



Oklahoma Department of Wildlife Conservation Performance Audit Report

Executive Summary

Objective

The objective of this audit was to determine if the Oklahoma Department of Wildlife Conservation – Wildlife Division complied with the Agency’s approved purchasing policies and procedures and the state purchasing laws for expenditures coded as 545110 - *Purchase of Land Improvements* and code 533110 - *Maintenance and Repair of Grounds* in the State-Wide Accounting System during the period July 1, 2013 through June 30, 2018.

Engagement Background

This audit was conducted at the request of the director of the Oklahoma Department of Wildlife Conservation (ODWC), pursuant to 74 O.S. § 213.2(B), to address concerns related to the Agency’s compliance with approved purchasing policies and procedures and relevant state statutes for expenditures related to land improvements or maintenance and repair of grounds. These expenditures are governed by the *Public Competitive Bidding Act of 1974*, which is enumerated in 61 O.S. § 101 – 139 and administered by the Oklahoma Office of Management and Enterprise Services (OMES), Division of Capital Assets Management – Construction and Properties (DCAM-CAP). Read the full audit report at <https://www.sai.ok.gov>.

What We Found

- **Non-Compliance with Approved Policies and Procedures**
The Agency was not in compliance with its internal purchasing policies and procedures that were approved by the Central Purchasing Division of OMES. We noted multiple instances where records were not maintained in accordance with requirements, bid solicitation procedures were not followed, and required documentation was not submitted to DCAM-CAP.
- **Non-Compliance with State Statutes**
The Agency was not in compliance with requirements of the *Public Competitive Bidding Act of 1974* due to missing documentation, no evidence that the contract was awarded to the lowest responsible bidder, and the issuance of a change order that increased the contract amount above the \$50,000 threshold, which would have required DCAM-CAP to handle the solicitation and award process.

- **Unusual Trends or Relationships**

There were multiple instances for a particular vendor (referred to as Vendor #1) where the amount of the successful bid exactly matched the amount on the internal requisition. In addition, in many cases Vendor #1 was already listed as the preferred vendor on the internal requisition prior to the Agency soliciting bids. This is further complicated by the fact that Vendor #1 is the brother of the ODWC employee who prepared the majority of the internal requisitions and in accordance with internal policy would approve the work performed by signing off on invoices submitted. These circumstances raise the questions of whether those projects were truly competitively bid or if the successful bidder had inside knowledge that allowed them to submit the winning bids. Finally, Vendor #1 consistently bid significantly less than other bidders (whose bids were often consistent with each other) on projects.

There were a few additional instances where other vendors were awarded contracts, their bids matched the internal requisition, and they were included as the preferred vendor prior to soliciting bids.

Although we were unable to determine if fraudulent activity had occurred, the issues noted are indicative of abuse. Fair and equitable bidding may have been circumvented due to inside information being provided to Vendor #1. Due to the concerns identified, this report and corresponding evidence will be forwarded to the Oklahoma Attorney General for further consideration.

What We Recommend

We recommend management review current state purchasing laws and the Agency's internal policy and procedures and implement a thorough and documented review process during the course of soliciting bids and awarding contracts to:

1. ensure all applicable processes, documents and reviews are incorporated to comply with state law and internal purchasing policies;
2. identify potentially unusual trends or relationships between requisitions, bids, solicitations and project awards which should be investigated further.

We further recommend that management communicate and reinforce expectations regarding ethical behavior related to the purchasing process.