



State of  
West Virginia

---

Department of  
Administration

PURCHASING  
DIVISION

FISCAL YEAR 2006  
**ANNUAL REPORT**

[www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)

*The West Virginia Purchasing Division is an E.E.O. Employer*



# Table of Contents

	<u>Page Number</u>
<b>A Message from the Purchasing Director .....</b>	<b>1</b>
<b>General Information.....</b>	<b>2</b>
Statutory Authority .....	2
Mission Statement .....	2
Our Values .....	2
Customer Expectations.....	3
Organizational Structure.....	4
Organizational Chart .....	5
Quick Contact Reference Guide .....	6
<b>Year in Review: Highlights .....</b>	<b>7</b>
<b>Year in Review: Program Accomplishments .....</b>	<b>13</b>
Acquisitions and Contract Administration Section .....	13
Communication and Technical Services Section .....	16
Program Services Section .....	19
<b>Recognition Awards .....</b>	<b>22</b>
<b>Financial Statistics .....</b>	<b>25</b>
<b>Legislative Changes .....</b>	<b>26</b>

# A Message from the Purchasing Director



June 30, 2006

## To the Citizens of West Virginia:

For the more than 25 years I have worked in state procurement in West Virginia, this year will go down in history as realizing the most dramatic changes to our policies and procedures.

During this fiscal year, our division worked closely with Gov. Joe Manchin and his staff, as well as our state legislators in developing a major reform effort that would provide flexibility and efficiency in the purchasing process, while ensuring integrity through safeguards and internal controls. I am pleased to announce that we achieved our goal.



As a result of purchasing reform, many changes have and will take place, which the Purchasing Division is eager to welcome. Since legislation went into effect on June 8, 2006, our staff has created new procedures for many tasks that are performed daily. To make our processes more efficient, the use of technology has been heightened allowing more accessibility to our customers.

Organizationally, our division merged two sections to streamline many of the functions under our responsibility. The Administration and Inspection Services Section has been incorporated into the Communication and Technical Services Section.

This has been a monumental year in state procurement, with positive outcomes for our agency purchasers, lobbyists, business community and for our own staff. Many more of our initiatives and accomplishments realized during this fiscal year are highlighted within this **Annual Report**. Thank you for your cooperation and support in our continued efforts to enhance our service to you.

Sincerely,

Dave Tincher, Director  
West Virginia Purchasing Division



# General Information

## West Virginia Purchasing Division

2019 Washington Street, East  
P.O. Box 50130  
Charleston, WV 25305-0130

**Telephone:** (304) 558-2306

**In-state toll-free:** 800-BIDS2WV (800-243-7298)

**Fax:** (304) 558-4115

[www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)

## Statutory Authority

The Purchasing Division was created and its duties outlined in the **West Virginia Code**, §5A-3-1 et seq. According to the Code, "the Purchasing Division was created for the purpose of establishing centralized offices to provide purchasing, travel and leasing services to various state agencies."

The Purchasing Division operates in adherence to its **Legislative Rule** (148 CSR 1), which serves as a clarification of operative procedures for the purchase of products and services by the Division. It applies to all spending units of state government, except those statutorily exempt.

## Mission Statement

The mission of the Purchasing Division is to provide valued services to our customers by making sound and effective decisions in accordance with state law. As a customer-driven organization, we strive to exercise prudent and fair spending practices in acquiring quality goods and services in a timely fashion; to continually improve the services we offer to maximize the efficiency of state government; and to provide leadership and guidance to our customers – state agencies, vendors, legislators and the general public – in building lasting business relationships.

## Our Values

**Integrity**...The Purchasing Division values the trust which its customers place upon our organization and works diligently to maintain that level of comfort realized by our customers.

## Our Values, Continued

**Service**...The Purchasing Division strives to serve its customers in the most effective and efficient manner to realize our shared goals.

**Knowledge**...The Purchasing Division is a knowledgeable source to state agencies and the vendor community regarding our laws and procedures. We seek to understand the needs of our customers and provide necessary information and guidance.

**Communication**...The Purchasing Division communicates effectively with our customers on policies, procedures and regulations and serves as a reliable resource on public procurement.

**Mutual Respect**...The Purchasing Division believes in the philosophy of reciprocal respect in the business world.

**Fairness**...The Purchasing Division conducts our business practices in a fair manner by providing equal opportunities to the vendor community, and guidance and information to state agency purchasers.

**Teamwork**...The Purchasing Division recognizes the importance of the concept of teamwork in its daily operation. Our organization encourages our customers to provide feedback to realize continuous improvements.

**Professionalism**...The Purchasing Division believes in the professionalism of our staff and in the manner in which we interact with our customers.

**Innovation**...The Purchasing Division seeks innovative methods to improve the programs and services provided, while abiding by legislative and regulatory statutes.

**Leadership**...The Purchasing Division aims to serve as a leader in state government procurement by providing its customers with effective guidance and valuable information.

## Customer Expectations

### WHAT OUR CUSTOMERS WANT:

<u>Public</u>	<u>Vendors</u>	<u>Legislators</u>	<u>State Agencies</u>
Integrity	Fairness	Guidance	Information
Accessibility	Communication	Information	On-Time Delivery
Ethics	Accessibility	Responsiveness	Guidance
Efficiency	Information	Openness	Partnership
Responsiveness	Ethics	Accessibility	Competence
Dependability	Added Value	Partnership	Accessibility
Quality	Simplicity	Competence	Open-Mindedness
	Communication	Simplicity	Innovativeness

## **Organizational Structure**

The Purchasing Division recently reorganized its structure under the Department of Administration. In addition to the Purchasing Director's office, the division now has three sections: Acquisition and Contract Administration, Communication and Technical Services, and Program Services.

### **Acquisition and Contract Administration Section**

This section is responsible for the procurement of products and services for state agencies in excess of \$25,000. It is committed to providing good customer service to agencies and vendors by buying the best quality commodities at the lowest cost to taxpayers. The procurement process is monitored through the Requisition Tracking System from the requisition process to the award of the purchase order. This section strives to provide quality services in the most efficient manner.

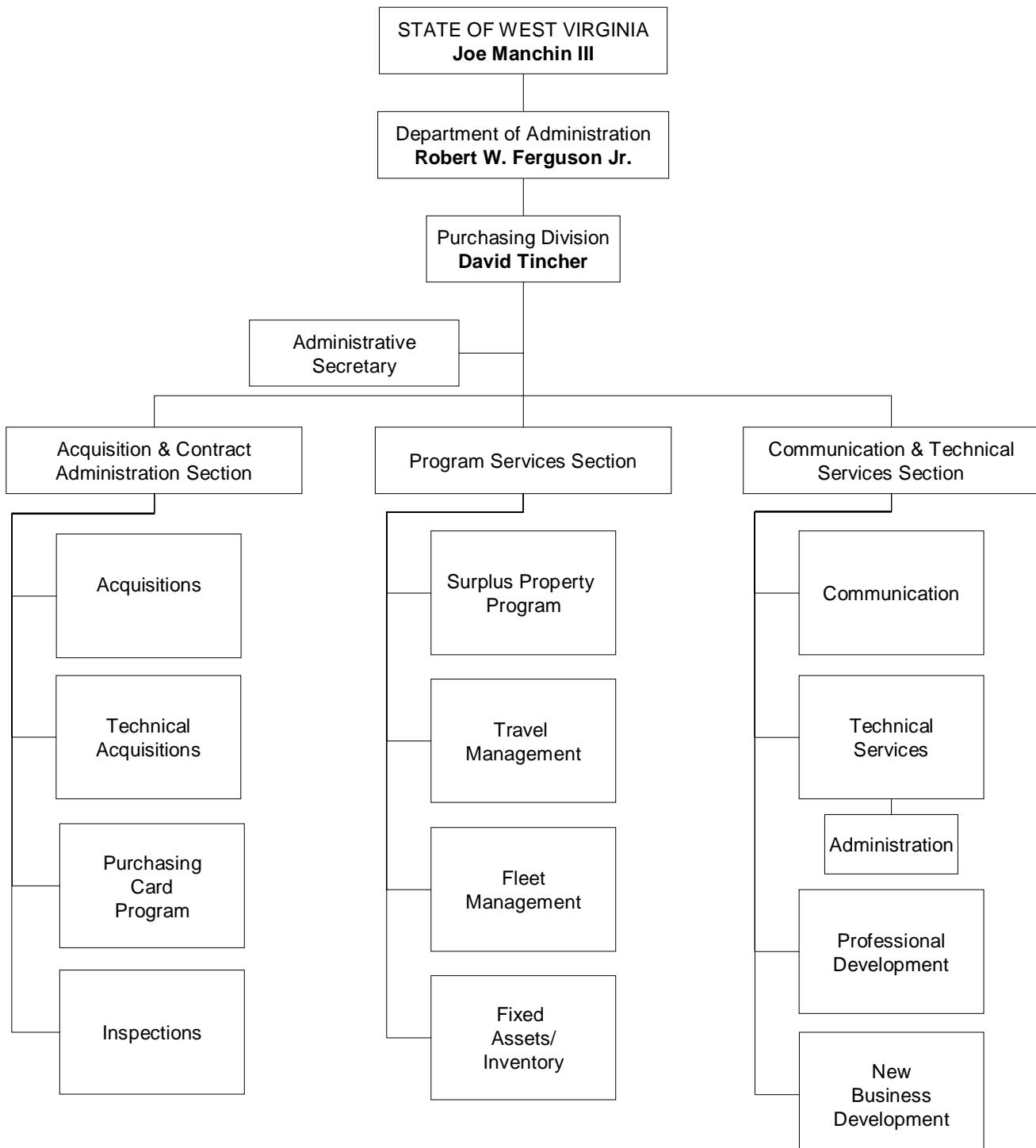
### **Communication and Technical Services Section**

This section is responsible for a variety of services offered to agency purchasers, the business community and to the general public. It focuses on technology, communication, training, new business development and administrative functions, such as vendor registration, records imaging, purchase order encumbrance, bid receipt and bid package distribution. The Communication Unit provides information related to the division as well as the individual programs which are administered by the division. The Technical Services Unit maintains the automated purchasing system, our networking services and the division's website. In addition, this unit oversees the administrative functions outlined above. Professional development is a vital aspect of the division. Conferences and seminars are offered throughout the year to offer guidance to our customers.

### **Program Services Section**

This section is responsible for several of the programs administered by the division. The Fleet Management Unit oversees the leasing of vehicles to state agencies. The Travel Management Unit offers guidance to state business travelers and oversees various statewide contracts for travel-related services. The Surplus Property Unit manages the state and federal programs for property no longer needed within the respective governments. The Fixed Assets Unit maintains the state's inventory of property.

**State of West Virginia  
Department of Administration  
PURCHASING DIVISION**



# Quick Contact Reference Guide

	<u>Telephone #</u>	<u>Location</u>
<b>Director's Office</b>		
David Tincher, Director	(304) 558-2538	Main Office
Debbie Watkins, Administrative Secretary	(304) 558-3568	Main Office
<b>Acquisition and Contract Administration Section</b>		
Karen Byrd, Assistant Director	(304) 558-4317	Main Office
<b>Acquisitions Unit</b>		
Ron Price, Buyer Supervisor	(304) 558-0492	Main Office
John Abbott, Senior Buyer	(304) 558-2544	Main Office
JoAnn Adkins, Senior Buyer	(304) 558-8802	Main Office
Michael Austin, Senior Buyer	(304) 558-2316	Main Office
Chuck Bowman, Senior Buyer	(304) 558-2157	Main Office
Krista Ferrell, Senior Buyer	(304) 558-2596	Main Office
Betty Francisco, Senior Buyer	(304) 558-0468	Main Office
John Johnston, Senior Buyer	(304) 558-2402	Main Office
Shelly Murray, Senior Buyer	(304) 558-8801	Main Office
Roberta Wagner, Senior Buyer	(304) 558-0067	Main Office
<b>Technical Acquisitions</b>		
Evan Williams, Buyer Supervisor	(304) 558-5472, ext. 3826	One Davis Square
<b>Contract Management Unit</b>		
Susan King, Inspector III	(304) 558-2652	Main Office
Shane Hall, Inspector II	(304) 558-8803	Main Office
Junior Blount, Inspector II	(304) 558-3488	Main Office
<b>Communication and Technical Services Section</b>		
Diane Holley, Assistant Director	(304) 558-0661	Main Office
<b>Communication Unit</b>		
Debbie Harrison, Executive Assistant	(304) 558-2315	Main Office
<b>Professional Development</b>		
<b>Technical Services Unit</b>		
Dan Miller, Manager	(304) 558-2314	Main Office
Chester Popham, Information Systems Coordinator	(304) 558-7839	Main Office
<b>Administration Unit</b>		
Joan Adkins, Records Imaging	(304) 558-2312	Main Office
Beverly Toler, Purchase Order Encumbrance	(304) 558-2336	Main Office
Erika Vance, Vendor Registration	(304) 558-2311	Main Office
<b>Program Services Section</b>		
Ken Frye, Assistant Director	(304) 766-2626	Main Office
<b>Fleet Management Office</b>		
Janice Boggs, Manager	(304) 558-0086	Main Office
<b>Surplus Property Unit</b>		
Ken Frye, Manager	(304) 766-2626	Dunbar
<b>Travel Management</b>		
Catherine DeMarco, Manager	(304) 558-2613	Main Office
<b>Fixed Asset/Inventory</b>		
	(304) 766-2626	Main Office

# Year in Review...

## Highlights



### PURCHASING REFORM

Legislation addressing changes to state procurement regulations (House Bill 4031) passed during the 2006 Regular Session of the State Legislature and became effective June 8, 2006.



The changes, referred to as *purchasing reform*, provide for various modifications to existing practices within the state purchasing process. The Purchasing Division has drafted the **Legislative Rule** and, once approved, will prepare and distribute a revised policies and procedures handbook for agencies and vendors. Currently, a temporary handbook is being developed for agency use. Below are some of the highlights of this purchasing reform effort:

- **Formal Bid Process Limit Increase:** Increased the limit for the formal bid process from \$10,000 to \$25,000, meaning procurements up to \$25,000 will be processed at the agency level (with the exception of statewide contracts and internal sources). Guidance on agency delegated authority limits will be established in the **Legislative Rule**; however, it is the intent that the delegated rates will be as follows:
  - o \$0 - \$2,500\* No competition is *required*  
(Competition is always *recommended*)
  - o \$2,500.01 - \$5,000 Three verbal bids required
  - o \$5,000.01 - \$25,000 Three written bids required
  - o More than \$25,000 Formal bid process  
(Purchasing Division)
- **Small Dollar Threshold Increase\***: The amount increased from \$1,000 to \$2,500 for which a spending unit can purchase without competitive bids. This is the same limit as most agencies have as a standard for purchasing card acquisitions.
- **Vendor Registration Fee Increase:** The annual vendor registration fee increased from \$45 to \$125, for which the additional funds will be used to fund purchasing reform initiatives, including an e-procurement system. There has not been an increase in this fee since 1990. Registration fees received on June 8, 2006, or thereafter must be in the amount of \$125.
- **Elimination of Dual Bid Receipt:** The requirement was eliminated for vendors to provide a duplicate bid to the State Auditor's Office prior to the bid opening date. Copies are only required to be submitted to the Purchasing Division. After the bid opening, vendors may immediately view the respective bids from other vendors or may view the bids electronically on the division's website.

- **Purchases from Contracts Issued by Other Agencies and Entities:** The director may approve the use of a contract issued by another public organization (federal, state or local), or consortium if such contract is available and financially advantageous.
- **Multiple Awards:** The director may elect to award a contract to more than one vendor when the director determines such action would be in the best interest of the State of West Virginia. Reasons for this action include but are not limited to:
  - (1) More than one vendor is needed to fulfill the needs of the spending units
  - (2) Rapidly changing pricing and availability of commodities and/or services.
- **Negotiation When All Bids Exceed Available Funds:** Spending units shall submit a valid budgeted amount for each requisition or RFP to the Purchasing Division. This budgeted amount shall not be changed after the bid opening. If all bids meeting requirements exceed this budgeted amount, the Purchasing Division may negotiate a lower price within budget with the lowest bidder. If the negotiation does not lead to the budget amount being met, the director may negotiate a lower price with the next lowest bidder and continue negotiations with participating bidders after negotiation closes with the preceding bidder. ***It is vital that all incoming requisitions state the maximum budgeted amount for the transaction. For this reason, the Purchasing Division revised the Purchasing Requisition (WV35).***
- **Discussion and Final Offers:** The director may conduct discussions to obtain best and final offers from bidders to assure full understanding of solicitation requirements. If the director determines that a best and final offer is necessary from one vendor, all vendors shall be afforded the opportunity to provide best and final offers. All best and final offers shall be treated like a formal bid, except that advertising is not required. All bidders shall provide their best and final offers to the Purchasing Division prior to the date and time specified.
- **Contract Management:** The director shall prescribe contract management procedures for all government contracts (with the exception of government construction contracts). These procedures may include, but are not limited to:
  - (a) establishing payment benchmarks to assure the state receives value prior to remitting payment;
  - (b) conducting regular meetings between agency and vendor to assess contract performance;
  - (c) training agency personnel to manage contracts;
  - (d) requiring agencies to use a third party contract manager, appointed by the director or one hired by contract.

In addition, other changes to be implemented as a result of this legislation include adding definitions for "electronic" and "electronic transmission," allowing for e-procurement, and language prohibiting stringing of requisitions to circumvent the \$25,000 threshold to avoid the formal bid process.

## **PRIVACY CONTROLS IN PURCHASING**

Recent trends involving large scale breaches of privacy have prompted many Fortune 500 companies, such as General Motors, Hewlett Packard, Citi Corporation and Verizon, to implement comprehensive privacy programs in an effort to protect the company's most important asset – information.



State government should be no exception. Former Governor Bob Wise issued an Executive Order that dealt with the privacy of information, which has continued under Gov. Joe Manchin III. The Health Care Authority, through this Order, has been designated to manage the privacy program for the executive branch agencies.

State government is in the business, particularly the Department of Administration, of collecting, using and storing names, addresses, social security numbers, health and financial information and other personally identifiable information (PII) about its employees, as well as state citizens, in order to perform its operational functions.

This information is stored in various locations, formats and agencies. In order to protect this information from improper use and disclosure, the department will be implementing policies and procedures designed to protect it.

The Purchasing Division has recently added to its website a page relating to privacy information, accessible at <http://www.state.wv.us/admin/purchase/privacy>. The purpose of this web page is to provide links to policies and information regarding privacy and confidentiality.

There are two links on this page. The West Virginia Privacy Statement pertains to the use of state government websites. The Notice of Agency Confidentiality Policies serves to inform vendors holding state contracts as to the types of information that need to be safeguarded and their responsibilities.

This project includes taking steps to ensure that all of the state's vendors are held accountable for their use and disclosure of agencies' PII. This will be done by adding provisions to all state contracts. It is important for agency purchasers to become familiar with these privacy guidelines as they relate to state procurement issues.

"A privacy program is a relatively new concept in state government," Michael Harmon, the Department of Administration's Privacy Officer, said, "and involves a cultural change which would be difficult without the strong executive support for this program from the governor and cabinet secretary."

Another change that is currently being reviewed is the use of Social Security Numbers (SSN) on purchase orders, in cases where a successful vendor is an individual rather than a corporation, thus, using a SSN rather than a Federal Employers Identification Number (FEIN).

"We don't want to request the Social Security Number unless we need it for a specific purpose. The less we collect, the less we'll need to maintain, which, in turn, reduces the likelihood of an inappropriate use or disclosure," Harmon said.

This effort is not just about HIPAA, Harmon adds. It is on a much larger scale and affects all agencies in the department. "Privacy and security go hand-in-hand," Harmon said. "Agencies cannot protect the privacy of PII without the appropriate physical, technical and administrative safeguards."

Any inappropriate use of PII should be reported to Harmon at 558-6244, extension 210. For privacy issues directly relating to the Purchasing Division, please contact our division's privacy coordinator, Dan Miller, at 558-2314 or via email at [team@wvadmin.gov](mailto:team@wvadmin.gov).

## E-PROCUREMENT INITIATIVES

In a continued effort to provide more enhanced customer service through electronic procurement initiatives, the Purchasing Division initiated two changes this fiscal year: instant access to online solicitation for paid, registered vendors and electronic viewing of bids received after all bid openings.

### Online Solicitations

Hyperlinks have been added to the online version of the ***West Virginia Purchasing Bulletin***, which requires vendors to log in with secured access.

When clicking the hyperlink, the vendor will be directed to a page with a link to the request for quotation or request for proposal and any addendum. If the solicitation was not scanable and therefore not made available, due to time or size factors, a notation will state the document is not available. In these cases, the vendor will call the Purchasing Division, as in the past, to have the document mailed.



This project was tested for several weeks on the State's Intranet for agency use. The testing period went smoothly, with no problems experienced. New issues of the ***West Virginia Purchasing Bulletin*** are made available on each Thursday of the week.

"This is yet another step forward in the area of technology in state procurement," said Dave Tincher, Purchasing Director. "Not only will the online access to solicitations provide a convenience to our paid, registered vendors, but it will result in a cost savings in terms of productivity, postage and printing to our division."

In April of 2005, the Purchasing Division began making statewide contracts available on the division's website. State agencies and vendors alike responded overwhelmingly positive with this addition. A similar response was received after adding the online solicitations to the ***West Virginia Purchasing Bulletin*** webpage.

### Electronic Viewing of Bids Received

With the elimination of the dual bid receipt for which vendors had to provide the State Auditor's Office with a duplicate copy of their bid, the Purchasing Division has established a process by which bids are available electronically after the bid openings.

Agency purchasers may view the bids received at all bid openings conducted by the Purchasing Division at:

**<http://www.state.wv.us/admin/purchase/bids>**

By offering the bids electronically at the division's website, vendors, who previously would review the bids of their competitors at the State Auditor's Office, may now perform the same task at the comfort of their own computer in their office or home.

The elimination of the dual bid requirement was the result of changes in the **West Virginia Code**, which took place during the 2006 Regular Session of the State Legislature.

In the past, vendors' bids had been disqualified due to mishaps relating to this requirement. Because all bid openings are open to the public, the need for the dual bid receipt was no longer necessary.

The Purchasing Division is pleased to provide yet another effort in enhancing its service and efficiency to our customers!

## **DEPARTMENTAL SERVICE CALL MEETINGS**

Cabinet Secretary Robert W. Ferguson, Jr., of the Department of Administration recently began visiting other cabinet secretaries and their key staff as part of a service call visit, to gain exposure and build rapport within the executive branch of state government.

Purchasing Director Dave Tincher joined Secretary Ferguson, along with the directors of the following agencies under the Department of Administration: Board of Risk and Insurance Management (Chuck Jones); Education and State Employee Grievance Board (Earl Maxwell); General Services Division (David Oliverio); and the Office of Technology (Kyle Schafer).

These meetings are based on the concept that good service is not enough when the expectation is to reach *great* service. The goals of the meetings are to educate key officials on the services the department may provide and to listen to our customers as they offer suggestions on how we can improve upon our existing services.

"We are the in-house service provider for the executive branch of government. It is our job to take care of our customers," Secretary Ferguson said. A guide to programs and services is offered during the meetings, which offers a high level overview of each participating agency. General details, contact information and an explanation of processes are included in the guide. In addition, a section on what cabinet secretaries and their agency leaders "need to know" is included.

Tincher said he is pleased to be part of these meetings and to discuss, in person, areas which may be of concern to agency officials. "Most of the areas that cause concern are due to a lack of communication. At these meetings, we can sit down and talk through issues to gain a better understanding of the state purchasing process," he said.

## 2005 AGENCY PURCHASING CONFERENCE

More than 220 representatives from various state agencies attended the 2005 Agency Purchasing Conference on October 24-28 at Mountaineer Race Track and Gaming Center in Chester, West Virginia.

The focus of the conference was on learning and networking, both of which were accomplished during the week's events. Aside from the workshop sessions ranging in topics, several group sessions were included in the itinerary which allowed for valuable information to be disseminated to all participants at once. Topics discussed during the group sessions included an overview of changes and future projections of the state's technological efforts offered by Chief Technology Officer Kyle Schafer; recent changes to the State Ethics Act offered by Ethics Director Lewis Brewer; the upcoming initiative of purchasing reform offered by Cabinet Secretary of Administration Robert Ferguson, Jr.; and a discussion on the value of a centralized purchasing organization offered by Mark Hutchison, Interim Administrator of the Ohio State Purchasing Office.



The Purchasing Division staff was available throughout the conference to offer individual counseling to the agency representatives. A one-on-one consultation session was scheduled for this type of discussion; however, the agency representatives quickly learned that our staff members were readily available at all times throughout the conference.

The topics of the workshop sessions included: agency purchases, change order process, Correctional Industries' services, fleet management, inventory management, problems and solutions, process checklists - what's required and why we send things back, purchasing for beginners, purchasing methodology, Purchasing Division's website and systems, requests for proposals, statewide contracts, surplus property, travel management and vendor registration.

A new session offered this year was the buyer and dedicated agency meetings. During the one and a half hour time frame, our buyers met with the agencies for which they serve. In July of 2004, the Purchasing Division changed the manner for which the buyers procured goods and services. Previously dedicated to a particular commodity, the buyers began working for specific agencies, offering better customer service to our agency partners.

# Year in Review...

## Program Accomplishments



### ACQUISITION AND CONTRACT ADMINISTRATION SECTION

The Acquisition and Contract Administration Section is responsible for the procurement of products and services for state agencies in excess of \$25,000. It is committed to providing good customer service to agencies and vendors in an efficient and ethical manner that will reduce costs, maximize competition, promote good customer and vendor relations, protect public funds, ensure compliance with the West Virginia Code and preserve the integrity in buying the best quality commodities at the lowest cost to taxpayers.

#### Elimination of the Dual Bid Receipt

In years back, legislation was included in the section of the *West Virginia Code* addressing the Purchasing Division which required an exact, duplicate copy of a vendor's bid to be submitted to the State Auditor's Office. Purchasing reform has eliminated the dual bid receipt, meaning that vendors will be required to send only one copy of their bid to the Purchasing Division. No copies will be required to be submitted to the State Auditor's Office.

This safeguard in the process was put in place decades ago. This also was at a time when public bid openings were not conducted. Today, this requirement has been a root of concern to many vendors who have been disqualified due to not meeting this requirement in various degrees, such as not including bonds in the appropriate envelope or one of the office's copies not being received in time of the bid opening.

Contrary to past procedures, public bid openings are now conducted which any individual may attend to *witness* the opening of the bids received for all solicitations. Vendors participating in the process often are in attendance. As in the past, no decision relating to the award of any contract will be made at the time of the bid opening.

The primary concern of this change was from the vendor community who wanted assurance that they would be able to view the bids received as they have at the State Auditor's Office. It has been the practice of the Purchasing Division to not make bids available to the public. However, with the elimination of the dual bid receipt, the Purchasing Division will provide access to all received bids immediately following the bid opening.

This change has been welcomed by the State Auditor's Office staff, for their role was to serve as a witness at the bid opening and to attain an exact, duplicate copy of all bids submitted to the Purchasing Division.

Purchasing reform, including the elimination of this requirement, will most likely gain the approval of vendors and agency purchasing officials as it will result in a more efficient procurement process.

## **Employment History Disclosure Statement**

A pilot program recently began affecting professional service agreements issued by the Purchasing Division for contracts expected to exceed \$10,000 (prior to Purchasing Reform) as well as those processed through delegated authority for \$10,000 or less. The **Employment History Disclosure Statement** requires vendors to identify any other work, similar or otherwise currently being performed for any agency, institution, educational facility, or political subdivision of the state of West Virginia. Vendors shall provide the agency name, effective dates, value, general description and time required per week to fulfill the duties of each contract.

The purpose of this form is to require the vendor to disclose other work he or she may be contractually required to complete to the spending agency. As stated on the form, the state of West Virginia reserves the right to reject the bid of any vendor when the state believes any current work may cause problems with the vendor successfully completing the bid or contract in question.

This form is primarily used for professional services, including but not limited to, medical and legal, that are being contracted by the state. The **Employment History Disclosure Statement** may be downloaded from the Purchasing Division's website at <http://www.state.wv.us/admin/purchase/vrc/pforms.htm>.

## **Certification of Conflict of Interest**

The Certification of Non-Conflict of Interest, which initially went into effect in February of 2003, has been clarified to provide more guidance to contract evaluators.

The revised certification, which is now available on the state's Intranet site at <http://intranet.state.wv.us/form/default.htm> (forms page), details the levels of possible conflict that are required to be disclosed.

According to the revised certification, each individual charged to evaluate or serve as members or advisors of an evaluation committee must acknowledge any and all relationships of any type (business, personal, etc.) with any vendor or vendor-related personnel. Failure to disclose this information may result in disciplinary actions, including but not limited to termination.

In addition, the form explains the circumstances of violating §5A-3-31 of the **West Virginia Code**. The certification must be submitted as follows:

**Requests for Proposals/Expressions of Interests:** The evaluator(s) must submit this certification with the technical evaluation.

**Requests for Quotations and All Other Transaction Types:** The evaluator(s) must submit the Certification for Non-Conflict of Interest, along with the recommendation for award, to the Purchasing Division.

## **No-Debt Affidavit**

The **No-Debt Affidavit** was revised, effective February 8, 2006, to include language relating to confidentiality. The revised form states:

**"CONFIDENTIALITY:** *The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential*

*information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit <http://www.state.wv.us/admin/purchase/privacy> for the Notice of Agency Confidentiality Policies.*

The revised form may be accessed at the Purchasing Division's website at <http://www.state.wv.us/admin/purchase/vrc/pforms.htm>.

## New Buying Staff

The Purchasing Division is pleased to welcome four new faces to the Acquisition and Contract Administration Section senior buying staff during this fiscal year: John Abbott, Michael Austin, Krista Ferrell and Roberta Wagner.

With these recent additions to the section, Assistant Purchasing Director Karen Byrd of the ACA Section said the buyers will be able to continue their focus on customer service to the agencies and vendors.

**John Abbott's** experience includes working for a local mining company where he served for eight years as a purchasing and maintenance coordinator. In addition, he worked for six years as a procurement and contract administrator with the Charleston Housing Authority. "As a consumer," he said "we would use the state contract quite often. We would also use the purchasing guidelines and procedures as a model for the Housing Authority." A life-long resident of Madison, West Virginia, Abbott graduated from Scott High School and later earned a bachelors degree in business management from West Virginia State College.



John Abbott



Michael Austin

Another life-long resident of West Virginia, **Michael Austin** joins us after spending 16 years in management for a local manufacturing company. Previously, he worked in the company's purchasing division for 18 months. He also worked for AIG, American General, as an insurance agent. Austin first attended West Virginia University, then transferred to Concord College where he obtained a bachelors degree in Business Administration with a concentration in management. Originally from Raleigh County, Austin now resides in St. Albans.



Krista Ferrell

**Krista Ferrell** is originally from the town of Orgas in Boone County. She attended Marshall University and majored in Clinical Psychology. Ferrell previously worked in the private sector for more than six years as a sales manager in construction. Her duties included cost estimation, bid preparation, order entry, accounts payable/receivable, customer service and account management as well as a host of managerial duties.



Roberta Wagner

**Roberta Wagner** moved to West Virginia in 2005 from Pennsylvania. "Living in West Virginia was kind of like a childhood dream of mine," she said. "My father was from Virginia and my mother from Maryland. I can remember traveling through here on our way out of town." She has four children, ages 15-20. Her background includes working for SHIRE Pharmaceutical Company, where she was a buyer in the global procurement department. She also worked in production management for Dentsply International and is certified in Inventory and Production Management (CPIM). Wagner attended York Vocational Technical School in York, Pennsylvania.

The Purchasing Division is pleased to welcome the new senior buyers to our division.

## **Request for Proposal Standard Format**

Included in the many changes made to reflect the revisions to the *West Virginia Code* during the Regular Session of the State Legislature was the Request for Proposal (RFP) Standard Format.

Bid limit changes, elimination of the dual bid requirement and other issues that were addressed in the RFP Standard Format have been revised as well as minor formatting and grammatical errors corrected.

The RFP Standard Format may be found on the Purchasing Division's Intranet site at <http://intranet.state.wv.us/form/>. Simply click on the "RFP Template".

The format was modified to allow agency purchasers to provide vital information in an efficient, consistent manner.

## **Vendor Protests**

Section §148-1-8 of the *Legislative Rules and Regulations* provides vendors with a means by which to file protests with the Purchasing Division. Two types of protests are recognized. Protests of specifications must be filed with the Purchasing Division at least five (5) business days before the scheduled bid opening. Protests of contract award must be filed within five (5) days of the date of contract award.

In **Fiscal Year 2006, twenty-seven (27) protests** were filed with the Purchasing Division, which is considered minimal based on the number of transactions processed. Every possible effort is made by the Purchasing Division to ensure that the bid and contract award processes are conducted in strict accordance with the Code and Legislative Rules and Regulations to ensure fair and consistent treatment of vendors.

## **COMMUNICATION AND TECHNICAL SERVICES SECTION**

This section is responsible for a variety of services offered to agency purchasers, the business community and to the general public. It focuses on technology, communication, training, new business development and administrative functions, such as vendor registration, records imaging, purchase order encumbrance, bid receipt and bid package distribution. The Communication Unit provides information related to the division as well as the individual programs which are administered by the division. The Technical Services Unit maintains the automated purchasing system, our networking services and the division's website. In addition, this unit oversees the administrative functions outlined above. Professional development is a vital aspect of the division. Conferences and seminars are offered throughout the year to offer guidance to our customers.

## **West Virginia Purchasing Bulletin**

This publication, which contains information on purchasing requirements in excess of \$25,000, is published weekly and posted on the Purchasing Division's website. The Bulletin is secured, requiring vendors who wish to access the Bulletin to have their vendor number and password, which is provided to them by the Purchasing Division. Beginning in May of 2006,

hyperlinks to solicitations were added to the online version of the ***West Virginia Purchasing Bulletin***. (See page 10 for more details)

## **Vendor Registration**

A total number of **9,199** vendor registration and disclosure statement forms, renewal notices and vendors updating their status were received for processing during the **Fiscal Year 2006**. Revenue generated from vendor registration fees during **Fiscal Year 2006** was **\$269,010**. The vendor registration annual fee was increased from \$45 to \$125 as a result to House Bill 4031, effective June 8, 2006. This was the first time since the fee was implemented, more than 16 years ago, that there was an increased in the amount.

## **Purchase Order Encumbrance and Distribution**

The West Virginia Financial Information Management System (WVFIMS) Purchase Order Encumbrance Module was successfully implemented May 1, 1998. As a result, all purchase orders and subsequent change orders with a fixed amount were placed on the Purchase Order Encumbrance system. A total of **3,554** purchase orders, including open-end contracts, were encumbered by the Purchasing Division for **Fiscal Year 2006**.

## **Records and Microfilming**

More than 20 years ago, the Purchasing Division purchased a system to index and microfilm all purchase orders and supporting documentation. The indexing system was upgraded several times through the years and served the division well. However, with the changes in technology and the difficulty in finding replacement parts for the microfilm camera, it was time to explore the market for a new system.

Since scanning documents is the most update form of technology in maintaining important records, the division chose to utilize this technology when upgrading its process. The primary procurement was for the imaging software and a high-speed scanner. The Purchasing Division supplied all other hardware and software, including the client workstation and Microsoft SQL server. This approach saved both time and money.

"A major increase in speed is achieved by scanning both sides of the paper on one pass through the scanner, as opposed to sending it through twice," said Technical Services Unit Manager Dan Miller. Another favorable feature is seeing the document on the monitor as it scans, eliminating the wait for the microfilm to be developed in order to verify the document. All documents beginning with Fiscal Year 2006 transactions were scanned and managed with the new system.

Total pages scanned for the Purchasing Division, which contained purchase orders, change orders, vendor registration forms and all supporting documentation was **256,417** for **Fiscal Year 2006**. Over **20,000** copies were made for individuals requesting copies of documents, with a total of **\$4,384.58** in revenue.

## **Receipt of Incoming Sealed Bids**

The Technical Services Unit is responsible for receiving sealed bids from vendors who are participating in the competitive bid process. This Unit received **2,728** incoming sealed bids for **Fiscal Year 2006**.

## **Governor's Internship Program**

The Communication and Technical Services Section continued its participation in the Governor's Internship Program. For several years, this section has hired an intern through this valuable program to assist in the administration of its duties. Ryan Cox, a senior at West Virginia University, majoring in engineering, worked for a second consecutive year in the Technical Services Unit of this section.

## **Technological Initiatives**

### **E-Procurement Initiatives**

As outlined on page 10, the Purchasing Division has implemented several e-procurement initiatives, including online solicitations and electronic viewing of bids received. The momentum of these efforts continue with future goals of allowing the acceptance of credit card payment for vendor registration fees and the implementation of a new automated system to replace the TEAM system, which was implemented in 1991.

#### **Challenge**

- Replacement of current inefficient mainframe-based purchasing system with a modern, web based application. Current initiatives are in place to review options available for such replacement.

### **Purchasing Website Statistics**

During Fiscal Year 2006, the following statistics were realized relating to the Purchasing Division's website at [www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase):

<i>Total Hits:</i>	2,312,594
<i>Unique Visitors:</i>	92,187
<i>Visitor Sessions:</i>	421,570
<i>Average Visitors Per Hour:</i>	10.5

### **UNSPSC Commodity Codes**

The Purchasing Division's internal requisition tracking system was recently enhanced to include a field for the United Nations Standard Products and Services Code® (UNSPSC®).

This code provides an open, global multi-sector standard for efficient, accurate classification of products and services. The UNSPSC offers a single global classification system that can be used for:

- Company-wide visibility of spending analysis
- Cost-effective procurement optimization
- Full exploitation of electronic commerce capabilities

The Technical Services Unit developed this enhancement in order to improve the capabilities of its reporting function. By entering a commodity code when a requisition is received, the Purchasing Division can quickly create a report detailing all requisitions currently in the purchasing process that are of a certain commodity classification.

Although this extra field requires more information to be entered at the beginning of the requisition cycle, it gathers necessary data for future reporting needs. "We continuously

seek ways to provide better accountability and data collection on purchases processed through the Purchasing Division," said Purchasing Director Dave Tincher. "It is through innovative methods and our qualified in-house technical experts that we are able to provide high-quality service to our state agencies and vendor community."

## PROGRAM SERVICES SECTION

This section is responsible for several of the programs administered by the division. The Fleet Management Unit oversees the leasing of vehicles to state agencies. The Travel Management Unit offers guidance to state business travelers and oversees various statewide contracts for travel-related services. The Surplus Property Unit manages the state and federal programs for property no longer needed within the respective governments. The Fixed Assets Program maintains the state's inventory of property.

### Fixed Assets - Inventory Management

The Purchasing Division successfully completed the implementation of the WVFIMS Fixed Asset System in 1996. State agencies reporting to the Purchasing Division are required to submit a certification to the Purchasing Division on or before July 15<sup>th</sup> of each year indicating that assets have been properly documented and retired in accordance with policy and procedures.

Agencies are required to enter their fixed assets with an acquisition value of \$1,000 or more into the WVFIMS Fixed Asset System and retire obsolete equipment in accordance with policy and procedure. Total dollar amount of assets entered into the Fixed Asset System for **Fiscal Year 2006** was **\$117,850,365.28**. Total dollar amount of assets currently in the system is **\$1,954,151,891.92**.

### Capitol Parking

To provide consistency, a decision within the Department of Administration was made to consolidate all aspects of parking under one division.

This responsibility had previously been split among the Purchasing Division, Finance Division and the General Services Division for many years; however, effective February 4, 2006, all parking duties were consolidated under the General Services Division.

### Fleet Management

#### State Vehicle Purchase

The Fleet Management Office completed the purchase of approximately **190** vehicles for model year 2006. The total amount spent on this year's vehicle order was approximately **\$3,339,350**. There were **126** vehicles financed through a third party and **64** vehicles purchased by cash. The Fleet Management Office met with each vendor on the statewide vehicle contract to explain the ordering process, in an attempt to eliminate any problems with delivery that would prevent payment of a vehicle.

## **Contract for Fuel and Maintenance of Vehicles**

The contract was renewed with Automotive Resources International (ARI) to provide fuel and maintenance for approximately **1,600** vehicles in the Fleet Management Office.

## **Criteria for Retiring Vehicles**

The retirement criteria remained at five years and 125,000 miles before a vehicle can be retired, resulting in fewer vehicles being retired during the 2006 model year.

## **Surplus Property**

### **Fiscal Year 2006 Statistics**

The following are totals for various programs administered by the West Virginia State Agency for Surplus Property:

Federal Fixed Price Vehicles	\$24,150.00
Federal Online Sales	66,325.12
Federal Property Service Charge	16,862.74
State Property Service Charge	398,715.50
Public Auctions	635,865.50
Weekly Sealed Bids	204,019.75
Statewide Sealed Bids	<u>415,863.36*</u>
<b>Total Revenue</b>	<b>\$1,761,801.97</b>

\*\$373,349.99 received from the sale of two (2) helicopters

## **State Vehicles**

Approximately 373 vehicles were sold during Fiscal Year 2006. Below is a breakdown of the method by which they were sold:

Public Auction	248	\$425,900.00
Weekly Sealed Bids	59	159,902.25
Statewide Sealed Bids	9	8,121.61
Negotiated Sales	<u>57</u>	<u>\$228,513.00</u>
<b>Totals</b>	<b>373</b>	<b>\$822,436.86</b>

## **Internet Sales**

As part of House Bill 4031, ***West Virginia Code***, §5A-3-45, was modified, relating to the disposition of surplus state property.

Along with the exclusive power and authority to dispose of property owned by the state, the Surplus Property Unit may now sell the commodities to the highest bidder by means of an internet auction site approved by the director.

According to Ken Frye, Assistant Purchasing Director of Program Services, this legislative change will open the doors of the State Surplus Property Program to the world. Surplus Property always attempts to offer property to eligible organizations, such as public agencies and certain non-profit groups; however, some items, especially those unusual in nature, are often more difficult to sell.

With the authority to utilize internet auction sites, the state will be able to expedite the process. According to Frye, not all surplus property would lend itself to this type of sale, but it is a great benefit and will provide an exciting new way to market surplus property.

### **Helicopter Sales**

The Surplus Property Unit conducted a sealed bid sale for two state helicopters. In November of 2005, the high bidders for this sale resulted in \$186,250 for a 1967 OH-6A helicopter and \$187,100 for a 1970 OH-6A helicopter.



### **Travel Management Office**

Total of travel expenditures statewide: \$38,641,026

#### **Statewide Contract for Car Rentals [Enterprise]**

The total number of rental days for the **Fiscal Year 2006** was **13,928**. Based on an expenditure of **\$639,579.74**, the average cost of a rental car per day was **\$45.92** (including taxes and some insurance). Without a preferred car rental contract, the normal (average) daily rate is **\$68**, for a savings of **\$307,524.26**.

#### **Statewide Contract for Travel Management Services [National Travel]**

Year-end transactions include:

Exchanges	1,020
Refunds	115
Airline tickets	8,140
Service fees paid	\$177,048.55
Total Transactions	14,780
Cost	\$3,190,139.48
Full Fare	\$10,332,657.68
Savings	\$7,391,659.74

#### **Statewide Contract for Travel Charge Card Services [United Bank MasterCard]**

The statewide contract with MasterCard includes CDW insurance when renting a vehicle. The average rate for collision insurance is **\$21** per day. Based on a total of **8,462** rental days reported from United Bank, the state saved **\$177,702**. A rebate check was received in the amount of **\$3,151.80**.

#### **Delta SkyMiles Bonus Tickets**

Twelve (12) free tickets were used for a total value of **\$13,253.61**.

# Recognizing Excellence

## 2005 Award Winners



Recognizing agency employees involved with state procurement who demonstrate qualities of excellence is vital to our profession. These individuals serve as our role models, from whom we may learn and utilize as a valuable resource. The Purchasing Division is pleased to continue two recognition programs which have been in existence for many years: the **Agency Procurement Officer of the Year** and the **Partner in Purchasing**. The awards were announced in October of 2005.

The critiera for these awards include such qualities as tenure, performance, internal training efforts, communication, cooperation and exerting a positive image.

### **2005 Agency Procurement Officer of the Year**

Diana Joseph of the Division of Natural Resources

*The Agency Procurement Officer of the Year award began in 1996. Its purpose is to recognize each year, one individual working in the procurement field who has demonstrated high levels of performance and professionalism.*

Diana Joseph, a procurement officer for the Division of Natural Resources, was the recipient of the **2005 Agency Procurement Officer of the Year**.

This year marks the tenth year the Purchasing Division has offered this award which recognizes one individual who has demonstrated professionalism and quality performance in the state's governmental purchasing field. This program focuses on the value of the expertise and cooperation of those individuals at the agency level who handle their daily purchasing operations.



The criteria used to select the **Agency Procurement Officer of the Year** includes tenure, performance, communication skills, internal training efforts, cooperation with her agency and the Purchasing Division staff, creating a positive image, good purchasing practices and participation in professional organizations.

With more than 15 years of public purchasing experience, Joseph is described by her co-workers as a problem solver, an overachiever, dependable, and ethical. She has demonstrated throughout the years excellent customer service within state government and to the vendor community.

As this year's recipient of this program, Joseph received an engraved clock, and a certificate signed by Governor Joe Manchin, Cabinet Secretary of Administration Robert Ferguson, Jr. and Purchasing Director Dave Tincher. In addition, she receives free registration and lodging to the 2007 Agency Purchasing Conference.

Joseph joins several prestigious agency purchasers who have been awarded this honor in the past:

- 1996:** Edi Barker, BEP
- 1997:** Susie Teel, DEP
- 1998:** Lt. Col. Jim Powers, State Police
- 1999:** Jo Miller, DHHR
- 2000:** Lenden Conway, DEP
- 2001:** Beverly Carte, BEP
- 2002:** Ratha Boggess, Treasurer's Office
- 2003:** Syble Atkins, Tax
- 2004:** Carole Woodyard, State Police

## **2005 Partner in Purchasing**

Patty Mills of the Lottery Commission

*The Partner in Purchasing award recognizes individuals who have exceeded expectations in working with the various programs administered by the Purchasing Division, including Fleet Management, Fixed Assets, Surplus Property, TEAM and Travel Management.*

Patty Mills, Inventory Coordinator for the Lottery Commission, is our **2005 Partner in Purchasing** recipient. Although this award has similar criteria as the **Agency Procurement Officer of the Year**, the focus is not on procurement but in other programs which the Purchasing Division administers, such as travel, fleet, inventory management, purchase order encumbrance, surplus property and automation. This is the sixth year this award has been offered.



With 30 years of state government experience, Mills performs her work consistently, professionally, with courtesy and kindness. She networks with others responsible for maintaining their agency's inventory and keeps up-to-date on rules and regulations governing inventory procedures.

Her enthusiasm has been described as 'infectious,' always eager to help others. In her role as coordinator, she explores all possibilities to determine the best solution to any given situation, while adhering to the guidelines and strict economic policies.

Mills joins other honored recipients of the Partner in Purchasing award:

- 2000:** Brent Kessinger, DEP
- 2001:** Barbara Haddad, IS&C  
Susie Teel, DHHR
- 2002:** June Casto, DEP
- 2003:** Patricia Holtsclaw, ABCC
- 2004:** Tammy Canterbury, DEP

# Financial Statistics

## Fiscal Year 2006



### PURCHASE ORDER SUMMARY

#### Resident Vendor Analysis:

Vendor	Count (#)	Percent (%)	Value (\$)	Percent (\$)
<b>West Virginia</b>	1,240	65.23%	\$188,663,977.49	51.34%
<b>Non West Virginia</b>	661	34.77%	\$178,826,823.47	48.66%
<b>TOTAL</b>	<b>1,901</b>	<b>100%</b>	<b>\$367,490,800.96</b>	<b>100%</b>

The average purchase order amount for FY 2006 was \$193,314.47.

#### Agency Analysis:

Top 10 Agencies	Count (#)	Percent (%)	Value (\$)	Percent (\$)
<b>Highways</b>	384	20.20%	\$91,524,593.99	24.91%
<b>DEP</b>	191	10.05%	\$55,135,895.63	15.00%
<b>DHHR</b>	233	12.26%	\$31,455,368.36	8.56%
<b>Tax</b>	23	1.21%	\$23,125,605.52	6.29%
<b>Lottery</b>	9	0.47%	\$19,127,199.64	5.20%
<b>Education</b>	156	8.21%	\$17,550,757.62	4.78%
<b>Secretary of State</b>	11	0.58%	\$16,039,050.00	4.36%
<b>Administration</b>	132	6.94%	\$13,713,319.84	3.73%
<b>State Police</b>	64	3.37%	\$12,185,763.50	3.32%
<b>Natural Resources</b>	108	5.68%	\$10,739,842.91	2.92%
<b>Others</b>	590	31.04%	\$76,893,403.95	20.92%
<b>TOTAL</b>	<b>1,901</b>	<b>100%</b>	<b>\$367,490,800.96</b>	<b>100%</b>



# Legislative Changes

## House Bill 4031 Purchasing Reform

This bill streamlines the bid process, eliminates the dual bid receipt with the State Auditor, increases the vendor registration fee, increases the amount for sealed bids to \$25,000, allows submission of bids by electronic submission, allows sole source procurement, and prohibits stringing of contracts.

## House Bill 4283 Veterans Preference

This bill provides a preference for veterans in awarding of state contracts in the competitive bid process.