

Massachusetts Office of the Inspector General

Volume 17, Issue 1

June, 2011

Procurement Bulletin

Dear Public Officials,

Congratulations to those public officials that have recently been designated as Massachusetts Certified Public Purchasing Officials (MCPPO). A listing of the designations can be found on page 7 of this bulletin.

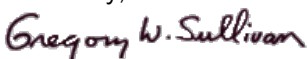
I'm happy to announce that the sixth edition of my office's Chapter 30B manual, entitled *The Chapter 30B Manual: Legal Requirements, Recommended Practices, and Sources of Advice for Procuring Supplies, Services and Real Property*, is now available on our website, at <http://www.mass.gov/ig/publ/30bmanl.pdf>, as well as for sale at the State Bookstore. You can contact the State Bookstore at 617.727.2834 or <http://www.sec.state.ma.us/spr/sprcat/catidx.htm>. The new edition contains current Chapter 30B interpretations and advice on a variety of procurement issues. Among the topics covered are the use of U.S. General Services Administration federal supply schedules and other collective purchasing methods.

Is your jurisdiction interested in conducting electronic procurements, also known as, "eProcurements"? The bulletin includes an article on some of the key factors to consider when obtaining a product or service so that some or all of the procurement of bids and proposals can be done online and in full compliance with M.G.L. c.30B. Also, the bulletin includes an article on what to do if an emergency procurement is needed.

The bulletin also includes an overview of some recent cases of corruption and fraud, waste, and abuse in public purchasing in Massachusetts. Two cases discussed show a disregard by certain public officials for the principles of fair and open competition and safeguarding the interests of the taxpayers. In another case, a vendor manipulated procurements by rigging bids. As always, my office is working to prevent such events from happening in the future. Please don't hesitate to contact us with pertinent information.

Lastly, after more than 6 years with the Inspector General's Office, Deputy General Counsel Kelly Whelan has left the office and moved to Phoenix, Arizona with her family. We wish her all the best in her new environs.

Sincerely,



Gregory W. Sullivan
Inspector General

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NOTICE: The MCPPO schedule for July 2011 — December 2011 is now available. See page 8 for the registration form. More information on the specific classes that are being offered is available at our website.

Don't forget, a Chapter 30B attorney is available Monday through Friday from 9:00 am to 4:30 pm to answer any Chapter 30B questions you have.

617-722-8838

Procurement Investigation Updates

Former Speaker of the House Convicted June 2011

In the fall of 2007, the Inspector General launched an investigation of an August 2007 \$13 million purchase of software from Cognos Corporation by the Commonwealth of Massachusetts. Over the next year, the Inspector General revealed that the procurement was deeply flawed and that lobbyists received large, undisclosed payments simultaneously with the award of the \$13 million purchase.

On June 2, 2009, Montvale Solutions LLC owner Joseph P. Lally Jr., lobbyists Richard McDonough and Richard Vitale, and former House Speaker Salvatore F. DiMasi were indicted by a federal grand jury on conspiracy and fraud charges. The indictment alleged that Cognos paid \$125,000 to a law associate of DiMasi, who in turn used his influence to help Cognos land the \$13 million contract in 2007 and a \$4.5 million contract in 2006 with the state's Department of Education.

A trial based on the indictments took place this spring at U.S. District Court in Boston. DiMasi's law associate testified that he performed no work for Cognos and that he gave DiMasi about half of the \$125,000 given to him by Cognos. Lally, who pleaded guilty in March to the charges, testified that McDonough recommended that Cognos pay DiMasi's law associate as an indirect way of giving money to Speaker DiMasi. Lally said he also paid \$600,000 to Vitale, DiMasi's friend and accountant. Governor Deval Patrick and former Secretary of Administration and Finance Leslie Kirwan testified during the six-week trial, stating that Speaker DiMasi urged them to award a contract for Cognos' software.

In June 2011, the jury found DiMasi guilty on seven of nine counts and McDonough guilty on six of eight counts. Vitale was acquitted on all counts. Sentencing is scheduled to take place in September 2011.

partment, Housing Authority and Department of Public Works and, as a result of the manufactured bids he received \$95,545.00. In order to win the bids, Medugno would forge two bids from competitors - who in fact weren't even bidding on the job - and then submit his own bid, which would be lower than theirs.

Judge David Lowy sentenced Christopher Medugno to one year in the House of Correction, 30 days to be served, the balance suspended for three years with probation. As conditions of his probation Medugno is precluded from directly or indirectly participating in any public service contracts, and must perform 200 hours of community service.

Review of Consulting Contracts for Solar Facilities Resulted in Invalid Contracts

The Office of the Inspector General (OIG) was asked to review nearly identical requests for proposals (RFP) for leases of publicly-owned land to a solar photovoltaic power generating system provider (PV provider) solicited by a consultant, Muni-Sun, LLC (Muni-Sun), on behalf of nine separate municipalities, Ashby, Ayer, Clinton, Gardner, Orange, Palmer, Shirley, Sturbridge and Westminster. Each municipality had entered into a consultant contract with Muni-Sun whereby Muni-Sun would conduct the procurement for the lease of the land and evaluate and negotiate the PV provider contract under M.G.L. c.30B at no cost to the municipality. The consultant's contracts and RFPs for the lease of the land called for the consultant's compensation to be paid by the chosen PV provider. Specifically, the PV provider would pay a fee to Muni-Sun based on the amount of energy generated from the solar installation on municipal land over the term of the resulting contract, either 20 or 30 years. Under this payment structure, it was estimated that Muni-Sun would earn between \$7.2 and \$10.8 million over the terms of the nine contracts.

This OIG found that the consultant contract was not competitively procured and the compensation rate was exorbitant and would result in the municipalities not obtaining the full value from the land and that requiring the PV provider to pay the fee to Muni-Sun would limit competition for the PV provider. Because the consultant's contract was not procured in accordance with M.G.L. c.30B, the OIG advised that the nine municipalities solicit bids for consultant services to assist them to dispose of land via lease to a PV provider to locate a solar installation and to evaluate and negotiate terms of a PV contract.

The letter sent to each municipality can be found at http://www.mass.gov/ig/publ/lease_pv_letters.htm.

Inspector General Joint Investigation Leads to Methuen Contractor Pleading Guilty to Bid-Rigging

The joint investigative efforts of the Massachusetts Office of the Inspector General, the Office of the Essex District Attorney Jonathan W. Blodgett, the Methuen Police Department and the FBI have resulted in a Methuen contractor pleading guilty to bid-rigging and presenting false claims.

On March 29, 2011 Christopher Medugno, a contractor, pleaded guilty in Salem Superior Court to 12 counts of manufacturing false bids and 12 counts of presenting false claims. Had the case gone to trial, the Commonwealth was ready to enter evidence that would have proved that between 2004 and 2009 Medugno rigged 12 different contracts in order to win work from the Methuen School De-

Emergency Procurements

When an emergency arises, as occurred with the past winter's excessive snow storms and the recent tornado and storm disaster in Southwestern Massachusetts, a public jurisdiction may be faced with immediate needs for goods, services, real property acquisitions or dispositions or design and construction services. The state procurement statutes provide reasonable flexibility with regard to meeting those needs and enabling you to deal with emergency situations. While it is not the case for M.G.L. c.30B, you will need to seek written approval from state agencies for some emergency procurements. Your local jurisdiction also may have specific rules about who has authority and how to use emergency procurement procedures. Note, if funding emergency procurements is an issue, contact the Department of Revenue for assistance.

The emergency provisions vary somewhat from statute to statute. Therefore, first you will need to decide which statute is the appropriate procurement statute so you know which rules to follow. Generally, you must comply with the law to the extent practicable, and you may purchase only what you need to deal with the emergency. In most cases, although formal bidding is not required, the awarding authority should solicit multiple quotations or bids whenever possible. Note also that other statutory requirements may apply, including prevailing wage requirements.

Chapter 30B says that if the time required to comply fully with a Chapter 30B requirement would endanger the health or safety of people or their property due to an unforeseen emergency, you may procure the needed item or service without complying with that requirement. [M.G.L. c.30B, §8] But, even under emergency circumstances, you must comply with Chapter 30B to the extent possible. For example, if you do not have time to advertise for two weeks, you can shorten the advertising period; or, if you have no time to advertise, you can solicit quotes. You may procure only those supplies or services necessary to meet the emergency. You must maintain a record of each emergency procurement, documenting the basis for determining that an emergency exists, the name of the vendor, the amount and type of contract, and a list of the supplies or services purchased under each contract. We recommend that you also include in your record all procedures followed to elicit competition. Your record of an emergency procurement must be submitted as soon as possible to the *Goods and Services Bulletin* for publication.

Public jurisdictions should, however, be careful when making emergency procurements. This past winter, larger than normal snow accumulation meant that flat roofs on public buildings carried more weight than was considered safe, and there was a need to remove the snow quickly before additional bad weather posed a threat to life or property. While the law exempts snow plowing, [M.G.L. c. 30B, s.1(b)(17)], manual shoveling of snow is not exempt and these services would be subject to Chapter 30B. While clearing a roof in these circumstances may be an eligible emergency, one jurisdiction paid exorbitant fees for the removal. It is important to remember that, even in an emergency procurement, you should still exercise sound business judgment.

M.G.L. c.7, §§38A½-0, the designer selection law, permits expedited selection of a designer whenever the health or safety of people would be endangered, or when a deadline for action set by a court or federal agency cannot be met, because of the time required by the designer selection procedures. Local governments' designer selection procedures should specify the procedures to be used in an emergency, who has the power to invoke them, and what requirements, if any, may be waived.

For building construction projects subject to M.G.L. c.149, you may dispense with the normal bidding procedures for work needed to preserve the health or safety of people or property, or to alleviate an immediate security threat. The prior approval of the emergency by the Division of Capital Asset Management (DCAM) is required unless the urgency of the situation makes it impossible to contact DCAM in advance. In such a case, you may start the emergency work, but you must contact DCAM as soon as possible to request approval. If DCAM determines that an emergency waiver is warranted, DCAM may waive public notice and public bidding requirements for the work. The waiver must be obtained in writing. Requests for emergency waivers should be directed to DCAM (617) 727-4050 x411.

You may dispense with the normal bidding procedures for public works construction projects and construction materials contracts subject to M.G.L. c.30, §39M, only in cases of "extreme emergency caused by enemy attack, sabotage or other such hostile actions or resulting from an immediate security threat, explosion, fire, flood, earthquake, hurricane, tornado and other such catastrophe." Only work or materials necessary for "temporary repair and restoration to service of any and all public work in order to preserve health and safety of persons and property" may be performed. You must obtain a written waiver of the public notice requirements from DCAM before the work begins. You may not use M.G.L. c.30B bidding procedures for emergency public works construction contracts and contracts for construction materials.

Procuring an Electronic Procurement Product or Service

“eProcurement” refers to the use of electronic means to conduct some or all of a procurement process online. Proponents of eProcurement note the time, material and cost savings over traditional paper-based procurements. As you know, compliance with M.G.L. c.30B requires that bids be sealed and be opened at the date and time provided in the invitation for bids (IFB) or request for proposals (RFP). With advances in technology, it is this Office’s opinion that local jurisdictions can effectuate use of eProcurement technology in full compliance with M.G.L. c.30B.

Before you can conduct an eProcurement, you will need to decide on an eProcurement method or system. Typically, you can contract for eProcurement administrative services to be hosted by a third party or purchase eProcurement software. In addition, the Massachusetts Operational Services Division offers local jurisdictions use of an eProcurement system via CommPASS called Free Form Quick Quote. There is no shortage of available options for eProcurement services and software; as such, relying on an eProcurement vendor’s claim that its product or service is sole source or proprietary is ill-advised without further research. The procurement of a product or service to conduct eProcurements is subject to M.G.L. c.30B.

Because eProcurement options are quite varied in the market, you will need to understand the products and pricing structures offered by potential providers. Therefore, to determine whether to solicit quotes, bids, or proposals to procure an eProcurement product or service, you must determine the value of the contract.

If you are purchasing software outright, the valuation is simple: the outright cost of the purchase. In an arrangement where vendor(s) will pay a third-party host service provider a subscription fee or percentage of goods or services sold, an estimate of the total amount to be paid by the vendor(s) to the host service provider is a basis for determining the value of the contract. For one eProcurement, this value may be a small amount. However, if you plan on conducting multiple eProcurements, you must establish a contract term and estimate the value to the host service provider of all potential procurements that you will conduct over the contract term in order to determine which M.G.L. c.30B solicitation process applies to your procurement. If the cost for the service or software is \$5,000 or less, you may use sound business practices to procure the product or service. Chances are, however, the cost of the chosen method to run eProcurements will be greater than \$5,000, and you will be required to solicit quotes, bids or proposals for the product or service.

As with all procurements, you will need to specify any terms and conditions that will be applicable to the contract and incorporate them into the solicitation for an eProcurement product or service.

Chapter 30B Questions and Answers

Q1. I am the business manager for a school and have recently solicited bids for office supplies. As part of the quality requirements, I have requested that bidders provide samples of certain items to ensure that the items are responsive to the specifications. One bidder failed to provide all of the required samples. May I accept the bid?

A1. Yes. The failure to include samples is a minor informality that should be waived for the purpose of the bid opening and the bidder should be allowed to correct the bid by a timely provision of the samples. M.G.L. c. 30B, §5(f) requires that you waive minor informalities or allow a bidder to correct them. M.G.L. c. 30B defines minor informalities as “minor deviations, insignificant mistakes, and matters of form rather than substance of the bid, proposal or contract document which can be waived or corrected without prejudice to other offerors, potential offerors, or to the governmental body.” Minor informalities include the failure to submit a list of references or the failure to include copies of the bid.

If the bidder has samples and can provide them promptly, their submission will not prejudice other bidders. Like references, the samples are material to your decision to award the bid so you should set a response date as soon after the bid submission date as practicable. If the bidder fails to provide the samples, or to provide them by the stated response date, its bid should be rejected.

Q2. I am the CPO of a Town. We recently solicited proposals to run the concession stand at the ice skating rink and asked proposers to provide financial information to establish financial stability. One of the proposers submitted the information but stated on the proposal that it was to be kept confidential. Can the jurisdiction refuse to provide the information if it receives a public records request?

A2. No. The Massachusetts public records law states that all documents that are submitted as a condition for competing for a public contract are public records, including financial information. In procurements where vendors may be unwilling to submit a bid or a proposal when financial information will become available as a public record, it is recommended that you instead request that vendors provide bank or credit references, a bid deposit, or evidence of the ability to obtain a performance bond to evaluate the financial condition of a potential contractor.

Cooperative Purchasing Questions and Answer, M.G.L. c.30B, §22

Q1. Can a Massachusetts municipality purchase supplies from a cooperative contract that originated from a public entity, either from Massachusetts or from any other state?

A1. Yes, provided certain conditions are met. This office interprets the statute as follows:

M.G.L. c.30B, §22, permits purchasing of supplies, but not services, from a cooperative purchasing agreement. Local governmental bodies subject to Chapter 30B may purchase from contracts that have already been procured by an in-state or out-of-state political subdivision, or unit of a political subdivision, or a federal or state agency, so long as:

- a) the contract is open to Massachusetts governmental bodies;
- b) the contract was procured in a manner that constitutes fair and open competition; and
- c) the contract, if procured by a Massachusetts local governmental body subject to Chapter 30B, was procured in accordance with M.G.L. c.30B.

The local governmental body, before purchasing from a cooperative agreement, must make a determination that each of these conditions has been met.

The statute does not define what “constitutes fair and open competition.” The OIG has determined that the following acts constitute the minimum requirements for a fair and open competition:

- a) a solicitation of bids or proposals that includes a specific purchase description;
- b) advertisement of the solicitation in relevant publications;
- c) a clear rule for award;
- d) an appropriate evaluation process; and
- e) an award to the respondent that offers the best value.

An administrative fee may be assessed.

The goal with these contracts is to save time and money in procuring supplies and to obtain lower contract pricing through volume purchasing. To that end, the office recommends periodically testing the prices on any cooperative contract that you use.

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Q2. Must a Massachusetts local jurisdiction follow Chapter 30B when it serves as the lead agency for a cooperative procurement of supplies?

A2. Yes. When serving as a lead agency for a cooperative contract a Massachusetts local jurisdiction must comply with its own purchasing requirements and follow Chapter 30B.

GSA Update

Pursuant to Section 1(f) of Chapter 30B, certain General Services Administration (GSA) supply schedules are available for use by governmental bodies subject to M.G.L. c.30B.

Listings of GSA Federal Supply Schedule contracts are published on GSA's website at <http://www.gsa.gov/stateandlocal>.

Questions? Contact Peter Sullivan, GSA Customer Service Director at peter.sullivan@gsa.gov, telephone (617) 565-7315

Free and Low Cost Procurement Training Options

Making sure your M.G.L. c.30B procurements are done right the first time is important, especially when budgets are tight. If you are looking for a free or low cost way to brush up on your procurement knowledge, which you can do at your own pace in the comfort of your office, access our online course, *Bidding Basics: M.G.L. c.30B* at the OIG's website.

This course is helpful for anyone looking for basic procurement training, for a refresher course or to offer to a group. You will receive an overview of the rules applicable to the acquisition of supplies, services and real property, the disposition of supplies and real property, proprietary specifications, sole source and emergency procurements. Additionally, you may earn 2 MCPPO recertification credits upon evidence of completion. The course takes approximately 2-3 hours to complete. It has been designed to be completed through Performance and Career Enhancement (PACE), the Commonwealth's web-based Learning Management System (LMS), or at your standalone computer using a Compact Disc (CD). PACE should be accessible to any entity with an Internet connection. But if you don't have an internet connection, contact our office to purchase the disk for \$15.00. The disk also provides an opportunity to present the course to a group of municipal officials at the same time. Upon registering with the office, you will be issued a PACE Login ID and Password so you may access the system for free. For more information, or to register for this course, visit our website at http://www.mass.gov/ig/mcpo/bb_online.htm.

Another helpful tool available for \$75.00 is our *Drafting a Model IFB* course. With this option you will draft your own invitation for bids, using a template provided to you on a compact disk. Upon completion, you will send in your model IFB to be reviewed by a Chapter 30B attorney. After you have completed the course, you will be able to use the template when drafting your own procurements. Upon proof of completion you will receive two (2) MCPPO recertification credits. To receive a copy of the disk, please fill out the MCPPO registration form available on the office's website and mail in your payment of \$75.00.

MCPPO Designations

The following is a list of the MCPPO Program's new Designees on applications **reviewed (not received)** between November 2, 2010 and May 1, 2011:

MCPPO

Edwin S. AtAide, Town of Andover
Lynn M. Bassett, Gill-Montague RSD
Michael C. Blatus, Middlesex Sheriff's Office
Edward L. Cenedella, Hampden-Wilbraham SD
Buckner M. Creel, Lincoln Public Schools
Christopher D'Aveta, City of Haverhill
Orazio P. DeLuca, City of Somerville
Joel C. Dickerson, Cambridge Public Schools
Marianne Fabbri, Reading Municipal Light Dept.
Gregory J. Falcone, Pathfinder Regional VTHS
Gregory R. Farkas, Revere Housing Authority
Stephanie L. Fisk, Gateway RSD
David J. Gelineau, City of Beverly
Paula A. Gendreau, Greater New Bedford VTHS
Steven M. Herzberg, Town of Williamsburg
Thomas S. Hoole, UMASS Lowell
Jeffrey M. Hull, Town of Wilmington
James A. Johnson, Town of Walpole
Julie A. Maxey, City of Springfield
Suzanne M. Moquin, Town of Freetown
Lynn Omasta, UMASS Amherst
William J. Plasko, Norwood Housing Authority
Marcia L. Pyles, Town of Bedford
Beth L. Regulbuto, Hampden-Wilbraham RSD
Carey G. Sheehan, West Springfield PS
Sarah Amaral Smith, Town of W. Bridgewater
Michelle A. Wendell, Town of Saugus
Stacey S. Wikar, MHEC/UMASS Amherst
Jennifer L. Wolowicz, Town of South Hadley

MCPPO for Supplies & Services

Kristen L. Carota, Hanover Public Schools
John J. Ginty, Quincy Housing Authority
Jean Sullivan, Cambridge School Department

MCPPO for Design and Construction

Raymond D. Masak, Town of Brookline
Monique I. Pierangeli, Webster Public Schools

Associate MCPPO

Frank V. Antonucci, Town of Ipswich
Ted Avlas, Webster Public Schools
Elizabeth A. Curley, Town of Sharon
Peter M. Etzel, MA Military Division
Lincoln D. Heineman, Inspector General's Office
Mark P. Morris, Southeastern RSD
Brian E. Wing, Gateway RSD

Associate MCPPO for Supplies & Services

Mary Jean Dutton, Putnam Vocational HS
Angela J. Koerber, City of Somerville



MASSACHUSETTS CERTIFIED PUBLIC PURCHASING OFFICIAL PROGRAM
REGISTRATION FORM July-December 2011

Office of the Inspector General
Gregory W. Sullivan, Inspector General
MCPPO@maoig.net Fax: (617) 723-2334

REGISTRATION INFORMATION:

All seminars will be confirmed based on a minimum of 20 participants.

GOVERNMENT/NON-PROFIT COURSE PRICE:

Government employees shall include all employees of the commonwealth, employees of the commonwealth's political subdivisions, employees of other state governments, employees of the federal government and employees of any other municipality, county, or local district.

Register/ Reserve Seating:

To reserve seating, fax registration and purchase order to (617-723-2334).

MAIL ORIGINAL TO: Commonwealth of Massachusetts

Office of the Inspector General
One Ashburton Place, Rm. 1311

Boston, MA 02108
ATTN: MCPPO Program

MAKE CHECK PAYABLE TO: OIG

SUBSTITUTIONS / CANCELLATIONS:

Each seminar is limited and filled on a space available basis. No refunds for cancellations. Registration transfer to someone in your organization is possible with prior notice.

NO-SHOWS or LATE CANCELLATIONS will be invoiced a \$100 service charge

For more information regarding administrative policies, such as complaint and refund resolution, please email Joyce McEntee Emmett, Director of the MCPPO Program at MCPPO@maoig.net or go to our website at www.mass.gov/ig.

PUBLIC CONTRACTING OVERVIEW

3-day seminar

Tuition: \$450 for government/non-profit employees \$700 for all others

No Prerequisite

- September 20-22, 2011
October 18-20, 2011

BOSTON
BOSTON

SUPPLIES & SERVICES CONTRACTING

3-day seminar

Tuition: \$450 for government/non-profit employees \$700 for all others

Prerequisite: Public Contracting Overview or Charter School Procurement

- October 25-27, 2011
October 25-27, 2011

BOSTON
HUNTINGTON Video Conference hosted by Gateway RSD

DESIGN & CONSTRUCTION CONTRACTING

3-day seminar

Tuition: \$650 for government/non-profit employees \$900 for all others

Prerequisite: Public Contracting Overview or Charter School Procurement

- September 27-29, 2011
September 27-29, 2011
November 1-3, 2011

BOSTON
HUNTINGTON Video Conference hosted by Gateway RSD
BOSTON

ADVANCED TOPICS UPDATE

2-day seminar

Tuition: \$350 for government/non-profit employees \$600 for all others

- November 8 & 9-2011
November 8 & 9-2011

BOSTON
HUNTINGTON Video Conference hosted by Gateway RSD

CERTIFICATION for School Project Designers & Owner's Project Managers

4-Day Training

Tuition: \$1200 for private sector

- September 7,8,14,15-2011

- November 30, December 1, 7,8-2011

BOSTON

BOSTON

RECERTIFICATION for School Project Designers & Owner's Project Managers

1-Day Training

Tuition: \$600 for private sector

- October 4-2011
November 29-2011

BOSTON
BOSTON

CONSTRUCTION MANAGEMENT AT RISK Under M.G.L. c. 149A: Legal Requirements & Practical Issues

1-day seminar

Tuition: \$275 for government/non-profit employees \$600 for all others

*Introductory material geared to procurement officials who are not construction experts

- October 5-2011

BOSTON

CHARTER SCHOOL PROCUREMENT

2-day seminar

Tuition: \$400 for government/non-profit employees \$600 for all others

No Prerequisite

- December 13 & 14-2011 *

BOSTON *PLEASE NOTE DATE CHANGE

Drafting A Model IFB

Self-paced

Tuition: *\$75 ea. for govt./non-profit employees \$200 for all others

Disk program requiring Microsoft Word 7.0 or higher

*Registration for this course must be accompanied by a check

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The Commonwealth of Massachusetts Office of the Inspector General is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE sponsors.



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

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Do you need special accommodations?

ARRA

American Recovery and Reinvestment Act

Introduction

This section of the *Procurement Bulletin* focuses on matters pertaining to American Recovery and Reinvestment Act (ARRA) funds. It serves as an information source for issues, questions, guidelines and deadlines concerning ARRA. For more information on ARRA, visit our website at: www.mass.gov/ig.

SFSF Grant Review

Recently, the OIG did a review of Public School Districts throughout Massachusetts that received the State Fiscal Stabilization Fund (SFSF) grant. The OIG:

- Verified that special education (SPED) schools being paid with ARRA funds during the last quarter of FY 2009 charged the appropriate Operational Services Division (OSD) approved rate.
- Ensured that the public schools paid the amounts invoiced by the SPED schools.
- Verified that the public schools maintained appropriate contracts with SPED schools pursuant to 603 CMR 28.06(3)(f).

The OIG also reminded grantees that all contracts need to be dated and signed, that the state must be informed of changes in the intended use of grant funds, and that school policies should contain appropriate ethics, anti-fraud, and employee conduct policies.

For more information on these reviews, see the SFSF Grant letters at: <http://www.mass.gov/ig/oigarra/igarradv.htm>.

MassDOT Issues Procurement Manual in Response to OIG Review

The OIG offered comments to the Massachusetts Department of Transportation (MassDOT) on a draft manual for procedures for the procurement of goods and services in excess of \$50,000. This manual was drafted in response to findings issued by the OIG regarding MassDOT's procurement of paratransit vans. The OIG's comments can be accessed at: http://www.mass.gov/ig/oigarra/massdot_ride_upd.htm.

Notice: Report fraud, waste, or abuse electronically through a confidential complaint form at Mass.Gov/Recovery at: http://www.mass.gov/?pageID=stimutilities&L=1&sid=Fstim&U=Fstim_fraud_report_form or call (617) 979-8380.

Transit Authorities Should Strengthen Procurement Manuals

The OIG recently reviewed the Merrimack Valley Regional Transit Authority's (MVRTA) use of ARRA funds.

Based on its review, the OIG recommended that MVRTA: 1) update its purchasing manual to include guidance on complying with M.G.L. c.149, the public building construction law, and laws applicable to MVRTA's federal funding; 2) seek to introduce greater competition for its management services contract, which has been held by an incumbent since 1983; 3) in response to the alleged 2010 theft by a contract employee, conduct a fraud risk assessment; 4) adopt more specific anti-fraud measures and train employees and contractors on the measures; and 5) amend its management services contract to ensure the adoption of internal controls, anti-fraud and ethics policies, and other measures.

The OIG recommends that all transit authorities review their procurement manuals relative to the above recommendations and incorporate provisions to strengthen their policies and procedures, if necessary. Free downloadable guides on the design and construction laws and local procurement laws are available on our website at:

http://www.mass.gov/ig/igpubl_manuals.htm.

The OIG letter to MVRTA can be accessed at:

http://www.mass.gov/ig/oigarra/arra_mvrtaltr.pdf.

Lead Hazard Control Advisory

The OIG issued an advisory to assist Massachusetts grantees and subgrantees of the U.S. Department of Housing and Urban Development's (HUD) Lead Hazard Control (LHC) program. The OIG reviewed a majority of LHC grantees and subgrantees in Massachusetts including the largest recipients of LHC funds. Many of the suggestions may be applicable to other grant programs. See the OIG ARRA webpage for a copy of the advisory and to review letters sent to grantees on their use of ARRA funds.

Confidential Fraud Hotline:

Please don't hesitate to use the OIG hotline **(800) 322-1323** to report waste, fraud, or abuse of ARRA funds. All calls are confidential. For general questions about the OIG and ARRA call (617) 727-9140.

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