



**2008**  
**FISCAL YEAR**  
**ANNUAL REPORT**

**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**PURCHASING DIVISION**

[WWW.STATE.WV.US/ADMIN/PURCHASE](http://WWW.STATE.WV.US/ADMIN/PURCHASE)

**AN E.E.O EMPLOYER**

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# THE DIRECTOR'S MESSAGE



June 30, 2008

## To the Citizens of West Virginia:

During the Regular Session of the State Legislature, the state procurement process was addressed, adding to the positive changes which went into effect as a result of the 2006 session.

This transformation of the state procurement process has been long-awaited; however, the internal controls which ensure the integrity of the process are still in place through various safeguards. Prior to the 2006 legislation, which we labeled as "Purchasing Reform," many of the laws by which we were abiding were written more than 50 years ago. At that time, lawmakers wanted to ensure that the state dollars were being spent prudently, in the best interest of all taxpayers.

In addition to the legislative changes which the Purchasing Division has implemented this year, a great focus has been made on training and customer service. In May of 2008, we welcomed our agency purchasing partners during our **OPEN HOUSE**, at which time we showcased our services and provided an opportunity for our staff to meet face-to-face the agency customers they serve.

Our staff has also joined me in providing agencies with training sessions throughout the year for their field office employees as well as their management. Promoting a greater understanding of the purchasing process has proven to enhance communication among all state agencies.

In addition, the Purchasing Division offered our first online training module which addresses vendor registration. Other online training programs are currently under development.

With a spectacular staff and improved, updated laws to provide more efficient procurement practices, the Purchasing Division is pleased to report the status and accomplishments of our programs and services in this **Annual Report**.

Thank you for your cooperation and support in our on-going pursuit in not simply meeting, but exceeding the expectations of our customers both within state government as well as in the business community.

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 **Code of State Rules** (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 at the lowest possible cost; 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.

## MARKETING STRATEGY

The Purchasing Division promotes information regarding its programs and services through a variety of mediums, including a monthly publication titled **The Buyers Network** which is available online at our Web site as well as frequent e-mail correspondence to our designated purchasing liaisons at the state agency level.

Focusing on customer service, the Purchasing Division makes every attempt to open its doors to its customers. The most recent example is the Purchasing Division's **OPEN HOUSE**, which is detailed on page 9 of this **Annual Report**.

The Purchasing Division has designated a customer service representative to serve as the primary contact for all inquiries, suggestions and concerns. Diane Holley, Assistant Purchasing Division for the Communication and Technical Services Section, serves in this role and may be contacted at (304) 558-0661 or via e-mail at ***Diane.M.Holley@wv.gov***. Our secondary customer service representative is Karen Byrd, Assistant Purchasing Director for the Acquisition and Contract Administration Section, and may be contacted at (304) 558-4317 or via e-mail at ***Karen.Q.Byrd@wv.gov***.

## 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.

**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.

## CUSTOMERS 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 is organizationally structured under the Department of Administration. In addition to the Purchasing Director's office, the division 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 receipt to the award of the purchase order.

The Contract Management Unit within this section oversees the managing of all contracts and the inspection of purchasing documents to ensure compliance with state laws, regulations and procedures. 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

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automated purchasing systems, our networking services and the division's Web site.

In addition, this unit oversees the administrative functions outlined above. Professional development is also a vital aspect of the division. Conferences and seminars are offered throughout the year to offer guidance to our customers.

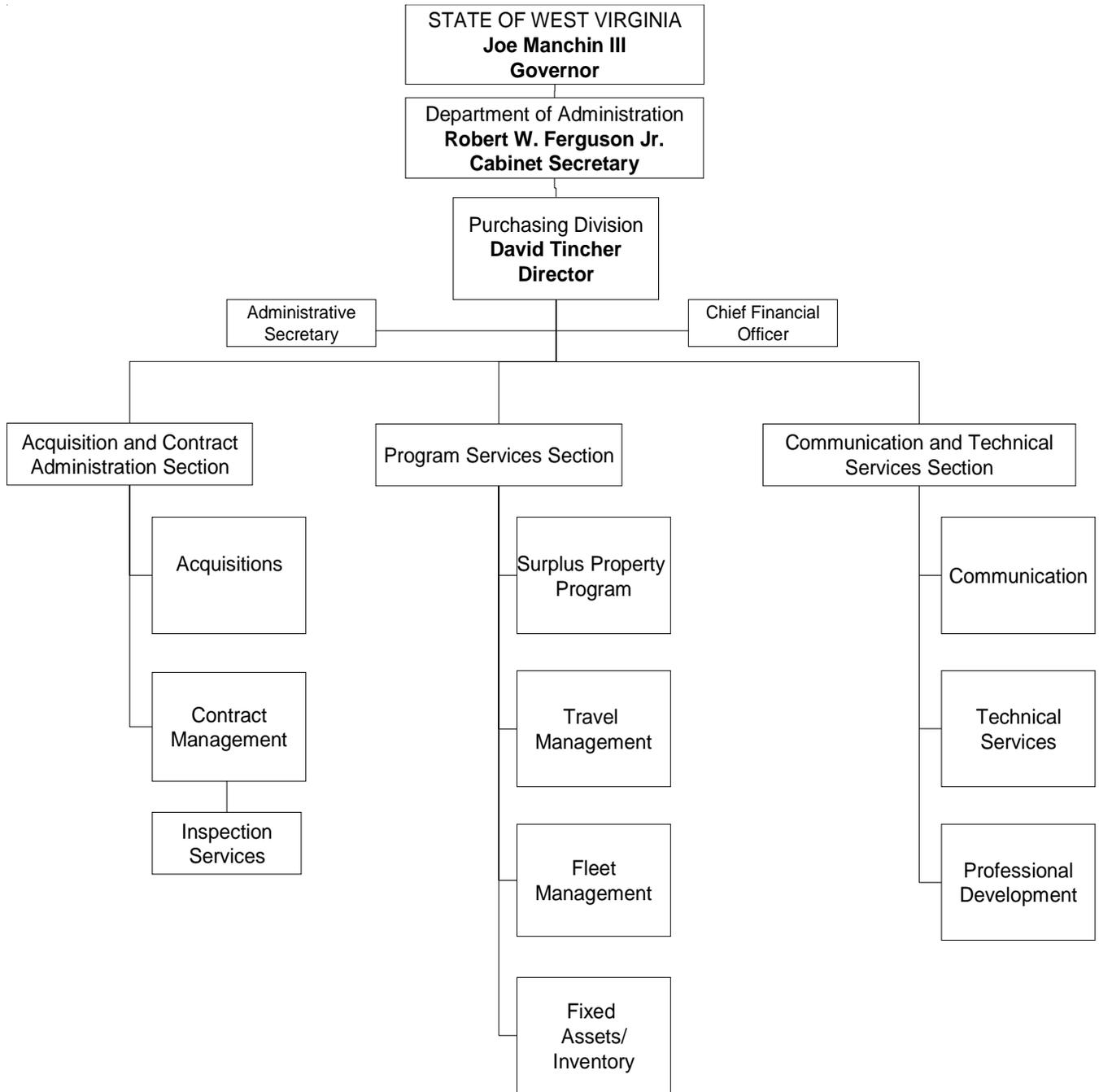
## **Program Services Section**

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 No.</u>	<u>Location</u>
<b><u>Director's Office</u></b>		
David Tincher, Director	(304) 558-2538	Main Office
Debbie Watkins, Administrative Secretary	(304) 558-3568	Main Office
Elizabeth Perdue, Chief Financial Officer	(304) 558-0468	Main Office
<b><u>Acquisition and Contract Administration Section</u></b>		
Karen Byrd, Assistant Director	(304) 558-4317	Main Office
<b><u>Acquisitions Unit</u></b>		
Ron Price, Buyer Supervisor	(304) 558-0492	Main Office
John Abbott, Senior Buyer	(304) 558-2544	Main Office
Jo Ann 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
Shelly Murray, Senior Buyer	(304) 558-8801	Main Office
Roberta Wagner, Senior Buyer	(304) 558-0067	Main Office
Frank Whittaker, Senior Buyer	(304) 558-2316	Main Office
<b><u>Contract Management Unit</u></b>		
Michael Sheets, Contract Manager	(304) 558-5780	Main Office
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><u>Communication and Technical Services Section</u></b>		
Diane Holley, Assistant Director	(304) 558-0661	Main Office
<b><u>Communication Unit</u></b>		
Tony O'Leary, Public Information Specialist	(304) 558-4213	Main Office
Chad Williamson, Public Information Specialist	(304) 558-2315	Main Office
<b><u>Professional Development Unit</u></b>		
Brian Holmes, Staff Development Specialist	(304) 558-7022	Main Office
<b><u>Technical Services Unit</u></b>		
Dan Miller, Manager	(304) 558-2314	Main Office
<b><u>Administration Unit</u></b>		
Beverly Toler, Purchase Order Encumbrance	(304) 558-2336	Main Office
Erika Vance, Vendor Registration	(304) 558-2311	Main Office
<b><u>Program Services Section</u></b>		
Ken Frye, Assistant Director	(304) 766-2626	Dunbar
<b><u>Fleet Management Office</u></b>		
Janice Boggs, Manager	(304) 558-0086	Main Office
<b><u>Surplus Property Unit</u></b>		
Ken Frye, Manager	(304) 766-2626	Dunbar
<b><u>Travel Management</u></b>		
Catherine DeMarco, Manager	(304) 558-2613	Main Office
<b><u>Fixed Asset/Inventory</u></b>		
	(304) 766-2626	Dunbar

# A YEAR IN REVIEW...



## HIGHLIGHTS

### PURCHASING TRAINING INITIATIVES

#### ■ Online Training Modules and Agency-Specific Training Programs Offered

The Purchasing Division expanded its efforts this year relating to the training of state employees on the laws, rules and procedures affecting the state purchasing process.

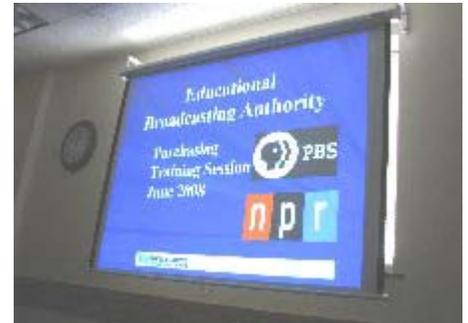
One of the Purchasing Division's initiatives was to develop a comprehensive training program for procurement officers and their staff, which addresses the most recent state codes, rules and procedures affecting their agencies. This curriculum is offered in small setting environments which encourages questions and provides better understanding, since agency-specific examples to various issues may be used.

Thus far, the agencies which have taken advantage of this offering includes the West Virginia Educational Broadcasting Authority (EBA), Regional Jail Authority, Real Estate Division and the Division of Juvenile Services.

"We appreciate the support of the management of these agencies to encourage their employees to receive this additional training," said David Tincher, Purchasing Division director. "Often it is an initiative of the agency procurement officer who wants to provide his or her staff with a good refresher session, especially for employees who do not handle purchasing-related issues on a daily basis. They also encourage their management level employees to attend so they may better understand the purchasing process required by state law."



**Purchasing Director Dave Tincher, center, and Assistant Director Karen Byrd, right, led a training seminar with procurement staff from the West Virginia Educational Broadcasting Authority. The session allowed the EBA staff to further its knowledge of purchasing laws and procedures.**



**Purchasing information is shown on the screen during a training program for the EBA.**

In addition to agency-specific training, a new online training curriculum was introduced this year, offering agency procurements officers and their staff a tutorial on how to look up a vendor in the TEAM automated purchasing system. Additional information relating to vendor registration is also included in this training course.

The 12 minute course, which is available at <http://www.state.wv.us/admin/purchase/training/>, provides a step-by-step instruction for purchasing officers to check if a vendor is registered with the state using the TEAM purchasing system.



Rather than simply design a PowerPoint presentation, this training offers a series of various Internet web pages and TEAM automated purchasing system screens, which takes viewers through the process with the procedure explained by the Purchasing Division's staff development specialist. The training course also illustrates to procurement officers how to search the TEAM system and to see if a vendor is on "hold".

The course is a progression in how training is offered on the Purchasing Division's Web site. Previous training modules were available as PowerPoint presentation, which explained processes and procedures without including narration. "Now we have the tools on site to keep the video up to date," Technical Services Manager Dan Miller said.

Miller said the new online training course gives a better overview on vendor registration. "Before, in traditional classes, the audiences learned about vendor registration from Dan Miller's point of view," he said. "With this addition, it gives a better overall view from the Purchasing Division's perspective."

The availability of the training module, which is 24 hours a day, seven days a week on the Web site, creates an anytime opportunity for procurement agents to view this information. "Agency personnel can access it from their offices and review it on their own schedule," Miller said.

In accessing the training course on vendor registration, Miller said it is recommended to access the video link on the specific Web site page (<http://www.state.wv.us/admin/purchase/training/>). Additional online training modules are being planned in the near future, with possible expansion into more interactivity in the learning process.

***Why are we targeting our efforts more on training?*** According to Purchasing Director Dave Tincher, this increased effort is primarily because the Purchasing Division realizes the importance of understanding the requirements that the state law and Code of State Rules which are imposed on all of us. "We are striving to reach out to our agency purchasers with information, whether it is through e-mail communication, our monthly newsletter or through agency training," he added.

## PURCHASING DIVISION'S OPEN HOUSE

### ■ Opening Our Doors to Our Customers to Provide Information and Assistance

The Purchasing Division staff was pleased to open our doors to many of our agency procurement agents on May 6, 2008, during our **Open House**. More than 90 state agency personnel attended during the four-hour event to visit with Purchasing Director Dave Tincher and the division's staff, particularly the buyers and inspectors as well as representatives of the various programs which the

division administrators, including Fixed Assets/State Inventory, Fleet Management, Travel Management and Surplus Property.

The Purchasing Division also showcased our online training program relating to vendor registration. With an excellent turnout of agency procurement officers, it allowed our staff to build upon the positive lines of communication already established. There is nothing more effective than face-to-face communication.

Below are just a few of the comments from individuals attending this event who expressed their satisfaction in our Open House:

*"As we all realize, it is so easy and convenient to use e-mail to communicate and we can lose sight of the 'personal' touch of communication and customer service. This Open House reaffirmed the Purchasing Division's commitment to a winning combination of both professional and 'personal' customer service."*

**Nancy Swecker**  
**Division of Corrections**



Taking a few moments to visit during the Purchasing Division Open House are, from left, Bev Midkiff, Diana Johnson, Cathy Appleton and Pam Hodges, all of the Regional Jail Authority.

*"Molly George and I are working on the education rooms for the renovated state museum. We went there hoping to meet people in the Purchasing Division that we would be working with in the future. We also wanted to get a sense of what was on the state contract and how the process worked. I had no idea that we would leave your offices that day with a plan and dates for some purchasing-related activities. We definitely are off to a good start having had the benefit of coordinating our goals with the right person who will keep us informed and on track."*

**Nancy Herholdt**  
**Division of Culture and History**

"I was pleased with the positive feedback that we received after this event. Due to its success, I hope to make this not only an annual event, but to grow upon this type of interaction and offer more activities in the near future," according to Purchasing Director Tincher.

## 2007 AGENCY PURCHASING CONFERENCE

### ■ Learning and Networking Highlight Annual Agency Purchasing Conference

The 2007 Agency Purchasing Conference at Stonewall Jackson Resort on October 9-12, 2007, was one of the Purchasing Division's best attended conferences with more than 250 attendees.

This annual training event focused on the changes resulting in the Purchasing Reform efforts made during the 2006 Regular Legislative Session. These changes meant that this year's conference was more vital than ever for agency purchasers to attend, especially those specifically designated as



**Janice Boggs, manager of the Fleet Management Office, chats with Mary Blashford of the state School Board Authority.**

their agency's procurement contact, in order to be knowledgeable of the latest purchasing law, rule and procedures.

Many times throughout the conference, the phrase “the law, the rule, the handbook” – referring to **West Virginia Code, Code of State Rules** and the Purchasing Division Procedures Handbook – was cited as crucial resources for agency purchasers to follow to ensure proper purchasing procedures are followed.

The Purchasing Division staff and other agency representatives offered presentations on more than 20 different topics, many dealt with the changes made within the last year.

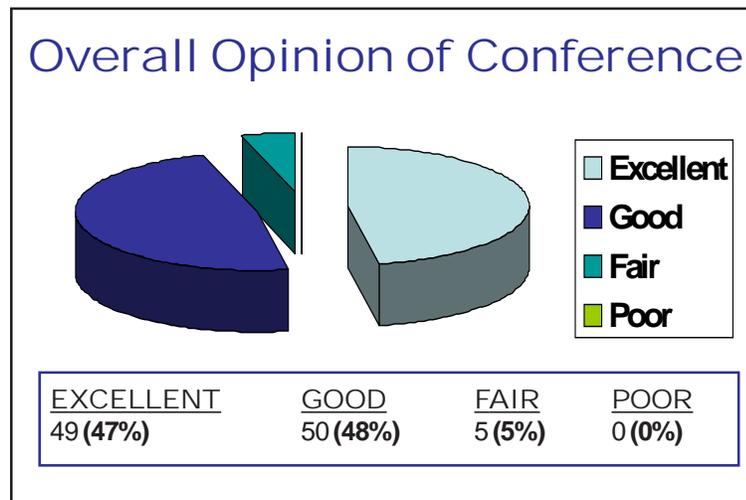


More than 250 agency participants attended the 2007 Agency Purchasing Conference at Stonewall Jackson Resort. With recent changes in purchasing laws and rules, training was especially important this year.

The presenters were available throughout the week to answer questions on an individual basis. In addition, the Purchasing Division buyers conducted meetings with representatives from their assigned agencies. This session enabled agency purchasers to ask questions or to discuss particular situations specific to their individual agency.

Representatives of the Purchasing Division conducted presentations on the following topics: Basic Purchasing; Contract Management; Request for Proposals; Purchase Order Encumbrance; Sole Source Process; Vendor Registration; Agency Delegated Purchasing; Request for Quotation; Statewide Contracts; Construction Purchases; Fixed Assets; Surplus Property; Writing Specifications; Change Order Process; Purchasing Web Site and Technology; Piggybacking Contracts and Inspection. Within a few days after the conclusion of the conference, the Purchasing Division posted all of its workshop presentations on its web site at [www.state.wv.us/admin/purchase/training](http://www.state.wv.us/admin/purchase/training).

Other topics at the conference included the State Use Program; Correctional Industries; Legal Issues; Technical Contracts; and Payment Process.



Based on 110 responses, 95% of the participants rated the overall conference as “excellent” or “good.” The remaining 5% rated the conference as “fair.”

The organization of the conference received a 98% rating of “excellent” or “good,” with the remaining 2% as “fair.”

“Gaining feedback after our conference is a valuable exercise,” according to Purchasing Director Dave Tincher. “The opinions of our agency participants are impor-

tant to us. We take their opinions seriously and utilize many of their ideas in planning future training events.”

Some of the general comments included praise for the informational game show format at the conference banquet with our own version of “**Agency Feud**”; the quality of the information presented in the workshops; the emphasis of the state law, rule and handbook procedures; and the helpfulness and accessibility of the Purchasing Division staff.

Listed below are some of the results attained from the evaluation analysis:



Senior buyer and "Agency Feud" host Chuck Bowman reveals what 'the survey says,' which delights contestant Bryan Arthur from Division of Corrections.

### CONFERENCE REGISTRATION

Excellent .....	80%
Good .....	19%
Fair .....	1%
Poor .....	0%

### ORGANIZATION OF CONFERENCE

Excellent .....	63%
Good .....	35%
Fair .....	2%
Poor .....	0%

### OVERALL OPINION OF CONFERENCE

Excellent .....	47%
Good .....	48%
Fair .....	5%
Poor .....	0%

## SURPLUS PROPERTY UTILIZES INNOVATIVE WAYS TO SELL STATE PROPERTY TO THE GENERAL PUBLIC

### ■ Direct Sales and eBay Used for Selling State Property

The West Virginia State Agency for Surplus Property (Surplus Property) has begun the move to the World Wide Web. The agency has started selling items on eBay, the popular online auction site. Working with a contracted business partner that consigns items on eBay, Surplus Property is beginning the process of listing a variety of state property items on the Web site.

Surplus Property began a test market on eBay on a variety of state property items accumulated by Surplus Property. Results with the test market were generally successful. For example, a gas chromatograph that would normally sell for \$400 at a regular auction went for \$2,500 on eBay.

To view the state surplus property items available to the general public, please visit eBay by going directly to the surplus items at:

***[http://search.ebay.com/\\_W0QQsassZwvsurplusproperty](http://search.ebay.com/_W0QQsassZwvsurplusproperty)***

In addition, legislation passed by the West Virginia Legislature during the 2008 Regular Session changed the way the Surplus Property sells items to the general public.



House Bill 4664, which passed on March 7, made several changes to the policies and procedures for the West Virginia Purchasing Division, including Surplus Property. Surplus Property Manager Ken Frye anticipates the new procedures will increase sales.

Beginning in June of 2008, the general public may now purchase items from Surplus Property the day a visit is made to the Dunbar warehouse.

Prior to the change, the general public had to first submit a sealed bid on an item and then wait until the beginning of the following work week to see if the bid was successful.

“We have had in years past people from out of town come because they heard about us and wanted to see what we had. When they learned they could not purchase an item during their visit, they would leave discouraged because it was not worth their while to place a sealed bid on an item and then



**The West Virginia Legislature passed House Bill 4664 during the 2008 Regular Session, which changes the way the State Agency for Surplus Property can sell items to the general public.**

have to make a second trip back if they got the winning bid,” Frye said.

Though the new law gives the general public much easier access to purchase items, eligible organizations registered with Surplus Property will still receive priority. Frye said all items that come to the warehouse will be placed on hold for five business days, which gives the registered eligible organizations priority over the general public in purchasing such items. “We will still maintain our requests list from our eligible organizations. If we get a shipment of computers, for example, we will first call those eligible organizations that have placed a request for computers to let them know they are available before they go out to sale to the general public,” he said. “The eligible organizations will have to be more diligent and more proactive checking on our available items.”

Surplus Property will not accept cash for general public sales, only checks, money orders, MasterCard and Visa, Frye said. It is uncertain just how much faster inventory will move at Surplus Prop-

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erty because of the new law but Frye said it “would be a good problem to have” if the general public was constantly flowing through the warehouse.

“I think this new law is going to change that and everyone is going to benefit from it,” Frye said.

## AGENCY PROCUREMENT DESIGNATION

### ■ Legislative Rule Requires Agency Head to Appoint Purchasing Liaison

The **Code of State Rules** §148 was approved, effectively July 1, 2007, with Section 3.2 stating that “all purchases must be approved by the secretary or head of the spending unit, or a designee, whose name shall be filed with the [Purchasing] Director.”

This section of the Rule adds that “the person(s) named should take available purchasing training and have responsibility for the function of purchasing. Each spending unit shall process all purchases through this person(s), who shall be responsible for correspondence and communication with the Purchasing Division.”

This requirement enhanced customer service by ensuring consistency in working with agencies on transactions being processed through the Purchasing Division. Agency procurement officers are responsible that their agency’s staff properly understands and follows all laws and guidelines associated with state purchasing guidelines.

Questions from agency personnel relating to purchasing issues should first be directed to the respective procurement officer, as designated on the Agency Procurement Designation form. If the agency procurement officer needs assistance, they are to contact the appropriate buyer within the Purchasing Division for guidance.

# A 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.

#### Customer Service

The Acquisition and Contract Administration Section had placed high priority on providing the best customer service possible. Buyers have been assigned specific agencies and are responsible for working with agency procurement officers to meet respective agency needs. To further enforce this goal, the Purchasing Division sponsored an Open House to showcase our staff and services offered to agencies. Agency personnel were given the opportunity to visit the Purchasing Division offices and to meet with assigned buyers or any other Purchasing Division staff to ask questions or gather helpful information. Feedback from agencies that participated was positive and the effort was believed to be beneficial and successful.

#### Agency Input in Shaping Statewide Contracts

Statewide contracts are issued for the benefit of state agencies. Statewide contracts are bid and administered by the Purchasing Division to provide agencies with commonly and repetitive used commodities and services. The Purchasing Division relies greatly on input from state agencies regarding the benefit of statewide contracts and requests suggestions for improvement prior to bidding. Information is sought to ensure contracts are meeting agency needs, are working efficiently, pricing is competitive, ascertain problem areas and ways to improve commodities and services offered. Questionnaires are issued to agency procurement staff to obtain information prior to bidding the statewide contracts. It is the goal of the Purchasing Division to ensure that contracts are effective and efficient tools for state agencies.

#### Process Checklists

The Purchasing Division provides checklists to state agencies, which contain information for each type of transaction processed by the Purchasing Division. These checklists contain information regarding the types of documents and information required to process a formal, competitive bid transaction. The checklists were updated and several new checklists were added to provide enhanced and more accurate information to state agencies, such as piggybacking contracts. For a list of the Purchasing Division's process checklists, visit:

**[www.state.wv.us/admin/purchase/Handbook/2007R1/handO.htm](http://www.state.wv.us/admin/purchase/Handbook/2007R1/handO.htm)**

## Piggybacking Contracts

**West Virginia Code** §5A-3-19 provides for the ability to piggyback contracts regarding purchases from federal government and other sources. The Purchasing Division has approved six (6) new contracts issued through the Western States Contracting Alliance (WSCA). State agencies wishing to piggyback contracts issued by the federal or other government sources may request authorization in writing from the Purchasing Division in accordance with the provisions of **West Virginia Code** and the **Code of State Rules**. The Purchasing Division's Web site listing all approved piggyback contracts may be found at [www.state.wv.us/admin/purchase/piggyback/default.htm](http://www.state.wv.us/admin/purchase/piggyback/default.htm).

## Protests

**Code of State Rules** §148-1-8 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 2008, twenty-six (26) 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 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 Web site. 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 Web site. 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. Hyperlinks to solicitations are available on the online version of the **West Virginia Purchasing Bulletin**. The **West Virginia Purchasing Bulletin** also includes sole source determination notices.

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## Vendor Registration

A total number of **8,750** vendor registration and disclosure statement forms, renewal notices and vendor updates were received for processing during the **Fiscal Year 2008**. Revenue generated from vendor registration fees during **Fiscal Year 2008** was **\$679,375**. The vendor registration annual fee is \$125.

## 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 **2,707** purchase orders, including open-end contracts and change orders, were encumbered by the Purchasing Division for **Fiscal Year 2008**.

## Records and Imaging

All documents beginning with **Fiscal Year 2008** transactions were scanned and managed with the division's imaging system. Total pages scanned for the Purchasing Division, which contained purchase orders, change orders, vendor registration forms and all supporting documentation was **245,313** for **Fiscal Year 2008**.

## 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 **3,088** incoming sealed bids for **Fiscal Year 2008**.

## Governor's Internship Program

The Communication and Technical Services Section continued its participation in the Governor's Internship Program. For many years, this section has hired an intern through this valuable program to assist in the administration of its duties. **Casey Hill**, a junior at West Virginia University, majoring in computer engineering, worked for the Technical Services Unit of this section.



## Purchasing Division Procedures Handbook

The Purchasing Division was pleased to release its new **Purchasing Division Procedures Handbook**, effective July 1, 2007. Available online at the Purchasing Division's Web site, this procedures handbook is provided for reference purposes only. Because of its electronic availability, modifications made to the handbook are completed more easily with e-mail notification to all agency procurement officers. Changes to this document are also noted in the Purchasing Division's monthly newsletter, *The Buyers Network*.

## Technological Initiatives

### Purchasing Web Site Statistics

The Purchasing Division maintains a Web site on the Internet and the state's intranet. Information is regularly updated to accommodate changes in statewide contracts, bids and downloadable bid documents. This task is accomplished manually due to technological limitations.

During **Fiscal Year 2008**, the following statistics were realized relating to the Purchasing Division's

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

Total Hits:	4,664,308
Unique Visitors:	109,821
Visitor Sessions:	868,646
Average Visitors Per Hour:	12.54



### **Purchasing Division Web Site Additions**

The Purchasing Division's Web site was enhanced this fiscal year with more helpful information, including the revised "Marketing Your Business with the State of West Virginia" vendor guide, a Web page for contracts with piggyback provisions, and a bid opening index.

The "Marketing Your Business with the State of West Virginia" vendor guide is an excellent tool for businesses wanting to participate in the competitive bid process. You are encouraged to refer vendors to this site at <http://www.state.wv.us/admin/purchase/vrc/ABC.htm>.

One of our online features is the web page for Contract with Piggyback Provisions, found at <http://www.state.wv.us/admin/purchase/piggyback/default.htm>. In addition to statewide contracts issued by the Purchasing Division, other contracts exist which contain provisions allowing agencies and political subdivisions to piggyback. This page lists all approved contracts available for piggybacking for agencies' review.

Another helpful tool has been added to the Bid Opening Index at <http://www.state.wv.us/admin/purchase/bids/default.html>, which provides a central area for all bids received and opened for solicitations since June of 2006. Although this addition was a notable step forward in customer service as well as being an open-government initiative, there was one setback. Online visitors had difficulty finding certain bids when the bid opening date was unknown. Since most visitors to this site did have the requisition number, a search box was added, to enabling them to search by request for quotation (RFQ) number. Now customers have two ways to find bids in which they are interested: by clicking the bid opening date or by entering a specific RFQ number in the search box.

The Purchasing Division continues to enhance its Web site to better meet the needs of our agency purchasers and the 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. There were **1,806** retirement documents (assets taken out of the Fixed Assets System) for a total dollar amount of **\$34,545,558.82**.

Agencies occasionally need to correct errors in their inventory. Data Change Requests must be completed and processed by the Surplus Property Unit when these corrections are made. During **Fiscal Year 2008**, the Surplus Property Unit processed **352** Data Change Requests.

The total dollar amount of assets entered into the Fixed Asset System for **Fiscal Year 2008** was **\$139,698,636.40**. Total dollar amount of assets currently in the system is **\$1,554,287,808.67**.

### Change Made to Fixed Asset Requirement

The Purchasing Division has recently instituted a change to the fixed asset documentation requirements.

All state agencies must enter into the West Virginia Financial Information Management System's Fixed Asset Module any computers with an original acquisition cost of **\$500** or more. This is a change from the previous requirement that assets costing **\$1,000** or more must be documented into an agency's inventory.

This change is at the recommendation of the Legislature's Post Audit Division. This policy applies to computer equipment only.

## Fleet Management Program

### State Vehicle Purchase

The Fleet Management Office completed the purchase of approximately **351** vehicles for model year 2008. The total amount spent on this year's vehicle order was approximately **\$6,705,000**. There were **334** vehicles financed through a third party and **17** vehicles purchased by cash.

### Contract for Fuel and Maintenance of Vehicles

The contract for fuel and maintenance of vehicles was renewed with Automotive Resources International (ARI) for approximately **1,700** vehicles in the Fleet Management Program.

### Vehicle Usage Guidance

A vehicle policy guidance was distributed by the Governor's Office, which outlined considerations that state agencies must consider when determining the best course of action regarding the use of vehicles. The state of West Virginia is committed to reducing its costs and energy consumption through policies that promote the efficient and effective use of motor vehicles.

### **Privately-Owned Vehicles (POVs)**

- ▶ Should only be used when agency-owned or leased vehicles are not available and employees' travel requirements are infrequent.
- ▶ The approved state mileage reimbursement rate will be reviewed each January and July and communicated to all state agencies.
- ▶ Should not be used when reimbursement costs are expected to exceed \$50 per day, unless an agency approves use due to the following:
  - An agency vehicle is not available, and
  - Cost of mileage reimbursement for a POV is less than the cost of commercial travel for an employee (air, rental car, etc.)
  - Should not be used when an employee's and responsibilities require travel in excess of 12,000 miles per year.

### **Agency-Owned/Leased Vehicles**

- ▶ May be used when assigned permanently to one employee or in a motor pool.
- ▶ Motor pool: A car or group of cars is shared among agencies for collective use.
- ▶ Each department will determine if a motor pool concept is supportable.
- ▶ Should be driven a minimum average of 12,000 miles per year.
- ▶ Total lease or ownership cost should be less than the potential mileage reimbursement to employees (if POVs were driven) or the cost of rental cars.

### **Agency Vehicle Rental from Statewide Contract**

- ▶ Should be used only when a temporary need arises, state vehicles are not available, and when the cost of the rental car will be cheaper than POV employee reimbursement.

The guidance noted that cabinet secretaries should consider alternatives to past practices involving the fleet, including the increased use of motor pools for groups of agencies and the increased use of teleconferencing. The Office of Technology in the Department of Administration will provide assistance regarding the logistics and advantages of teleconferencing that are available. In today's digital age, state employees must take advantage of opportunities that are cost efficient, effective, and that conserve energy.

## **Surplus Property**

### **Legislative Rules for Cannibalization and Waste Disposal**

**West Virginia Code** §5A-3-45 provides the West Virginia State Agency for Surplus Property (Surplus Property) the exclusive power and authority to make disposition of commodities or expendable commodities now owned or in the future acquired by the state when the commodities are or will become obsolete or unusable or are not being used or should be replaced. Legislative rules addressing two disposal methods of surplus property, cannibalization and waste disposal, were approved by the Legislative Rule-Making Committee, effective July 1, 2007.

**Legislative Rule CSR148-16** outlines the process by which state agencies may gain approval by Surplus Property to cannibalize property for other uses. Cannibalization means the removal of parts from one commodity to use in the creation or repair of another commodity. In accordance with law,

state assets must be disposed of exclusively through Surplus Property. Prior approval must be attained from Surplus Property before any state asset may be cannibalized.

**Legislative Rule CSR148-17** outlines the guidelines for which Surplus Property may declare certain commodities as waste disposal. All requests for disposal of assets as waste must be approved in advance by Surplus Property. If a physical inspection of the property is deemed necessary, a representative of Surplus Property will visit the agency location to gather information on the property condition.

Surplus Property has the right to take possession of any commodity retired as waste and provide disposal using any method, in accordance with **West Virginia Code §5A-3-45**. If Surplus Property determines within 15 days of receiving a commodity that it must be disposed of as waste, any costs related to that disposal are the responsibility of the agency retiring the commodity. There are various methods of disposal, including disposal as waste. Disposal as waste involves either sending commodities to a landfill or having them recycled.

Electronic equipment is determined to be waste when it has little to no reuse or resale potential. Electronic waste includes older computers (those with processors less than Pentium III); certain CRT monitors; and certain cannibalized computers. Landfills will not accept surplus electronic equipment at their location due to the hazardous material content. In most cases, the most cost-effective method of disposing of electronic waste is having the owning agency recycle the commodities. The Purchasing Division has entered into a statewide contract to supply recycling of electronic equipment to all state agencies.

For a copy of the **Legislative Rules** addressing cannibalization and waste disposal, please visit:

<http://www.state.wv.us/admin/purchase/rules.html>

### **Fiscal Year 2008 Statistics**

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

Federal Property Service Charge	\$ 2,280.04
State Property Service Charge	344,735.84
Public Auctions	578,480.24
Weekly Sealed Bids	323,786.08
Statewide Sealed Bids	46,893.46
Public Sales**	10,585.80
eBay**	25,867.57
Scrap**	<u>15,623.29</u>
<b>Total Revenue</b>	<b>\$1,348,252.32</b>

\*\*One month in operation

## State Vehicles

Approximately **377** vehicles were sold during Fiscal Year 2008. Below is a breakdown of the method by which they were sold:

Public Auction	235	\$436,975.00
Weekly Sealed Bids	72	246,959.83
Statewide Sealed Bids	14	14,633.73
eBay Sales**	7	17,954.10
Negotiated Sales	49	15,623.29
<b>Totals</b>	<b>377</b>	<b>\$1,348,252.32</b>

\*\*One month in operation

## Travel Management Office

### Travel Expenditures

The total amount of travel expenditures statewide for **Fiscal Year 2008** was **\$44,855,614.43**.

### Statewide Contract for Car Rentals [Enterprise]

The total number of rental days for the **Fiscal Year 2008** was **10,918**. Based on an expenditure of **\$470,333.94**, the average cost of a rental car per day was **\$43.08**. Without a preferred car rental contract, the normal (average) daily rate is **\$52.71**, for a savings of **\$105,153.84**.

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

Year-end transactions include:

Exchanges	864
Refunds	75
Airline tickets	6,333
Service fees paid	\$162,165.94
Total Transactions	13,345
Cost	\$3,111,173.24
Full Fare	\$10,234,869.55
Savings	\$7,123,696.31

### 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 **\$21.00** per day.

Based on a total of **5,693** rental days reported from United Bank, the state saved **\$119,553.00**. The rebate of the qualifying annual volume was **\$23,214.00**.

### Mileage Reimbursement Rate

Effective April 1, 2008, the state of West Virginia increased the standard mileage rate for business use of an automobile from **44.5** cents per mile to **50.5** cents per mile.

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The standard rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The primary reason for the mileage increase is higher prices for fuel.

**Delta SkyMiles Bonus Tickets**

Three (3) free tickets were used for a total value of **\$3,094.59**.

# RECOGNIZING EXCELLENCE...

## AWARD WINNERS



Recognizing agency employees working in state procurement who demonstrate qualities of excellence is important to our industry. These individuals serve as our role models. Because of their expertise, we learn from them and use them as valuable resources.

The Purchasing Division is pleased to continue two recognition programs which have been in existence for more than a decade: the **Agency Procurement Officer of the Year** and the **Partner in Purchasing**. The awards were announced at a special ceremony in December of 2006.

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

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### 2007 Agency Procurement Officer of the Year Karen Lane of the Division of Motor Vehicles

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*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.*

Karen Lane, a procurement officer for the Division of Motor Vehicles, was the recipient of the **2007 Agency Procurement Officer of the Year**.

The Agency Procurement Officer of the Year award began in 1996, making this the 12<sup>th</sup> year of celebrating excellence in state public procurement in West Virginia. The purpose of this award is to recognize one individual working in the state purchasing field who has demonstrated high levels of performance and professionalism.

The criteria that is used in making the selection for this award are tenure, performance, communication skills, internal training efforts, cooperation with agency and purchasing staff, positive image, and good purchasing practices.

Focusing on the value of expertise and cooperation of those individuals at the state level who handle their daily purchasing operations, this award has had many prestigious winners in the past, including:



**Karen Lane (r) of the Division of Motor Vehicles was recognized as our 2007 Agency Procurement Officer of the Year. Also pictured is Karen Byrd (l), Assistant Purchasing Director of the Acquisitions and Contract Administration Section.**

- 1996: Edi Barker (Bureau of Employment Programs)
- 1997: Susie Teel (Department of Environmental Protection)
- 1998: Lt. Col. Jim Powers (West Virginia State Police)
- 1999: Jo Miller Bess (Department of Health and Human Resources)
- 2000: Lendin Conway (Department of Environmental Protection)
- 2001: Bev Carte (Division of Natural Resources)
- 2002: Ratha Boggess (Treasurer's Office)
- 2003: Syble Adkins (Department of Revenue)
- 2004: Carole Woodyard (West Virginia State Police)
- 2005: Diana Joseph (Division of Natural Resources)
- 2006: Gloria Anderson (Division of Culture and History)

Karen has worked in the public purchasing field for more than 23 years, 18 of those years as an agency procurement officer. She has been described as very organized and efficient; willing to work with employees to accommodate internal and external customers; open-minded yet firm when making the right decisions. She has lead her agency in the development of complex, high dollar requests for proposals.

More of her attributes include working cooperatively with vendors and other state agencies, effective in training her agency's purchasing staff to ensure that proper pro-cedures are being followed, being instrumental in making positive changes in the agency's internal controls to streamline processes and enhance customer service, and most importantly, ensuring that all purchasing rules and regulations are followed by the agency's staff.

"The Purchasing Division values the expertise and cooperation of those who handle the daily procurement operations within each agency. Karen has been highly recommended by her peers as an agency procurement officer who gets the job done," said Purchasing Director Dave Tincher.

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## 2007 Partner in Purchasing

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

There was not a recipient for the Partner in Purchasing award for 2007.

# FINANCIAL STATISTICS...

## FISCAL YEAR 2008



### NEW PURCHASE ORDER SUMMARY

#### Resident Vendor Analysis:

Vendor	Count (#)	Percent (#)	Value (\$)	Percent (\$)
West Virginia	814	68.75%	\$277,721,163.89	54.68%
Non West Virginia	370	31.25%	\$230,147,415.39	45.32%
<b>TOTAL</b>	<b>1,184</b>	<b>100%</b>	<b>\$507,868,579.28</b>	<b>100%</b>

The average purchase order amount for FY 2008 was **\$428,943.06**.

\*This summary does not include change orders processed during FY 2008.

#### Agency Analysis:

Top 10 Agencies	Count (#)	Percent (#)	Value (\$)	Percent (\$)
Highways	367	31.00%	\$153,017,526.73	30.13%
DHHR	92	7.77%	\$55,415,654.94	10.91%
Administration	114	9.63%	\$49,600,971.47	9.77%
DEP	118	9.97%	\$33,249,774.46	6.55%
Eng. and Facilities	27	2.28%	\$26,549,422.06	5.22%
Corrections	17	1.44%	\$25,962,468.89	5.11%
Regional Jail	9	0.76%	\$18,034,321.59	3.55%
Lottery	5	0.42%	\$16,599,741.53	3.27%
State Police	29	2.45%	\$11,991,590.22	2.36%
Culture & History	8	0.68%	\$10,594,311.00	2.09%
Other	398	33.61%	\$106,852,796.39	21.04%
<b>TOTAL</b>	<b>1,184</b>	<b>100%</b>	<b>\$507,868,579.28</b>	<b>100%</b>

# LEGISLATIVE CHANGES



## House Bill 4664

### **Purchasing Reform II**

The State Legislature made minor changes to the *West Virginia Code* as it relates to state procurement during its 2008 Regular Session. House Bill 4664 clarifies the purpose of the Purchasing Division with changes in negotiation, vendor registration and surplus property.

The bill, which went into effect June 5, 2008, clarified language regarding negotiation with vendor(s) when all bids exceed the budgeted amount noted in the purchase requisition. Negotiation may take place in accordance with the procedures outlined in the Code. Stricken from Code was the director's determination in writing that no additional funds are available from any source to permit an award and that a delay to rebid the purchase would not be in the best interest of the state.

In addition, vendor registration was revised so that the officers of an organization need only submit the city and state of residence information the Vendor Registration and Disclosure Statement. Previously, the full residence address of an organization's officers was required.

Another change is that the Surplus Property Unit is now able to sell property to the general public at a posted price throughout the business week similar to a retail establishment. Previously, the general public would have to submit a sealed bid or acquire property at an auction.

## Senate Bill 657

### **Alcohol and Drug-Free Workplace Act**

This legislation created the Alcohol and Drug-Free Workplace Act, requiring public improvement contractors to have and implement a drug-free workplace program that requires drug and alcohol testing and assistance for employees.

## House Bill 4524

### **Ethical Standards**

This House Bill related to the ethical standards of public officers, employees and lobbyists. This legislation addressed compensation for telephonic participation in meetings; permitted personal use of frequent traveler bonus points acquired on official government business; redefined and clarifies a limited interest in a public contract; and prohibited public employees or officials from influencing contracts in which they have a financial interest or are employed.

# DIVISION OBJECTIVES



## Objective #1

Ensure the purchasing process functions in an expeditious and conscientious manner.

- Maintain an average procurement cycle of 30 days or less.

## Objective #2

Continue forward progression on e-procurement initiatives, including evaluation of current system and possible replacement.

## Objective #3

Provide educational and informative tools to agency procurement officers to ensure the State is achieving best value.

- Provide training on purchasing rules, regulations, and procedures to at least 75% representation of all state agencies under the Purchasing Division's authority (excluding boards and commissions) on an annual basis.
- Create an online and in-house training program for state agencies on various topics relating to the state purchasing process.

## Objective #4

Ensure accountability to the state through proactive auditing and documentation review.

- Maintain a rate for formal protests of less than 4% through dispute resolution and process education.