

**ACCOUNTABILITY AND TRANSPARENCY IN PUBLIC PROCUREMENT:  
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 GOALS  
VERSUS LOCAL GOVERNMENT STANDARDS**

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**ABSTRACT.** With the enactment of the 2009 American Recovery and Reinvestment Act (ARRA) a new commitment by the federal government for transparency and accountability in procurement has been made with the public. This commitment has come in the form of a new federal committee commissioned to review the use of the ARRA funds. The committee has defined transparency and accountability in a number of ways in order for the public's concern about the federal government's spending. The first and largest targets of the ARRA funds are the States. The second level of targets is local government. At this level, local governing bodies must not only follow State statute, but in addition, must follow code adopted by the local municipality. This paper will examine the requirements for the federal government as set out by the ARRA and then describe the process and accountability rules that are recommended for application at the local municipality level.

**INTRODUCTION**

The environment in which public procurement exists in today's society requires the profession to emphasize the principles of accountability and transparency in the decision making process. The field of public contracting in the United States has had a long and colorful history, rife with horror stories of graft and corruption throughout the years. Additionally, public perceptions have often been clouded by a focus on a very small number of transactions that reflect poor decisions on the part of a procurement official. Stories about government purchases of a \$200 hammer or that the "low bid" is equated to a poor quality standard have often soured the public perception of the profession, even though the interpretation of some of these decisions may have been reported out of context.

The public procurement function in general, has gravitated from a primarily clerical function, into a strategic function within the organization. As a result of this overall role shift, there has been a transition of the influence of the public procurement practitioner from

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an order taker to a decision maker. By its very nature, additional empowerment comes with the burden of greater responsibility, resulting in a greater need for accountability and transparency on the part of the procurement official.

Interestingly, one of the traditional differences between public procurement and private sector procurement has always been the degree to which the public procurement official must be accountable to the taxpayer. While private sector practitioners are interested in controlling operational costs through improved pricing, in an effort to maintain the bottom line of profitability, the public sector practitioner must manage a completely transparent process in order to affirm that the process itself is completely fair, and that all vendors are working on a level playing field. While the layman would assume that the major goal of the public sector procurement function is to find the best price, the pre-eminent goal of the public purchasing process is often to reflect complete transparency and accountability. This makes for an interesting paradox, and often contributes to misconceptions of the public regarding the entire public process.

While the majority of public procurement officials are honest and hard working, there are still some individuals with less than honest attentions, who may attempt to manipulate the system in order to achieve personal gain, whether they are directly related to the procurement process, or find a way to manipulate that process. As a means of combating this possibility, responsible governmental entities have the opportunity to develop and implement several control processes designed to monitor the overall integrity of the procurement function, while ensuring fairness, accountability, and transparency.

“The American Recovery and Reinvestment Act of 2009 makes it clear that taxpayer dollars spent under the Recovery Act will be subject to unprecedented transparency and accountability” [www.recovery.gov](http://www.recovery.gov).

The ARRA was enacted by the U.S. Federal government in response to the tumultuous economic conditions facing the U.S. economy in early 2009. The Vice President, Joseph Biden, was assigned the task of overseeing the “stimulus” funds. A Board was created and reporting and controls put in place to provide for a certain level of “accountability and transparency” since the American public has been skeptical of government spending in the past. This paper will review the set-up of the Board that was created by the ARRA and review its mission, goals, and reporting with a focus on

accountability. A short but precise literature review will follow that will help to define the meaning of accountability and transparency as it relates to public procurement. The paper will conclude with an analysis of the strengths and weaknesses of procurement policy and practice recommended for local municipalities.

## **BACKGROUND**

With the enactment of the ARRA a Board was created to oversee the spending of the federal funds. The name of this Board is the Recovery Accountability and Transparency Board (RATB) which was charged with two goals:

- To provide transparency in relation to the use of Recovery-related funds
- To prevent and detect fraud, waste, and mismanagement

Based on these two goals the RATB created a mission statement that reads as follows:

To promote accountability by coordinating and conducting oversight of Recovery funds to prevent fraud, waste, and abuse and to foster transparency on Recovery spending by providing the public with accurate, user-friendly information ([www.recovery.gov](http://www.recovery.gov)).

The RATB is made up of twelve Inspectors General from various federal agencies. The RATB is required to issue a quarterly and annual report to the President and Congress. Within the legislation is also a call for “flash reports” if certain circumstances require attention of an immediate nature.

The Board also is charged with maintaining the [recovery.gov](http://recovery.gov) website. It is through this website that the American people are able to see how their Federal tax dollars are being distributed by the federal agencies. The website also shows how the funds are being used by the recipients through the quarterly reporting requirements of the recipients.

The RATB encourages citizens to report suspected, fraud, waste, or abuse.

As of February 28, 2010, the Recovery Board and the federal Inspectors General have received 2,093 complaints (up from 1,771 at the end of December) of wrong-doing associated with Recovery funds

- 195 have triggered active investigations

- 55 cases have resulted in a prosecutor's office opening a file and continuing to work with an investigator on the matter.
- 64 cases were closed without action ([www.recovery.gov](http://www.recovery.gov)).

One item of interest that is used in helping with the compliance and accountability activities is the use of the federally mandated Single Audit. The Single Audit is an annual financial examination (audit) for any entity that expends \$500,000 or more of federal funds received for its operations. This requirement has been in place for many years in the U.S. and helped streamline the audit process. In the past, if a federal agency wished to review a recipient's accounting methods and the use of funds, it would individually visit the grantee and perform an audit. With many federal agencies requiring audits, it was possible that 3, 4, 5 agencies may have been visiting a recipient at one time, asking for the same information. With the adoption by the federal government of the Single Audit guidelines, now only one audit is completed for all programs (as long as the \$500,000 threshold is met), with the documentation being sent to a federal clearing house for all to see (transparency and accountability). The Single Audit is generally performed annually, with the objective being to assure that federal funds are being appropriately managed by the recipients.

To ensure that accountability requirements are being met, the following goals or performance measures are being considered by the various federal department Inspectors General as they review the disbursement of the Recovery funds. The following is a list of the accountability and transparency items from the [www.recovery.gov](http://www.recovery.gov) website:

- Were the Recovery funds awarded and distributed in a prompt, fair, and reasonable manner?
- Is the public clear on the identity of the recipients and how the Recovery funds have been used?
- Are the public benefits from the use of Recovery funds being reported clearly, accurately, and in a timely manner?
- Are Recovery funds being used for authorized purposes, and are adequate steps being taken to prevent instances of fraud, waste, and abuse?
- Are Recovery projects avoiding unnecessary delays and cost overruns?

- Do Recovery programs meet specific goals and targets?”

It appears that the government considers transparency as written in the second bullet point as the ability for the public to see what entity is receiving the money and its intended use. All of the remaining items relate to accountability of the recipient, or the federal agency in charge of disbursing the funds. We will find that this is a rather simplistic approach applied at the federal level with many more controls, information, procedure, policy and accountability at the local government level.

### LITERATURE REVIEW

The literature is full of references to corruption and the roles that transparency, accountability, and procurement process play. So when a government is trying to convince the public that it has an accountable and/or transparent process it is trying to minimize the concept of corruption with its intended audience.

Accountability and transparency in the procurement process does come at a price. It is often costly to provide equal information to vendors, to maintain a process without collusion, and to avert the ever present danger of “kick backs” or “pay to play” scenarios with the decision makers. “To sum up, it has been argued that even though the intentions of a demand for a perfect purchasing process and transparency are good, rigid demands might give rise to unintended consequences” (Rose-Ackerman, 1999).

In a study conducted by Ohashi (2009), “Finally, the results of this paper help us understand the reason for WTO members’ reluctance toward introducing transparency in government purchasing. The paper indicates that the introduction of transparent practices is insufficient to bring about efficient and competitive public procurement. In order to enjoy maximum benefits from the reform toward transparency, countries must simultaneously combat conspiratorial practices of firms in the public procurement tendering system”.

In an effort to help combat corruption in developing nations The Carter Center's Americas Program and its Council of Presidents and Prime Ministers of the Americas have begun a multiyear task that works with various government to create monitoring mechanisms that will combat corruption in government procurement transactions and hopefully they will serve as models for the rest of the world. “Greater “transparency” in government-business interactions can improve investor confidence, spur economic growth, provide better public

services to the population, and increase public confidence in democratic institutions”.

According to Grant and Keohane (2005), “Accountability, implies that some actors have the right to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in light of these standards, and to impose sanctions if they determine that these responsibilities have not been met.” With this definition of accountability there are a number of assumptions. First, a single actor has the authority or power to hold other actors to account. An example would be the federal government holding state governments responsible for the expenditures of the funds. A second assumption is that an agreement on the standards for assessing whether the actor that is doing the accounting has properly discharged their responsibility. Finally, there should be enough transparency and information related to the process and results to determine if the standards have been fulfilled.

The literature basically contends that accountability and transparency are the tools to combat corruption in any number of practices. For this paper the lens is focus on governmental purchasing practices. The evidence in the literature does contend that accountability and transparency in procurement practices does come at a cost and is not without unintended consequences. It can be said however that procurement practices that are not open or have any accountability would most certainly be considered corrupt by the public or any other actor looking into the process.

### **STRENGTHS AND WEAKNESSES IN THE LOCAL PUBLIC PROCUREMENT ENVIRONMENT**

There are a number of circumstances that may potentially create opportunities for fraud or corruption in a jurisdiction, and many of these opportunities can be minimized through the implementation of solid policies and procedures designed to improve the overall transparency of the procurement process. Well planned system controls, when consistently implemented, can significantly reduce the probability of the occurrence of fraudulent or other malfeasant behavior. A good control processes should provide for collaborative cross-checks by multiple parties, and allow for the opportunity to provide for ongoing feedback regarding the ultimate success or failure of the process. Following, is a brief synopsis and analysis of the current state of the environment, and how control mechanisms can impact the operation of a public sector procurement program.

## Strengths

### ***The use of appropriate cross-checks and collaborative efforts***

*Purchasing Ordinance / Code and Administrative Procedures:* Governmental entities need to ensure that they have a code of ordinances that specifically define the required principles to be followed to ensure adequate competition, fairness, and accountability of the procurement process. Additionally, a strong set of procurement rules, or an administrative policy should be in place to provide additional procedural guidelines for the overall operation of the procurement process. One option for governmental entities interested in developing a new procurement code is to use the American Bar Association's (ABA) *Model Procurement Code (MPC)*, which was updated in 2000, and is in use by 17 states. The companion *Model Procurement Ordinance, (MPO)*, has been adopted by hundreds of local government agencies across the nation. The *Model Procurement Code and Ordinance* were developed to provide state and local governments with a standard framework that would allow them to choose specific elements in the development of their own code.<sup>1</sup>

Regardless of whether or not an entity chooses to use the ABA models, or develop its own code, it is important to include control mechanisms that will provide for maximum accountability and transparency as a part of the code. Addressing such subjects as competitive thresholds, requirements for competition and requirements for the development of competitive specifications will provide for a more enhanced level of transparency than would normally be expected of private sector procurement practitioners. It is also important that strong consequences or penalties be put in place to deal with the violation of the code, in order to further strengthen the organization's level of accountability.

Formal written administrative rules and policies should also be adopted to clarify the specific policies and procedures that govern procurement officials and end user departments in the day to day operations of the entity. Examples of administrative policies might include the process for completing and approving a requisition, rules for the use of procurement cards, emergency provisions, sole source purchasing requirements, and standards for ethical behavior. Each policy and procedure implemented should be written in a clear, concise manner, and provide for proper recourse in the event that individuals fail to follow those policies.

*Review of Solicitations and Vendor References and Information.* The first thing that should be checked when reviewing a vendor's response to a solicitation is the overall viability of the firm, as well as its capability to perform for the entity in the event that the firm is awarded a contract. The procurement official should conduct checks regarding the firm's viability, and carefully check the firm's bid or proposal response, to confirm that the vendor is a proper legal entity, and to ensure that the appropriate vendor agent is signing the response on behalf of the firm. Many states have a State Corporations web-site, which provides information about the vendor, and a list of the appropriate agent's information for that vendor.

*Reference Checks.* When evaluating firms for an award, a reference check should be conducted prior to making any decision or recommendation. The reference review may often include a review of financial information, such as audited financial statements. Procurement personnel may perform the check, or in cases where specific technical assistance is required, may seek the assistance of a professional who is familiar with evaluation financial statements. Alternatively, the reference check process may be delegated to a more technically qualified member of the evaluation team. Whenever another team member is responsible for collecting reference information, it is a good idea to provide that individual or individuals with a pre-determined standard set of questions that may be developed by the Evaluation Committee. This is one procedure that should not be waived unless the firm has successfully done business with the entity as previously witnessed by multiple individuals within a department, or across departments.

*Evaluation Committees.* Evaluation Committees are cross-functional teams that should be comprised of individuals who have a level of expertise with the product or service. Care should be taken to ensure that a good cross-section of entity staff is represented on the committee. An odd number of individuals should be appointed to the Evaluation Committee in order to avoid tie votes. Five (5) committee members is a common number for appointment to an evaluation committee. There may even be some instances where members of the public are invited to participate as committee members. It is recommended that the procurement official responsible for the procurement should serve as a non-voting committee facilitator in order to avoid any perception of favoritism. The procurement official

should also make recommendations for appropriate personnel appointments to the Committee. The bottom line result is that the formation of a strong cross-functional Evaluation Committee tends to facilitate better cross-checks.

Prior to any Committee meeting, the facilitator from the procurement office should provide instructions on the process for scoring and ranking vendors. In some jurisdictions, evaluation committee meetings are posted as public meetings in advance, to allow the public an opportunity to observe the proceedings

*Proposal Presentations.* When evaluating Requests for Proposals, the evaluation committee normally determines a short list of vendors, who in turn may be requested to provide oral presentations prior to final scoring. It is recommended that the order of presentations be determined by a lottery process, with witnesses. Upon completion of the lottery all short-listed vendors are notified of their scheduled presentation. It may be advisable to provide each vendor with the full schedule of vendors being interviewed, and this information may be posted on a public web-site.

*Requisition Control.* Ideally, the entity will utilize an automated procurement system that is designed to electronically transmit requisition requests. The entity should develop procedures regarding the proper authority for the electronic approval of requisitions. It is strongly recommended that the end-user department director or a high level department employee should be required to grant final departmental approval. Other common approvals required may include the Accounting Office, the Budget Office, the Capital Programs Office, the Information Technology Office (for IT and telecommunications equipment) and the Fleet Department for vehicular equipment. Care must be taken to develop a check-list as a part of the requisition transmittal that documents approvals of the requisition through the entire process. Whether electronically or manually transmitted, this control process allows the procurement officer to oversee all requests, regardless of the dollar amount. By using this procedure, the procurement officer is able to determine if requests are appropriate, and if additional documentation is required to justify or back-up the purchase. This process provides procurement with an opportunity to spot unusual trends with a specific vendor, or commodity. During this process, procurement should also determine if any additional information, including the need for insurance, is required. The requisition process should also include checks and balances between the vendor data base and the

entity's financial system. Automated systems provide the added benefits of being able to electronically track the status of requisitions at all points throughout the approval process, and a one-time entry process, which helps to avoid errors at the back-end of the process.

As previously stated, prior to arriving in the Procurement Office, each requisition is subject to an approval process within the Department, including approval by each Department Director or a designated high level official, as well as a pre-audit review by the Accounting Office. Ideally, an electronic financial system should be designed to electronically track the agency budget, with a safety mechanism that disallows the system to process a requisition if there is inadequate funding, and the budget has been exceeded. In these instances, a review by the Budget Office is triggered, and justification may be requested from the using department. The requisition should not move forward until the Budget Office releases it for further processing.

*Supplemental Requisition Approvals.* When a department enters a requisition for a specialized item, such as data processing services and equipment, capital construction, or vehicles, it may be prudent to require additional review by a support department. This review is necessary in order to ensure compatibility of new products with items currently in place at the agency. Electronic systems should be designed to permit automatic transmittal of requests to these ancillary approvers.

*Systematic Review of Insurance Requirements.* A major part of the risk remediation process is the requirement for vendors to provide certificates of insurance with the entity named as an additional insured. The Procurement Officer or Risk Manager should be charged with the responsibility of requesting and reviewing appropriate insurance coverage which satisfies the risk requirements of the entity. Procurement staff should check incoming requisitions to determine if insurance is required. One test which will help to determine the need for insurance is if the firm plans to work on the entity's property, or if they are acting as a consultant, that will require some level of insurance for worker's compensation, general liability and auto liability. In addition, consultant agreements normally require the vendor to obtain professional liability (errors and omissions) insurance as well in order to indemnify the entity in the event that the results of a consultant's recommendation results in damage or injury. The insurance certificates are also reviewed by the Risk Manager as well, to determine if the insurance coverage is

adequate to match the insurance risk, providing for an additional level of control.

*Solicitation Process.* Expenditures estimated to cost more than the entity's established threshold for competitive solicitation should be processed through a formal solicitation process. Bids and requests for proposals should be advertised in a daily newspaper or posted on-line as required by local code, with the entire process open to public scrutiny. Once opened, bids are tabulated and awarded to the lowest responsive and responsible bidder, through the formal established by the entity, which will likely include approval of the entity's governing body. Requests for Proposal are more open ended, and allow the entity to find the best approach to a problem, rather than simply relying on the lowest price.

*Quotation Process.* In addition to any requirements prescribed by the entity Code, administrative procedures should be in place to require competition at various dollar levels. Informal Quotes are normally required for expenditures over a certain dollar range, but less than the formal competitive threshold.

*Contract Approval Procedures.* Contracts should be reviewed by the Procurement official as well as the entity Attorney as appropriate, who will approve the contract for form and legal sufficiency. Specific approval procedures for the review and approval of contract documents should be developed for contracts in excess of the entity's threshold. The Risk Manager may also evaluate agreements as well. This multi-party review process helps to lessen the opportunity for any fraudulent activity.

In addition to the contract approval procedures, it may be wise to work with the entity attorney in order to develop a standard contract template that includes standard terms and conditions that can be utilized during the overall contracting process. This standardization of contracts ensures that important requirements are included in all entity contract documents, and provides for a greater level of transparency.

*Construction Project Procedures.* Specific detailed procedures should exist for the project management procedures, as well as the review and processing of payments on large construction projects. Since most construction jobs utilize progress payment, defined procedures need to be in place to spell-out the roles of the project manager, the Procurement Office and the Accounting Office. Project Managers are entrusted with a great degree of responsibility, including

determination regarding completion of work, and approval of progress payment invoices. There are normally multiple payment approval levels at the department level, and the Accounting Office and Procurement Office review the payment requests for completeness and accuracy. A paid professional architect or engineer may also review pay requests as an independent process. Multiple steps and cross-checks need to be in place in order to avoid the potential for the fraudulent acceptance of work, which could result in inappropriate payments being approved.

*Procurement Card Controls.* A major component of many public procurement entity's small purchase programs is the use of procurement cards. Procurement cards provide a great deal of efficiency, by eliminating the need for numerous purchase orders and invoices. The cards also permit much greater ease in the purchasing process. Along with that ease, however, comes the possibility for abuse of the cards, and a possible reduction of competition. Procurement cards are unique in that the card administrator usually has the authority to restrict the types of merchant category codes for each individual card, and to limit the single purchase authority as well as the total allowance for the month. The Procurement Office should also be very pro-active with procedural training in this area.

Procurement card transactions must be accompanied by the actual receipts. These receipts are collected by departmental representatives, who review the transactions. In addition, transactions should be reviewed by the entity Accounting Office.

*Change Order Approval Procedures.* All change orders must be reviewed and approved by an appropriate project manager, as well as the Procurement Officer. Each request shall be thoroughly justified and documented prior to approval.

*Separation of Procurement and Payment Process.:* The payment process is handled by the Accounting Division, which separates payment from the Procurement operation. Additionally, once work is completed under a purchase order, the using department normally receives the orders without invoices, and the payment is processed when Accounts Payable matches the invoice with the department's payment release

*Invoices Received by Accounting Division.* The majority of invoices received should be addressed directly to the entity Accounting Office for processing of payment. This process helps to ensure that payments are made in a timely and consistent fashion, and ensures

accountability and timeliness of payment.

*Payment Disbursement Procedures.* All payments are disbursed by the Accounting Office directly to the payee. Third party entities should not be permitted to pick-up checks for delivery.

*Positions of Trust.* Many entities utilize an “employees of trust” provision to require professional employees to take at least 5 days of accrued benefit time leave during the year, to provide the opportunity for other entity employees to perform their job functions. This policy allows other employees to discover any discrepancy in the manner in which an employee is performing their job, which may directly lead to the discovery of any malfeasance on the part of the absent employee. This policy provides an opportunity to audit or evaluate the integrity and honesty of the absent employee.

*Audits.* Regularly scheduled audits of all financial practices of the entity. This process provides for feedback on methods and procedures utilized by the entity.

### **Weaknesses**

While following the processes shown above will provide the entity with a number of Strengths, there are still some inherent weaknesses that could possibly result in breaches within the system, which need to be addressed at some point. Some of these weaknesses may include the following:

*Written formalization of Procedures.* It seems that there is always a lack of formal written procedures, and while many of the above procedures are employed on a daily basis, there is a need to reduce some of these procedures to writing, and provide the information to all employees.

*Field Purchase Order / Check Request Process and Small Purchases.* In many cases, purchases for items such as subscriptions, registrations, and other small items are paid for using a Field Purchase Order (FPO) or Check Request. This is a basically a “check request” project, which occurs after a transaction has been completed. The Procurement Office is not involved in this approval process which provides for less oversight from a procurement perspective. Normally, The entity’s Accounting Office is responsible for this area of operation. Regardless, this process does allow a window of vulnerability, which could permit some form of abuse of the system.

Small purchases in general have always been problematic in the

public purchasing arena. No matter how many controls are imposed, there is still room for abuse in this area. There will always be maverick purchases based on human nature, however a major opportunity for problems in the process are uncontrolled small purchases, which may often end-up being paid in arrears through the field purchase order/check request process. Again, the issue of oversight by procurement professionals opens some room for abuse, although in smaller increments.

*Procurement Card Purchases.* While an entity may maintain strong educational efforts in the past, procurement cards represent a great short-term potential for fraudulent activity. While no one will be able to withdraw cash, there is the possibility for someone to purchase personal goods. There should be a great deal of oversight in this area.

### **Opportunities**

While there appear to be some weaknesses in the system, it is necessary to recognize that there is a lost opportunity cost for addressing each weakness, which may impact the efficiency and overall effectiveness of the entity's operations. For example, while it may be beneficial from a procurement perspective to take a more vigilant stance on the oversight of field purchase orders, the risk of fraud in this area has been historically low. Accordingly, in each instance, it is necessary to balance the benefits of more stringent procedures against the risk of actual loss to the entity. Regardless, there are still a number of opportunities that may now be available, which would not have been available in the past. These opportunities include the following:

*Education & Training.* The greatest potential opportunity is to enhance the level of awareness created by this type of event. This provides the entity with an excellent opportunity to educate employees about the importance of following the existing purchasing processes. Accordingly, we now have a great chance to schedule training sessions addressing the purchasing process, since the Davie situation has provided us with a realistic example of what can happen when proper procedures are not followed.

*Articulation and Clarification of Existing Policies and Procedures.* We now have a great opportunity to specifically articulate our policies and procedures, and to memorialize in writing, any un-documented procedures or policies not already in written form.

*Continuing Review of Code and Administrative Policies.* It is always wise to review the existing Code and Administrative Policies, with the entity Attorney, on an ongoing basis, to ensure that the Code provides the proper level of control, while balancing the need for flexibility of the process.

*Outside Review of Process.* In order to ensure that the entity moves forward, it may be appropriate to obtain an outside review of the process, and consider professional development of a comprehensive purchasing manual, or additional procedures for the entity. The National Institute of Governmental Purchasing provides these services through their Procurement Management Audit Program, and through this audit program, the City can strive for NIGP certification as an entity that follows best practices.

### **Threats**

Regardless of the level of controls in place, there are still certain threats that occur. These threats include the following:

*Potential for Fraud – Dishonest Individuals.* Dishonest individuals exist, and there is always the chance that a clever individual bent on defeating the system, and the controls in place over this system, may be able to find a method to defraud the entity.

*Maverick Purchasers.* There are many individuals who feel that purchasing and fiscal policies are much too bureaucratic, and impede the operations of their own agencies. This problem is difficult to address, especially if the individual in question has been able to garner internal political power for whatever reason. It is still best to deal with these individuals on a one-on-one basis, but no organization will ever be able to rid itself of this particular threat.

*Political Encroachment.* An always evident danger in the public procurement and fiscal arena is the danger of future political encroachment. This can occur from either elected officials, or from top administrative personnel. It is often difficult for some individuals, who may be fearful of losing their jobs, to disobey a direct order from senior management official to “bend the rules” to accommodate a particular desire.

*Lax Enforcement of Existing Procedures.* It is necessary to maintain vigilance in the enforcement of existing procedures. While a high performance organization requires a good deal of flexibility, enforcement efforts must be continued, or the risk of loss of credibility in the process can lead to the overall collapse of the

program from within the organization.

### SUMMARY

As can be seen in the detail of the controls that take place in a local government versus that of the federal government, in terms of accountability and transparency local controls provide for a greater limitation in corruption as compared to the federal counterpart. Regardless, it is necessary for the entity to develop pro-active controls which are designed to maximize accountability and transparency. While most public entities follow best practices, and have instituted some very effective controls, there are still some weaknesses that may need to be addressed in one or more ways. The awareness that fraud, corruption, or other ethical breaches could occur at any level should provide us with a great opportunity to move forward with more training, and a greater awareness of our goals of accountability and transparency by pointing out the need for sound fiscal and purchasing controls. Regardless of how well we control the system, however, it is virtually impossible to totally remove possible threats to the system contemplated by individuals with clever schemes, or politically powerful individuals.

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