PERFORMANCE AUDIT

REVIEW OF MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE PROGRAM

From The Office Of State Auditor
Claire McCaskill

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YELLOW SHEET

Most state agencies did not meet participation goals of state's minority/women business enterprise program, and some program results are not accurately reflected

In fiscal year 2002, state agencies achieved participation of 9 percent minority business (MBE) and 3 percent women-owned business (WBE) on $1 billion in goods and services and capital improvement expenditures. These percentages fell short of the state's participation goals of 10 percent MBE and 5 percent WBE as set by a 1998 executive order. State officials have not formally assessed the MBE/WBE program or determined the program's effectiveness since its 1998 inception. This audit assessed some parts of the program and focused on the Office of Administration, the program's main administrator. (See page 7)

Minority participation results higher for agencies purchasing through OA

Participation results in 2002 were higher when agencies made expenditures through OA. The 1998 executive order authorized specific actions by OA's Purchasing and Design and Construction (D&C) divisions to meet these goals. (See page 7)

> For goods and services purchases: OA reported exceeding the state's MBE goal with 12 percent participation, but fell short of the WBE goal with 3 percent.
>
> For capital improvement contracts: OA reported exceeding state goals with 15 percent MBE and 8 percent WBE.

Some results overstated by OA

OA's reporting of its program results was not entirely accurate. Auditors found OA's D&C personnel overstated MBE/WBE accomplishments on three projects by about $2 million when they reported accomplishments from contract requirements, and not results achieved. On a $5.4 million project, the WBE subcontractor only completed $600,000 of its $1.2 million portion of the project, but program results reflected $1.2 million. Auditors also found D&C personnel counted minority, woman-owned subcontractors as both MBE and WBE. In addition, D&C's results included work completed by non-certified MBE/WBEs. In one case, if the state found the firms ineligible for certification, MBE results would lower by 39 percent and WBE results by 50 percent. (See page 8)

Opportunities are missed for minority participation

Auditors reviewed 86 D&C contracts and found OA did not require MBE/WBE participation on all eligible state contracts. For example, personnel said a $431,000 contract to build a prison did not require participation due to difficulty in finding minority

firms near Springfield. Auditors, however, found MBE and WBE subcontractors in the area. In addition, OA has achieved little participation on contracts valued under $100,000 because OA guidance did not require it and promotion for participation on smaller contracts was limited. (See page 10)

Participation waivers granted to contractors were often subjective

Auditors found D&C personnel granted complete or partial participation waivers on 45 percent of the 29 capital improvement contracts subject to participation requirements. D&C guidance states contractors can be waived from participation requirements after demonstrating "good faith" effort to achieve participation. But prime contractors had not adequately supported "good faith" efforts and D&C had not documented spot checks of such efforts. D&C personnel said they are currently working to make the process of determining "good faith" effort more objective. (See page 12)

MBE/WBEs were not routinely notified of contract opportunities

MBE/WBEs were not always made aware of all contract opportunities and OA did not ensure coordination between personnel promoting the program and personnel handling the contracts. (See page 13)

OA did not know if all contractors met participation requirements

OA cannot track participation on contracts because all contractors were not required to provide progress reports showing participation results and amounts paid to MBE/WBE subcontractors. For example, progress reports were not required on design contracts. Construction contractors must submit monthly progress reports, but D&C did not use this information to analyze actual participation accomplishments. In addition, D&C contracts have not provided for monetary penalties for contractors not meeting participation requirements. (See page 14)

OA has not ensured legitimate business relations exist

D&C and Purchasing personnel have not actively monitored contractors to ensure MBE/WBEs actually performed subcontract work and "fronting" has not occurred. D&C personnel made occasional visits to confirm MBE/WBEs were working on construction sites, but these results were not documented. Site administrators were also not required to monitor for "fronting." (See page 15)

Agencies need help in obtaining participation

Some agency officials said they needed more tangible help to achieve higher participation levels. For example, centralized reporting of non-MBE/WBE expenditures could be used to determine future contract opportunities. (See page 16)

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ABBREVIATIONS

OA	Office of Administration
D&C	Design and Construction
MBE	Minority-owned Business Enterprise
WBE	Women-owned Business Enterprise
MoDOT	Missouri Department of Transportation
OEO	Office of Equal Opportunity

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Missouri State Auditor

Honorable Bob Holden, Governor
and
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Executive agencies spent $1 billion on goods and services and/or capital improvements in fiscal year 2002 and are required to make every feasible effort to contract with certified minority-owned enterprises (MBE) and women-owned enterprises (WBE). We focused our review on the Office of Administration's (OA) management and oversight of the MBE/WBE program, because of the role OA plays in providing procurement opportunities to MBEs/WBEs for most state agencies. Specific objectives included determining whether (1) the state is achieving program goals, (2) opportunities to participate in state contracts have been maximized, and (3) the program has adequate oversight. We also conducted limited work at state agencies to determine what factors may impede their ability to achieve program goals.

Most state agencies have not met MBE/WBE goals established for the program. Overall, OA and state agencies spent $1 billion in fiscal year 2002 and achieved MBE/WBE participation of 9 percent and 3 percent, respectively. Improvements in OA's management and oversight of the MBE/WBE program could enhance results. Although OA has achieved some success in increasing MBE/WBE participation in state contracts, OA could improve the accuracy of results reported for capital improvements by reporting actual results rather than contract requirements.

OA included participation requirements in the majority of contracts valued at $100,000 or more. However, OA has missed opportunities to increase state contract participation by not encouraging participation on construction contracts and purchases of less than $100,000. In addition, OA needs to strengthen its process in determining when to waive MBE/WBE participation requirements. We found instances in which good faith efforts of contractors had not been adequately justified and waivers had been granted. OA also has not adequately coordinated efforts to ensure MBE/WBEs are notified of contracting opportunities.

Improvements in oversight are also needed because OA has not ensured (1) an annual assessment is made of the program's status, (2) all contractors submit progress reports that can be used for tracking contract participation and all contracts contain provisions for monetary damages when prime contractors do not meet participation requirements, (3) legitimate business relationships exist between prime contractors and MBE/WBE subcontractors, and (4) an adequate MBE/WBE certification process. OA should take the lead in providing guidance and in monitoring state agency efforts to achieve program goals.

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We have included recommendations to improve the management and oversight of the MBE/WBE program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

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State Auditor

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INTRODUCTION

In 1990, the General Assembly directed the OA to establish and implement a plan to increase and maintain the participation of minority business enterprises in contracts for supplies, services, and construction contracts. The General Assembly also funded a 1997 study which concluded the state had at least been a passive participant in discriminatory practices in the awarding of state contracts for construction and the purchase of goods and services. In response to the General Assembly mandate and the 1997 study, a 1998 executive order required executive branch agencies to (1) continue to make every feasible effort to increase the percentage of goods and services procured from certified MBE and WBE to 10 percent and 5 percent, respectively, and (2) participate in an executive branch contract compliance council to help agencies implement the policies and procedures recommended by an oversight review committee.

The executive order also authorizes more specific action by OA's Division of Purchasing and Materials Management (Purchasing) and Design and Construction (D&C) Division. For example, the order authorizes Purchasing to have prime contractors subcontract with MBEs and WBEs on targeted contracts of $100,000 or greater. Participation goals for each contract are to be set by Purchasing in consultation with the Office of Contract Compliance (compliance),[1] and the user agency, depending on the availability of MBEs and WBEs in the applicable commodity/service and geographic area. The order sets the required MBE goal for all purchases at 10 percent and WBE goal at 5 percent, and sets the desired goals at 20 percent and 10 percent, respectively. The order also requires Purchasing to appoint a MBE/WBE Purchasing manager for the purpose of promoting and coordinating the participation of MBEs and WBEs in the state.

The executive order authorizes OA's D&C division to do the following:

- Require prime contractors to subcontract with MBEs and WBEs on construction contracts. D&C sets goals for each project in consultation with the compliance office, and based on the availability of MBE and WBE contractors in the applicable geographic area and construction trades. The order set the required MBE and WBE participation goals at 10 percent and 5 percent, respectively. It also set desired participation goals at 15 percent and 10 percent, respectively.
- Evaluate MBE/WBE participation in design contracts, as part of the quality-based selection process, for construction projects worth $1.5 million or more. It sets MBE participation goals at 10 percent and WBE goals at 5 percent, and desired goals at 20 percent and 10 percent, respectively. On lesser value contracts, the order directs D&C make special efforts to target MBEs and WBEs as prime contractors.

The order requires Purchasing and D&C to establish policies implementing the program. It includes a waiver provision for prime contractors whose good faith efforts to attain program goals do not succeed. The order also requires the divisions to establish enforcement procedures, in cooperation with the compliance office, to penalize entities who fail to meet subcontracting commitments. The order also directed the creation of the compliance office, and its assignment

[1]The duties and responsibilities of this office are carried out by the compliance officer within the Office of Equal Opportunity (OEO).

to OA. In addition, it directed the compliance office report to the governor and the Commissioner of Administration. Compliance office responsibilities and tasks include:

- cooperating with Purchasing and D&C in the administration and enforcement of the MBE/WBE program;
- cooperating with those divisions in the development of policies, forms, and procedures to carry out program requirements;
- participating in MBE/WBE goal setting;
- gathering information and record keeping to determine the effectiveness of state participation programs and the availability and utilization of eligible MBEs and WBEs on individual projects, including levels of participation, availability in specified areas and assessment of the continuing need for participation goals for specific contract areas;
- monitoring contractor compliance with program goals; and
- recommending sanctions for contractors who fail to faithfully execute MBE/WBE participation plans during the course of contract performance.

OA established the OEO to certify MBE/WBEs, report on program participation to state agencies, and generally oversee the program, according to an OEO official. OA officials placed the compliance office within the OEO.

The executive order also required an annual review of MBE/WBE participation levels achieved in state contracting areas during the previous year and a determination of whether the program was still needed. The order required the statutory Oversight Review Committee to complete the written assessment and deliver it to the governor and the legislature. If the report determined participation had been commensurate with MBE/WBE presence and capability in the marketplace, the program could then be terminated.

In fiscal year 1997, the state reported MBE participation of 3.3 percent. OA began reporting on WBE participation in fiscal year 1999 and reported WBE participation of 3.5 percent.

OA acts on behalf of most state agencies

Most state agencies are required to use OA when contracting for goods and services, and capital improvements exceeding $25,000.[2] During fiscal year 2002, state agencies spent and/or contracted for over $800 million for goods and services and $200 million in capital improvements through OA.[3] Table 1 depicts agency expenditures for goods and services handled through OA and in-house by the agencies for fiscal year 2002.

[2]Excludes Department of Transportation (MoDOT) and Department of Conservation (Conservation) capital improvements. In some cases, state agencies are granted the authority by the Office of Administration to make purchases greater than $25,000.

[3]Conservation and MoDOT contract in-house for capital improvements and, therefore, did not use OA. MoDOT purchased $289 million in goods and services and contracted for $1.2 billion in capital improvements during fiscal year 2002.

Table 1: Purchases Made Through OA and Agencies (Dollars in millions)

Department/ Agencies[1]	OA amount	Agency amount	Totals	Percent of total OA	Percent of total Agency
Higher Education	$10.1	$1.3	$11.5	88	12
Economic Development	21.8	5.1	26.8	81	19
OA	37.0	8.7	45.7	81	19
Social Services	99.4	25.1	124.5	80	20
Corrections	110.4	33.0	143.4	77	23
Insurance	.6	.2	.8	75	25
Health and Senior Services	29.1	12.0	41.2	71	29
Labor and Industrial Relations	6.5	2.6	9.2	71	29
Natural Resources	13.6	7.5	21.0	65	35
Public Safety	28.6	18.9	47.5	60	40
Elementary and Secondary Education	20.2	16.0	36.2	56	44
Sub-Totals	**377.3**	**130.4**	**507.8**	**74**	**26**
Conservation	14.3	15.3	29.6	48	52
Agriculture	1.5	2.5	4.0	38	62
Revenue[2]	12.2	35.6	47.7	25	75
Mental Health	40.0	180.9	220.9	18	82
Sub-Totals	**68.0**	**234.3**	**302.2**	**22**	**78**
Totals[3]	**$445.3**	**$364.8**	**$810.1**	**55**	**45**

[1]These agencies have been delegated special authority to procure some goods and services without going through OA.
[2]Revenue expenditures include the Lottery Commission expenditures.
[3]Amounts do not sum due to rounding.

Source: Data from OA's fiscal year 2002 MBE/WBE expenditure report.

As shown in Table 1, most agencies relied heavily on OA to make an average of 74 percent of purchases for goods and services during fiscal year 2002. In-house expenditures represented 26 percent of total expenditures for the 11 agencies. Four of the agencies shown above made over half of their purchases in-house.

Most agencies purchase through OA

Methodology

We focused on determining whether improvements are needed in OA's management and oversight of the MBE/WBE program, which handled a substantial portion of state expenditures for goods and services and all capital expenditures (except for Conservation and MoDOT[4]). We conducted our work at OA's Purchasing and D&C divisions as well as the OEO.

To determine whether MBE/WBE program goals have been achieved, we reviewed (1) Executive Order 98-21 and applicable state statutes, (2) OA policies and procedures relating to

[4]MoDOT is required to follow federal disadvantaged business enterprise regulations. According to a MoDOT official, these regulations are different from state MBE/WBE guidelines. Under federal guidelines, MoDOT is prohibited from achieving anything greater than 9.34 percent. According to a MoDOT official, MoDOT achieved 8.8 percent disadvantaged business enterprise participation for 2002.

the program, and (3) OA records supporting results achieved. In addition, we conducted a statistical sample of capital improvement contracts and purchase contracts to determine the accuracy of reported participation accomplishments during fiscal years 2001 and 2002.

To determine whether OA has maximized opportunities for MBE/WBEs to participate in the program, we conducted statistical samples of 86 capital improvement contracts, which included 60 construction and 26 engineering/architect (design) contracts, from a study population of 504 contracts, and 100 purchase contracts from a study population of 2,632 contracts. In addition, we interviewed knowledgeable OA personnel and reviewed OA records to determine if OA personnel included participation requirements in sampled contracts and whether contractors adequately justified good faith efforts to obtain participation when requesting release from participation requirements. We also assessed efforts to increase program participation by interviewing OA personnel and reviewing OA records.

To determine whether increased oversight is needed over the program, we interviewed OA program personnel and reviewed documentation related to (1) reporting requirements for the program, (2) assessing penalties for not meeting program requirements addressed in contracts, and (3) monitoring of prime contractors. In addition, we reviewed 25 judgmentally selected MBE/WBEs certification/re-certification cases.

To determine impediments faced by agencies in meeting program goals and methods for overcoming those impediments we interviewed responsible agency staff for five agencies—Departments of Corrections, Elementary and Secondary Education, Mental Health, Natural Resources, and Social Services—and various OA officials.

To determine the reliability of computer generated data, we traced data elements from our statistical samples of 86 construction and 100 purchase contracts to corresponding information in OA's computerized system. The test disclosed an error rate of 9 percent for the D&C data and 2 percent for Purchasing data. We consider the error rates acceptable and do not believe they materially affected our analysis of data since we relied heavily on original source material from contract files.

We requested comments on a draft of our report. OA provided comments in a meeting on June 11, 2003, and a letter dated August 15, 2003. We have incorporated these comments as appropriate. We conducted our work between August 2002 and May 2003.

RESULTS AND RECOMMENDATIONS

Improvements In the Management and Oversight of Minority- and Women-Owned Business Enterprise Program Could Increase Participation

Most state agencies have not met MBE/WBE goals established for the program. Although OA has had some success in improving MBE/WBE participation, improvements in OA's management and oversight of the program are needed because OA has not always accurately reflected program results, maximized all opportunities for MBE/WBE participation, or adequately supervised the program. In addition, OA has not provided state agencies adequate assistance in overcoming impediments to achieving program participation. Improvements in these areas would provide additional opportunities for MBE/WBEs to participate in state contracts, and enhance program results.

MBE/WBE achievements fall short of most program goals

State agencies generally did not meet the state's MBE/WBE required goals of 10 percent and 5 percent, respectively, for $1 billion in expenditures during fiscal year 2002. Overall, state agencies achieved 9 percent MBE participation and 3 percent WBE participation. Of the $1 billion, state agencies spent $800 million for goods and services during fiscal year 2002 and reported MBE/WBE participation of 8 percent and 2 percent, respectively, which is below the state's goals. Purchases from one MBE vendor accounted for $34 million (55 percent) of the $62 million in MBE participation.[5] State agencies also spent $200 million through OA for capital improvements. OA reported MBE/WBE participation of 15 percent and 8 percent, respectively, which exceeded the state's required goals.

MBE participation results were somewhat higher for agencies purchasing goods and services through OA during fiscal year 2002. OA reported a total of 12 percent[6] for MBE participation, or $52 million, for goods and services expenditures totaling $445 million, which exceeded the state's required goal of 10 percent. However, OA fell short of meeting the state's desired goal of 20 percent. OA also reported a total of 3 percent for WBE participation, or $12 million, for goods and services, which did not meet the state's required goal of 5 percent or desired goal of 10 percent.

OA reported a total of 15 percent for MBE participation, or $30.7 million, on capital improvement contracts[7] totaling $200 million which met the state's desired goal of 15 percent. OA also reported a total of 8 percent WBE participation, or $16.5 million, which exceeded the state's required participation requirement of 5 percent, but fell short of the desired WBE goal of 10 percent for capital improvement procurements.

Table 2 depicts MBE/WBE accomplishments achieved through OA, and by agencies, for goods and services expenditures, and capital improvement contracts, during fiscal year 2002.

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[5]We estimate $32 million in purchases were made through OA and $2 million in purchases were made by agencies, according to state's computerized accounting system data.
[6]Purchases on one contract accounted for $32 million of the $52 million MBE participation reported by OA.
[7]Excludes capital improvement contracts for MoDOT and Conservation.

Table 2: Percentage Agency Participation Results for Fiscal Year 2002 Expenditures

	MBE Participation			WBE Participation		
Category/State Agency	**OA**	**Agency**	**Total**	**OA**	**Agency**	**Total**
Goods and Services						
Insurance	32[1]	14	28	7	5	6
Labor and Industrial Relations	25	20	24	4	3	4
Natural Resources	20	4	14	3	2	3
Economic Development	17	8	15	4	3	4
Health and Senior Services	15	3	11	2	1	1
Revenue	14	3	6	1	0[2]	0[2]
Mental Health	14	3	5	0[2]	2	1
Social Services	12	2	10	3	1	2
Public Safety	10	2	7	1	2	1
Corrections	10	2	8	4	2	4
Conservation	8	0[2]	4	3	2	2
Elementary and Secondary Education	7	2	5	2	5	3
Office of Administration	7	4	6	3	0[2]	3
Higher Education	5	3	5	0[2]	0[2]	0[2]
Agriculture	9	2	5	0[2]	2	1
Total – Goods and Services	**12[3]**	**3**	**8**	**3**	**2**	**2**
Capital Improvements –						
OA-Design and Construction[4]	**15**	**N/A**	**15**	**8**	**N/A**	**8**

[1]Percent reported for the Department of Insurance reflects large computer purchase.
[2]Percentages less than 1 percent.
[3]Percentage reflects $32 million in purchases from one contractor which accounts for 7 percent of participation reported by OA.
[4]Includes capital improvements for all agencies except for MoDOT and the Department of Conservation.

Source: Data from OA's fiscal year 2002 MBE/WBE expenditure report.

As shown in Table 2, results reported for agencies purchasing goods and services were substantially less than those reported when purchasing goods and services through OA. Only two agencies met or exceeded the state's required goal of 10 percent MBE participation. Overall, MBE results reported for goods and services purchased in-house by agencies totaled 3 percent, which is substantially less than the state's required goal of 10 percent. The 2 percent reported for WBE participation for goods and services purchased by state agencies also did not meet the state's required goal of 5 percent or desired goal of 10 percent.

OA has overstated some results

OA's reporting of program accomplishments has not been entirely accurate. We found examples in which D&C had overstated MBE/WBE accomplishment on three projects by about $2 million for fiscal years 2001 and 2002. Our review of 86 sampled capital improvement contracts disclosed MBE/WBE participation accomplishments reported by D&C personnel had been overstated by $616,000 for fiscal years 2001 and 2002. These overstatements occurred because D&C personnel reported accomplishments based on contract requirements, or estimated participation, and not actual results achieved. For example:

- On a $5.4 million project, the WBE subcontractor could not complete its $1.2 million portion of the project. The WBE had completed and been paid $600,000 on the contract;

however, D&C reported the $1.2 million contractual requirement instead of what the WBE firm accomplished.

- On a $90,000 project to replace a cooling tower, the MBE subcontractor did not comply with contract requirements and left the project. The prime contractor replaced the subcontractor with a non-MBE contractor to finish the job. D&C reported a $16,000 MBE accomplishment, which should have not been reported.

On another case, not included in our sample cases, D&C personnel reported $1.3 million in WBE participation. However, case documents disclosed the WBE subcontractor went out of business before the contract started. Therefore, no accomplishment should have been reported on this contract.

We also found instances where D&C personnel had counted minority, woman-owned subcontractors as an MBE and WBE for reporting purposes, while Purchasing did not. For example, our review of sampled contracts disclosed personnel double counted approximately $87,000 on three design contracts. D&C personnel stated they had been directed to report participation in this manner. However, policies and procedures do not address reporting results on a subcontractor who qualifies as a minority and a woman-owned business.

D&C personnel do not follow OEO guidance when reporting accomplishments

D&C personnel also included the value of work done by MBE/WBEs certified by organizations other than OEO for reporting purposes. For example, D&C personnel claimed $14 million in MBE participation and $8.9 million in WBE participation on a $112 million contract. However, $5.4 million of MBE participation and $4.4 million of WBE participation had been paid to non-OEO certified firms. OEO guidance states certifications by other organizations, or other states, should go through "rapid certification," or an out-of-state application process, by OEO in order to validate those certifications. However, D&C personnel did not follow that guidance. If D&C had followed OEO procedures and OEO had determined those MBE/WBEs to be ineligible for certification, MBE and WBE participation results could have been reduced by as much as $5.4 million, or 39 percent, and $4.4 million, or 50 percent, respectively, on this contract.

In addition, D&C personnel included MBE/WBE accomplishments for "one-time" MBE/WBE certification exemptions granted by D&C personnel.[8] OEO's guidance requires contractors be OEO certified to be included in reported accomplishments. D&C has included "one-time" certifications in its accomplishments because D&C followed its 1984 guidance developed for the program. According to an OEO official, the original program began in 1984 and D&C's guidance allowed one-time certifications to encourage participation in the program. However, the official stated one-time certification exemptions may no longer be needed because the program is established and because OEO acts as the focal point for MBE/WBE certifications.

[8]See page 15 for additional discussion on the certification process.

MBE/WBE opportunities to participate in state contracts have not been maximized

Our review of sampled cases disclosed OA did not always require MBE/WBE participation on eligible state contracts, and did not always have adequate support for waivers of MBE/WBE participation requested by contractors. Further, OA has not always notified MBE/WBEs of subcontract and/or prime contract opportunities.

Our review of a statistical sample of 86 D&C contracts disclosed D&C personnel included participation requirements in the majority of construction contracts valued at $100,000 or more. However, they did not require participation in some eligible contracts. Our review showed 60 of 86 sampled contracts represented construction contracts.[9] Of the 60, 29 contracts totaling $128 million, were subject to the $100,000 participation requirement. Of these 29, D&C personnel included participation requirements in 21 contracts totaling $125 million. OA reported MBE participation of $14 million (11 percent of $128 million) and WBE participation of $11 million (9 percent of $128 million).

D&C personnel did not require MBE/WBE participation on 8 eligible contracts totaling $2.2 million. For example:

- Participation requirements had not been included on a $700,000 contract to build a dormitory at a children's camp, due to an oversight according to D&C personnel.
- On a $431,000 contract for a building at a prison located near Springfield, personnel stated participation is hard to obtain in the Springfield area, but they probably could have established goals. Our review disclosed MBE and WBE subcontractors exist in the southwest area of the state.
- Both a $143,000 roof replacement and a $145,000 maintenance building repair represented small projects, which are difficult to subcontract, according to a D&C official.

Our review of sampled contracts also disclosed D&C personnel had not included participation requirements on the majority of construction contracts valued at less than $100,000.[10] Our review showed 31 of 60 sampled contracts totaling $1.1 million, were valued at less than $100,000. D&C personnel required MBE/WBE participation as a subcontractor on one contract totaling $90,000, but did not require participation on the remaining 30 sampled contracts (totaling $1 million). MBE participation reported by OA on the one contract represented $16,000 (less than 2 percent of the $1.1 million) while WBE participation totaled $6,000 (less than 1 percent of the $1.1 million).

The 1998 executive order requires executive agencies to make every feasible effort to increase the percentage of goods and services procured from certified MBE/WBEs to 10 percent and 5 percent, respectively. D&C personnel recognize the executive order applies to contracts valued at less than $100,000, and they encourage contractors to seek participation on contracts near the

[9]D&C awarded 347 construction contracts during 2001 and 2002 totaling $253 million. Of these, 159, or 46 percent, totaling $247 million met the $100,000 criteria.
[10]D&C awarded 188 construction contracts during fiscal years 2001 and 2002, totaling $6 million, valued at less than $100,000.

threshold. However, D&C guidance does not require minority participation on contracts or MBE/WBEs to serve as prime contractors on contracts valued at less than $100,000.

Our review disclosed 26 of the 86 sampled contracts represented design contracts. The 26 contracts totaled $5 million. The 1998 executive order also directs MBE/WBE requirements be included as part of the quality-based selection process for design contracts involving construction projects estimated to cost $1.5 million or more. We found D&C personnel followed the guidance; however, they established $5 million as the threshold because, according to D&C personnel, it is too time consuming to go through the quality ranking process on design contracts less than $5 million. We found MBE/WBE requirements had been included as part of the quality-based selection process for two design contracts totaling $3 million on the two construction projects valued at $5 million or more.

Twenty-four of the 26 design contracts totaling $1.9 million, involved construction projects valued at less than $5 million. The 1998 executive order directs D&C make special efforts to target MBEs and WBEs as prime contractors for design contracts when construction projects are valued at less than $1.5 million. D&C followed that guidance; however, under D&C's guidance the threshold is $5 million. We found prime contracts had been awarded to MBE/WBE contractors on 6 of the 24 design contracts and D&C reported MBE participation totaling $202,000 (11 percent of $1.9 million) and WBE participation of $114,680 (6 percent of $1.9 million).[11]

Purchasing missing opportunities

Regarding Purchasing contracts, most did not include participation requirements in contracts valued at $100,000 or more. Our review of a statistical sample of 100[12] purchase contracts showed 22 purchases totaling $11.8 million met the $100,000 participation criteria.[13] Purchasing personnel did not require participation on 18[14] purchases totaling $10.4 million, or 88 percent, of the value of the 22 sample contracts. Purchasing required participation on the remaining 4 purchases totaling $1.4 million—two information technology contracts and two services contracts, but no commodity contracts. OA reported MBE participation of $450,000 (4 percent, of the $11.8 million) and WBE participation of $273,000 (2 percent of the $11.8 million).

The 1998 executive order authorizes Purchasing to require prime contractors subcontract with MBEs/WBEs on contracts valued at $100,000 or more. However, Purchasing personnel have not required subcontract participation on commodity contracts. Commodity expenditures represented $153 million, or 30 percent of $512 million in purchasing expenditures for fiscal years 2001 and 2002. According to Purchasing personnel, it is not practical to include MBE/WBE participation requirements in commodity contracts due to difficulty in breaking out a meaningful portion of the contract for subcontracting. However, sampled commodity contracts disclosed opportunities may exist to include MBE/WBE participation requirements. For

[11]See page 6 for discussion of accuracy of reporting.
[12]Includes 22 contracts with zero values or activity for fiscal years 2001 and 2002.
[13]During fiscal years 2001 and 2002, $471 million in purchases, or 92 percent of $512 million in total purchase expenditures, met the 1998 executive order guidance of $100,000 for MBE/WBE participation.
[14]On 2 of the 18, purchasing personnel had awarded contracts to MBE/WBEs.

example, when we inquired about a $1.7 million paper contract, Purchasing personnel contacted the firm and the contractor confirmed opportunities for subcontractors may have existed on the contract. Purchasing personnel also stated they do not include participation requirements on information technology or services contracts unless a portion of the contracts can be subcontracted or unless certified MBE/WBEs can provide the needed goods or services.

Purchasing personnel also had not included participation requirements for the majority of sampled contracts valued at less than $100,000.[15] Our review of the 100 sample contracts disclosed 56 purchases totaling $2 million, were valued at less than $100,000. Purchasing personnel did not require participation on 55 of 56 purchases totaling $1.95 million. Purchasing awarded one purchase totaling $44,000, or 2 percent, of the value of those purchases, to a WBE prime contractor and reported those amounts as WBE accomplishments. The 1998 executive order requires executive agencies to make every feasible effort to increase the percentage of goods and services procured from certified MBE/WBEs to 10 percent and 5 percent, respectively. However, on less than $100,000 contracts, Purchasing guidance does not require participation and little effort is made to target MBE/WBEs as prime contractors or subcontractors.

Good faith efforts by contractors not always adequately supported

We found D&C personnel granted complete or partial waivers on 13, or 45 percent, of the 29 capital improvement contracts subject to the $100,000 participation requirement criteria. D&C guidance states waivers can be granted under certain conditions when contractors demonstrate good faith efforts[16] to meet participation proposal goals. D&C guidance also states 6 of 10 checklist items should be addressed adequately in order for a contractor to demonstrate a good faith effort. However, during our review of cases, we found instances where contractors had not adequately supported good faith efforts.

D&C personnel stated determining good faith efforts by contractors is very subjective and current procedures may not be adequate to ensure good faith effort by contractors. D&C personnel also stated contractors are sometimes checked for efforts in seeking out MBE/WBE subcontractors. However, D&C's effort has not been documented. For example, personnel may contact MBE/WBEs to determine if they received adequate time to prepare bids for prime contractors or were even contacted by prime contractors. In reviewing a draft of this report, a D&C official stated OA is studying ways to make the good faith evaluation more objective and plan to have a revised version in fall 2003.

Federal regulations[17] provide guidance in judging whether contractors have made bona fide good faith efforts to secure minority business participation on federal transportation contracts. For example, the guidance states when an apparent successful bidder fails to meet contract participation goals, but other bidders meet requirements, you may reasonably question whether, with additional reasonable efforts, the apparent successful bidder could

[15]During fiscal years 2001 and 2002, $40 million (8 percent of $512 million) of purchases were valued at less than $100,000.
[16]See Appendix I for description of items to be addressed by contractors requesting waivers.
[17]Parts 23 and 26 of Title 49 of the Code of Federal Regulations.

have met participation goals. Also, if the apparent low bidder meets or exceeds the average participation by other bidders, this may be evidence of the bidder making the effort. OA officials do not have procedures in place requiring the use of federal guidance in determining good faith efforts.

OA missing opportunities to increase participation

MBE/WBEs were not routinely notified of subcontract and prime contract opportunities on purchasing and capital improvement contracts by OEO's supplier diversity section,[18] Purchasing, or D&C personnel. Supplier diversity personnel had access to all requests for upcoming proposals, and proposals posted on the state's Internet site. However, supplier diversity has no coordinated effort to ensure MBE/WBEs are contacted for most purchasing, or capital improvement contracts, according to supplier diversity personnel.

Purchasing relies on prime contractors to seek MBE/WBE participation on contracts valued at $100,000 or more, according to Purchasing personnel. According to supplier diversity personnel, Purchasing personnel sometimes contact supplier diversity personnel for assistance in making MBE/WBEs aware of contract opportunities on large Purchasing contracts. However, outreach efforts are not required and have not occurred on all purchase contracts, according to supplier diversity personnel. Purchasing established a procedure referred to as "on-line registration" and MBE/WBEs are encouraged to register and indicate the types of goods and services provided. As part of this process, applicable businesses are notified by e-mail when proposals are planned. However, according to an OEO official, while OEO has had some success with MBE/WBEs registering on-line for this service, it has made on-line registration a requirement in order for a firm to be re-certified by OEO to encourage more firms to register on-line.

Purchasing also occasionally awards contracts to MBE/WBEs who act as the prime or sole contractor. However, no coordinated effort exists between supplier diversity and Purchasing to routinely contact MBE/WBEs about prime contractor opportunities on less than $100,000 contracts, or larger contracts valued at $100,000 or more where subcontracting was not possible.

Purchasing and D&C rely on contractors

D&C also relies on prime contractors to seek MBE/WBE participation, according to D&C personnel. State contract opportunities are posted on the state's Internet site and prime contractors are required to advertise subcontract opportunities in the news media. However, D&C does not have policies or procedures requiring personnel to notify MBE/WBEs, or OEO's supplier diversity personnel, of capital improvements projects. According to supplier diversity personnel, they have limited involvement with D&C personnel in promoting the program.

[18]OEO's supplier diversity section is responsible for promoting the MBE/WBE program.

Adequate oversight of the program not always provided

Since 1998, OA has not conducted annual reviews of the program to assess the status of the program and whether there is continued need for it. In addition, OA has not (1) ensured all contracts are monitored for adherence to contract participation requirements and all contracts provide monetary damages when contractors do not meet contract participation requirements, (2) adequately monitored prime contractors to ensure legitimate business relationships exist with MBE/WBEs, and (3) adequately documented the certification process.

The 1998 executive order establishing the program requires an oversight review committee and OA's contract compliance officer to submit yearly reports to the governor and OA Commissioner assessing program progress, and continued need for the program. Annual assessments were to address the level of MBE/WBE participation and whether the program should be continued. If the report determined MBE/WBE participation had been commensurate with MBE/WBE presence and capability in the marketplace, the program could be terminated. According to a committee member, the committee has been inactive since issuance of the executive order and no reports have been submitted. The OA compliance officer stated he had not prepared a report assessing the program since 1998.

OA does not always know whether contractors have met MBE/WBE contract requirements

D&C personnel do not always know whether prime contractors have met contract participation MBE/WBE accomplishments because D&C does not always ensure contractors submit progress reports detailing amounts paid to MBE/WBE subcontractors. For example, on design contracts D&C personnel do not require prime contractors to submit progress reports and, therefore, they may not always know whether or not the contractor actually achieved MBE/WBE requirements. D&C requires contractors on construction contracts to submit monthly progress reports to help ensure MBE/WBE subcontractors are paid in accordance with the contract. However, D&C personnel do not use this information to formally track actual MBE/WBE program accomplishments, according to a D&C official.

The 1998 executive order also states D&C and Purchasing shall establish enforcement procedures, including penalties for failing to meet contract participation requirements. Purchasing personnel included a clause in purchase contracts allowing Purchasing to cancel the contract, debar the contractor, and assess monetary penalties if the contractor did not obtain adequate MBE/WBE participation. D&C contracts contain provisions which allows the Director of D&C to (1) declare the contractor ineligible to participate in state business for up to 12 months, and (2) declare the contractor in breach of the contract. However, D&C contracts do not provide for other specific penalties such as monetary (liquidated) damages.

OA has not ensured legitimate business relationships exist

D&C personnel have not actively monitored construction contractors to ensure MBE/WBEs actually perform subcontract work. According to D&C personnel, occasional visits are made to sites to confirm MBE/WBEs are working on site; however, the results of those visits are not documented. Site administrators are on site at larger projects; however, they are not required to monitor the prime contractor to ensure MBE/WBEs do the work, according to D&C personnel. D&C personnel also stated they have done nothing to ensure MBE/WBE subcontractors perform work on design contracts. D&C personnel do not monitor these contractors or require prime contractors to submit progress reports to D&C showing amounts paid to MBE/WBEs. Progress reports are required on construction contracts when MBE/WBEs are used.

D&C personnel have not found an instance in which a prime contractor "fronted," or did the work themselves, for a MBE/WBE subcontractor to meet contract requirements. According to MoDOT officials, MoDOT monitors prime contractors for "fronting" and has found it can happen. For example, in November 2001, MoDOT personnel uncovered a subcontractor who had not performed a "commercially useful function" on a highway construction job, and MoDOT took action against the prime contractor for using the subcontractor as a "front."

Purchasing personnel also have not monitored purchase contracts to confirm MBE/WBEs performed subcontract work on contracts for goods and services, according to a Purchasing official. The official stated such oversight is not the division's responsibility, instead state agencies should monitor whether MBEs/WBEs actually do the work. However, agency personnel we contacted stated it is OA's responsibility to monitor contractors because OA has contract oversight responsibilities. In reviewing a draft of this report, the Deputy Commissioner stated Purchasing and state agencies have a shared responsibility to monitor contracts for MBE/WBE contractual compliance since they are both responsible for contract administration. However, she stated perhaps there needs to be a reminder issued as to what role each of them has in this area. We believe sound business practices dictate personnel responsible for contracting should monitor contractors to ensure "fronting" does not occur.

OA has not ensured adequate documentation of its certification process

Our review of the certification process disclosed file documents were sometimes incomplete and re-certifications were not always timely in accordance with OEO guidance. We reviewed 25 certification and re-certification files and 21 pending re-certification files processed by OEO personnel and found:

- birth certificates, drivers license, and other proof of minority status were not always on file,
- desk audits of out-of-state certifications were not documented in all case files,
- checklists to document all information had been completed were not always on file, and

- re-certifications of MBE/WBEs by OEO personnel were not always timely. OEO guidelines give state vendors six months to submit the re-certification application before they are considered inactive and removed from the list of certified vendors. In one case we noted a vendor's certification had expired over 10 months before personnel removed the vendor from the list of certified vendors.

D&C personnel also did not follow OEO guidance on MBE/WBE certification procedures. Instead, personnel granted contractors, uncertified by the OEO, a one-time exemption from certifications process so they could be counted as a MBE/WBE on the project. In addition, D&C personnel did not adhere to the one-time exemption. In one instance, D&C allowed one contractor to be used twice as an MBE without requiring OEO certification. According to D&C personnel, they used the one-time exemption to encourage MBE/WBEs to participate on state contracts. However, according to an OEO official, one-time exemptions may no longer be needed because MBE/WBE now have the opportunity to become OEO certified, thereby eliminating the need for one-time exemptions.

State agencies face impediments in achieving MBE/WBE participation

An OEO official stated OEO wants to assist state agencies in meeting their participation goals. The official told us OEO recently requested agencies provide OEO documentation of how agencies spend discretionary funds in an attempt to locate types of purchases in which MBE/WBEs are being underutilized. The official also stated information is essential to the success of the program and OEO will try to work with agencies in developing helpful reports. In addition, another OEO official told us it would be possible to create a report all agencies could access to accumulate information to help the agencies isolate opportunities to identify potential MBE/WBE contractors. The official said it is important for each agency to take ownership of the program. If the agency invests time and resources in developing reports, those agencies will be more likely to utilize report information, according to the official. However, discussions with personnel from five state agencies—four of which are failing to meet state participation goals—disclosed agencies face various impediments in getting MBE/WBE participation on state contracts. Discussions with agency personnel contacted revealed the following:

The first agency official has attempted to increase participation through various efforts. For example, the agency identified uncertified minority- and women-owned contractors the agency utilizes and sent out a letter inviting those contractors to become OEO certified. However, the agency received a very low response rate because some of the contractors did not want to submit the personal information required in the certification process, according to the official. The official requested OA's help in sending out additional letters to these contractors; however, OA did not have the resources to help, according to the agency official. The official also stated the agency has not been successful in determining a way to increase MBE/WBE participation.

The official had several suggestions for helping agencies improve program results. For example, centralized reporting of non-MBE/WBE expenditures could be used to determine future contract opportunities. Instead of each agency developing its own MBE/WBE reports

the official stated OA should develop the reports for all state agencies to use. The official stated the data is available in the state's computerized accounting system; however, the data needs to be organized into usable reports. The official also stated an annual assessment of the program would be useful providing it is an honest assessment of the program and recommendations from the report are implemented.

The second agency official stated his agency has experienced problems in obtaining MBE/WBE participation because minority- and women-owned businesses sometimes do not have a sufficient line of credit to buy goods on the scale necessary to compete for state contracts. In addition, his agency deals with minority firms; however, MBE/WBE firms do not always want to be certified by OEO because of certain required information such as tax information and other required information.

The official stated the executive order requires agencies to seek MBE/WBE participation; however, his agency has not been provided assistance needed to meet state goals. He stated the OEO often stresses to the agencies the need to increase their participation numbers, but he believes OEO provides little tangible help to state agencies.

The third agency official stated his agency has experienced problems in obtaining MBE/WBE participation because the majority of professional contractors his agency normally deals with are non-profit organizations. The official also stated OEO's decision to no longer certify non-profit organizations has lowered his agency's MBE/WBE participation percentages.

The official also stated it would helpful if OA had centralized reporting which would identify MBE/WBE vendors used by state agencies, with information on the type of purchase. The official stated having up-to-date and accurate information is important to the success of the program. If personnel making purchasing decisions could have easy access to MBE/WBE's utilized by all agencies, it would be helpful in increasing participation. He stated OEO personnel are generally helpful and have been particularly helpful in assisting his agency in compiling MBE/WBE participation data.

The fourth agency official stated many MBE/WBE firms have difficulty obtaining sufficient capital, bonding, or other technical assistance, in order to compete for state business. The official stated a lack of collaboration between state agencies who provide technical assistance to MBE/WBE firms adds to this problem. The official also stated a broad based strategic review of the program should be performed to ensure the collaboration of efforts among state agencies who provide technical assistance to MBE/WBE firms, and to provide creative ways of assisting MBE/WBE firms. The official added a strategic review effort of this type would help increase MBE/WBE participation in state contracts.

The fifth agency official stated his agency has had difficulty in contracting with minority firms due to the low number of minority-owned firms in the Jefferson City/mid-Missouri area. Also, the minority contractors have difficulty competing against larger suppliers. The official stated the certification process could be made less stringent since required documentation, such as corporate minutes and tax returns, can create obstacles for those

firms seeking certification. Also, some minority firms do not perceive any benefit in being state certified and do not pursue certification.

Conclusions

State agencies did not meet MBE/WBE program goals for fiscal year 2002. While OA has had some success in improving program results, improvements are needed in the state's program. While OA has reported it met the 1998 executive order goal for MBE participation on capital improvement contracts, it has not met the goal for WBE participation for those contracts or MBE/WBE participation goals for purchases. In addition, OA has overstated some MBE/WBE accomplishments by not always reporting actual accomplishments and double counting some results. Some OA personnel have also reported results for non-OEO certified MBE/WBEs. Accurate reporting of MBE/WBE accomplishments is important in assessing OA's performance in meeting MBE/WBE goals established in the executive order.

OA has included participation requirements on the majority of capital improvement contracts valued at $100,000 or more. However, OA has achieved little participation on contracts valued under $100,000 because OA guidance does not address this requirement and OA personnel have done little to promote participation on smaller contracts. OA has not always required prime contractors to fully justify good faith efforts for a MBE/WBE requirement waiver and does not document its spot checks of good faith efforts by contractors. MBE/WBEs are not always aware of contract opportunities because OA does not ensure coordination between personnel promoting the program and personnel handling contracts.

Additional program oversight is needed because OA has not assessed the program's status since 1998, or determined the effectiveness of the program. Such an assessment would provide the governor valuable information regarding utilization of eligible MBE/WBEs. In addition, OA does not have the means to track participation on all contracts because OA has not required all contractors to provide progress reports showing participation results. We believe OA should require progress reports on all contracts and track progress payments in order to determine whether contractors are meeting MBE/WBE participation requirements. OA also has not required monetary penalties in all contracts for contractors not meeting MBE/WBE participation requirements. OA also has not adequately monitored prime contractors to ensure legitimate business relationships exist between prime and subcontractors. OA's certification of MBE/WBEs is not adequate because key documentation is missing from case files, required information is not always obtained, re-certifications are not always timely, and OEO guidance on certification procedures is not followed by all OA personnel. Agencies need help in obtaining MBE/WBE participation and OA should take the lead in providing needed assistance and monitoring agencies' progress in overcoming impediments to participation.

Recommendations

We recommend the Commissioner of Administration:

1. Report actual accomplishments achieved by MBE/WBEs, eliminate double counting of results, and require all OA personnel to follow OEO guidance for reporting accomplishments.

2. Require MBE/WBE participation on all contracts valued at $100,000 or more, or justify why participation is not required. For contracts or purchases under $100,000, establish procedures to include participation and target MBE/WBEs as prime contractors.

3. Strengthen procedures to ensure contractors are required to fully justify "good faith efforts" before waiving some or all MBE/WBE participation requirements and to ensure OA personnel document reviews of good faith efforts.

4. Establish policies and procedures to ensure a coordinated effort within OA to notify MBE/WBEs of contract opportunities.

5. Annually assess the program's status, determine its continued need, and report findings to the governor.

6. Require all contractors to submit progress reports on amounts paid to MBE/WBEs, monitor accomplishments through the use of progress reports, and include a monetary damages clause in all contracts as a means of penalizing contractors not meeting MBE/WBE contract requirements.

7. Establish procedures for monitoring business relationships with MBE/WBEs and prime contractors for legitimacy.

8. Establish procedures to ensure the certification process is fully documented, required information is obtained, re-certifications are timely, and all OA personnel follow OEO certification guidance.

9. Act as the focal point for the state in providing guidance and assistance to state agencies in order to increase participation in the program.

10. Monitor state agency activities to ensure state agencies are actively pursuing MBE/WBE participation whenever possible.

Agency Comments

OA provided the following comments.

1. *The Office of Administration (OA) concurs with the recommendation that the Division of Design & Construction (D&C) discontinues the practice of double counting of firms owned by minority females as both MBE and WBE for the purpose of reporting results.*

   D&C will follow OEO guidance for the reporting of results. However, we believe the difference is immaterial between the amounts reported currently by D&C and those that would be reported if the method recommended by the SAO is implemented.

2. *The Division of Purchasing and Materials Management (PMM) requires M/WBE participation on all purchases over $100,000 unless it is determined by PMM in consultation with the state's Contract Compliance Officer that participation is not feasible for a particular contract. Areas for consideration in waiving the participation requirement include but are not limited to historical bid data and availability of MBE/WBE firms.*

   Annually Design & Construction establishes M/WBE goals for projects over $100,000 based on type of work, cost, location and availability. On some projects we have far exceeded the desired goals.

   All state agencies are required to meet the established goal. A significant effort is being made by the Contract Compliance Council and the Supplier Diversity program to require participation by state agencies.

3. *Procedures are currently in place that require justification of waiving MBE/WBE participation requirements and to ensure that a good faith effort has occurred. D&C is currently performing a review and revision of their good faith effort procedures to further strengthen them.*

4. *We have procedures to insure a coordinated effort that Supplier Diversity is aware of M/WBE opportunities by periodically interacting with purchasing and construction personnel; weekly monitoring the web pages of PMM and D&C for opportunities; reviewing weekly bid listings of all commodities/services provided by PMM; and routinely contacting agencies.*

5. *Program information is shared with the Governor and the Legislature. The Oversight Review Committee will issue an annual report pursuant to executive order 98-21. The Minority Business Advocacy Committee exists to monitor M/WBE participation and make recommendations to the Governor.*

6. *We will continue to require prime contractors to report the amount paid to all subcontractors or suppliers.*

PMM currently includes a clause in its contracts allowing purchasing to cancel the contract, debar the contractor, and assess monetary penalties if the contractor fails to obtain adequate M/WBE participation. We will review the feasibility of adding a similar clause in D&C contracts.

7. *The Contract Compliance office was established to monitor and determine on the front-end the legitimacy of MBE/WBE contractor compliance. In addition, this office investigates complaints when there are issues related to business relationships.*

8. *We concur. A check sheet is now in place to insure all required documentation has been submitted before the application is given to the certification coordinator.*

9. *OA currently does this primarily through the Contract Compliance Council, which was established to help improve and communicate Executive Order 98-21. We will continue to work with this group and as well as other entities to increase M/WBE participation.*

10. *We will continue to actively provide guidance and monitoring of efforts toward achievement of program goals.*

APPENDIX I

REQUEST FOR WAIVER FORM

When a bidder fails to meet the MBE or WBE participation goals in responding to a bid, and wishes to request a partial or complete waiver for the requirement, the bidder should complete and submit the application for waiver form to OA. Contractors wishing to be considered for an award are required to demonstrate good faith efforts have been made to include MBE/WBE firms as subcontractors. OA personnel use the form to evaluate good faith efforts. Table I.1 shows items to be addressed in support of a waiver request.

Table I.1: Items to be Addressed by Contractors Seeking Waivers

Item	Description
1.	List pre-bid conferences your firm attended where MBE/WBE requirements were discussed.
2.	Identify advertising efforts undertaken by your firm which were intended to recruit potential minority/women subcontractors for various aspects of this project. Provide names of newspapers, dates of ads and affidavits of ads run.
3.	Note specific efforts to contact, in writing, those MBE/WBEs capable of and likely to participate as subcontractors for this project.
4.	Describe steps taken to divide work into areas in which MBE/WBEs would be capable of performing.
5.	What efforts were taken to negotiate with prospective MBE/WBEs for specific sub-bids? Include the names, addresses and telephone numbers of those contacted, a description of the information given to MBE/WBEs regarding the plans and specifications for the assigned work, and a statement as to why additional agreements were not made with MBE/WBEs.
6.	List the reasons for rejecting MBE/WBEs indicating a desire to participate and/or that submitted bids.
7.	Describe efforts your firm may have taken to assist an MBE/WBE in overcoming legal or other requirements that needed to be met.
8.	Describe follow-up contacts with MBE/WBEs made by your firm after the initial solicitation.
9.	Describe the efforts made by your firm to provide interested MBE/WBEs with sufficiently detailed information about the plans, specifications, and requirements of the contract.
10.	Describe your firm's efforts to locate MBE/WBEs not on the directory list and assist MBE/WBEs in becoming certified as such.

Source: D&C contract files.