

# COUNTYWIDE PURCHASE ORDERS ASSURANCE ENGAGEMENT

Report No. AE-2024-10

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JANUARY 6, 2025

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Utah County Auditor Internal Audit Division  
Internal Audit Manager: Calvin Bergmann, CIA, MPA  
Senior Internal Auditor: Mont Wade, CIA



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# AUDITOR'S LETTER



## Office of the County Auditor Internal Audit Division

January 6, 2025

Rodney Mann, Utah County Auditor  
Utah County Auditor's Office  
100 East Center Street, Suite 3600  
Provo, Utah 84606

Dear Mr. Mann:

The Internal Audit Division ("Division") performed an assurance engagement of Countywide purchase order transactions. During this limited review, we performed the following procedures for the period of March 13, 2024, through September 30, 2024:

1. Tested a sample of purchase orders less than or equal to \$10,000 for *Utah County Procurement Policy* Section 2.3 compliance.
2. Tested a sample of purchase orders less than or equal to \$50,000 for *Utah County Procurement Policy* Section 2.3 compliance.
3. Tested a sample of purchase orders less than or equal to \$100,000 for *Utah County Procurement Policy* Section 2.3 compliance.
4. Tested a sample of purchase orders greater than \$100,000 for *Utah County Procurement Policy* Section 2.3 compliance.
5. Tested a sample of goods, equipment, supplies, and materials purchase orders greater than or equal to \$10,000.00 but less than \$50,000, for *Utah County Procurement Policy* Section 3.3 compliance.
6. Tested a sample of goods, equipment, supplies, and materials purchase orders greater than or equal to \$50,000.00 for *Utah County Procurement Policy* Section 2.4 compliance.
7. Tested a sample of purchase orders greater than \$10,000 for *Utah County Procurement Policy* Section 2.4 compliance and contract validity.
8. Tested a sample of subscription and equipment lease purchase orders greater than \$10,000.00 for *Utah County Procurement Policy* Section 2.4 compliance and contract validity.

9. Tested sample of construction and Public Works project purchase orders for *Utah County Procurement Policy* Section 2.4 compliance and contract validity.
10. Tested a sample of Initiation to Bids (“ITBs”) for *Utah County Procurement Policy* Section 3.11 compliance.
11. Tested a sample of Request for Proposals (“RFPs”) for *Utah County Procurement Policy* Section 3.11 compliance.
12. Tested a sample of purchase orders less than or equal to \$10,000 for valid and accurate documentation.
13. Tested County Financial Information System (“COFIS”) Requisitions/Purchase Orders system users for adequate separation of duties.
14. Tested a sample of service purchase orders greater than or equal to \$100,000 for *Utah County Procurement Policy* Section 2.4 compliance.
15. Tested a sample of subscription and equipment lease purchase orders greater than \$50,000 for *Utah County Procurement Policy* Section 2.4 compliance.
16. Tested a sample of construction Public Works project purchase orders greater than or equal to \$100,000 for *Utah County Procurement Policy* Section 2.4 compliance.
17. Tested the population of Sole Source Request Forms for required components.

The Division discovered four findings and one other matter during the engagement. For finding(s) and other matter(s), we provide recommendations to improve the Countywide purchasing control environment. Finding and other matter numbering is correlated with the procedures listed above.

Note that our report, by nature, disproportionately focuses on weaknesses. This does not mean there were not strengths within the areas reviewed and other areas not reviewed. For example, we note that Purchasing Division management has already contacted the Information Systems Department to coordinate the correction of a reported finding regarding COFIS programming.

The Division appreciates the courtesy and assistance extended to us by County personnel during the engagement process. We look forward to a continuing professional relationship.

Sincerely,

Utah County Internal Audit Division

CC: Robert Baxter, Purchasing Division Manager, Utah County Auditor’s Office  
Jeremy Walker, Director of Financial Services, Utah County Auditor’s Office  
Patrick Wawro, Director, Utah County Information Systems Department  
James Longhurst, Associate Director, Utah County Information Systems Department  
Jeff Gray, Utah County Attorney

Paul Jones, Deputy County Attorney IV, Utah County Attorney's Office

Ezra Nair, County Administrator, Utah County Board of Commissioners Office

Kim Jackson, Utah County Treasurer; Utah County Audit Committee Member

Brandon B. Gordon, Chair, Utah County Board of Commissioners

Skyler Beltran, Vice Chair, Utah County Board of Commissioners

Amelia Powers Gardner, Commissioner, Utah County Board of Commissioners; Utah County Audit Committee Member

## FINDING(S) & OTHER MATTER(S)

### Finding 2.1: Purchase Orders Approved Without Department Head Approval

#### Condition

35% of sampled purchase orders greater than \$10,000 and less than or equal to \$50,000 were approved by a user other than the department head.

20% of sampled purchase orders greater than \$50,000 and less than or equal to \$100,000 were approved by a user other than the department head.

10% of sampled purchase orders greater than \$100,000 were approved by a user other than the department head.

We found no evidence that the absent approver or Purchasing Agent explicitly designated an authorized approver for each sampled purchase order. We did not test if the required approver was not available for each sampled purchase order.

#### Criteria

Per *Utah County Procurement Policy*, Section 2.3:

If the approver is not available, the absent approver or Purchasing Agent can designate an authorized approver.

- Level 1: Purchase orders less than or equal to \$10,000 require division manager or department head designee approval;
- Level 2: Purchase orders greater than \$10,000 and less than or equal to \$50,000 require department head and Purchasing Division approval;
- Level 3: Purchase orders greater than \$50,000 and less than or equal to \$100,000 require department head, county administrator, and Purchasing Division approval; and
- Level 4: Purchase orders greater than \$100,000 require department head, county administrator, Purchasing Division, and Commission approvals.

#### Cause

The Purchasing Manager explained that an unwritten understanding has previously existed and currently exists that a department head designee can approve all purchase orders designated by policy as requiring department head approval. Because of this understanding, COFIS purchase order

approval security access for all purchase order levels has previously been provided and currently is provided to department head designee users.

### **Effect**

Purchase order approval policy that does not accurately represent the operating business process may result in confusion for employees, especially newly hired employees who request or designate security permissions, potentially resulting in nonapplicable COFIS users receiving security permissions for purchase order approvals.

### **Recommendation**

We recommend Purchasing Division management amend *Utah County Procurement Policy*, Section 2.3 to include the current practice that department head designees may approve purchases for Level 2, Level 3, and Level 4 purchase orders.

## **Finding 3.1: Purchase Orders Approved Without County Administrator Approval**

### **Condition**

85% of sampled purchase orders greater than \$50,000 and less than or equal to \$100,000 were not approved by the County Administrator.

100% of sampled purchase orders greater than \$100,000 were not approved by the County Administrator.

### **Criteria**

Per *Utah County Procurement Policy*, Section 2.3:

- Level 1: Purchase orders less than or equal to \$10,000 require division manager or department head designee approval;
- Level 2: Purchase orders greater than \$10,000 and less than or equal to \$50,000 require department head and Purchasing Division approval;
- Level 3: Purchase orders greater than \$50,000 and less than or equal to \$100,000 require department head, county administrator, and Purchasing Division approval; and
- Level 4: Purchase orders greater than \$100,000 require department head, county administrator, Purchasing Division, and Commission approvals.



**Cause**

Due to a misunderstanding while the Purchasing Manager communicated with the Programming Division Supervisor, the Programming Division Supervisor programmed COFIS to enable, but not require, the County Administrator to approve Level 3 and Level 4 purchase orders.

**Effect**

Level 3 and Level 4 purchase orders will not receive the intended level of review before payment, increasing the risk of county funds being disbursed for improper purposes.

**Recommendation**

We recommend Information Systems Department management program COFIS to require County Administrator approval for Level 3 and Level 4 purchase orders.

**Finding 17.1: Contractor Violated Utah County Agreement 2022-1223, Section 7**

**Condition**

*Utah County Agreement 2022-1233* (effective date: 12/21/2022; term duration: 12/21/2022–12/31/2024) established a contract between Utah County and Think Utah Consulting, LLC (“Think Utah Consulting”), where Think Utah Consulting agreed to provide business consulting services to Utah County for \$4,000 per month.

Per management, Think Utah Consulting presented the idea of applying for Temporary Assistance for Needy Families (“TANF”) federal grant funding from the Utah Department of Workforce Services (“DWS”) in conjunction with Bee Willing, L3C (“Bee Willing”) on behalf of Utah County, as a part of Think Utah Consulting’s business consulting services performed under County Agreement 2022-1223. Per management, the County Commission agreed that Think Utah Consulting could seek this grant funding for Utah County under its agreement and at least four meetings (among other less formal meetings) took place between Think Utah Consulting and Utah County regarding the DWS TANF grant application preparation, process, and awarding.

*Utah County Agreement 2024-463* (effective date: 6/5/2024; term duration: 7/1/2023–6/30/2026) established a contract between Utah County and Bee Willing, where Bee Willing agreed to expend Utah County’s DWS-awarded TANF grant funds to achieve TANF program required outcomes, including selecting and managing subcontractors.



*Bee Willing, L3C 'ICAN' Consulting Agreement For Utah County Grant* attached to COFIS Purchase Order 2024-9154-1 (effective date: 6/24/2024; term duration: 6/24/2024–6/30/2025) established a contract between Bee Willing and Think Utah Consulting, where Think Utah Consulting agreed to provide grant initiation and networking and business consulting services.

Per Exhibit A, Section 1:

Compensation will be paid to the Consultant for efforts in setting up the grant and getting it approved through the County and DWS as a one-time lump sum of Fifty Thousand dollars (\$50,000.00) and shall be paid from the year one funding of the grant.

Per Exhibit A, Section 2:

Additionally, beginning July 1st, 2024, a monthly retainer in the amount of Five Thousand dollars (\$5,000.00) will be paid to the Consultant for ongoing business development efforts.

*Think Utah Consulting Invoice 1073* attached to COFIS Purchase Order 2024-9154-1 (dated: 6/28/2024) billed to Bee Willing for consulting services performed during the dates of 3/27/2024–6/26/2024 had a balance due of \$37,100.

The County Representative (as defined in *County Agreement 2022-1223* and associated Think Utah Consulting 2023 and 2024 invoices for business consulting services) communicated the County Representative and Board of County Commissioners were not involved in drafting *Bee Willing, L3C 'ICAN' Consulting Agreement For Utah County Grant*. The Representative's prior written consent (per *Utah County Agreement 2022-1233*, Section 7) for *Bee Willing, L3C 'ICAN' Consulting Agreement For Utah County Grant* was undocumented and appears nonexistent.

In summary:

1. As a part of Think Utah Consulting's business consulting services performed under *County Agreement 2022-1223*, Think Utah Consulting coordinated with Bee Willing to prepare a DWS TANF grant application on behalf of Utah County.
2. Utah County established an agreement with Bee Willing to administer the awarded DWS TANF grant.
3. Following Bee Willing's agreement with Utah County, Bee Willing subcontracted with Think Utah Consulting to pay Think Utah Consulting for:
  - a. assistance in getting the DWS TANF grant approved;

- b. previous consulting services performed before and after Think Utah Consulting and Bee Willing had entered into a contract; and
  - c. future ongoing business development efforts.
4. Think Utah Consulting's County Representative did not provide written consent for the financial benefits contained in *Bee Willing, L3C 'ICAN' Consulting Agreement For Utah County Grant*.

It is unlikely that Bee Willing would have selected Think Utah Consulting as a subcontractor if Think Utah Consulting had not previously coordinated with Bee Willing and Utah County during the DWS TANF grant application process.

### Criteria

Per *Utah County Agreement 2022-1233*, Section 7(a)(emphasis added):

As a material term of this Agreement and to protect the goodwill, the Confidential Information (as defined below), and the business of the County, **Consultant shall not without the express, prior written consent of the Representative:** (i) ever directly or indirectly, intentionally or unintentionally, reveal, disclose, furnish, make accessible, or disseminate any Confidential Information or any other matter concerning the business affairs of the County; or **(ii) ever use or exploit any Confidential Information or any other matter concerning the business affairs of the County for the personal or financial gain or benefit of the Consultant or of any other individual, firm, corporation, or entity or for any other purpose.**

### Cause

Due to diminished oversight and ineffective contract performance management and enforcement, a business consultant was able to violate the business consultant's Utah County agreement without detection.

### Effect

Overall, management provides a decreased level of assurance regarding the contract performance of firms with which the County has contracted, resulting in increased likelihood of receiving lower quality goods and services and increased likelihood of noncompliance with agreements, statutes, rules, and professional standards.

Specifically, a portion of County TANF grant funds are directed towards financially benefiting a business consultant instead of more directly achieving TANF program outcomes. The likelihood of noncompliance with the United States Office of Management and Budget's ("OMB's") *Uniform Guidance for Federal Awards* increases.

### **Recommendation**

We recommend Board of County Commissioners Office management consult with the County Attorney's Office to enforce County Agreement 2022-1223.

We further recommend Board of County Commissioners Office management and the Board of County Commissioners actively review compliance with County agreements directly overseen by the Board of County Commissioners.

## **Finding 17.2: Contractor Violated Utah County Agreement 2022-1223, Exhibit A**

### **Condition**

Think Utah Consulting did not make a presentation to all the County Commissioners in a public meeting in 2023 or 2024.

### **Criteria**

Per *Utah County Agreement 2022-1233*, Exhibit A, the consultant is required to provide "at least one presentation to all the County Commissioners each year in a public meeting."

### **Cause**

Due to diminished oversight and ineffective contract performance management and enforcement, a business consultant was able to violate the business consultant's Utah County agreement without detection.

### **Effect**

Overall, management provides a decreased level of assurance regarding the contract performance of firms with which the County has contracted, resulting in increased likelihood of receiving lower quality goods and services and increased likelihood of noncompliance with agreements, statutes, rules, and professional standards.

Specifically, all members of the Board of County Commissioners are less informed, and the public is not informed, of business consultant activities and contract compliance.

### **Recommendation**

We recommend Board of County Commissioners Office management consult with the County Attorney's Office to enforce County Agreement 2022-1223.

We further recommend Board of County Commissioners Office management and the Board of County Commissioners actively review compliance with County agreements directly overseen by the Board of County Commissioners.

## Other Matter 17.1: Sole Source Vendor Has Limited Business Activity

### Condition

The County Administrator communicated that Utah County appears to be Bee Willing's first customer, not including work completed at Weber County when Bee Willing's owner was a Weber County employee. The Director of Financial Services and Purchasing Manager communicated they were unaware of customers other than Utah County that have done business with Bee Willing. A County Commissioner communicated that Bee Willing's owner had consulted with Morgan County and Beaver County regarding similar services to those contained in Utah County's contract with Bee Willing, but was uncertain of the level of service provided and in what capacity (i.e., Bee Willing employee, Weber County employee, private citizen, etc.).

Bee Willing was registered on the Utah Division of Corporations and Commercial Code Business Registration System as a low-profit limited liability company on 7/13/2022. It appears the company was administratively dissolved due to the company not renewing its registration. On 2/27/2024, an Application of Reinstatement was filed, resulting in a "current" entity status.

It appears Bee Willing was recently organized and has limited business activity.

### Recommendation

Because the purpose of the Sole Source Request Form is to request a purchase from a vendor be exempted from the standard competitive purchasing process (i.e., multiple quotes, an RFP, an RFQ, or an ITB involving competition with potentially very experienced vendors), and considering the low number of these requests submitted annually (e.g. four 2024 requests), we recommend the Purchasing Division:

1. Require to be submitted with the Sole Source Request Form a list of the potential sole source vendor's customers that have purchased from the vendor similar products/services being requested as a part of the sole source request.
  - a. Contact a sample of these customers to verify they have purchased products/services from the vendor and that the product/service was received/performed timely and was of acceptable quality before approving a sole source request.
2. Establish a required minimum number of years of business existence and operation for all potential sole source vendors and require and verify required supporting documentation of compliance with this requirement.

# MANAGEMENT RESPONSE(S)

## Finding 2.1: Purchase Orders Approved Without Department Head Approval

### Purchasing Division Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend Purchasing Division management amend <i>Utah County Procurement Policy</i> , Section 2.3 to include the current practice that department head designees may approve purchases for Level 2, Level 3, and Level 4 purchase orders.	Agree	Update the County Procurement Policy under Section 2.3 to read, "Department Head or Designee" under Levels 2, 3, and 4.	Robert Baxter, Purchasing Manager	03/31/2025

\*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

## Finding 3.1: Purchase Orders Approved Without County Administrator Approval

### Purchasing Division Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend Information Systems Department management program COFIS to require County Administrator approval for Level 3 and Level 4 purchase orders.	Disagree	After consulting with the County Administrator and Mike Kniephof in IT, we determined that a better solution is to amend Section 2.3 of the Procurement Policy to read, "***Commissioners may opt to approve Purchase Orders over \$100,000 without County Administrator approval." The County Administrator is set up to approve these transactions, but it will be up to the commissioners' discretion whether to wait for his approval or not.	Robert Baxter, Purchasing Manager	03/31/2025

\*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

## Finding 17.1: Contractor Violated Utah County Agreement 2022-1223, Section 7

### Board of County Commissioners Office Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend Board of County Commissioners Office management consult with the County Attorney's Office to enforce <i>County Agreement 2022-1223</i> .	Agree	In consultation with the Attorney's office, the County has determined not to enter into a contract renewal for the 2025 legislative session. Contractor has been informed.	Ezra Nair, County Administrator	1/14/25
We further recommend Board of County Commissioners Office management and the Board of County Commissioners actively review compliance with County agreements directly overseen by the Board of County Commissioners.	Agree	The County is undertaking an effort to improve contract management software. Commission County Admin department has begun tracking contracts in an excel spreadsheet, noting obligations, renewal periods etc.	Ezra Nair, County Administrator	3/1/25 for excel tracking, Contract management software acquisition will need to be next budget year

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## Finding 17.2: Contractor Violated Utah County Agreement 2022-1223, Exhibit A

### Board of County Commissioners Office Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend Board of County Commissioners Office management consult with the County Attorney's Office to enforce <i>County Agreement 2022-1223</i> .	Agree	In consultation with the Attorney's office, the County has determined not to enter into a contract renewal for the 2025 legislative session. Contractor has been informed.	Ezra Nair, County Administrator	1/14/25
We further recommend Board of County Commissioners Office management and the Board of County Commissioners actively review compliance with County agreements directly overseen by the Board of County Commissioners.	Agree	The County is undertaking an effort to improve contract management software. Commission County Admin department has begun tracking contracts in an excel spreadsheet, noting obligations, renewal periods etc.	Ezra Nair, County Administrator	3/1/25 for excel tracking, Contract management software acquisition will need to be next budget year

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## Other Matter 17.1: Sole Source Vendor Has Limited Business Activity

### Purchasing Division Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
<p>Because the purpose of the Sole Source Request Form is to request a purchase from a vendor be exempted from the standard competitive purchasing process (i.e., multiple quotes, an RFP, an RFQ, or an ITB involving competition with potentially very experienced vendors), and considering the low number of these requests submitted annually (e.g. four 2024 requests), we recommend the Purchasing Division:</p> <p>1. Require to be submitted with the Sole Source Request Form a list of the potential sole source vendor’s customers that have purchased from the vendor similar products/services being requested as a part of the sole source request.</p> <p>a. Contact a sample of these customers to verify they have purchased products/services from the vendor and that the product/service was received/performed timely and was of acceptable quality before approving a sole source request.</p> <p>2. Establish a required minimum number of years of business existence and operation for all potential sole source vendors and require and verify required supporting documentation of compliance with this requirement.</p>	<p>Disagree</p>	<p>While we agree with the desired outcomes, we prefer not to hardwire additional policies and procedures that could hamper the County from accomplishing its goals.</p> <p>Vetting new vendors is an important part of setting them up to do business with the County, and researching relevant references is a part of that process; however, enacting rigid procedures that will prohibit the County from using a new vendor without a prescribed number of references is overly restrictive.</p> <p>New products and services will often be sole source until competitors enter the market. Placing a moratorium on purchasing new products and services could adversely affect the County’s ability to purchase new technology and cutting-edge products.</p> <p>It is incumbent upon the Purchasing Agent, in coordination with the requesting department, to utilize their judgment and exercise due diligence to properly vet new vendors when purchasing new and untested products. Due to the highly unique nature of sole source products and services, I disagree with the recommended procedures to set additional requirements on sole source selections.</p>	<p>Robert Baxter, Purchasing Manager</p>	<p>01/16/2025</p>

\*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.