

ARKANSAS

POLICY RECOMMENDATIONS

PROCUREMENT TRANSPARENCY



**ARKANSAS CENTER FOR
RESEARCH IN ECONOMICS**

UNIVERSITY OF CENTRAL ARKANSAS

The Problem

Government procurement of goods and services is highly vulnerable to corruption due to the volume of contracts, the money involved, and the opportunities for bribery.

“Procurement” here refers to the process of acquiring goods and services from third parties. Goods and services can range from contracts for work to be done, or services to be performed, or for equipment, materials or supplies to be sold to school districts.

Detecting procurement fraud is a challenge because it can occur at any point in the process: pre-solicitation, solicitation, or submission.

Arkansas has no law that requires school districts and counties to publish bids and bid outcomes online. In addition, these entities are not required to maintain an online archive for residents to see the bidders, bid winners, and bid amounts. This **lack of transparency may encourage corruption**.

Examples

The taxpayer-funded Little Rock Urban Collegiate Public Charter School for Young Men paid the following amounts and did not produce the required documentation showing the proper business purpose for the transactions:

- \$63,900 to Jackie Jackson, who was not a Charter School employee, without a contract justifying these payments.
- \$31,000 to Terry Jackson, who was Ms. Jackson’s spouse and also was not a Charter School employee, without a contract justifying these payments.
- \$2,000 to RTC Equity Group, LLC, a company incorporated in Texas by Jackie Jackson.
- \$40,184 to various other individuals.

Auditors also found discrepancies in 40 non-payroll disbursements and numerous illegal debit card transactions.

The charter school was sponsored by Little Rock Urban Prep, Inc., which was incorporated by Jackie Jackson. The school began operating on July 1, 2010, and the state revoked the school’s charter on March 14, 2011.

An [audit](#) revealed that “Charter School management **did not demonstrate sufficient oversight** of the accounting system to ensure accurate, reliable, and timely financial accounting records were maintained”.

Although the Legislative Joint Audit Committee determined the activity was not prosecutable, this example **demonstrates the importance of catching ethical breaches**.

Examples continued

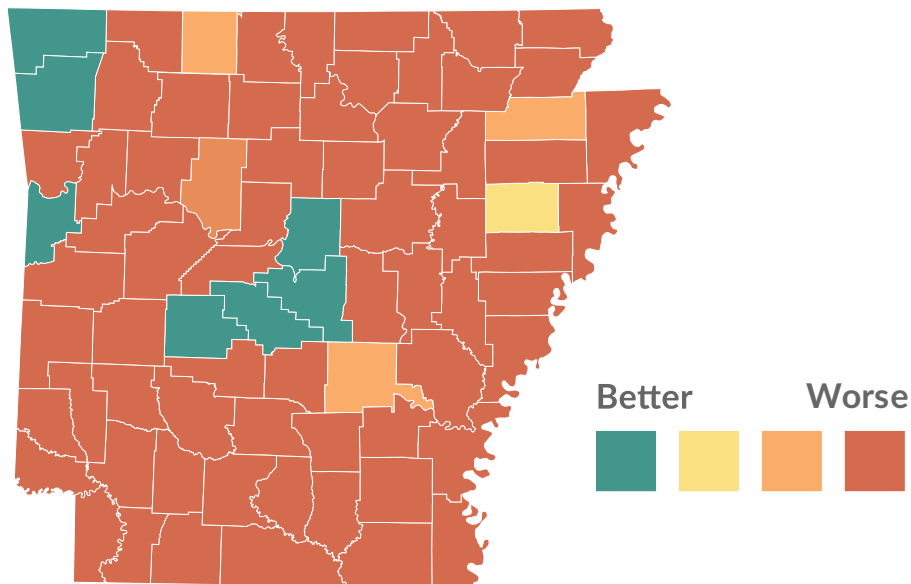
Another example is Brandi Freeman of Westside School District, who stole \$178,391 in 2017.

Almost \$68,000 of this amount was for unauthorized and/or undocumented payments for personal purchases, payments to personal vendor accounts, reimbursements for fictitious purchases, and payments to a fictitious vendor.

Freeman pled guilty and was sentenced to two years in prison, 216 months of probation, a fine of \$1,935, and restitution of \$179,391.

Administrative Transparency Rankings of Arkansas Counties

Procurement (Contracts & Bids)



Source: Ajayi, Joyce and Kalulu, Mavuto "Access Arkansas: County-Level Web Transparency," 3rd ed. Arkansas Center for Research in Economics. [Forthcoming, 2021]

The Solution

The legislature should enact a law requiring school districts and counties to publish online the following bid information:

- Current requests for proposals (RFPs)
- Archived RFPs
- Current bidders
- Archived bidders
- Current bid amounts, or at least the range of the bid amounts
- Archived bid amounts, or at least the range of the bid amounts
- Current bid winners
- Archived bid winners
- Current winning bid amounts
- Archived winning bid amounts

From 2015 to 2019, school districts in Arkansas spent **over \$5 billion annually**. The total current expenditure for Arkansas counties was just over \$1 billion in 2017 in total. Current Arkansas laws do not address how residents can access information regarding school districts' procurement processes or who ultimately gets the contracts. The online publication of this material is voluntary.

[Benton County](#), [Sebastian County](#) and [Washington County](#) are good models as they publish all the information pertaining to contracts: current and archived RFPs, and current and archived bids and bid winners. At school district level, Fort Smith Public Schools publishes current and archived RFPs, as well as current and archived bid winners.

Procurement Portal Fort Smith Public Schools



Department:

[Log in](#) [Open Public Opportunities](#) [Past Public Opportunities](#)

Status	Ref. #	Project	Department	Close Date	Action
CLOSED	RFP L-01317 - Template 1 - 1	Precision Measurement Equipment and Tools for Machinist Training- Template 1 - 1	Purchasing	Sep 8th 2020, 2:00 PM CDT	View Opportunity
CLOSED	RFP L-01313	Career and Technology Education- Vocational Training and Courseware	Purchasing	May 15th 2020, 2:00 PM CDT	View Opportunity
CLOSED	RFP L-01311 - Similar 1	Advanced Manufacturing Lab (12) 6-Axis Robots	Purchasing	May 11th 2020, 2:00 PM CDT	View Opportunity
CLOSED	RFP L-01309	Advanced Manufacturing Lab CNC Equipment	Purchasing	Apr 27th 2020, 4:00 PM CDT	View Opportunity
AWARDED	L-01308	2020 MEDICAL SUPPLY BID L-01308	Purchasing	Apr 22nd 2020, 2:00 PM CDT	View Opportunity
CLOSED	L-01307	2020 PLAYGROUND SUPPLY BID L-01307	Purchasing	Apr 21st 2020, 3:00 PM CDT	View Opportunity
AWARDED	L-01306	2020 ART PAPER SUPPLY BID L-01306	Purchasing	Apr 21st 2020, 2:00 PM CDT	View Opportunity
CLOSED	L-01305	J4) CNC Training Mills	Purchasing	Apr 17th 2020, 2:00 PM CDT	View Opportunity
AWARDED	L-01303	2020 ART & INSTRUCTIONAL BID L-01303	Purchasing	Apr 7th 2020, 2:00 PM CDT	View Opportunity
CLOSED	RFQ 19-11-02	Human Resources Consultant	Purchasing	Dec 2nd 2019, 12:00 PM CST	View Opportunity
CLOSED	L-01293	Chromebooks	Purchasing	Oct 21st 2019, 2:00 PM CDT	View Opportunity

Frequently Asked Questions

Question

Answer

Why should Arkansas school districts and counties be required to publish bid information?

Requiring that counties publish bid information promotes residents' trust that county officials are not favoring certain vendors. Publishing bids and bid winners also allows taxpayers to scrutinize them and encourages elected officials to be accountable to their constituents and allocate the contracts prudently.

Is it worth it for Arkansas school districts and counties to publish this information online given their limited financial resources and staffing constraints?

Yes. Besides reducing waste from fraud, it can save the state money on the staff time, paper, postage, and printing costs associated with fulfilling Freedom of Information Act requests. In addition, when public officials in one jurisdiction can easily compare prices paid by other local governments and find better deals, vendors will not inflate their prices.

Why does procurement information need to be easily accessible to the public?

Contracts involve large public expenditures being transferred to the private sector. Therefore, they merit extra transparency. An open bidding process reduces the likelihood of favoritism and bribery. The ability to view the winning bids as well as the losing bids encourages awarders to follow the bidding rules.

Shouldn't bidders feel confident that any proprietary information will remain confidential?

Yes. Publishing bids should not put companies at a competitive disadvantage by revealing their trade secrets or other sensitive information. We contend that the information we are asking to have published is not proprietary, but to the extent that information contained in bids is proprietary, it should not be published.

Why publish bid information on county websites when my constituents do not have broadband internet access?

Governor Hutchinson's [Arkansas State Broadband Plan](#) is working toward bringing broadband internet to all population centers of 500 people or more by 2022. Journalists and other citizen advocates who already have strong internet connections through broadband or cellular data can provide oversight now.

What should I do if my local government does not have the means and expertise to maintain a website to publish procurement information?

Every county and school district can publish this information quickly and for free through a public-facing platform such as Facebook or Arkansas.gov.

Suggested Reading

ACRE Resources

- Ajayi, Joyce and Kalulu, Mavuto “[Access Arkansas: County-Level Web Transparency](#),” 2nd ed. Arkansas Center for Research in Economics. 2019.
- Ajayi, Joyce and Kalulu, Mavuto “Political Transparency for Improved Resident Participation.” Policy Brief [*forthcoming* 2021]
- Ajayi, Joyce and Kalulu, Mavuto “[Shine a light Arkansans deserve transparency](#)” Arkansas Online, Arkansas Democrat-Gazette, 6 November, 2020.
- Ajayi, Joyce, Kalulu, Mavuto and Lee, David “[Towards Web Transparency at Lower Levels of Government: How Are School Districts Reporting Procurement Processes and Outcomes?](#)” *The ACRE Review* (blog), October 13, 2020.

Additional Resources

- Arkansas Legislative Audit. “Little Rock Urban Collegiate Public Charter School for Young Men Pulaski County, Arkansas Regulatory Basis Financial Statements and Other Reports.” 30 June, 2011 <https://www.arklegaudit.gov/pdf.aspx?id=EDCS02211%20-%20Little%20Rock%20Urban%20Collegiate%20Public%20Charter%20School%20For%20Young%20Men> [Accessed 12 Dec. 2020].
- Office of Arkansas Governor Asa Hutchinson. “Arkansas State Broadband Plan” https://governor.arkansas.gov/images/uploads/Arkansas_State_Broadband_Plan_Final_5.15_.19_.pdf [Accessed 12 Dec. 2020].
- Congress of Local and Regional Authorities, Council of Europe. Making public procurement transparent at local and regional level. 2017. <https://rm.coe.int/making-public-procurementtransparent-at-local-and-regional-levels-gov/168074cf72> [Accessed 12 Dec 2020]

ACRE Experts



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Ms. Ajayi is a policy analyst with Arkansas Center for Research in Economics (ACRE). She brings to her work a background in law, government, and nonprofits. Her research interests include government transparency, issues related to women's empowerment, and child welfare. Her work on government transparency was recently accepted for publication in the *Southwest Business and Economic Journal*. She is a candidate in the interdisciplinary PhD in Leadership Studies program at the University of Central Arkansas. She holds a master's degree in public service from the University of Arkansas's Clinton School of Public Service and law degrees from Obafemi Awolowo University in Nigeria and the Nigerian Law School. She lives in Little Rock with her family.



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Dr. Mavuto Kalulu is a policy analyst with the Arkansas Center for Research in Economics. He is also an affiliated member of the graduate faculty in the Interdisciplinary PhD in Leadership Studies program at the University of Central Arkansas. He received his PhD in economics from the University of Mississippi in 2014, concentrating in public choice and industrial organization. His research interests include governmental transparency, good governance, and K-12 education. He also holds an MBA from Lincoln University, Jefferson City, Missouri. His work has been published in the *Journal of Development and Communications*, the *eJournal of Education Policy*, and *Citizenship, Democracies, and Media Engagement among Emerging Economies and Marginalized Communities* (Palgrave Macmillan). His other work has been accepted for publication in the *Southern Business Journal*, *Midwestern Business and Economic Review*, and the *Southwest Business and Economic Journal*. His writing has been featured in the *Arkansas Democrat-Gazette*, the *Jonesboro Sun*, and the *Log Cabin Democrat*. He also co-authored the first and second editions of this report.

About ACRE

The Arkansas Center for Research in Economics (ACRE) is an Arkansas focused research center housed in the College of Business at the University of Central Arkansas. ACRE scholars and policy analysts use research and analysis to find solutions for Arkansas's problems. Our research focuses on barriers to employment, taxes and subsidies, good governance and government transparency.

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