COWLITZ COUNTY, WASHINGTON
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. Purchasing Department Should Comply With State Bid Law And County Policy

During our review of the county's purchasing department, we found violations of both state law and county policy in the procedures used for purchasing goods and services which did not require formal sealed bids.

RCW 39.04.190 (2) states in part:

> At least twice per year, the municipality shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of vendor lists and solicit the names of vendors for the lists. Municipalities shall by resolution establish a procedure for securing telephone or written quotations, or both, from at least three different vendors whenever possible to assure that a competitive price is established . . . . (Emphasis ours.)

The *Cowlitz County Purchasing Procedures Manual* adopted by Resolution 82-178 states in part:

> Purchasing Department posts the "Notice of Intention to Purchase" on the Board of Commissioners' bulletin board . . . A written record is maintained by the Purchasing Department of all written or telephone quotes received . . . The award is to be made to the lowest responsible bidder as determined by the Purchasing Agent and the ordering department . . . After award of the bid, all back-up material, including the Buyer's Report of telephone or written quotes is attached to the posting notice; the bottom portion of the `Notice of Intention to Purchase' is completed . . . and the entire package is filed in the appropriate file by the Purchasing Department. (Emphasis ours.)

The purchasing department did not publish a notice of the existence of vendor lists nor solicit names of vendors for the lists as required by state law. Further, it did not post a "Notice of Intention of Purchase" on the Board of Commissioner's bulletin board for three days according to county policy.

Our audit of the purchase contract process for purchases other than those requiring the formal sealed bidding process, also disclosed that the purchasing department's files lacked adequate supporting documentation. Several files did not identify competing vendors, contain vendor quotes, or establish if the award of contracts was made to the lowest responsible bidder.

By not publishing a notice of the existence of vendor lists and by not soliciting names for vendor lists as prescribed by law, some members of the business community may be

deprived of the opportunity to participate in the competitive bidding process. Further, by not posting a "Notice of Intention to Purchase," the county cannot be assured that it is obtaining the best prices for contracted goods or services. Sufficient documentation must be kept so the purchasing department can substantiate that contracts were properly let to the lowest responsible bidder.

These weaknesses in the purchasing system occurred because purchasing department officials did not vigorously enforce compliance with RCW 39.04.190 (2), nor county purchasing policies as required by Resolution 82-178.

We recommend that the purchasing department adhere to the requirements of RCW 39.04.190 (2), and follow county procedures adopted by Resolution 82-178 in the operation of its purchasing system.

COWLITZ COUNTY, WASHINGTON
January 1, 1994 Through December 31, 1994

Schedule Of Federal Findings

1. County Purchasing Department Should Improve Control And Verification Of The Certified Personal Property Inventory

During our review of the county purchasing department, we found a number of items including a computer, printer, and fax machine received in 1994 which were not tagged. Additionally, these items were not included in the inventory list certified by the board of commissioners. This oversight was not detected by the purchasing department.

Washington State law requires county commissioners annually to certify the accuracy and completeness of an inventory of county owned personal property. Procedures to be followed are contained in RCW 36.32.210, which states in part:

> Each county commissioner of the several counties of Washington shall, on the first Monday of March of each year . . . file with the auditor of the county . . . a statement verified by oath of such county commissioner showing for the twelve-month period ending December 31st of the preceding year, the following:
>
> > (a) A full and complete inventory of all tools, machinery, equipment and appliances belonging to the district of such commissioner . . . .

Although not material to the county's financial statements, these weaknesses caused the commissioners to certify, and the public to receive, incorrect information.

As a result of work done during our 1991 audit, we issued a finding critical of these same weaknesses, and recommended improvements to the county's Personal Property System. In the written response to the finding, the county purchasing agent stated:

> . . . Equipment will be tagged immediately when received and a complete description, serial number, model number, and other pertinent information will be gathered for input into the inventory system. The purchasing department will allocate time to update inventory records as equipment is received and the records will be verified monthly to ensure property accountability. (Emphasis ours.)

Because some of the equipment was purchased with federal funds, these weaknesses also result in noncompliance with federal regulations. Regarding assets purchased with federal funds, the Federal Administrative Requirements for Equipment, 28 CFR, Part 66.32(d)(3) states:

> A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.

Without an effectively operating inventory tagging system, we do not believe the federal requirements have been met. The weaknesses in the county's property system results from the purchasing department's failure to enforce county policy.

We recommend the purchasing department follow up on the commitments made in response to the 1991 findings, by tagging items for inventory immediately upon receipt and by verifying the accuracy and completeness of the records each month.

We further recommend that the purchasing department work closely with Central Services (data processing) and with the county auditor's department to reconcile inventory lists.