

HEALTH AND HUMAN SERVICES AGENCY DATA CENTER

Investigations of Improper Activities by State Employees, August 2002 Through January 2003

ALLEGATION I2002-652 (REPORT I2003-1), APRIL 2003

Health and Human Services Agency Data Center's response as
of July 2003

Investigative Highlights . . .

*A former manager of the
Health and Human Services
Agency Data Center
(data center) engaged in
the following improper
governmental activities:*

- Negotiated employment
with a company while
he was in a position to
influence a \$345,000
contract between the data
center and that company.*
 - Drafted contract
language that was
incorporated into the
contract between the data
center and a company
that he began working
for one business day after
ending his employment
with the State.*
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We investigated and substantiated an allegation that a manager of the Health and Human Services Agency Data Center (data center) violated conflict-of-interest laws. Our investigation showed that work the manager performed influenced the formation of a \$345,000 contract between the data center and company 1, a private corporation that the manager negotiated for employment with while he was in a position to influence the contract.

Finding: A manager violated conflict-of-interest laws.

The manager was both directly and indirectly involved in the contract with company 1. Specifically, while he was employed at the data center, the manager drafted the statement of work that was incorporated as part of the contract between the data center and company 1, a private consulting firm the manager began to work for one business day after ending his state employment. The statement of work describes the State's and contractor's responsibilities, contract duration, tasks for the contractor to perform, payment methods, and other provisions.

The manager was also indirectly involved in creating the contract between the data center and company 1 because he prepared documents that data center staff ultimately relied on to establish the contract. We also substantiated that while he was employed at the data center, the manager negotiated for employment with company 1. State law prohibits employees from having a financial interest in any contract they make in their official capacity. Further, the cost to the State for the

manager's services as a consultant was more than three times the previous cost of his state salary and benefits, despite the fact that the manager's duties were essentially the same.

Data Center Action: Partial corrective action taken.

The data center has referred our findings to the Fair Political Practices Commission and the attorney general for evaluation of the alleged violations of conflict-of-interest laws. The data center also requested a review by the Department of Personnel Administration to determine whether it should take adverse action against employees who may have aided or assisted the manager. Further, the data center has provided mandatory in-service training to educate key employees involved in the procurement process and their responsibilities under state laws.