



## Finance & Administrative Services

To: Finance & Administrative Committee  
 From: Patrice Sutton, Chief Financial Officer  
 RuthAnne Hall, Purchasing Agent

**Background:** On November 13, 2018, the Lake County Board passed a Vendor Disclosure Policy requiring vendors to disclose familial relationships. The Policy was amended to remove the exemption for publicly traded companies and utilities and to have vendors include campaign contributions on the Vendor Disclosure Statement in February 2019.

Below please find the challenges and potential procedural improvements that have been identified since the program's inception.

Challenge	Improvement opportunity
Procurements that are not processed through the Purchasing Division of the Finance Department do not always obtain the Vendor Disclosure Statement as part of the procurement.	<ul style="list-style-type: none"> <li>• Education and training will be conducted on an ongoing basis.</li> <li>• Improved agenda review process by the Finance Department.</li> <li>• Amend policy to apply only to procurements that come to the County Board for approval, in accordance with the Lake County Purchasing Ordinance.</li> <li>• Amend policy to exclude procurements that use an allowable joint purchasing contract since the procurement was not conducted by Lake County itself.</li> </ul>
Vendors find the form too onerous to complete accurately.	<ul style="list-style-type: none"> <li>• Stipulate that the vendor disclosure statement is associated with a specific procurement.</li> <li>• Stipulate campaign contributions over a certain dollar amount.</li> <li>• Narrow the list of campaign contributors that must be disclosed to the vendors' owners, principals, officers, managers, and any agents acting in a lobbyist capacity.</li> <li>• Amend the form to include an exemption for utilities, member owned companies, and publicly traded companies.</li> </ul>
Staff is unable to validate the information submitted on the Vendor Disclosure Statement.	<ul style="list-style-type: none"> <li>• Update the policy to indicate that the information is not validated by staff.</li> <li>• Update the policy to define a method to notify the County of mistakes or omissions in the vendor disclosure statements.</li> </ul>

<p>Obtaining vendor disclosure statements for procurements originally initiated prior to the implementation of the policy has resulted in a significant administrative challenge and delay in the standard contract renewal process.</p>	<ul style="list-style-type: none"> <li>• Obtain vendor disclosure statements only for contracts awarded after January 2019 such that the vendors are aware of the policy upon contract initiation.</li> <li>• No vendor disclosure statement will be required on renewals for contracts initiated prior to January 2019 unless Board action is necessary.</li> </ul>
<p>Policy does not state what to do when vendors refuse to submit and/or cannot confirm the answers well enough to submit the form.</p>	<ul style="list-style-type: none"> <li>• Update the policy to define the process of informing the appropriate Standing Committee Chair of the circumstances for determination of how to proceed).</li> </ul>
<p>Policy does not state what to do if the information on submitted Vendor Disclosure Statements is challenged by someone (e.g., another vendor, the public, Lake County staff, or elected official).</p>	<ul style="list-style-type: none"> <li>• Update the policy to provide a method to notify the County of mistakes or omissions in the vendor disclosure statements.</li> </ul>

Staff seeks the Finance and Administrative Committee’s guidance regarding these options and will update the policy as directed.