

A publication of the Massachusetts Office of the Inspector General

Recent Procurement-Related OIG Publications

The following reports are available on the Inspector General's website, www.state.ma.us/ig.

The Commonwealth's Certification System: A Status Report (November 2000) evaluates changes to the contractor certification system implemented since the publication of the OIG's August 1998 report on the contractor certification system, *Qualifying Contractors for Public Building Projects: A Case Study and System Review*. The report found that some improvements had been made but that other weaknesses in the contractor certification system, such as the inadequate standards for determining contractors' financial eligibility and the inadequate staffing of the state's contractor certification function, had not been reformed.

SABIS International Charter School: Management Issues and Recommendations (November 2000) reports on the business operations and contracting practices of the SABIS International Charter School, which is governed by a public Board of Trustees. The report disclosed that the Board's deficient governance of the School and oversight of the School's contract with a private management contractor had resulted in questionable expenditures and diminished accountability.

Central Artery/Tunnel Project: Management Issues and Recommendations, 1993-2000 (December 2000) is a compilation of correspondence

identifying systemic vulnerabilities to waste and abuse in the Central Artery/Tunnel Project, pointing out opportunities for savings and cost control, and promoting better oversight and management of project operations.

A Review of the Central Artery/Tunnel Project Cost Recovery Program (December 2000) identifies systemic vulnerabilities to waste and abuse in the Central Artery/Tunnel Project's cost recovery program, which was designed to facilitate recovery of project costs attributable to errors and omissions by project designers.

A Review of the Metropolitan District Commission's Swimming Pool Maintenance and Repair Contracts (December 2000) highlights the MDC's deficient procurement and record-keeping practices on two swimming pool maintenance and repair contracts.

Somerville Charter School: Management Issues and Recommendations (January 2001) reports on the business operations and contracting practices of the Somerville Charter School, which is governed by a public Board of Trustees. The report disclosed that the Board has ceded excessive control of the School's finances and business operations to its private management contractor. As a result, the Board is unable to control, safeguard, or even obtain full information regarding the School's finances.

In this issue...

- The Statewide Contract for Tradespersons: Questions and Answers**
- Collective Purchasing Agreements**
- Recently Filed Procurement-Related Legislation**

The Statewide Contract for Tradespersons: Questions and Answers

Q: What is the Statewide Contract for Tradespersons (SCT)?

A: The SCT is a prequalified list of contractors that perform maintenance and repair work such as plumbing, painting, carpentry, or locksmith services. Municipalities, schools, housing authorities, counties, and many other public entities may use this contract for projects estimated to cost \$10,000 or less.

Q: How can I find out more about the SCT?

A: The Operational Services Division (OSD), the state agency that procures statewide contracts, maintains a website with information for local governments. The address is www.state.ma.us/osd/lgo. The current SCT, contract #ST8J601, and the prevailing wage schedule applicable to this contract are available on this website.

Q: The heating system in our town hall needs repair. We estimate that the job will cost \$8,000. May we use the SCT instead of seeking three price quotations?

A: Yes. You may select a contractor from the SCT. You are encouraged to contact several of the listed

contractors to determine availability and cost.

Q: Will I still need to obtain a payment bond from the selected contractor?

A: Yes. You must obtain at least a 50 percent payment bond from the selected contractor. You should include this requirement in your solicitation for the work.

Q: Will I still need to pay prevailing wage?

A: Yes. The applicable prevailing wage schedule is available from OSD and online from the SCT page at www.state.ma.us/osd/lgo. You must also comply with other requirements of the prevailing wage law, such as collecting weekly payroll reports.

Q: I have another project that involves renovating and converting storage space into administrative offices. The project entails approximately \$8,000 in electrical work and \$6,000 in carpentry work. Since each of these trades is less than \$10,000, may I use the SCT?

A: No. You may only use the SCT when the complete work on the project is estimated to cost \$10,000 or less.

Contractor Debarred for Poor Performance and False Statements

In October 2000, the Division of Capital Asset Management debarred Anchor Contractors; Peter C. Varrasso, Jr., President of Anchor Contractors; and Peter C. Varrasso, Sr., General Manager of Anchor Contractors. The debarments resulted from a 1998 OIG review of three deficient building construction projects undertaken by Anchor Contractors in Millis, Carver, and Medfield. In all three cases, the municipalities invoked Anchor Contractors' performance bonds. An OIG investigation revealed that Anchor Contractors had made

false statements in its certification application to the Commonwealth and in its Update Statements to the three municipalities. On the basis of these findings, the OIG recommended debarment of Anchor Contractors, its President, and its General Manager. The OIG's findings were reported in the OIG's 1998 report entitled *Qualifying Contractors for Public Building Projects: A Case Study and System Review*. The debarments will remain in effect for three years.

M.G.L. c. 30B Questions and Answers

I recently wanted to purchase a vehicle from a vendor on a statewide contract. After some investigation, I discovered that I could obtain the same exact vehicle for a lower price from a vendor that did not have a statewide contract. Must I solicit competition for the vehicle?

Yes. Purchases made from statewide contracts procured by the state's Operational Services Division (OSD) are exempt from the requirements of M.G.L. c. 30B. If you purchase a vehicle from a vendor who is not on a statewide contract, you must follow the requirements of M.G.L. c. 30B before undergoing your purchase.

If the vehicle will cost \$5,000 or more, but less than \$25,000, you must solicit at least three oral

or written price quotations and award the contract to the lowest priced offeror meeting your purchase description. You may consider the price offered by the statewide contract as one of your quotation prices.

If the vehicle will cost \$25,000 or more, you must solicit sealed bids or proposals if you are not making your purchase from a statewide contract (or from a collective purchasing agreement procured in accordance with M.G.L. c. 30B-- see the article below).

For more information about products and services available from statewide contracts, call OSD at 617-720-3300, or visit OSD's local government website at www.state.ma.us/osd/lgo.

Collective Purchasing Agreements

Under M.G.L. c. 30B, your jurisdiction may purchase supplies or services from statewide contracts procured by the Operational Services Division (OSD). M.G.L. c. 30B (1)(c) allows your jurisdiction to make these purchases from vendors under the statewide contracts without seeking bids or quotations.

M.G.L. c.30B also allows your jurisdiction to participate in collective purchasing agreements with other jurisdictions. Entering into collective purchasing agreements with other jurisdictions can save time and make it possible to take advantage of volume purchasing discounts.

The statute that authorizes collective purchasing agreements, M.G.L. c. 7, §22B, permits two or more jurisdictions to join together for the purpose of soliciting bids for materials, supplies, equipment, or services that they intend to purchase. Typically, one

of the jurisdictions will assume the lead role in advertising and awarding the contract and acting as the purchasing agent for the group. The lead jurisdiction must follow the requirements of M.G.L. c. 30B in awarding the contract. Each jurisdiction participating in the collective purchasing agreement must accept sole responsibility for payment for any purchases it elects to make under the contract.

While the collective purchasing statute permits local jurisdictions to join together to contract for supplies and services, it does not empower one city or town to award a statewide contract. For example, a jurisdiction does not have the authority to act entirely on its own using an invitation for bids stating that the contract would be open to all cities and towns in Massachusetts. This would exceed the authority under M.G.L. c. 7, §22B.

Inspector General Files Legislation to Streamline Procurement Laws

The Inspector General has filed legislation for the new legislative session to reform procurement laws. House Bill No. 106, if enacted, will bring the construction bid laws up-to-date by raising the thresholds for bids and permitting the use of price quotations for smaller construction projects. House Bill No. 107, if enacted, will permit the use of the request for proposals (RFP) process for supplies and services contracts costing less than \$25,000. Specifically, OIG bills propose the following changes:

M.G.L. c. 30, §39M:

- the bidding threshold for public works construction projects would increase from \$10,000 to \$25,000
- local awarding authorities would be able to use the M.G.L. c. 30B quotation process for construction projects estimated to cost more than \$10,000 but not more than \$25,000
- building construction projects estimated to cost more than \$25,000 but not more than \$100,000 would fall under the bidding procedures set forth in M.G.L. c. 30, §39M
- local awarding authorities would have the option of using the M.G.L. c. 30B bid procedures for construction contracts estimated to cost not more than \$100,000
- the payment bond requirement threshold would be increased from \$2,000 (for local contracts) and \$5,000 (for state contracts) to construction contracts costing more than \$50,000

M.G.L. c. 149:

- the bidding threshold for public building construction contracts would be increased from \$25,000 to \$100,000

M.G.L. c. 30B:

- House No. 107 would permit the use of the RFP process for contracts costing less than \$25,000

Additionally, the Inspector General filed House Bill Nos. 104 and 105 to reform the public construction laws by introducing value engineering on larger projects, and establishing training standards for public officials responsible for contract oversight.

House Bill No. 104 would require training and certification for owner's representatives who oversee state-funded construction projects estimated to cost more than \$500,000. House Bill No. 105 would implement a value engineering process for projects estimated to cost more than \$1 million.

Finally, this Office filed House Bill No. 112 to repeal the exemptions set forth in M.G.L. c. 30B for the procurement of insurance, surety bonds, retirement board services, towing contracts, and trash collection. These contracts would be subject to the procurement requirements of M.G.L. c. 30B.

House Bill Nos. 106 and 107 were both sent to the Joint Committee on State Administration. To comment on these bills, you may write or call the Committee Chairmen:

The Honorable Geoffrey Hall, Chairman
Joint Committee on State Administration
State House, Room 34
Boston, MA 02123
(617) 722-2320

and

The Honorable Dianne Wilkerson, Chairman
Joint Committee on State Administration
State House, Room 312C
Boston, MA 02123
(617) 722-1673

Reminder!



Please remember to file your new CPO delegation forms. Forms are available on our website at www.state.ma.us/ig.



Massachusetts Certified Public Purchasing Official Program

Massachusetts Office of the Inspector General

State House Station
 P.O. Box 270
 Boston, MA 02133
 617-523-1205 617-727-9140

Seminars Offered for 2001

For a complete MCPPO catalog, call Program Director Anne Tierney at 617-523-1205

Core Seminars

The following seminars may be applied toward earning an MCPPO designation

Public Contracting Overview 3-day seminar Tuition \$250

An overview of legal requirements and best practices for public contracting by local governmental bodies, with hands-on workshops that apply contracting knowledge and skills to practical problems faced by the procurement official. A prerequisite for *Supplies and Services Contracting* and *Design and Construction Contracting*, this three-day seminar is invaluable both for experienced public officials and those who have recently entered the field or are working in a support capacity. This seminar concludes with a written examination. You may earn 20 CPE, PDP and LU hours and 2 CEU credits.

March 20-22, 2001 8:30-4:30 Boston
March 27-29, 2001 8:30-4:30 Amherst
May 1-3, 2001 8:30-4:30 Boston
August 14-16, 2001 8:30-4:30 Boston
Sept. 18-20, 2001 8:30-4:30 Taunton

Design and Construction Contracting 3-day seminar Tuition \$350
Prerequisite: Public Contracting Overview or State Contracting Overview

This in-depth, three-day seminar is tailored to professionals facing the complex issues of today's design and construction projects. Participants will learn practical applications and effective strategies to guide them through procurement and administration of design and construction contracts. This seminar concludes with a written examination. You may earn 20 CPE, PDP and LU hours and 2 CEU credits.

April 10-12, 2001 8:30-4:30 Taunton
May 7-9, 2001 8:30-4:30 Boston
Sept. 12-14, 2001 8:30-4:30 Amherst

State Contracting Overview 4-day seminar Tuition \$375
FOR STATE EMPLOYEES

An overview of legal requirements and best practices for public contracting by state agencies, with hands-on workshops that apply contracting knowledge and skills to practical problems faced by state contracting officials. A prerequisite for *Design and Construction Contracting*, this four-day seminar concludes with a written examination. You may earn 26 CPE, PDP and LU hours and 2.6 CEU credits.

July 17, 18, 24 & 25, 2001 8:30-4:30 Boston

Supplies and Services Contracting 3-day seminar Tuition \$250
Prerequisite: Public Contracting Overview

This comprehensive and challenging seminar focuses on procurements under the Uniform Procurement Act, M.G.L. c. 30B. Presented in an easy-to-follow, hands-on workshop format, participants are guided through practical applications of this law. Participants will learn about writing effective specifications, obtaining best value using an invitation for bids, making the request for proposals process work, common bidding problems and how to resolve them, effective contract administration, and more. This seminar concludes with a written examination. You may earn 20 CPE, PDP and LU hours and 2 CEU credits.

April 25-27, 2001 8:30-4:30 Boston
June 19-21, 2001 8:30-4:30 Amherst
Oct. 24-26, 2001 8:30-4:30 Taunton

Policy of Non-Discrimination

The Office of the Inspector General does not discriminate on the basis of race, color, national origin, ancestry, religion, sex, age, disability, sexual orientation, political affiliation, or Vietnam-era or disabled-veteran status in its employment, admission policies, or in the administration or operation of, or access to its programs and policies. The Office of the Inspector General does not discriminate on the basis of disability in violation of Section 504 of the Rehabilitation Act of 1973. Inquiries pertaining to the Office's non-discrimination policy for MCPPO programs may be addressed to Anne Tierney.



**Massachusetts Certified Public Purchasing Official Program
Massachusetts Office of the Inspector General**

State House Station
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617-523-1205 617-727-9140

Seminars Offered for 2001

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Bidding for Better Results Tuition \$90

Participants in this 6-hour seminar will practice writing and critiquing specifications to maximize best value for supplies and services. Participants will also learn the best way to handle late bids and how to avoid the appearance of bid splitting. This advanced seminar is filled with hands-on exercises. There is no written examination. This seminar qualifies for 6 continuing education credits that may be applied to MCPPO and MCSPO recertification.

- March 8, 2001** 8:00 - 3:30 **Boston**
- May 23, 2001** 8:00 - 3:30 **Boston**
- June 14, 2001** 8:00 - 3:30 **Taunton**

Bidding Basics and Contract Administration Tuition \$40

This brief 4-hour course is packed with the basics you need to begin understanding public purchasing for local governmental bodies in Massachusetts. You may earn .4 CEUs and 4 CPEs for completion of this course. This course does not contain an examination and may not be applied toward MCPPO recertification. You will receive a certificate of completion. This seminar is offered at a location in your jurisdiction with a minimum of 35 attendees. **Call Anne Tierney at 617-523-1205 to schedule a seminar in your area.**

Local Government Real Property Transactions Under M.G.L. c. 30B Tuition \$75

This 5-hour seminar covers the M.G.L. c. 30B request for proposals process for the acquisition and disposition of land and buildings by local governmental bodies. This seminar qualifies for 5 continuing education credits that may be applied to MCPPO recertification.

May 15, 2001 8:30- 3:00 **Boston**

Drafting a Model IFB Tuition \$60

This course involves drafting a model IFB for the supplies or services of your choice. You will be provided with a template IFB on disk and you will be assigned to an attorney from the Office's M.G.L. c. 30B team. The objective of this course is to draft a well-written IFB using the model provided. The computer disk included with this course contains a model IFB in Microsoft Word 7.0. You must have Microsoft Word 7.0 or higher to use the model IFB template. For technical questions about this course, contact Elizabeth Hayward at 617-727-9140. The registration form for this course must be accompanied by a check. This course qualifies for 4 continuing education credits that may be applied to MCPPO recertification.

This course runs on your own PC!



The Massachusetts Office of the Inspector General has been reviewed and approved as an Authorized Provider of continuing education and training programs by the International Association for Continuing Education and Training. Authorized Provider #101811.



Registered with the National Association of State Boards of Accountancy as a sponsor of continuing professional education on the National Registry of CPE sponsors. State Boards of Accountancy have final authority on the acceptance of individual courses. Complaints regarding sponsors may be addressed to NASBA, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, (615) 880-4200. Membership #103866.



The Massachusetts Office of the Inspector General is part of the American Council on Education's College Credit Recommendation program.



The Massachusetts Office of the Inspector General is a registered provider with the American Institute of Architects Continuing Education System. Please notify us of your AIA membership number upon registration so that we can notify AIA of your participation.



The Massachusetts Office of the Inspector General is registered with the Department of Education to award professional development points (PDP).



Massachusetts Certified Public Purchasing Official Program Registration 2001

Registration:

Registration and payment must be received 10 days prior to the course date in order to process a confirmation. Registration for off-site courses and payment must be received 30 days prior to the seminar date in order for this Office to confirm the seminar. Off-site seminars will be confirmed based on a minimum of 50 registrants. In the event of the cancellation of an off-site location, an alternative date will be offered. Confirmation letters and directions will be mailed 10 days prior to the seminar. Terms and conditions are subject to change without notice.

Reserve Seating:

To reserve seating, fax this registration form together with a purchase order to 617-723-2334.

Mail originals to: Office of the Inspector General, P.O. Box 270, State House Station, Boston, MA 02133, Attn: MCPPO. Make checks payable to the Office of the Inspector General.

Substitutions/Cancellations:

Each seminar is limited and filled on a space-available basis. No refunds or cancellations. Registration transfer to someone in your organization is possible with prior notice. This Office reserves the right to cancel/reschedule any seminar and is not responsible for any costs incurred by registrants. Alternative course dates may be substituted in the event of an emergency, upon notification. Changes in seminar date and/or cancellations must be received by fax at least two business days prior to the seminar date and are subject to a \$25 transfer fee. No-shows will be invoiced a \$50 service charge.

Policy of Non-Discrimination:

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Method of Payment: check/money order purchase order no. _____ IE/IV

Name: _____ Phone: _____

Organization/Jurisdiction: _____ Fax: _____

Title: _____ Address: _____

City: _____ State: _____ Zip Code: _____

E-mail address _____

How long have you been employed as a purchasing official? _____

If you are a member of the American Institute of Architects, please provide your member no. _____

Course title (1st choice): _____

Course date and location: _____

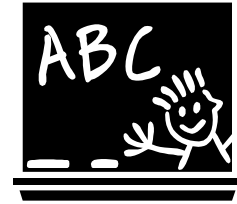
Course title (2nd choice): _____

Course date and location: _____

FOR MORE INFORMATION: Contact Anne Tierney, Program Director at 617-523-1205

New MCPPO Seminar

Spotlight on Schools: Procurement Issues, Challenges, and Trends



Introducing a new MCPPO continuing education seminar where you can learn more about the specialized issues and challenges confronting school business officials and staff members. During this 6-hour seminar, participants will apply the principles of public procurement under M.G.L. c. 30B to traditional and emerging areas of school buying. This seminar will teach you how to:

- examine revenue-producing arrangements such as vending machine agreements and building leases
- identify considerations for technology purchases
- analyze sole-source issues and proprietary specifications in the context of school-related procurements
- foster competition for school transportation services
- apply procurement rules to professional services contracts

Opportunities will be provided to ask questions, exchange ideas, network, and explore strategies for achieving best value procurement. **This seminar will be offered in Boston on May 4, 2001 and in Taunton on June 6, 2001 from 8:30-3:30. The tuition is \$90.** To register, please use the registration form on page 7 of this newsletter.

Commonwealth of Massachusetts
Office of the Inspector General
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www.state.ma.us/ig