation of [Authority] procurement policies and the proper procedure for requisition of payment, and a violation of the provisions of the contract for payments to be made over the course of the agreement as services were provided. The draft report further disregards that this money was spent without any services being provided and without implementation of the software or any value provided to the [Authority].*

#### **Auditor's Reply**

Section 3.9 of the Authority's procurement policies provides for noncompetitive procurements if, after solicitation, competition is determined to be inadequate. As stated in our report, we reviewed the list of eight vendors that were contacted regarding this procurement and determined that some did have incident-tracking software available, but it was part of a much larger software package that would require extensive and expensive changes to the entire Authority computer accounting information system (not just an incident-tracking subsystem), which the Authority was not prepared to make at that point. We did identify two deviations from the Authority's procurement policies, which are detailed in this report, and we believe that in the future, the Authority should make sure that it adheres to its procedure of completing a cost analysis and using the correct purchasing form. With respect to the Executive Director being the only person who could approve the purchase as a sole-source procurement, we found that the former Assistant Executive Director was designated as the individual authorized to sign purchase orders and contracts in the absence of the Executive Director, according to the minutes of a March 13, 2007, meeting of the board of commissioners. Our report also acknowledges that there is insufficient evidence to determine whether the application ever reached the final stage of development to justify the final payment amount.

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**4. INABILITY TO OBTAIN SUFFICIENT DOCUMENTS TO ADDRESS ALLEGATIONS REGARDING QUESTIONABLE PROCUREMENT OF APPROXIMATELY \$7,000 IN PERSONAL COMPUTERS**

In 2006, the Authority initiated a formal bid process to acquire 23 computers; however, because of budgetary constraints, the Authority subsequently scaled back the number of computers to be purchased and used a more informal quotation-procurement process to acquire nine personal computers for approximately \$7,000. According to Section 3.5D of the Authority's procurement policies, purchases of items valued between \$2,500 and \$10,000 must be supported by soliciting three quotes, either orally or in writing.

As part of our audit work in this area, we reviewed various Authority documents, including a specifications list for these items that appears to have been developed in February 2006 and quotations from three companies with dates ranging up to March 1, 2006. According to these records, the purchase was paid for on June 9, 2006. We were also given an internal report of this purchase dated February 2, 2007, issued by the former Executive Director. Further, we spoke to the individual who had stated that the bids were altered, and we attempted to obtain the original procurement file to determine the validity of these allegations, but were told it could not be located.

The documents we were able to review indicated that a specifications list was sent out sometime in late 2005 or early 2006 to seek prices on 23 computers, but we were not given a copy of that original specification document. It appears that bids were rejected and a different process was used for a smaller number of computers because of funding issues. It appears the computers were purchased from the lowest-priced vendor for the specifications sought.

***Allegation 1: Bid quotation specifications were not applied to all bidders, and the winning bidder provided prices that were not in accordance with the bid specifications.***

***Allegation 2: An original quotation was altered.***

Sufficient evidence could not be obtained to substantiate the above allegations. Although it provided us with certain documents, the Authority was unable to provide the complete procurement file for our review. The Authority's officials could not explain why it was unable to produce these records.

**Recommendation**

In the future, the Authority should ensure that it maintains records to document all its procurements in accordance with the state's record-retention requirements.

**Auditee's Response**

*This finding states that your auditors did not have the entire procurement file and therefore were unable to substantiate the allegations . . . . If your office believes records were not provided to you then General Counsel can provide the entire file to you to determine if something is missing from the original information provided. If the entire file was not kept, that in itself is concerning since there appears to be an issue as to whether or not this procurement was handled correctly under the law and [Authority] policies. The employee at the center of this allegation provided memorandums regarding the issue(s) with the procurement and with specific information. We believe you interviewed that employee. Her statement indicates that the list of specifications that was initially provided to prospective vendors was altered and then only provided to the one vendor that was ultimately selected. The alteration first reduced the number of units (which since the proposals were by unit cost would not have mattered) and secondly altered the specifications. The altering of the specifications is what should have been provided to all vendors who submitted prices and not just the one that ultimately selected.*

**Auditor's Reply**

From the documents provided to us by outside legal counsel, the items in the specifications list provided to us matched the goods that were delivered, although the number of units was ultimately reduced. Our report acknowledges that there may have been previous specifications prepared, but we were not given copies of those specifications to review. In addition to the documents provided to us by outside legal counsel, we also requested the complete procurement file from the Authority's purchasing department, but it was unable to provide us with this file.