

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **2016-001    The District did not follow state procurement laws to ensure the lowest responsible bidder was selected.**

#### ***Background***

School districts are required to competitively bid all public works projects over \$100,000. Specifications for the purchases must be available to all interested parties and must be approved by the governing body. The submitted bids must be opened and read publicly at a fixed time and place, and the contract must be awarded to the lowest responsible bidder.

State law allows school districts to fulfill these bidding requirements through a process, referred to as piggybacking, in which they purchase from a bid awarded by the state, another government or group of governments, provided the following requirements are satisfied:

- The District must enter into an interlocal agreement to use another entity's bid.
- The participating government is responsible for ensuring the award meets bid requirements.

Montesano School District No. 66 installed field turf during the 2015 and 2016 school years. The District received donations from the community to fund the majority of the project. The total cost of the project was \$1,014,103.

The District piggybacked on a contract awarded by The Interlocal Purchasing System (TIPS) from Texas.

#### ***Description of Condition***

The District did not ensure the procurement process used by TIPS met bid requirements when selecting a contractor for the purchase and installation of the field turf. The contractor that was selected for the purchase and installation was not the lowest responsible bidder.

In addition, before awarding the contract, the District did not search the Department of Labor and Industries' list of debarred contractors to determine whether the contractor was allowed to do business in Washington.

### ***Cause of Condition***

The contract procured by TIPS met Texas' requirements; however, procurement regulations in Washington differ and were not met. The District believed all Washington procurement regulations were met and did not ensure that its own bid laws were satisfied by the lead agency.

### ***Effect of Condition***

The District paid a total of \$1,014,103 during the 2014-2015 and 2015-2016 school years for the field turfs purchase and installation. The District cannot ensure it received the best price for the field turf project.

### ***Recommendation***

We recommend the District follow Washington bid law to ensure goods and services are competitively procured. Further, the District should review the Department of Labor and Industries list of debarred contractors before awarding a contract to ensure all contractors are allowed to do business in Washington.

### ***District's Response***

*The Montesano School District entered into an Interlocal Agreement with The Interlocal Purchasing System (TIPS) in April of 2015. Under this agreement we felt we were complying with all procurement laws and guidelines as outlined in the Interlocal Agreement. Compliance with competitive bidding, vendor award process, advertising, scoring proposals, and awarding of vendor contracts is the role of TIPS. The agreement has language relative to Washington RCW and also the Texas Government Code.*

*Based on the agreement signed with TIPS, we chose Sprinturf, LLC as the vendor for our turf project. Sprinturf, LLC was a vendor on the TIPS awarded list for Washington State, they provided the type of quality material that we expected for this type of project, and they could produce the product in the time frame needed to have the least amount of impact on the students and staff at the Jr-Sr High School. The district was under the impression all compliance issues had been met by the agreement with TIPS.*

*Although we cannot confirm the district received the best price for the turf project, we are satisfied we received a high quality product for a competitive price in the time frame needed for our school and community.*

*The district is committed to following bid laws and guidelines for future projects and will also verify the vendor chosen is a contractor who is allowed to do business in the State of Washington and not on the list of debarred contractors.*

### ***Auditor's Remarks***

We appreciate the District's response and commitment to resolving the issue. We also wish to thank the District's staff and management for their cooperation and assistance during our audit. We will follow up on its status during the next audit.

### ***Applicable Laws and Regulations***

RCW 28A.335.190 Advertising for bids – Competitive bid procedures – Purchases from inmate work programs – Telephone or written quotation solicitation, limitations – Emergencies, states in part:

- (4) The board may make improvements or repairs to the property of the district through a department within the district without following the public bidding process provided in subsection (1) of this section when the total of such improvements or repairs does not exceed the sum of seventy-five thousand dollars. Whenever the estimated cost of a building, improvement, repair, or other public works project is one hundred thousand dollars or more, the public bidding process provided in subsection (1) of this section shall be followed unless the contract is let using the small works roster process in RCW 39.04.155 or under any other procedure authorized for school districts. One or more school districts may authorize an educational service district to establish and operate a small works roster for the school district under the provisions of RCW 39.04.155.
- (5) The contract for the work or purchase shall be awarded to the lowest responsible bidder as described in RCW 39.26.160(2) but the board may by resolution reject any and all bids and make further calls for bids in the same manner as the original call. On any work or purchase the board shall provide bidding information to any qualified bidder or the bidder's agent, requesting it in person.

RCW 39.34.030 Joint powers – Agreements for joint or cooperative action, requisites, effect on responsibilities of component agencies – Joint utilization of architectural or engineering services – Financing of joint projects, states in part:

- (2) Any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to the provisions of this chapter, except that any such joint or

cooperative action by public agencies which are educational service districts and/or school districts shall comply with the provisions of RCW 28A.320.080. Appropriate action by ordinance, resolution or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

(5) No agreement made pursuant to this chapter relieves any public agency of any obligation or responsibility imposed upon it by law except that:

(a) To the extent of actual and timely performance thereof by a joint board or other legal or administrative entity created by an agreement made pursuant to this chapter, the performance may be offered in satisfaction of the obligation or responsibility; and

(b) With respect to one or more public agencies purchasing or otherwise contracting through a bid, proposal, or contract awarded by another public agency or by a group of public agencies, any statutory obligation to provide notice for bids or proposals that applies to the public agencies involved is satisfied if the public agency or group of public agencies that awarded the bid, proposal, or contract complied with its own statutory requirements and either (i) posted the bid or solicitation notice on a web site established and maintained by a public agency, purchasing cooperative, or similar service provider, for purposes of posting public notice of bid or proposal solicitations, or (ii) provided an access link on the state's web portal to the notice.