

BRIEFLY...

Highlights of Report: 05-09-001-03-390, *A Conflict of Interest Existed in the Procurement and Administration of Indiana Department of Workforce Development's Workforce Investment Act Case Management System*, to the Deputy Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The Office of Inspector General (OIG) received an allegation through its Hotline that a conflict of interest existed when the Indiana Department of Workforce Development (IDWD) awarded a \$2.8 million contract for a new case management system to @Work Solutions. The contract was federally funded through a Workforce Investment Act (WIA) grant. Therefore, IDWD was subject to Federal regulations prohibiting conflicts of interest in procurement actions.

WHY OIG DID THE AUDIT

The OIG conducted this audit to determine whether a conflict of interest existed between IDWD's IT Director and @Work Solutions during the award and administration of the contract to provide IDWD's new case management system.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2009/05-09-001-03-390.pdf>

WHAT OIG FOUND

IDWD's IT Director had a conflict of interest while participating in the award and administration of the contract to @Work Solutions. Specifically, the IT Director had a financial interest in @Work Solutions, Inc. at the same time that he participated in IDWD's award and administration of a contract to them.

In June 2005, IDWD's IT Director sold two corporations which were subsequently combined and renamed @Work Solutions, Inc. The sale provided the IT Director an initial payment at the time of the sale and monthly installment payments through 2007. These installment payments constituted a financial interest in @Work Solutions, Inc.

After being hired by IDWD in February 2005, the IT Director initiated a request to procure a single state-wide WIA case management system. He directly participated in the development of the Request for Proposal (RFP) and bidder evaluation criteria. After IDWD awarded the contract to @Work Solutions, Inc. in April 2006, the IT Director also participated in the review and acceptance of contract deliverables.

The IT Director's receipt of installment payments from @Work Solutions, Inc. while participating in the award and administration of an IDWD contract to the company constituted a conflict of interest.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training:

Review the costs claimed by IDWD related to the contract with @Work Solutions, Inc. and recover any costs found to be unreasonable.

Ensure that IDWD strengthen its internal controls to prevent and detect conflicts of interest.

IDWD agreed to take all necessary steps to rectify the situation identified in our report.