

**Sec. 16-8-2. General standards**

**(a) Competence and qualifications of consulting firms and consultants**

(1) Management audit teams or independent consulting firms shall propose an engagement only if the consultants proposed to perform the engagement possess qualifications at least comparable to those of recognized professionals in the area in which advice and assistance is to be rendered, and shall ensure that others assigned to the engagement, including subcontractors, are similarly qualified.

(2) The consultants proposed to perform the engagement must collectively possess adequate technical training and professional proficiency in each discipline needed to carry out the audit responsibilities. All consultants proposed to perform the engagement must have adequate technical training and professional proficiency in the assigned area and adequate experience as auditors.

(3) Other qualifications include, but are not limited to, standards adhered to in performance of the engagement, conceptual approach to project and administrative management of the audit, thoroughness of the workplan, ability to guarantee stability in assigned staff, experience in management process reviews, experience in the industry, and availability to begin and complete the review in a timely fashion.

**(b) Demonstration of qualifications**

(1) Qualifications for performing an audit shall be presented in terms of competence, relevant experience, and professional standing.

(2) The consulting firm and consultants or the management audit team must be willing and able to demonstrate educational background and/or professional proficiency appropriate to perform the engagement. Such demonstration may be in the form of detailed and specific resumes, previous work products, oral presentations, and verifiable references for each consultant.

**(c) Independence and objectivity of consultants**

(1) At the earliest opportunity, the consulting firm and consultants or the management audit team shall disclose to the department all relationships, circumstances or interests that might influence, or give the appearance of influencing, judgment or impairing objectivity.

(2) Consulting firms and consultants or the management audit team shall not serve the department under terms or conditions that might impair their objectivity or independence.

(3) Consultants and management audit teams must be objective in performing audits. In all matters relating to the engagement, the consulting firm and the consultants must be free from personal or external impairments to independence, and shall assume an independent position with the department and the auditee making certain that advice to the department or auditee is based on impartial consideration of all pertinent facts and responsible opinions.

(4) The consulting firm and consultants or the management audit team shall refrain from entering into any activity which may be in conflict with the interest of the department or auditee which would prejudice the ability to objectively carry out their duties and responsibilities.

**(d) Professional behavior and integrity**

(1) Consulting firms or management audit teams, in the course of their practices, shall maintain a professional attitude and behavior toward those they serve, their fellow practitioners, their own employees, and the public at large.

(2) Consulting firms and consultants or management audit teams shall avoid not only improprieties, but also the appearance of improprieties, and make every effort to ensure that the highest level of integrity is maintained.

(3) Consulting firms and consultants or management audit teams shall exercise honesty, objectivity, proficiency, and diligence in the performance of their duties and responsibilities.

(e) **Due professional care.** Consultants and management audit teams shall exercise due professional care in performing audits. Due professional care requires the application of the care and skill expected of a prudent and competent consultant in the same or similar circumstances.

(f) **Proprietary or confidential information**

(1) The consultant and management audit team shall enter into a nondisclosure agreement with the auditee. The nondisclosure agreement shall clearly define the treatment of material which the auditee deems confidential or proprietary. Said nondisclosure agreement must be approved by the department. Consultants and management audit teams shall not take personal, financial, or other advantage of material or inside information resulting from their professional relationship with the department or auditees; nor shall they provide the basis on which others might take such advantage.

(2) Consultants and management audit teams shall not use proprietary information learned from, or developed for, previous clients or auditees without first obtaining the consent of such clients/auditees.

(3) Consultants and management audit teams shall hold as strictly confidential all information concerning the affairs of the department and auditee that is gathered during the course of a professional engagement, except when the department has released such information for public use.

(4) Consultants and management audit teams shall not, without prior permission, use or divulge copyright material and proprietary data, procedures, materials, or techniques that others have developed, but have not released for public use.

(g) **Conditions of service**

(1) Consulting firms or management audit teams shall, before accepting an engagement, confer with the department in sufficient detail and gather sufficient facts to gain an understanding of the objectives to be achieved, the scope of assistance needed, and the possible benefits that may accrue as a result of the study.

(2) Consulting firms or management audit teams will advise the department of any significant reservations they have regarding anticipated benefits of an engagement. They shall not accept an engagement in which they cannot serve the department effectively.

(3) Consulting firms or management audit teams shall agree with the department in advance on the objectives, scope, and approach for the proposed engagement.

(4) Consulting firms or management audit teams shall perform each engagement on an individualized basis and shall develop recommendations designed specifically to meet the particular requirements of the department. The objective in each engagement shall be to develop solutions that are cost effective, realistic, and practical. Such solutions shall be clearly understandable by the department and auditee and capable of being implemented at a reasonable cost and within a reasonable time frame by the auditee. Consultants shall be prepared to assist, to whatever extent required, with the implementation of approved

recommendations, or the preparation and presentation of expert testimony, provided that such assistance shall not in any manner impair the consultants' objectivity or independence.

(5) Consulting firms or management audit teams shall discuss with the department any significant changes in the objectives, scope, approach, anticipated benefits or other aspects of the engagement, and obtain the department's agreement to such changes in writing before taking action.

(6) Consulting firms or management audit teams shall comply with all federal laws and regulations regarding discrimination in the employment of individuals and the selection of sub-contractors.

**(h) Contents of proposal**

(1) Consulting firm or management audit team proposals shall be directly responsive to the department's request for proposal. The written proposal shall outline the objectives, scope, and fee basis for the proposed service or engagement. The proposal shall identify the specific functions to be performed and the consultant who shall perform each function, the hourly fee of each consultant, and the estimated hours of each consultant necessary to complete each function.

(2) The proposal shall clearly set forth the audit procedures and controls and any reservations the consulting firm might have about meeting, in full or in part, any of the department's objectives.

(i) **Disclosure.** Neither the consulting firm nor management audit teams nor individual consultants shall release or otherwise publicly disclose information pertaining to the request for proposal, the proposal, the workplan, or the engagement without prior written approval from the department, unless such information has been released to the public.

**(j) Gifts and gratuities**

(1) In order to maintain complete objectivity in all matters relating to an engagement, consultants will not accept gifts, gratuities, or other valuable consideration from the auditee, the department, or any person interested in the organization being audited.

(2) Consultants and management audit teams shall not accept fees, commissions, or other valuable consideration from individuals or organizations for recommending equipment, supplies, or services in the course of providing service to the department.

(k) **Commitment to continued assignment of personnel.** The consultants proposed and accepted by the department shall not be substituted unless the department agrees in writing to a modification either before or during the performance of the engagement.

**(l) Fees, expenses, and charges**

(1) Consulting firms shall charge reasonable fees which are commensurate with the nature of services performed, the responsibility assumed, the actual time required, and the consultants' experience and ability.

(2) The valuation of services and the procedures by which charges are made shall be based upon agreement between the consulting firm and the department. The actual billed amount of fees, expenses and other charges shall not exceed the originally estimated amount without prior written approval of the department. Interim promotions awarded to consultants shall not change agreed-upon billing rates or hours committed to the engagement.

(3) Invoices shall contain a detailed accounting of the hours worked by each consultant and each employee for each day worked and of other direct and indirect expenses broken

down by cost element, including dates, time periods, quantities and hours, as applicable. Detailed time sheets and other supporting documents, such as expense vouchers, lodging receipts and invoices shall be provided to the department. The department reserves the right to audit the consulting firm with respect to such invoices and supporting documents.

(m) **Advance estimates of savings**

(1) Consulting firms or management audit teams shall not offer the possibility of monetary benefit before the audit is begun, unless there is a factual and documented basis for making such an estimate.

(2) Consulting firms or management audit teams will neither promise any short-term benefit at the expense of the long-term welfare of the auditee or department, nor guarantee a specific monetary benefit that is not within their control to deliver.

(n) **Employment offers to department or auditee personnel.** Consulting firms shall not solicit employees of the department or auditee for employment by themselves or by others, except with the consent of the department or auditee. If approached by employees of the department or auditee regarding employment, consultants shall make certain the department or auditee has consented before entering into any specific negotiations with those employees.

(Effective October 24, 1995)