



OFFICE OF THE
STATE AUDITOR

Case # MORO22SP

January 26, 2023

Mayor Paul Bailey and Moroni City Council
80 South 200 West
P.O. Box 870
Moroni, UT 84646

Dear Mayor Bailey and City Council Members:

The Office of the State Auditor (Office) offers a hotline program through which we receive complaints with financial or compliance implications related to state or local governments. The Office received a complaint alleging various instances of noncompliance at Moroni City (City).

We reviewed relevant City documents and made inquiries with certain City personnel. We found one case of noncompliance related to a grant received from the Utah Commission on Criminal and Juvenile Justice (CCJJ), which we referred to CCJJ for follow up. The remaining allegations were either found to be without merit or lacked suitable criteria for an audit. However, during the course of our review, we identified a further internal control weakness related to the City's procurement policy, as follows:

INADEQUATE PROCUREMENT POLICY

Neither the City's procurement ordinance nor policy provides guidance for certain common and important procurement considerations, such as procedures for soliciting requests for proposal, notice requirements for sole source purchases, and maximum contract terms.

Furthermore, the City appears to have adopted the Office's purchasing policy template, but eliminated guidelines regarding purchase orders and obtaining comparative quotes for small purchases. Instead, the City implemented a requirement that all purchases in excess of \$200 be approved in advance by a majority of the City Council. However, Council preapproval does not adequately address all procurement related risks and considerations. The City's policy should provide sufficient guidance, including requirements for purchase orders and requiring evidence of quotes for small purchases, which will help the City lower costs, increase transparency, foster effective competition, and create a fair and equitable procurement environment.

Recommendation:

We recommend that the City:

- 1. Implement a comprehensive procurement policy that incorporates adequate guidance for common procurement considerations they are likely to encounter; and**

2. Require purchase orders when appropriate and implement quote requirements for small purchases to help lower costs, increase transparency, foster effective competition, and create a fair and equitable procurement environment.

Our procedures were limited to matters related to the complaint. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We appreciate the courtesy and assistance extended to us by City personnel during our review. We look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Leslie Larsen".

Leslie Larsen, CPA, CFE
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Moroni City Corporation

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Mayor Paul Bailey

January 23, 2023

Leslie Larsen
Special Project Audit Supervisor

RE: Inadequate procurement policy

Ms. Larson

In response to your letter regarding the inadequate procurement policy, Moroni City Mayor, and Council, along with General Council will work on the following as recommended:

1. Implement a comprehensive procurement policy that incorporates adequate guidance for common procurement considerations that will possibly be encountered; and
2. Require purchase orders when appropriate and implement quote requirements when necessary for purchases to help lower costs, increase transparency, foster effective competition, and create a fair and equitable procurement environment.

We appreciate the State Auditor's Office working with us to come up with a comprehensive policy that will fit the needs of our city.

Respectfully,

Paul Bailey
Moroni City Mayor

A handwritten signature in blue ink that reads "Paul Bailey". The signature is written in a cursive, flowing style.