



2017 ANNUAL REPORT



State of West Virginia
Department of Administration
Purchasing Division

WVPurchasing.gov
An EEO Employer



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Director's Message



June 30, 2017

To the Citizens of West Virginia:

Fiscal Year 2017 brought about many changes both within the Purchasing Division and state government itself. Among the most significant changes, we witnessed the inauguration of our new governor, Jim Justice, in January, as well as the retirement of longtime Purchasing Director Dave Tincher. As a result, immediately following I transitioned into the role of Acting Purchasing Director to continue and add to the positive programs and services that my predecessor had worked so hard over the years to achieve.

Despite these transitional times, the Purchasing Division realized many accomplishments during this fiscal year, including the receipt of the NPI Achievement of Excellence in Procurement Award for the fourth consecutive year, completion of construction of the West Virginia State Agency for Surplus Property's new facility, and the streamlining of processes to bring more efficiency to the procurement function within state government. The Purchasing Division also provided the Legislature with some suggestions to improve the state purchasing process, several of which were introduced as part of House Bill 2897 and successfully became law.

During Fiscal Year 2017, the Purchasing Division also continued to host strategic sourcing meetings with agencies that have a high-dollar volume of purchases throughout the year. These meetings encouraged agency procurement officers to look at past procurement trends so they may be better prepared for purchases anticipated in the upcoming fiscal year, as well as determine if any purchases can be combined into a single transaction, with input and guidance from the Purchasing Division. These meetings have proven successful and the Purchasing Division plans to continue offering them in an effort to streamline and expedite the process.

I am privileged to have had the opportunity to serve in this new capacity at the West Virginia Purchasing Division during this time, because I believe that change is what challenges us to become better and perform more efficiently. With that said, I am pleased to share with you our Annual Report for Fiscal Year 2017, which showcases some of our noteworthy achievements for this past year. As always, thank you for all of the continued support offered to the Purchasing Division.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Michael Sheets".

W. Michael Sheets, CPPO, Acting Director
West Virginia Purchasing Division

General Information

Contact Information:

Contact information for our staff is available on the West Virginia Purchasing Division's website at WVPurchasing.gov. Biographical information for the senior management team, the division's organizational chart and detailed contact information for staff is accessible at the "Contact Us" button on the homepage. The address, telephone and FAX number for our agency is noted below:

West Virginia Purchasing Division

2019 Washington Street, East
Charleston, WV 25305

Telephone: (304) 558-2306
FAX: (304) 558-4115

WVPurchasing.gov

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 and travel 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:

Below is the mission of the Purchasing Division, which stresses the valued services provided to our customers by making sound and effective decisions in accordance with state law:

To provide prudent and fair spending practices in procuring quality goods and services at the lowest cost to state taxpayers by maximizing efficiencies and offering guidance to our customers.

Marketing Strategy:

The Purchasing Division communicates with its state agency partners and vendor community regarding its programs and services through a variety of mediums, including the *West Virginia Purchasing Bulletin*, the listing of state government bid opportunities through the *wvOASIS Vendor Self Service* portal; a monthly online newsletter for state procurement officers, *The Buyers Network*; our quarterly West Virginia State Agency for Surplus Property newsletter, *The Property Connection*; email correspondence to our designated state agency purchasing liaisons; various training programs; and our website (*WVPurchasing.gov*) and intranet site (<http://intranet.state.wv.us/admin/purchase/default.html>), which is accessible to state employees. In an effort to provide our customers with the best possible service, the Purchasing Division looks for ways to network effectively with our agency partners.

Customer Service Representative:

The Purchasing Division has a designated customer service representative to serve as the primary contact for all inquiries, suggestions and concerns. Diane Holley-Brown, Assistant Purchasing Director, serves in this role and may be contacted at (304) 558-0661 or via email at *Diane.M.Holley@wv.gov*.

Organizational Structure:

The Purchasing Division is organizationally structured under the West Virginia Department of Administration within the executive branch of state government. In addition to the Purchasing Director's office, the division has three sections: Acquisitions and Contract Administration, Communication and Technical Services, and Program Services. Additionally, the Purchasing Division maintains a legal office to assist with various legal and legislative issues.

Acquisitions and Contract Administration Section

The Acquisitions and Contract Administration Section is responsible for the procurement of products and services for state agencies expected to exceed \$25,000. It is committed to providing excellent customer service to agencies and vendors by buying the best quality commodities and services at the lowest cost to taxpayers.

The Contract Management Unit within this section assists with the oversight of 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

The Communication and Technical Services Section is responsible for a variety of services offered to agency purchasers, the vendor community and the general public. It focuses on technology, communication, training, and vendor registration and relations, as well as administrative functions, including records imaging and retention, purchase order encumbrance, and bid receipt.

The Communication and Professional Development Unit provides information and training services related to the division and the individual programs which are administered by the Division. Conferences, online resource training modules, in-house workshop sessions, webinars and the West Virginia Procurement Certification Program are offered throughout the year to provide guidance and opportunities to our agency procurement officers.

The Technical Services Unit maintains all technical applications administered by the division as well as oversees our networking services and the division's internet and intranet sites. In addition, this unit oversees the vendor registration and relations program.

The Support Services Unit oversees the administrative functions outlined above.

Program Services Section

The Program Services Section is responsible for several programs administered by the Purchasing Division. The Travel Management Unit offers guidance to state business travelers and oversees various statewide contracts for travel-related services. This unit communicates with agency travel coordinators on various issues relating to services.

The Fixed Assets Unit maintains the state's inventory of property and ensures the agencies certify their state-owned property on an annual basis.

The Surplus Property Unit manages the state and federal programs for property no longer needed within the respective governments. As part of this program, state property that is not sold to eligible organizations is made available to the public through various mechanisms, including absolute auctions, daily retail sales, online sales and statewide sealed bids.

The Staff of the West Virginia Purchasing Division



Pictured back row (l-r): Diane Holley-Brown, Elizabeth Perdue, Catherine DeMarco, Mark Totten, Jimmy Meadows, Jessica S. Chambers, Mark Atkins, Guy Nisbet, Greg Clay, and Shane Hall;

3rd row (l-r): April Battle, Melissa Hitt, Pamela Duncan, Charles Barnette, Mike Sheets, Melissa Pettrey, Tara Lyle, Linda Harper, and Samantha Knapp;

2nd row (l-r): Katrina Dufourny, Jorden Parsons, Frank Whittaker, Millicent Mann, Brittany Ingraham, Lu Anne Cottrell, Courtney Sisk Johnson, Debbie Watkins, and Crystal Rink;

Front row (l-r): Sabrina Stollings, Stephanie Mosley, Alisha Pettit, Michelle Childers, and Beverly Toler.

The Purchasing Division staff, pictured above in a June 2017 photograph, works closely with our designated agency procurement officers and the many vendors that provide the commodities and services needed to maintain and operate state programs and services. We are always pleased to serve you!

Contact Reference Guide

Director's Office

Mike Sheets, Acting Purchasing Director
James Meadows, General Counsel
Debbie Watkins, Administrative Secretary

| <u>Telephone No.</u> | <u>Location</u> |
|----------------------|-----------------|
| (304) 558-0492 | Main Office |
| (304) 558-8806 | Main Office |
| (304) 558-3568 | Main Office |

Acquisitions and Contract Administration Section

Frank Whittaker, Assistant Director

(304) 558-2316 Main Office

Acquisitions Unit

Linda Harper, Buyer Supervisor
Tara Lyle, Buyer Supervisor
Guy Nisbet, Buyer Supervisor
Mark Atkins, Senior Buyer
Charles Barnette, Senior Buyer
April Battle, Senior Buyer
Jessica S. Chambers, Senior Buyer
Michelle Childers, Senior Buyer
Stephanie Gale, Senior Buyer
Brittany Ingraham, Senior Buyer
Melissa Pettrey, Senior Buyer
Crystal Rink, Senior Buyer

(304) 558-0468 Main Office
(304) 558-2544 Main Office
(304) 558-2596 Main Office
(304) 558-2307 Main Office
(304) 558-2566 Main Office
(304) 558-0067 Main Office
(304) 558-0246 Main Office
(304) 558-2063 Main Office
(304) 558-8801 Main Office
(304) 558-2157 Main Office
(304) 558-0094 Main Office
(304) 558-2402 Main Office

Contract Management Unit

Greg Clay, Contract Manager
Shane Hall, Inspector III
Mitzie Howard, Inspector II

(304) 558-5780 Main Office
(304) 558-8803 Main Office
(304) 558-2037 Main Office

Communication and Technical Services Section

Diane Holley-Brown, Assistant Director

(304) 558-0661 Main Office

Communication and Professional Development Unit

Samantha Knapp, Manager
Jessica L. Chambers, Public Information Specialist
Courtney Sisk-Johnson, Public Information Specialist

(304) 558-7022 Main Office
(304) 558-2315 Main Office
(304) 558-4213 Main Office

Technical Services Unit

Mark Totten, Manager
Alisha Pettit, Programmer
Sabrina Stollings, Vendor Registration Coordinator

(304) 558-7839 Main Office
(304) 558-0247 Main Office
(304) 558-2311 Main Office

Support Services

Beverly Toler, Supervisor

(304) 558-2336 Main Office

Program Services Section

Elizabeth Perdue, Assistant Director

(304) 766-2626 Dunbar

Fixed Assets Management Unit

Sherry Fewell, Fixed Assets Coordinator

(304) 766-2626 Dunbar

Surplus Property Unit

Elizabeth Perdue, Manager
Anthony Cooper, Assistant Manager

(304) 766-2626 Dunbar
(304) 766-2626 Dunbar

Travel Management Unit

Catherine DeMarco, State Travel Manager

(304) 558-2613 Main Office

Purchasing Highlights

Purchasing Division Director David Tincher Retires After Nearly 40 Years in Public Procurement

After serving nearly 40 years in various procurement capacities, Purchasing Division Director David Tincher retired on April 30, 2017.

During his tenure, Director Tincher realized many accomplishments. These included the transition from commodity-based to agency-based buying assignments to enhance procurement relationships between the Purchasing Division and state agencies; a vast expansion of the procurement training program; the creation of a statewide procurement certification program that is recognized by the Division of Personnel; and the achievement of the National Procurement Institute's Excellence in Procurement award for four consecutive years.

In his role as Director, Tincher also served as the leading public purchasing authority in West Virginia and was often required to participate in legislative meetings to answer questions related to procurement laws, rules, and procedures. Furthermore, he directed the Surplus Property Program that oversees the acquisition and sale of federal and state surplus property and spearheaded support for the construction of the new surplus property administrative and warehouse facility in late 2016.

During the earlier years of his tenure, Tincher was also responsible for the statewide vehicle fleet, Capitol complex parking, statewide records management, and the central print shop.

Following Director Tincher's retirement, Deputy Director Mike Sheets was promoted to Acting Purchasing Director.



Purchasing Director David Tincher retired from the West Virginia Purchasing Division after 20 years in the role. Prior to this position, he spent an additional 20 years in the Division working in other capacities.

Measures Taken to Improve Efficiency in Process

The Purchasing Division implemented several new initiatives during Fiscal Year 2017 to make the procurement process more efficient for its staff and agencies. In an effort to help state agencies obtain needed commodities and services more quickly, the Division expedited the advertising cycle. In the past, solicitations were advertised for an average of one month. The Purchasing Division's new goal this fiscal year was to complete the advertisement process for general commodities within 10 days.

Utilizing the new format, vendors have three days to submit their questions regarding the solicitation once it has been published. Subsequently, the agency has two days to respond to all questions and one day to publish the resulting addendum, leaving four days between any addendum and the bid opening date. The condensed format does not affect the time necessary to complete the front end of the process, when the buyer works with the agency on specification development and submission, or the evaluation of bids and award process.

In addition to this expedited advertisement process, the Purchasing Division stopped mailing full solicitation packets to vendors except upon request. Instead, the Purchasing Division sends a one-page document that notifies vendors of each published solicitation, which includes the solicitation type, a description of the commodity or service needed, the deadline for questions, the bid closing date and time, and where the vendor can find the solicitation in the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal in *wvOASIS*. This new process results in savings of time and costs.

Gov. Jim Justice Declares March as Purchasing Month



Following in the footsteps of former governors, Gov. Jim Justice proclaimed March 2017 as “Purchasing Month” throughout the state of West Virginia. The proclamation, which began in our state in March 2011, was part of a larger national annual campaign cultivated by the National Institute of Governmental Purchasing.

The Purchasing Month proclamation highlighted the initiatives that develop, support and promote public procurement practitioners through education and research programs. As part of the campaign, state purchasers were recognized for their professionalism in the procurement function and their integrity in spending state taxpayer dollars. The Purchasing Division is pleased to spearhead the efforts that carry on the traditions of this national campaign each year.

The official proclamation is displayed at the Purchasing Division office in Building 15.

Purchasing Division Receives National Procurement Award for Fourth Year

The Purchasing Division was again awarded the Annual Achievement of Excellence in Procurement (AEP) Award in 2016. Administered by the National Procurement Institute (NPI), this is the fourth consecutive year in which the Purchasing Division has achieved this competitive standard of excellence in procurement.

The Purchasing Division was the only agency in West Virginia and one of only 13 state agencies in the United States and Canada to receive the 2016 award.



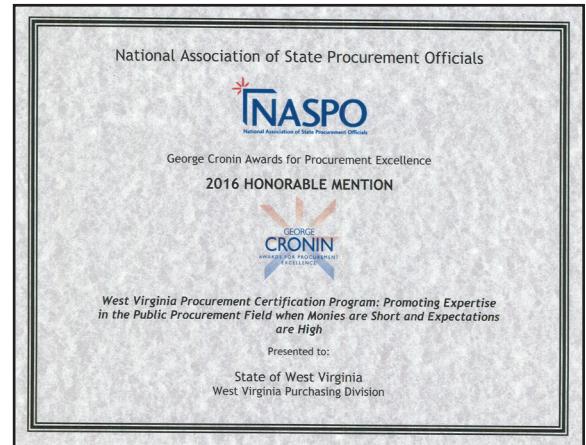
Public and nonprofit organizations are evaluated on criteria such as innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement function. Founded in 1986, NPI promotes the achievement of excellence in governmental and institutional procurement and establishes cooperative relationships among its members. Through education, certifications, and its member networks, NPI facilitates professional development of its members.

The Purchasing Division was recognized at the NPI's 48th Annual National Conference and Products Exposition and the 21st Annual Presentation of the Achievement of Excellence in Procurement Awards in Colorado Springs, Colorado.

Purchasing Programs Receive Honorable Mention as Part of Cronin Awards for Procurement Excellence

The National Association of State Procurement Officials (NASPO) recognized two of West Virginia's state procurement programs with honorable mentions as part of its 2016 George Cronin Awards for Procurement Excellence.

The state's recognized programs included *West Virginia Procurement Certification Program: Promoting Expertise in the Public Procurement Field when Monies are Short and Expectations are High* and *West Virginia Procurement Recruitment and Retention Program: Compensation Criteria for Buyer Retention Approved Proposal*.



Nominations were scored based on the criteria of innovation and initiative, transferability, service improvement, and cost reduction.

The George Cronin Awards for Procurement Excellence are recognized as a premier achievement for innovative public procurement and pay tribute to a founder and the first president of NASPO for his devotion to improving governmental purchasing.

Strategic Sourcing Meetings Helpful in Planning for Purchasing Division and State Agencies

The West Virginia Purchasing Division conducted its first ever strategic sourcing meeting in late June 2016 with the General Services Division, followed in early Fiscal Year 2017 by several more with state agencies that fall under its authority and maintain a high-dollar volume of procurements. The purpose of the meetings was to plan and prepare for future procurements as well as to discuss current and ongoing contracts.

Prior to each meeting, the Purchasing Division shared with the agency a copy of the agenda, as well as

documentation that would be discussed during the meeting. The agency was then asked to submit its plan of action for all contracts on its Expiring Contracts Report, noting if the agency planned to rebid, renew, or cancel the contract, as well as prepare a list of upcoming purchases planned for that year.

During the meetings, agency personnel interacted openly with Purchasing Division staff while discussing everything from internal controls, procedures, and approvals to the inspection process, training issues and opportunities, and legal matters. The discussion on internal controls within the agency was especially important during the dialogue, as it included clarification of approval patterns, workflow, and agency delegated limits. The Purchasing Division shared its levels of authority and processes as well during the meetings.

Purchasing Division personnel ended each discussion with a highlight of recent changes to purchasing laws, rules and procedures, including those impacting the master terms and conditions, the subcontractor list requirement, and prevailing wage rates.

Due to their success, the Purchasing Division conducted several more strategic sourcing meetings in late Fiscal Year 2017.

Surplus Property Shows Off New Warehouse and Office Building After Year-Long Renovation

The West Virginia State Agency for Surplus Property (WVSASP) saw big changes during Fiscal Year 2017. With construction complete at its facility in Dunbar, WVSASP personnel were pleased to show off their new warehouse building, newly paved vehicle and parking lots, and other new features, such as the automatic gate, climate-controlled showroom, and convenient checkout area.

Development on the new WVSASP warehouse began in 2015 with removal of the old auction site and vehicle lot. From there, the new building was constructed to serve as the warehouse and staff office location. The new building contains more than 19,000 square feet of space.

Throughout this process, WVSASP remained open and continued to serve state agencies, eligible organizations, and the general public. The improvements on the property will allow WVSASP to provide better service to its customers for years to come.



The West Virginia State Agency for Surplus Property showed off its new warehouse and office space during Fiscal Year 2017. In addition to the new building, which includes a climate-controlled showroom and convenient checkout area, the renovation also included a newly paved vehicle lot and fence surrounding the property.

From New Office Buildings to Head House Restorations...

A Constant Variety of Unique Purchases Make their Way through the West Virginia Purchasing Division

The West Virginia Purchasing Division is responsible for procuring commodities and services on behalf of all state agencies, in accordance with *West Virginia Code* §5A-3. In most cases, these purchases are quite common, such as those for paper, office supplies, tools, and technology equipment.

However, not all purchases can be so easily categorized. Many of the state programs and services offered by our state agencies are unique, and as such, so are their procurement needs.

Below are examples of contracts issued during Fiscal Year 2017 for atypical items. Due to their uniqueness and sometimes complex nature, the Purchasing Division buyers must work closely with agency procurement officers to ensure potential bidders have a full understanding of what the state needs.

New Boat Ramp Project Kicks Off at Fairmont's Local Palatine Park



Staff members of the Division of Natural Resources, the city of Fairmont, and Marion County joined together to kick off a new boat ramp project at Palatine Park. The Purchasing Division was instrumental in the planning stages for this project.

Construction began in the city of Fairmont on a new boat ramp at Palatine Park. The three-lane boat ramp and dock were part of a greater riverfront development project at the park administered by the West Virginia Division of Natural Resources (DNR), the city of Fairmont, and Marion County.

The development of this project had been in the design stages for several years, during which the Purchasing Division played an integral role. The official groundbreaking ceremony for the boat ramp took place in September 2016.

Funding for the project came primarily from the profits earned from the sale of hunting and fishing licenses and other sporting equipment. Federal aid from the Sport Fish Restoration

Act, which is administrated by the U.S. Fish and Wildlife Services, matched some of the funding as well. Money acquired through this program was required to be spent on boating access, and the project at Palatine Park fulfilled those requirements.

"Looking forward, I am confident additional riverfront development will take place at Palatine," said Marion County Commissioner Randy Elliot during the groundbreaking ceremony. "Services such as unique restaurants and specialty shopping would certainly benefit the park and the greater Fairmont community."

In addition to providing local access and use for DNR officials, the project was also expected to grow the Marion County Invitational Bass Tournament. The increased participants in such events will likely have a positive economic impact on multiple industries within the area.

Celebration Conducted for Opening of New State Office Building in Clarksburg

In October 2016, former Governor Earl Ray Tomblin joined other state and local officials to dedicate a new state office building in downtown Clarksburg. The Purchasing Division played a key role in the planning, design, and construction of the building, in collaboration with the Real Estate and General Services Divisions.

The dedication ceremony featured a welcome from City of Clarksburg Mayor Catherine Goings, special remarks from Harrison County Commission President Ronald Watson, and an invocation by local Reverend John F. Koerner. The National Anthem was performed by Alex Mazza, who was a senior at Notre Dame High School.

As a result of this new building, residents of Harrison County and north central West Virginia now have convenient access to the Department of Health and Human Resources, Division of Motor Vehicles, Workforce West Virginia, Division of Rehabilitation Services, State Tax Department, and State Auditor's Office. State employees had moved into the building prior to the dedication ceremony and were on hand to offer tours of the building to local citizens and guests.

The facility, which spans four floors and totals 76,098 gross square feet, hosts 180 state employees.



The Purchasing Division worked with the Division of Natural Resources to solicit and award a contract for a \$1.7 million project at Cacapon State Park.



In October 2016, former Governor Earl Ray Tomblin joined other local and state officials to celebrate the opening of a new state office building in Clarksburg. The Purchasing, General Services, and Real Estate Divisions collaborated on the planning, design, and construction of this building.

New Cacapon Dam Construction Provides Enhanced Safety and Recreation Options

A \$1.7 million project kicked off at Cacapon State Park in Berkeley Springs in September 2016. Two earthen dams at the park were updated as part of the project, including the upper reservoir dam and the lower recreation lake dam. The Purchasing Division worked with West Virginia State Parks and the Division of Natural Resources to solicit and award the contract.

The upgrades were made in response to new structural criteria found in the Probable Maximum Participation Storm model, and although the dams had never failed,

completing the updates would ensure that the dams are able to withstand stronger storms.

Modifications included constructing a new spillway reinforcement to the lower dam and installing drains around the larger reservoir dam. Several additional improvements were also made to the larger dam.

While the work at Cacapon State Park primarily focused on the dams, the contract also included several recreational benefits. A new handicapped-accessible hard surface trail was added at the upper lake, which would also appeal to fishermen.

Head House Restoration Makes Good Impression on B&O Rail Passengers

The Purchasing Division helped secure a vendor to make much needed repairs at the Baltimore and Ohio (B&O) Railroad station in Harpers Ferry.

A head house, also known as a station building, is the main building of a passenger railway station. It is typically used to provide services to passengers, such as ticket counters or machines, waiting areas with seats and luggage stands, and offices for staff.

Amtrac Railroad Contractors of Hagerstown, Maryland, was awarded the contract to repair both head houses in Harpers Ferry after the Purchasing Division solicited bids for the project, valued at more than half million dollars. The project included repairs to the concrete foundation and floor slab, framing, and a new metal roof and guttering installation in the North Head House, as well as repairs to the siding, doors, and windows, as well as painting both head houses.



Harpers Ferry visitors and residents have a new head house at the historic B&O Railroad. The Purchasing Division worked with the State Rail Authority on this unique purchase.

as well as repairs to the siding, doors, and windows, as well as painting both head houses.

Purchasing Participates in 3rd Minority Business Expo

The West Virginia Purchasing Division was pleased to participate in the 3rd Annual Minority Business Expo (MBExpo) on October 26, 2016, at the Charleston Civic Center.

The MBExpo provided an opportunity for minority business owners and entrepreneurs to network and

receive free education on how to further their business. The Purchasing Division had a booth at the event and was able to provide visitors with information on how to conduct business with the state of West Virginia.

Visitors to the booth learned how to register with the state of West Virginia and learned what resources are available to them at WVPurchasing.gov. Buyer Supervisor Tara Lyle, Technical Services Manager Mark Totten, and former Vendor Registration Coordinator Gail Montantez represented the Purchasing Division at the event.

One of the main resources shared during the MBExpo was information regarding the Small, Women-, and Minority-Owned (SWAM) Business Certification, which may be requested as part of a vendor's record with the Purchasing Division. The SWAM certification, governed by *West Virginia Code §5A-3-59*, is available to vendors who fall within the business categories of small, woman-, or minority-owned.

More information on SWAM certification, including definitions, requirements, and certification forms, can be found on the Purchasing Division's website at www.state.wv.us/admin/purchase/minority.html.



The Purchasing Division participated in its 3rd Minority Business Expo on October 26, 2016. Buyer Supervisor Tara Lyle, seated left, and former Vendor Registration Coordinator Gail Montantez, seated right, represented the Purchasing Division at the event.

Program Accomplishments

Acquisitions and Contract Administration Section

The Acquisitions 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 **West Virginia Code** and preserve the integrity in buying the best quality commodities at the lowest cost to taxpayers. Additionally, this Section oversees the Contract Management Unit, which includes Inspection Services.

Purchasing Division Tracks Positive Outputs

Purchasing Division staff members are always available and ready to help their agency partners make the procurement process as smooth as possible. Below are just a few instances during Fiscal Year 2017 in which teamwork made it possible for agencies to get needed commodities and/or services while being good stewards of our taxpayer dollars:

- An agency needed software maintenance to operate its programs. The Purchasing Division issued emergency authority to contract, but the vendor insisted on charging for maintenance for the past three years when maintenance was not utilized. The Purchasing Division negotiated a solution to the problem and obtained the contract for only the price of maintenance going forward.
- One agency was paying \$500,000 for one year of reporting services provided as part of an emergency contract. Competitive bidding lead to a price reduction of \$300,000 per year.
- One agency was using the FedEx statewide contract to have its materials shipped. However, due to the weight of the mailings, the Purchasing Division worked with the agency procurement officer to obtain recommendations for an exemption and suggestions for future purchases.
- One vendor reached out to the Purchasing Division's vendor registration office to update its account information. In a quick email exchange, his company was registered and ready to do business. He expressed his appreciation for the quick and easy experience he had working with the Purchasing Division. This was just one of many positive notes from vendors who praised the efforts of the Purchasing Division and its staff.
- The Purchasing Division requested *wwOASIS* to remove the vendor fee-exempt checkbox and require that agency purchasers only exempt the vendor fee on a transactional basis. The *wwOASIS* fix was made on March 30, 2017, resulting in thousands of formerly exempt vendors being required to either pay the annual vendor fee or the agency to utilize a vendor registration exemption code on the award document.

These examples show the Purchasing Division's eagerness to assist agencies in reducing costs to the state.

Purchasing Division Adds New Construction Templates for Mandatory Use by Agencies

Two new templates for construction purchases were added to the Purchasing Division's intranet site during Fiscal Year 2017.

One of these templates became mandatory for use for smaller construction purchases where there are no Professional Engineering project manuals and/or the American Institute of Architects (AIA) documents. The Purchasing Division also maintains a construction template with the AIA document language for larger construction contracts for which architecture/engineering firms have developed project manuals and/or involve AIA documents.

Using a template ensures the Purchasing Division receives all necessary information required for each type of purchase in a standard format. The use of templates became mandatory in Fiscal Year 2016.

All templates are available in a Microsoft Word format and may be modified as long as the changes to the templates are tracked so the Purchasing Division buyer may identify what changes have been made.

These construction templates, as well as specification templates for one-time and open-ended purchases, catalog discount RFQs, service purchases, and elevator and HVAC maintenance can be found on the Purchasing Division's intranet site at <http://intranet.state.wv.us/admin/purchase/procedures.html>.

Changes to Existing Statewide Contracts Issued by Purchasing Division Prove Beneficial to Agencies

The Purchasing Division made updates to several statewide contracts during Fiscal Year 2017. These updates are noted below.

Platform for Office Supplies Contract Takes on New Look

A merger between Office Depot and OfficeMax, the vendor who was awarded the statewide contract for office supplies, resulted in the vendor moving all users from the OfficeMax platform to the Office Depot B2B platform. This migration between platforms included all products on the current statewide contract.

Unique OfficeMax usernames and passwords transitioned to the Office Depot website, and the order history from OfficeMax accounts became available on the Office Depot B2B site for reference.

| |
|---|
| <small>REQUEST FOR QUOTATION [Construction Services being sought]</small> |
| <small>GENERAL CONSTRUCTION SPECIFICATIONS</small> |
| <p>1. PURPOSE AND SCOPE: The West Virginia Purchasing Division is soliciting bids on behalf of [insert agency name] to establish a contract for [insert construction services being sought].</p> <p>2. DEFINITIONS: The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions and in the Specification's Manual as defined below.</p> <p>2.1 "Construction Services" means [insert general description of construction services that will be performed under this contract] as more fully described in these specifications and the Specifications/Project Manual.</p> <p>2.2 "Pricing Page" means the pages contained in wvOASIS, attached hereto, or included in the Specifications/Project Manual upon which Vendor should list its proposed price for the Construction Services.</p> <p>2.3 "Solicitation" means the official notice of an opportunity to supply the State with Construction Services that is published by the Purchasing Division.</p> <p>2.4 "Specifications/Project Manual" means the American Institute of Architects forms, specifications, plans, drawings, and related documents developed by the architect, engineer, or Agency that provide detailed instructions on how the Construction Services are to be performed along with any American Institute of Architects documents ("AIA documents") attached thereto.</p> |

Statewide Contract Update Allows Tires to be Purchased with ARI

A change made to the statewide contract for new tires (NTIRE13A) allowed Automotive Resources International (ARI), the statewide contractor for vehicle management services, to facilitate the purchase of Goodyear tires using the statewide contract.

Pricing remained the same with no additional fees. The goal was to streamline the process to increase efficiencies.



To purchase new tires for a state vehicle, drivers were encouraged to call ARI at 1-800-CAR-CARE, where they were then directed to the nearest location to purchase the tires. To ensure the transaction was processed with ARI, agencies needed to indicate their billing preference at the point of sale. By processing these purchases through ARI, agencies no longer needed to pay a separate invoice for tires or create a Centralized Delivery Order or Agency Delivery Order for tire purchases.

This partnership with Goodyear and ARI will remain in effect for the remainder of the statewide contract. If an agency does not use ARI for vehicle management, tires can still be purchased as they have been in the past through NTIRE13A.

Contract Management Unit Responsible for Reviewing Procurement Transactions and Providing Training to State Agencies to Ensure Compliance

Throughout the year, the Purchasing Division inspection staff travels throughout the state to review purchasing records primarily for agency delegated purchasing transactions, which are purchases costing \$25,000 or less. With the various requirements and documentation necessary as part of the procurement process, the inspectors are responsible for making sure all purchasing records are complete and consistent with the Purchasing Division's procedures. For additional information on the Inspection Services Unit, please visit www.state.wv.us/admin/purchase/inspection.

Contract Management Staff Conducts Training at Camp Dawson

On January 9, 2017, members of the Purchasing Division's Contract Management Unit presented information at the West Virginia National Guard Trade Specialist Conference at Camp Dawson in Kingwood. The group of approximately 100 included all trade specialists and Purchasing Card holders within the agency. The goal was to educate them on the requirements of the inspection process, and specifically, what the purchasing inspectors look for during the inspections.

"The Guard's procurement officers invited us to the conference to give their participants the opportunity to learn about the required documentation and procedures for the agency to follow to be

in compliance with all state laws, rules, and procedures for purchases that fall under the agency's delegated authority," State Purchasing Contract Manager Greg Clay said. "During the training session, attendees gained valuable insight into the state purchasing process and its requirements, including internal sources, statewide contracts, bidding thresholds, forms, and the reason for tracking aggregate amounts for purposes of required bid documentation."

The Purchasing Division conducted an inspection of the Adjutant General/Armory Board prior to the Trade conference. "I applaud each of them for a **44%** increase in their procurement letter grade from Fiscal Year 2010 to Fiscal Year 2016," Clay said. "It made me proud to see individuals who were eager to learn and utilize their training to improve their performance for their agency."

Although the Purchasing Division did not implement the letter grade for inspections until Fiscal Year 2016, the Contract Management Unit calculates a letter grade for past inspections for comparison purposes.

Fiscal Year Inspection Statistics

During this fiscal year, the inspectors within the Contract Management Unit opened and completed **48** individual inspections of various state agencies and related programs. This encompassed more than **117,530** transactions from which **6,262** (approximately **5.3** percent) were closely scrutinized. Of these transactions reviewed more closely, **793** were determined to have a negative finding (approximately **12.6** percent).

Below are percentages based on the total number of transactions for all inspections made during Fiscal Year 2017:

| Finding | Percentage of Inspected Transactions |
|---|--------------------------------------|
| Stringing | .86% |
| Failure to use Statewide Contracts | 1.03% |
| Failure to use Internal Resources | .14% |
| Bids not documented | 5.7% |
| Failure to check/retain vendor registration | .19% |
| Failure to verify Unemployment Compensation and Workers' Compensation | 3.2% |
| Failure to obtain Purchasing Affidavit | 4.2% |
| Failure to issue a purchase order | .45% |
| Failure to affix an asset identification tag | .01% |
| Failure to include the Non-Conflict of Interest form | .93% |
| Miscellaneous findings | .01% |

Purchasing Reports to Legislature on Stringing, Sole Source Purchases and Recycled Products

Every January and July, the Purchasing Division is required to electronically submit a semi-annual Stringing Report to the West Virginia Legislature, in accordance with *West Virginia Code* §5A-3-10(b), through the Legislature's database to the Joint Committee on Government and Finance. Additionally, the Division is required to submit to the Legislature an annual report on all sole source purchases, a semi-annual report on eligible organization purchases of surplus property, and an annual report of the procurement of recycled products.

According to the *Purchasing Division Procedures Handbook*, stringing is defined as "issuing a series of requisitions or dividing or planning procurements to circumvent the twenty-five thousand dollar threshold or otherwise avoid the use of sealed bids."

During the year, Purchasing Division inspection staff members travel throughout the state to review purchasing records, primarily for agency delegated purchasing transactions to ensure those transactions are completed in accordance with the Purchasing Division's procedures. Based on their inspections and findings, incidents of stringing occurred in **.86%** of inspected transactions during Fiscal Year 2017.

State agencies are strongly encouraged to continuously monitor their expenditures with vendors to ensure that the total amount spent with a given vendor, in any 12 month period, of same or similar commodities or services does not exceed a bid threshold without the proper level of documentation and bidding. The Purchasing Division encourages state agencies to procure open-ended contracts for commodities or services that are used often to eliminate the potential for stringing.

A report is also required each July that provides a list of all solicitations submitted for sole source commodities or services, noting the outcome of the transaction. This requirement is in accordance with *West Virginia Code* §5A-3-10(c).

The semi-annual report of all commodities sold to eligible organizations through the West Virginia State Agency for Surplus Property is due twice annually, in accordance with *West Virginia Code* §5A-3-45.

The comprehensive procurement of recycled products program and its annual report is due at the end of January of each year, in accordance with *West Virginia Code* §22-15A-21.

All of the reports required to be submitted to the Legislature may be found on the Legislature's website under the Audits/Reports section in the State Agency Reports subsection. To view these reports, visit www.legis.state.wv.us.

Communication and Technical Services Section

The Communication and Technical Services Section is responsible for a variety of programs and services offered to agency purchasers, the business community and the general public. This Section focuses on technology, communication, training, professional development and administrative functions, such as vendor registration, records imaging, purchase order encumbrance, bid receipt and bid package distribution. The Communication and Professional Development Unit oversees communication, professional development and a variety of training formats targeting agency purchasers and vendors. The Technical Services Unit maintains various automated applications, networking services and the Division's website. The Support Services Unit manages the administrative functions mentioned above.

West Virginia Purchasing Bulletin

The *West Virginia Purchasing Bulletin*, which contains bid opportunities for solicitations exceeding \$5,000, is posted on the Vendor Self Service (VSS) portal of *wvOASIS* at wvOASIS.gov. Vendors may create an account through the VSS or may use the public view access to view and, if desired, download the solicitations through this portal.

Additionally, vendors may request the Purchasing Division to mail solicitations directly to them, although the requests are becoming fewer due to the ability of vendors to download the solicitations online. During Fiscal Year 2017, the Purchasing Division received **16** requests to mail solicitation packages.

Vendor Registration

The Purchasing Division's Vendor Registration Program continues to streamline the tools within the system for the benefit of the vendor community and state agencies. Options are available more than ever before for vendors pursuing business with the state and for state agency procurement employees contributing to the process.

In Fiscal Year 2017, the Purchasing Division created and/or approved a total of **184** Vendor/Customer Creation (VCC) documents and **5,036** Vendor/Customer Maintenance (VCM) documents in *wvOASIS*. These documents' totals include **422** documents reviewed by the Purchasing Division through system workflow from vendors using the Vendor Self Service (VSS) portal on *wvOASIS.gov*. A total of **497** *Vendor Registration and Disclosure Statement and Small, Women-, and Minority-owned Business Certification* documents, the paper registration method for vendors not self-registering online, were processed during Fiscal Year 2017. This number decreased from last year due to the fee-exemption code process that was implemented. For more information, please see page 31.

A total of **2,974** paid registrations were received via multiple payment methods during Fiscal Year 2017, with revenue generating **\$371,750.00**. The vendor registration annual fee is **\$125**.

Small, Women-, and Minority-Owned Business Certification

The West Virginia Purchasing Division incorporates the Small, Women-, and Minority-Owned Business (SWAM) Certification Application as part of the Vendor Registration and Disclosure Statement, in accordance with *West Virginia Code* §5A-3-59 and the *Code of State Rules* §148-2-1. During Fiscal Year 2017, a total of **613** vendors were certified or updated their certification through the Purchasing Division as a SWAM business.

Purchase Order Encumbrance

All purchase orders and subsequent change orders with a fixed amount are placed in the Purchase Order Encumbrance system. A total of **2,073** purchase orders, including open-end contracts and change orders, were encumbered by the Purchasing Division during Fiscal Year 2017.

Records and Imaging

All documents relating to Fiscal Year 2017 transactions were scanned and managed with the division's imaging system. The total number of pages scanned for the Purchasing Division, which contained purchase orders, change orders, vendor registration forms and all supporting documentation, was **304,313** for Fiscal Year 2017.

Accessibility to Public Records

The Purchasing Division maintains the official file for contracts processed under its authority. The official file contains all documentation and correspondence in the possession of the Purchasing Division as it relates to the specific contract requested. All records of the Purchasing Division are available to be reviewed at no charge and/or copied during normal business hours, Monday through Friday, 8:15 a.m. to 4:30 p.m., holidays and weekends excluded.

The Communication and Technical Services Section oversees the requests for records through the Freedom of Information Act (FOIA) process. During Fiscal Year 2017, the Purchasing Division responded to a total of **111** FOIA requests.

Receipt of Incoming Sealed Bids

The Support Services Unit is responsible for receiving paper sealed bids from vendors who are participating in the competitive bid process. During Fiscal Year 2017, there were **936** paper bids received by the Purchasing Division. Through *wvOASIS*, vendors may also submit electronic bids to the Purchasing Division. There was a total of **1,004** electronic bids received through *wvOASIS* during this fiscal year. The total number of all incoming paper and electronic sealed bids for Fiscal Year 2017 was **1,940**.

Purchasing Division Continues its Participation in the Governor's Internship Program

The Purchasing Division continued its support and participation in the Governor's Internship Program by mentoring one college student during Fiscal Year 2017. Since the inception of the Governor's Internship Program in 1989, the Purchasing Division has participated in this valuable program and has helped nurture some of the brightest students in West Virginia. During Fiscal Year 2017, the Purchasing Division was fortunate to welcome Damian Adams.

A student at Marshall University, Adams joined the Communication and Technical Services Section as a technical intern, assisting with various technical projects, including researching information to be included in the development of a new purchasing kiosk and redeveloping the Purchasing Division mobile application.

Adams is pursuing a degree in computer science with a minor in mathematics.



Damian Adams
Purchasing Technical Intern

Professional Development and Training

The West Virginia Purchasing Division continues to focus much of its time and energy on developing and maintaining a comprehensive training program to meet the needs of agency procurement officers statewide.

It is the responsibility of all agency procurement officers to ensure that our taxpayer dollars are being spent efficiently and effectively. That begins with proper knowledge and understanding of the state purchasing process.

The Purchasing Division manages a variety of training platforms, many of which are free and easily accessible, to educate agency purchasers on the laws, rules, and procedures which govern

the state purchasing process, . From in-house training workshops and webinars to online training modules and conferences, the Purchasing Division provides ample opportunities for state employees to obtain the information needed to perform the procurement function for their agencies.



Participants at the 2016 Agency Purchasing Conference listen intently during a workshop.

These offerings allow participants who are required to procure under the West Virginia Purchasing Division's authority to learn the procurement laws and rules governed in *West Virginia Code §5A-3; Title 148, Series 1 of the Code of State Rules*; and the

Purchasing Division Procedures Handbook.

Below are some of the ongoing improvements and activities the Purchasing Division achieved during this fiscal year to meet the needs of agencies, vendors, and its staff.

Agency Purchasing Conference

From August 23-26, 2016, more than **225** agency purchasers gathered at Canaan Valley Resort for the 2016 Agency Purchasing Conference.

As part of this three-day conference, the Purchasing Division offered **55** different sessions highlighting more than **25** purchasing-related topics, ranging from requests for quotations and construction purchases to statewide contracts and purchasing ethics.

Nearly one-third of attendees were first-time participants, prompting the Purchasing Division to once again offer the Beginner's Track, as well as the Advanced Track for seasoned designated procurement officials.

Attendees provided excellent feedback as part of the online evaluation, which was emailed following the conference. With a response rate of more than **55%**, conference participants rated various categories on a four-scale survey, with excellent being the highest. Respondents rated the following categories as "good" or "excellent:" **92%** for the overall opinion of the conference; **99%** for conference registration; **97%** for the organization of the conference; **97%** for the learning environment as being engaging; **98%** for the atmosphere being conducive to learning; and **98%** for the overall quality of the conference sessions being professional and effective.



Acting Purchasing Director Mike Sheets answers questions from participants during a class.



An attendee follows along with her notes during a presentation at the 2016 Agency Purchasing Conference.

Receiving especially high praise was the opportunity to network with other state agency purchasers. "It is extremely beneficial for me to talk with other folks on how they do things," said one attendee. "I pick up ideas and constantly learn different ways to improve."

Former Purchasing Director Dave Tincher said networking was one of his favorite parts of conference. "I am always excited to meet and discuss related issues and topics with our state agency purchasers," he said. "Doing so gives me an idea of what we're doing right and where we can stand to improve upon in our processes."

The Purchasing Division has offered this conference for decades and is pleased to see that agency procurement officers understand its value.

Vendor Training Initiatives

The West Virginia Purchasing Division continued to offer its free webinars to current and prospective vendors during Fiscal Year 2017. On October 14, 2016, and April 5, 2017, approximately **40** vendors participated in a webinar administered by the Purchasing Division. During the 90-minute presentation, participants learned how they could maximize their opportunity to bid and perform work for West Virginia state government.

These webinars were designed to educate vendors about the state procurement process. Some of the topics addressed included:

- Marketing their commodities and services to West Virginia state agencies;
- Registering as a vendor with the Purchasing Division; and
- Submitting bids/proposals.

It has been the Division's stance to foster open and fair competition in the state procurement process at all times. By continuing to offer free informational webinars to vendors, the Purchasing Division is doing its part to ensure that vendors understand the competitive bidding procedures and participate in this process to the fullest extent possible.

Webinars

As online training continues to be in high demand, the Purchasing Division continued to offer a webinar every other month to agency procurement officers during Fiscal Year 2017. Webinars provide a practical training solution to agency purchasers who are unable to travel to Charleston for training or whose schedules conflict with the scheduled In-House Training Program dates and times. The webinars offered this fiscal year covered basic topics applicable to most agency purchasers, regardless of location, and included Travel Management, Developing Specifications, Purchasing Inspections, Public Procurement Basics, Statewide Contracts, and *wvOASIS* Procurement. Approximately **195** individuals participated in these free webinars.

In-House Training Curriculum

The West Virginia Purchasing Division continues to expand and improve its In-House Training Program. The Division offered **20** face-to-face in-house training sessions this fiscal year. Sessions ranged from one to six hours in length and meshed a variety of topics into single sessions, with many of the sessions being offered at least twice during the year.



Attendees participate in a discussion during a 2017 In-House Training workshop at the Purchasing Division.

Three new topics were added to this year's agenda. The first focused on technical purchases (and was combined with the special purchases class) and highlighted the most important aspects of writing technical specifications and how they impact solicitation responses. This session also examined the evaluation and award processes for technical purchases. The second session allowed agency purchasers interested in obtaining the West Virginia Procurement: Basic or Advanced Certification to participate in a hands-on study group in which attendees guided the learning process. The final session focused on electronic business with West Virginia, including resources to help purchasers expand their agencies' vendor base and tools for the procurement officer.

The Purchasing Division continued to take a hands-on approach, incorporating engaging activities where possible. Poll Everywhere was utilized in several classes, which allowed participants to use their cell phones to respond to polling and quiz questions. In other sessions, volunteers were asked to write specifications for an undisclosed object, while the remaining attendees had to guess the object based on the descriptive language. In addition to these hands-on activities, presenters also utilized handouts, and in some cases, surfed the web, to illustrate the topics at hand.

The Purchasing Division understands the benefits of these hands-on activities, handouts, and other methods of educating agency purchasers and strives to provide participants on a regular basis with the opportunity to practice and apply their newly-acquired knowledge.

Agency Resource Modules

State agency purchasers continue to utilize the Purchasing Division's online agency training modules. The Purchasing Division strives to maintain current and accurate training content, and as such, updates these modules when necessary.



During Fiscal Year 2017, the Purchasing Division revamped the Surplus Property and Fixed Assets online training module following the revision of Part II of the *Surplus Property Operations Manual* (see page 36 for more information on the manual update). Additionally, the Change Orders and Addenda module was reformatted to better suit the viewers' needs. These modules join five others which had been previously transferred into Articulate Storyline software to allow for more interaction between the viewers and the content, allowing trainees to click on the various learning elements throughout the presentation while also receiving valuable information related to purchasing processes and procedures.

These modules are self-paced and available to our state agency procurement officers free of charge. Agency procurement officers may view these modules on the Purchasing Division's training website from their workplace, at home, or while on the go. There are 11 modules covering varying topics, from Public Procurement Basics and Requests for Quotations to Emergency and Sole Source Purchases and the Evaluation and Award Process. During Fiscal Year 2017, agency purchasers self-reportedly viewed the modules more than 400 times.

High-Level Officials Purchasing Procedures and P-Card Training

The West Virginia Purchasing Division continues to offer in-person training twice per year on the state's purchasing procedures and Purchasing Card Program to the state's high-level officials. The two-hour training, which is required by *West Virginia Code* §5A-3-60, is co-presented by the Purchasing Division and the State Auditor's Office and is mandatory for all "executive department secretaries, commissioners, deputy commissioners, assistant commissioners, directors, deputy directors, assistant directors, department heads, deputy department heads, and assistant department heads" to complete annually.

During Fiscal Year 2017, this training was offered as a webinar on **September 15, 2016**, and on **May 11, 2017**. Each webinar was recorded and posted on the Purchasing Division's website for online viewing for any individual who was unable to attend the live webinar. Nearly **175** high-level state officials participated in or viewed this training this fiscal year.



Purchasing Division Procurement Certification Program

The Purchasing Division continues to certify agency purchasers through the West Virginia Procurement Certification Program. During Fiscal Year 2017, **19** agency purchasers successfully completed the Basic Certification Program, nearly double the number that was certified in Fiscal Year 2016. (See page 27 for more information.) This increase may be attributed to the Program's recognition by the Division of Personnel as part of its Pay Plan Policy. This increase brought the total agency purchasers certified since the program's inception to **71**. In addition, one individual successfully completed the Advanced Certification Program, bringing the total to **12**.

During this fiscal year, six candidates successfully met the steps for recertification at the basic level and one candidate successfully recertified at the advanced level. Recertification is required every three years.

These requirements include:

- Attending two of the next three Agency Purchasing Conferences, from the date of the recipient's certification/recertification.
- Attending a minimum of twenty hours of classes, learning sessions, or Purchasing Certified Events in the three-year period from the date of the recipient's certification/recertification.
- Submitting a verification form for recertification with the appropriate signature from the recipient's immediate supervisor and agency head, and if applicable, approval from the department's designated procurement officer.

A complete list of certified individuals, their dates of certification/recertification, and their applicable expiration dates may be found on the Purchasing Division's website. For a direct link, visit www.state.wv.us/admin/purchase/training/Certification. This webpage also contains the requirements to successfully complete the basic and advanced level certifications.

National Certification through Universal Public Procurement Certification Council

West Virginia Purchasing Division personnel understand the importance of continuing education and professional development. This fiscal year, eligible Purchasing Division staff worked toward meeting the requirements of national certifications through the Universal Public Procurement Certification Council (UPPCC).

The Certified Public Procurement Officer (CPPO) certification, managed by the UPPCC, signifies that the designated individual has reached a specific level of education and experience and has demonstrated an established level of knowledge necessary to competently perform the work of a public procurement officer or buyer.

During Fiscal Year 2017, Assistant Purchasing Director Diane Holley-Brown obtained her CPPO designation.

Purchasing Division Training Summary

The Purchasing Division's comprehensive training program affects many state employees throughout the year. Below is a summary of the training formats and attendance for Fiscal Year 2017:

| Description of Training | Statistics |
|---|--------------------------|
| Total Number of State Employees Trained through the Purchasing Division's Training Program | 428 |
| Number of High-Level State Officials Trained on Purchasing Procedures and Purchasing Card Program | 178 |
| Number of In-House Training Sessions | 21 sessions; 49 hours |
| Number of Agency Webinars | 6 sessions; 7.5 hours |
| Number of Total Attendance at In-House Sessions | 301 |
| Number of Participants on Agency Webinars | 196 |
| Number of Agency Conference Participants | 229 |
| Number of Online Training Modules | 11 |
| Number of Online Modules Viewed and Certified | 440 |
| Number of Individuals Attaining the WV Procurement: Basic Certification | 19 |
| Number of Individuals Attaining the WV Procurement: Advanced Certification | 1 |
| Number of Individuals Attaining Re-Certification | 12 |

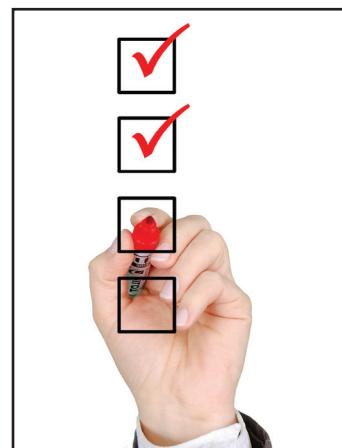
Governor's Committee for the Purchase of Commodities and Services from the Handicapped

In accordance with *West Virginia Code* §5A-3-10(e), the Purchasing Division is responsible for designating an Executive Secretary for the Governor's Committee for the Purchase of Commodities and Services from the Handicapped (GCPCSH). Technical Services Manager Mark Totten continues to serve in this position as the liaison between the Purchasing Division and the GCPCSH, and also handles all administrative functions and maintains the committee's website, www.gcpcsh.wv.gov.

Mid-Year Audit Completed by Purchasing for Training Hours of Designated Procurement Officers

In December 2016, the West Virginia Purchasing Division completed a mid-year audit of the training hours required by all state agency designated procurement officers. As specified in *West Virginia Code of State Rules* 148-1-3.2, each spending unit's procurement officer is required to take 10 hours of training through the Purchasing Division each year.

Training hours are tracked on a fiscal year basis. The mid-year audit was done to inform procurement officers whether they had met the requirement, and if they had not, how many hours they still needed to obtain by the end of the fiscal year in order to be in compliance. Procurement officers can meet the requirement by attending monthly Purchasing Division In-House Training workshops, participating in Purchasing Division webinars or viewing self-paced online training modules on the Purchasing Division's website. Attendance at the annual Agency Purchasing Conference also counts toward the 10-hour requirement.



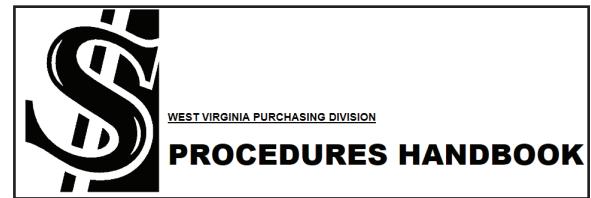
Participation in Procurement Certification Program Increases Following DOP Recognition

Following the Division of Personnel's (DOP) recognition of the Purchasing Division's State Certification Program as part of its Pay Plan Policy during Fiscal Year 2016, the certification program saw an increase in recipients of and participants in the program during this fiscal year. At the discretion of agencies, this recognition qualifies eligible state agency purchasers who successfully complete the West Virginia Procurement: Basic Certification and West Virginia Procurement: Advanced Certification programs for a potential salary adjustment, should the agency fall under DOP's authority and have the funds available.

Recertification does not qualify as part of the Pay Plan Policy. However, an individual may qualify for obtaining one or both levels of the program and has up to one year to submit a request for a pay increase. The Purchasing Division is pleased that the DOP recognizes the value this program provides to our state agency purchasers. To view the requirements of the West Virginia Procurement: Basic and Advanced Certification programs, visit www.state.wv.us/admin/purchase/training/Certification.

Purchasing Division Procedures Handbook

Throughout the year, state employees have access to the *Purchasing Division Procedures Handbook*, which is made available on the Purchasing Division's website. This document provides state agency purchasers with the most current, accurate, and comprehensive information related to the state purchasing process.



During this fiscal year, two revisions were made to the *Purchasing Division Procedures Handbook*, effective *July 1, 2016*, and *February 22, 2017*. The current *Purchasing Division Procedures Handbook*, along with archived editions, is available online at the Purchasing Division's website at www.state.wv.us/admin/purchase/Handbook.

Purchasing's 10th Annual Open House a Success



Assistant Purchasing Director Frank Whittaker speaks with JoAnn Adkins, procurement officer for the Department of Education, during the annual Open House on May 2, 2017.

Approximately **75** agency procurement officers attended the Purchasing Division's 10th annual Open House, which was conducted on May 2, 2017, at the Division's offices at 2019 Washington Street East in Charleston.

This free event was open to all state agency purchasers who fall under the authority of *West Virginia Code §5A-3*. The Open House provided agency purchasers the opportunity to network with their peers, discuss ongoing solicitations with Purchasing Division buying staff as well as issues related to contracts or topics specific to their agency, and learn more about the purchasing process. Inspectors and technical staff were also present, as well as representatives from Surplus Property.

"The Open House is a chance for procurement officers to put names with faces, and it helps build relationships between our staff and the agencies that fall under our authority," said Acting Purchasing Director Mike Sheets. "Maintaining a high standard of customer service is vital for the Purchasing Division, and an event such as this helps us continue to meet that standard."

Vendor Registration Guide Published on Purchasing Division's Intranet Site for State Agencies

The *Vendor Registration Guide for State Agencies* was made available on the Purchasing Division's intranet site during Fiscal Year 2017. The goal of this document, which illustrates the vendor registration steps required for the state to successfully process a purchasing transaction, was to provide a

framework for the process in a clear, concise format. Most importantly, it outlined the Vendor Registration Program's scope, including a chart that breaks down the two parts of a transaction; details the role of the state agency in the vendor registration process; and includes a checklist for procurement officers to follow to determine whether a vendor is in good standing with the Purchasing Division based on the information contained within *wvOASIS*.

The Guide can be found on the Vendor Registration's intranet page at <http://intranet.state.wv.us/admin/purchase/VendorReg.html>.

Technological Initiatives

The Purchasing Division is pleased to make continuous technical improvements to our programs and services. The Technical Services Unit was instrumental in implementing many accomplishments during Fiscal Year 2017 that are outlined below:

Requisition Tracking System Refit and Rebranded as *ReqTrak Classic*

ReqTrak, the Purchasing Division's internal requisition tracking system, was refit as ReqTrak Classic to accommodate the latest version of Microsoft Access and partially renovated for some *wvOASIS*-era functions. This project ensured the system, which has proven essential to the Division by providing detailed information from the receipt of the requisition to the award of a contract, will continue to provide procurement-related analytical reporting, including daily status reports, ad-hoc reports, and information for strategic sourcing planning for the Division and other state agencies.



ApplicationXtender and webXtender Interface Updated

The Purchasing Division maintains the state of West Virginia's official contract archive in an internal electronic document management system using EMC's ApplicationXtender content management solution. ApplicationXtender allows the Purchasing Division's buying staff to access over ten years of contracts through webXtender, a web portal easily accessible to each buyer using their own office computer. The Technical Services Unit upgraded the Division's ApplicationXtender software, which gave all staff an enhanced webXtender portal with an updated and more streamlined interface for virtually searching contracts.

Google Directory Listing Updated with West Virginia Procurement Information

To ensure that vendors and agencies find the most accurate procurement-related information for West Virginia when searching the web, the Purchasing Division underwent the extensive process of updating its Google directory listing. The top search results now displayed for the Purchasing Division office and the West Virginia Agency for Surplus Property (WVSASP) are official state-owned websites.

Previously, searching for phrases, such as “WV Purchasing Division” would display the Purchasing website in the top results but also included private companies. The updated Google directory listing will ensure that the Purchasing Division and WVSASP websites and locations for each are easily found in the Google search results and that all information displayed is accurate and complete.

Expiring Contracts Report Added to Intranet Site

In Fiscal Year 2017, the Purchasing Division began posting the monthly expiring contracts report to its website. This report lists open-ended contracts for all state agencies that are scheduled to expire within 90 days. The goal of the report is to help both the Purchasing Division and state agencies stay ahead of the expiration date of contracts so they may be renewed or rebid and awarded to a new vendor in an appropriate time frame. In turn, this prevents the agency from utilizing other methods of procurement, such as emergency purchases, or going without needed goods or services.

Website Reference Documents Created for Purchasing’s Major Audiences

The Purchasing Division website, *WVPurchasing.gov*, and separate intranet site for state agencies, <http://intranet.state.wv.us/admin/purchase>, provide a vast amount of information for our major audiences: the vendor community and state agency procurement officers. In order to highlight the most critical parts of the Purchasing Division’s online presence for both audiences, the Division created the Website Reference Guide for Vendors and Website Reference Guide for Agencies, which detail our websites’ most vital resources made available online for each audience’s role in the state procurement process.

Other Updates to Purchasing Website and Intranet

Information on the Purchasing Division’s website and intranet is regularly updated to accommodate changes in procedures. The Purchasing Division has taken steps to improve these websites in Fiscal Year 2017, making information more accessible for both agencies and vendors. These updates are noted below:

- *WVPurchasing.gov*’s Site Map was given a makeover with new graphics that better clarify where information is located on the site. These “signposts” make the page easier to navigate, and the website visitor can more quickly find where on the Division’s main site they need to go without having to review the entire Site Map listing. A direct link to the Site Map is at www.state.wv.us/admin/purchase/sitemap.html.
- The Transparency page on *WVPurchasing.gov*, which launched in Fiscal Year 2016, continues to be a source of information that is constantly updated. The Transparency page contains data, reports, and publications related to procurements made under the Purchasing Division’s authority. The information organized on the Transparency page reflects the Purchasing Division’s goal of providing transparency to the citizens of West Virginia, other state agencies, and the vendor community. This page focuses only on the Purchasing Division’s centralized procurement data and does not include agency delegated procurement information.

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- In an effort to make bid responses received for solicitations more easily accessible online, Quality Control and Transparency Specialist Lu Anne Cottrill continues to re-format various types of electronic documents received from vendors. This process has become more complicated as vendors responding to online solicitations through the online Vendor Self-Service portal often submit file types saved in varying file formats using differing programs and technologies. For example, one solicitation may have 20 attachments in various formats that must be converted to PDF and combined into a single document to make it easier and more convenient to review the complete vendor response.

In addition to the many changes and updates made to the Purchasing Division's website and intranet during Fiscal Year 2017, the website statistics for this fiscal year are noted below:

Purchasing Division's Internet Site Statistics:

| | |
|----------------------------|-------------------|
| Total Hits: | 16,928,980 |
| Unique Visitors: | 180,925 |
| Visitor Sessions: | 1,375,970 |
| Average Visitors Per Hour: | 20.66 |
| Files Downloaded: | 53,604 |

Purchasing Division's Intranet Site Statistics:

| | |
|----------------------------|----------------|
| Total Hits: | 155,871 |
| Unique Visitors: | 2,407 |
| Visitor Sessions: | 17,122 |
| Average Visitors Per Hour: | 0.28 |

Transactional Fee-Exemption Updates Completed in *wvOASIS*

The Purchasing Division has completed the transactional fee-exemption functionality in *wvOASIS* in order to bring a workflow option to agencies that meets the requirements of *West Virginia Code §5A-3-12*. A project which started in Fiscal Year 2016, the transactional fee-exemption process not only brings state purchasing workflow into compliance with Legislative Rule, but also streamlines procedures and reduces processing time for state agencies.

Program Services Section

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

Fixed Assets Management Program

In accordance with *West Virginia Code* §5A-3-34 through 37, the Purchasing Division has full authority over inventories and property. The head of every spending unit of state government shall, on or before July 15th of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year. Agencies are required to report their fixed assets with an acquisition value of \$1,000 or more into the *wvOASIS* Enterprise Resource Planning system and retire obsolete equipment in accordance with policy and procedure.

Surplus Property Program

The West Virginia State Agency for Surplus Property (WVSASP) has assisted thousands of eligible organizations for more than 70 years by offering quality, usable property at a substantially reduced price. WVSASP is authorized to market state property to the general public if eligible organizations do not express a need.

Additionally, WVSASP works closely with the U.S. General Services Administration in administering the federal surplus property program for eligible organizations.

Fiscal Year 2017 Statistics

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

| | |
|---------------------------------|--------------------|
| Federal Property Service Charge | \$157,568.56 |
| State Property Service Charge | 378,545.69 |
| Public Auctions | 0.00 |
| Public Daily Sales | 987,948.97 |
| Statewide Sealed Bids | 4,340.99 |
| Online Sales (GovDeals) | 533,277.65 |
| Scrap | <u>\$22,667.40</u> |
| Total Revenue | \$2,084,349.26 |

State Vehicles

There were **390** vehicles sold during Fiscal Year 2017. Below is a breakdown of the method by which they were sold:

| | | |
|-------------------------|-----------|--------------------|
| Public Auction | 0 | \$0.00 |
| Public Daily Sales | 211 | 897,971.01 |
| Online Sales (GovDeals) | 145 | 482,452.65 |
| Negotiated Sales | <u>34</u> | <u>274,670.00</u> |
| Totals | 390 | \$1,655,093.66 |

Online Sales

The West Virginia State Agency for Surplus Property (WVSASP) has utilized the online auction process since 2009 to retire property that is not easily transportable to the Dunbar location; located too far from Charleston for it to be reasonably picked up; unique; or has been warehoused at WVSASP for an extended period of time.

Agencies are required to obtain approval for the disposition of all state property through WVSASP, unless statutorily exempt. Online sale sites, such as GovDeals, allow users to browse items for sale according to category, auction closing time, and state. The site is specifically designed for government sellers and allows for greater accountability for WVSASP.

WVSASP sold **198** items through the online sales site during Fiscal Year 2017 for a total amount of **\$533,277.65**. Items sold through online sales included **145** vehicles, a Ford Tractor with a Front End Loader, a Fermec Backhoe, an Amertrek Fire Truck, a John Deere Gator, and a Vibromax Paving Roller.

Daily Public Retail Sales

The West Virginia State Agency for Surplus Property has had the authority to sell state property to the public through its daily retail sales since June 2008. All direct sale items are priced and sold on an “as is, where is” basis. Property is available at the Surplus Property facility at 2700 Charles Avenue in Dunbar.

As a result of the daily public retail sales, **\$987,948.97** was generated in revenue during Fiscal Year 2017.

Surplus Manager Discusses Value of Program to State Legislators During 2017 Regular Session

The West Virginia State Agency for Surplus Property (WVSASP) continues to provide many benefits to West Virginia state agencies, eligible organizations, and the general public. During Fiscal Year 2017, Assistant Purchasing Director and WVSASP Manager Elizabeth Perdue was asked to speak to state legislators on the agency’s programs, funding, and operational impact to organizations. Below is some of the information that was shared.

- WVSASP receives no money from the General Revenue account that is allocated by the Legislature, and instead, relies solely on sales revenue. From July 1, 2016, to the following May, WVSASP generated **\$3,250,000** in total sales revenue and returned **\$1,988,000** of that amount to state agencies. The remaining **\$1,262,000** was utilized for the operation of WVSASP.
- Only **11** staff members operate the Federal Surplus Property Program, the State Surplus Property Program and the Asset Management Program. The staff processes hundreds of thousands of items each year at its warehouse in Dunbar. In addition, state and local entities

have received more than **\$4.5** million in property donated from the federal government in the last two years alone. This has greatly assisted agencies in providing necessary services to the citizens of West Virginia.

- Through the use of an inventory management system, WVSASP ensures that the state's surplus property is properly disposed of and/or retired. WVSASP's oversight safeguards the state against would-be theft because agency personnel understand they will eventually have to remove the item from their inventory.
- Property disposition methods include transferring property between departments; selling property to eligible organizations; trading in property to offset the cost of purchasing a new item to replace the old item; cannibalizing property; disposing of property as waste; selling property to the general public at a fair market value; and selling property to the highest bidder by means of public auctions, sealed bids, or via an internet auction site. This varied, centralized approach to sales maximizes the state's ability to recover the residual value that these retired assets may retain. WVSASP also has the expertise necessary to determine the appropriate disposal method for a multitude of sensitive items that cannot be simply discarded, including firearms, x-ray machines, livestock, aircraft, and sensitive electronic equipment.
- WVSASP has aided in the state's fleet reduction effort, with **84** vehicles retired and **five** vehicles transferred from one agency to another.

During Fiscal Year 2017, WVSASP also aided in the flood relief efforts following the June 23, 2016, historic flooding. Among the efforts, state surplus property was used to establish a flood recovery center in Quincy, West Virginia, and furnish a new office for the city of Clendenin. Additionally, the National Guard utilized WVSASP to receive generators necessary to assist the state's citizens in need (see articles below).

Eligible Organizations Put to Use a Variety of Unique Items Purchased from Surplus Property

When items no longer needed by West Virginia state agencies are sent to the West Virginia State Agency for Surplus Property (WVSASP), the goal is for eligible organizations and the public to purchase needed items at an affordable price. That goal was met in several instances during Fiscal Year 2017, as indicated below.

WVSASP Assists the National Guard in Securing Generators Following the Devastating June 2016 Floods

The West Virginia National Guard (WVNG) brought power to areas across the state of West Virginia that were left without electricity following the historic flooding in June 2016. Over the last several years, WVNG had acquired more than 90 generators to be used in times of disaster or other times of need. Maintaining this large inventory of generators allowed WVNG to immediately step into action.

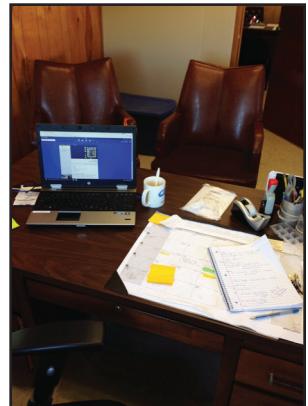
Some of the generators were immediately put to use while others were placed on standby, ready for

use based upon need. The West Virginia National Guard acquired approximately **80** generators from WVSASP.

Clendenin Officials Were Back at Work Following the Flood with Office Furniture Acquired from WVSASP

During the horrific floods in June 2016, the town of Clendenin was ravaged. Floodwaters reached as high as 34 feet in some areas, leaving behind mud and debris. For Mayor Gary Bledsoe and other town officials, getting a functioning office space to help serve their devastated community was a priority.

Due to the flood damage, the town of Clendenin office was relocated and had to be completely refurnished. With the help from WVSASP, the town of Clendenin was able to acquire desks, chairs, and other office supplies for its nine employees. Mayor Bledsoe also secured office furniture for the Clendenin Police Department.



Recovery Point Huntington Provides Additional Services While Utilizing WVSASP Merchandise

Recovery Point Huntington is a long-term residential recovery program for men suffering from alcohol and substance abuse. As a part of the Recovery Point West Virginia organization, the Huntington facility offers 100 beds, and more than 68% of their graduates stay sober for the first year after treatment—five times the national average for traditional treatment centers.

To keep administrative costs low and devote most funds to recovery services, many of the items at the Recovery Point Huntington offices have come from WVSASP. From the staff's office furniture, which includes desks, office chairs and a conference table, to furnishing waiting areas for guests, Recovery Point Huntington has recognized the benefit of acquiring items from WVSASP.

Retired Surplus Truck Finds New Life at the Chapel Volunteer Fire Department

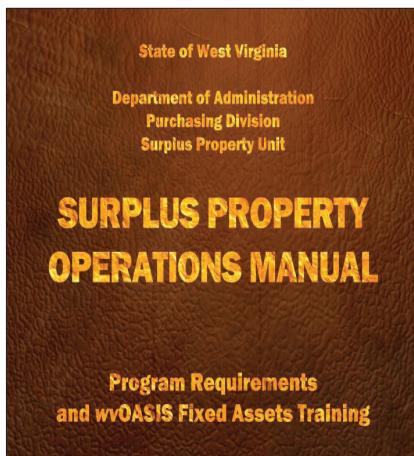
The Chapel Volunteer Fire Department (VFD), located in Gassaway, can now better serve its community thanks to a vehicle purchase from WVSASP.

The truck was purchased for \$28,000, resulting in approximately a 50 percent savings. A brand-new truck of the same model, without any upgrades, retails at around \$60,000.

With a beautiful new paint job, special lighting and a few modifications, the upgraded vehicle is hardly recognizable. A new fire truck with the upgrades would have cost between \$75,000 to \$100,000. The truck is currently in service and is primarily used to pull trailers with the organization's supplies and equipment and to help provide general transport to fires.



Surplus Publishes Revised Operations Manual and Offers Additional Training Opportunities



During Fiscal Year 2017, the Purchasing Division updated and posted on its website the revised *Surplus Property Operations Manual*. The manual covers the program requirements of the West Virginia State Agency for Surplus Property Program (WVSASP) and its responsibility of overseeing the state's Assets Management Program, which involves managing and disposing of the state's assets.

The most significant update made to the manual was the addition of "Part II: *wvOASIS* Fixed Asset Training." This section had previously been removed following the transition from WVFIMS to the *wvOASIS* system. After significant research and testing, WVSASP was able to publish the new guide on how to properly use the Fixed Assets System within *wvOASIS*, including retiring and documenting state property.

"The *Surplus Property Operations Manual* is a valuable resource to state agencies," explained WVSASP Manager Elizabeth Perdue. "By publishing this new part to the Manual, we are ensuring that state employees have access to accurate information that will assist them in completing their daily tasks."

In addition to publishing the revised Operations Manual, in March 2017, the Purchasing Division developed and posted online a new training module on fixed assets and surplus property, as well as offered an in-person training conducted at WVSASP once per month beginning in January 2017. Both of these offerings received positive feedback from participants.

To access the *Surplus Property Operations Manual*, visit the WVSASP website at WVSurplus.gov or follow the direct link at www.state.wv.us/admin/purchase/surplus/surplus_operations_manual.pdf.

U.S. General Services Administration Conducts Audit of Federal Surplus Donation Program

The General Services Administration (GSA) conducted its review of operations for the West Virginia State Agency for Surplus Property's (WVSASP) Federal Surplus Donation Program during Fiscal Year 2017. The review looked at a number of elements of the program, including but not limited to its operational capabilities, property accountability and control, fiscal management, compliance, customer relationships, eligibility, and property screening.

WVSASP received excellent feedback from GSA. Among the positive remarks, it was noted that staff members do an excellent job in maintaining an accurate and updated listing of eligible organizations. Eligible organizations may screen property through the GSA website, but are required to have an updated *Application for Eligibility* on file with WVSASP in order to request property.

During the audit, it was also determined that WVSASP regularly complies with all federal regulations and requirements of the federal surplus program, which is an essential factor in managing a successful program.

Surplus Property Hosts 2017 Open House Event for Eligible Organizations at its New Facility

On May 18, 2017, the West Virginia State Agency for Surplus Property (WVSASP) hosted an Open House for Eligible Organizations, including state agencies, counties, cities and nonprofit groups. Approximately **40** different organizations were represented with **54** participants in attendance.

During the event, WVSASP offered three informational sessions: An Orientation to WVSASP, Completing the Application for Eligibility, and Screening Federal Property. One of the main goals of the event was to reach out and educate organizations. A post-event survey revealed that **40%** of the attendees were “Very Unfamiliar” or “Somewhat Unfamiliar” with WVSASP prior to attending the event. The post-event survey also indicated that all attendees were “Extremely Satisfied” or “Somewhat Satisfied” with the event, **96%** were “Highly Likely” or “Somewhat Likely” to recommend WVSASP to other organizations, and **41%** had completed or updated an *Application for Eligibility* as a direct result of the Open House.



Two attendees speak with a West Virginia State Agency for Surplus Property staff member during the 2017 Open House for Eligible Organizations. The event was attended by 40 different organizations.

Two attendees speak with a West Virginia State Agency for Surplus Property staff member during the 2017 Open House for Eligible Organizations. The event was attended by 40 different organizations.



Two customers inspect electronics merchandise at the West Virginia State Agency for Surplus Property's (WVSASP) Customer Appreciation Day, held on June 8, 2017. The event was a way for WVSASP to say “thank you” to current customers and welcome new ones.

Surplus Property Offers Extended Hours as Part of its 2017 Customer Appreciation Day

The West Virginia State Agency for Surplus Property (WVSASP) said “thank you” to its many loyal customers and “hello” to new ones at its Customer Appreciation Day on June 8, 2017.

As part of the event, WVSASP extended its normal hours of operation by staying open until 6 p.m. Assistant Purchasing Director and WVSASP Manager Elizabeth Perdue said this allowed for more people to attend the event, many of whom work throughout the day.

"This was the first time visiting our new warehouse for many of our existing customers and also provided an opportunity for new customers to see what we have to offer," said Perdue. "We're proud to be able to display our inventory in such a nice facility and showcase the services that we offer taxpayers."

Some customers scanned the vehicle selection, while others hunted for furniture, electronics, and school supplies. Meanwhile, WVSASP staff had an opportunity to answer a variety of questions from the event attendees.

State Travel Management Office

Information and statistics related to the State Travel Management Office and the travel-related contracts that are used by state employees are noted below:

Travel Expenditures

The total amount of travel expenditures statewide for Fiscal Year 2017 was **\$50,801,087.94**. This amount includes all travel-related expenses that used the *wvOASIS* travel object code, such as reimbursements for lodging, food and mileage, for state agencies including higher education.

Statewide Contract for Car Rentals [Enterprise and Hertz]

To provide more cost-effective service to the state, the Purchasing Division elected to participate in car rental contracts with Enterprise and Herz that were part of a national cooperative contract through NASPO ValuePoint.

Below is information relating to the cooperative contracts for rental vehicles.

Enterprise

The total number of rental days for the Fiscal Year 2017 was **76,329**, based on an expenditure of **\$2,071,336.69**, making the average cost of a rental car per day as **\$27.14**. Without a preferred car rental contract, the normal (average) daily rate is **\$70.00** for a savings of **\$3,271,693.31**.

Hertz

The total number of rental days for the Fiscal Year 2017 was **1,484**, based on an expenditure of **\$82,447.15**, making the average cost of a rental car per day **\$55.56**. Without a preferred car rental contract, the normal (average) daily rate is **\$70.00**, for a savings of **\$21,432.95**.

CDW (Collision Damage Waiver)

The state's rental car contracts include the insurance for collision damage waiver. The average cost of optional coverage provided by car rental companies is **\$30.00** per day. Based on **77,813** rental days, the state has saved **\$2,334,390.00** on rental insurance.

Statewide Contract for Travel Management Services [National Travel]

Year-end transactions include:

| | |
|--------------------|----------------|
| Exchanges | 399 |
| Refunds | 37 |
| Airline tickets | 6,911 |
| Service fees paid | \$160,968.65 |
| Total Transactions | 12,835 |
| Cost | \$3,717,992.49 |
| Full Fare | \$9,748,618.40 |
| Savings | \$6,030,625.91 |

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

The Delta Partnership results in a savings as detailed below:

| | |
|------------|----------------|
| Tickets: | 2,112 |
| Cost: | \$1,138,858.18 |
| Full Fare: | \$3,087,678.00 |
| Savings: | \$1,948,819.82 |

Mileage Reimbursement Rate

The state of West Virginia adheres to the federal government's mileage reimbursement rate for privately-owned vehicles set by the U.S. General Services Administration (GSA), in accordance with the State Travel Rules.

In 2017, that rate was reduced to **53.5** cents per mile, a decrease of half a cent from the previous rate. The rate covers all operating costs, such as fuel, maintenance, and insurance, and no additional reimbursement will be made for such expenses. The State Travel Management Office notifies state agency travel coordinators regarding this type of change. To view the State Travel Rules, visit: www.state.wv.us/admin/purchase/travel/TravelRule.pdf.

Legal Office

The Legal Office assists the Purchasing Division staff with ongoing legal and legislative issues, including drafting proposed legislation, addressing privacy issues, developing risk management solutions, overseeing all agency and central level protests, monitoring all terms and conditions, establishing templates and forms, and more.

Purchasing Division General Counsel Works to Minimize Privacy Risk to Vendors and State

Ensuring the Purchasing Division remains compliant with the Health Information Portability and Accountability Act (HIPAA) and various other privacy laws and rules continue to be a top priority for the Purchasing Division. During Fiscal Year 2017, General Counsel Jimmy Meadows worked closely with the State Privacy Office to minimize privacy risk to the state and its vendors. Where applicable, vendors were requested to submit the HIPAA Business Associate Addendum, which outlines permitted uses and disclosures of Personal Health Information and summarizes the vendor's role in mitigating privacy issues. During this fiscal year, the Purchasing Division experienced no privacy breaches on central procurements.

Protests Decrease During Fiscal Year 2017

West Virginia Code of State Rules 148 CSR 1-8 addresses the process by which a vendor may file a protest. There are two types of protests: protests of specifications, which must be filed with the Purchasing Division at least five business days before the scheduled bid opening; and protests of contract award, which must be filed within five days of the date of contract award.

All protests, regardless if related to transactions processed by the Purchasing Division or by agencies under their delegated authority, must be submitted to the Purchasing Division.

During Fiscal Year 2017, **17** protests relating to central purchasing transactions were filed with the Purchasing Division. Every possible effort is made by the Purchasing Division to ensure that the bid and contract award processes are conducted in strict accordance with *West Virginia Code* and the *Code of State Rules* to ensure fair and consistent treatment of vendors.

Of those **17** protests filed, only **7** resulted in a change to the award of the contract. Based on the number of transactions processed by the Purchasing Division and the number of protests filed, the Purchasing Division has a **0.98%** rate of protests. This statistic reflects the percentage of purchase orders and contracts for which a protest of any type is filed for the fiscal year.

The action taken on protests filed may be to modify specifications, deny the relief requested, or change the award decision. In only **0.40%** of the total transactions processed was the award decision changed. Stated another way, the award decision made by the Purchasing Division prevailed in **99.6%** of all transactions.

Purchasing Ensures Protection in State Contracts Through Negotiations of Terms and Conditions

Vendors occasionally take exception to the Purchasing Division's master terms and conditions and/or offer their own boilerplate language. Furthermore, they periodically decline to sign and submit the *Agreement Addendum* (WV-96). This is most often seen on solicitations for software.

During this fiscal year, Purchasing Division General Counsel Jimmy Meadows worked with various vendors in these situations to come to an agreed upon solution in which the state could award a contract for needed goods and services while maintaining its protection and reducing its risk.

Collaboration with the State Attorney General's Office Results in Updated Supplemental Documents

For the procurement process to run smoothly, the documents and forms used in the process must remain accurate and properly reflect the laws and rules governing the state of West Virginia. The Purchasing Division continually works to ensure the materials on its website are current and contain the proper information. During Fiscal Year 2017, the Purchasing Division updated two documents: the *Agreement Addendum* (WV-96) and the *American Institute of Architects (AIA) Supplementary Conditions*.

The WV-96 form is used to override any boilerplate language and nullify any vendor terms and conditions submitted as part of a bid that contradict the policies and laws of the state of West Virginia. The Purchasing Division updated the *Agreement Addendum* to clarify that all deliveries are free on board (FOB) destination unless otherwise stated in the state's original solicitation.

Working with the Attorney General, the West Virginia Contractors Association and the West Virginia Chapter of the American Institute of Architects, the Purchasing Division's General Counsel also updated the *AIA Supplementary Conditions* document. The supplementary conditions were modified to account for changes to the law. Specifically, the document was updated to reflect the repeal of prevailing wage rates that occurred during the 2016 Legislative Session. The modifications made to the AIA form were a collaborative effort to ensure all parties' interests were represented.

Recognizing Excellence

The Purchasing Division continued its tradition in Fiscal Year 2017 by recognizing excellence in state procurement. With hundreds of employees working in state procurement at the West Virginia government level, many hardworking state procurement professionals demonstrated noteworthy qualities on a daily basis, with many cost saving results.

Some of their character traits include dedication, loyalty, exemplary work ethic, strong decision-making skills, a willingness to serve the public and a desire to continually learn and develop their skills.

During the 2016 Agency Purchasing Conference on August 25, 2016, the Purchasing Division presented the *Agency Procurement Officer of the Year* award. This recognition was announced during a special ceremony following the group luncheon.

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

Agency Procurement Officer of the Year

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

Procurement Officer Darlene Hovatter West Virginia Division of Juvenile Services

The West Virginia Purchasing Division recognized Darlene Hovatter, the primary designated procurement officer for the Division of Juvenile Services (DJS), as its 2016 *Agency Procurement Officer of the Year*.

Employed by DJS since 1998, Hovatter started as an Accounting Technician II. She was later promoted to Accounting Technician III in 2001, Business Manager of the Donald R. Kuhn Center in 2002, and Procurement Manager in the Division's central office in 2012.

A recipient of both the West Virginia Procurement: Basic and Advanced Certifications, as well as a member of the West Virginia Chapter of the National Institute of Governmental Purchasing,



Former Purchasing Director Dave Tincher, left, and Division of Juvenile Services (DJS) Deputy Director Denny Dodson, right, are pictured with 2016 *Procurement Officer of the Year* award recipient Darlene Hovatter of DJS.

Hovatter was described by another peer as always seeming to be in a “training” or “learning” mode.

During the 2016 Agency Purchasing Conference, former Purchasing Director Dave Tincher announced Hovatter as the recipient of the award and presented her with a framed picture of the state Capitol and a certificate signed by former Governor Earl Ray Tomblin and former Department of Administration Acting Cabinet Secretary Mary Jane Pickens.

“Darlene not only emphasizes an adherence to proper purchasing procedures, but also successfully balances the agency’s needs with *West Virginia Code*, *Code of State Rules*, and Purchasing Division requirements,” stated the peer who nominated her. “Darlene also stresses the value of team collaboration in order to produce the best product possible.”

In its 21st year, the Agency Procurement Officer of the Year award program was created by the Purchasing Division to recognize and honor individuals who have demonstrated high levels of performance and professionalism. Nomination criteria includes tenure, performance, communication, internal training, professional development, cost saving ideas, cooperation with Purchasing Division and other state agency personnel, creating a positive image for the organization, establishing and following good purchasing practices, and participating in professional purchasing organizations.

For a list of past winners, visit the Purchasing Division’s intranet site at <http://intranet.state.wv.us/admin/purchase/Recognition>. The complete list of recipients is noted below:

- 2016:** Darlene Hovatter (Division of Juvenile Services)
- 2015:** Angela Negley (Division of Natural Resources)
- 2014:** Bryan Rosen (Department of Health and Human Resources)
- 2013:** Becky Jones (West Virginia Lottery) and
Charlyn Miller (Division of Rehabilitation Services)
- 2012:** Bruce Blackhurst (Division of Juvenile Services)
- 2011:** Belinda Burdette (Alcohol Beverage Control Administration)
- 2010:** Les Smith (Division of Tourism)
- 2009:** Jamie Adkins (Department of Environmental Protection)
- 2008:** Pam Hodges (Regional Jail Authority)
- 2007:** Karen Lane (Division of Motor Vehicles)
- 2006:** Gloria Anderson (Division of Culture and History)
- 2005:** Diana Joseph (Division of Natural Resources)
- 2004:** Carole Woodyard (West Virginia State Police)
- 2003:** Syble Adkins (Department of Revenue)
- 2002:** Ratha Boggess (Treasurer’s Office)
- 2001:** Bev Carte (Division of Natural Resources)
- 2000:** Lenden Conway (Department of Environmental Protection)
- 1999:** Jo Miller Bess (Department of Health and Human Resources)
- 1998:** Lt. Col. Jim Powers (West Virginia State Police)
- 1997:** Susie Teel (Department of Environmental Protection)
- 1996:** Edi Barker (Bureau of Employment Programs)

Financial Annual Statistics

FISCAL YEAR 2017 AWARD TRANSACTION SUMMARY

New Purchasing Award Transactions and Delivery Orders

| Designation | Total Count | Percentage | Total Amount | Percentage |
|--------------|---------------|----------------|-------------------------|----------------|
| In-WV* | 10,704 | 54.12% | \$115,581,501.32 | 34.27% |
| Out-WV | 9,050 | 45.88% | \$221,699,831.08 | 65.73% |
| TOTAL | 19,754 | 100.00% | \$337,281,332.40 | 100.00% |

*In-state vendors are based on the ordering address selected by the procurement officer on the award document.

| | |
|---|--------------|
| Average Contract Value (Excluding Delivery Orders): | \$195,073.07 |
| Average Transaction Amount (Including Delivery Orders): | \$17,064.58 |

Change Order Analysis*

| Fiscal Year | Count (#) | Types of Transactions |
|-------------|-----------|--|
| 2017 | 2,085 | Central Purchase Orders, Central Contracts, Central Master Agreements, and Central Delivery Orders Only. |

* A change order can be executed for many reasons, including but not limited to, a legal name modification, an increase or decrease, the cancellation of a contract, the issuance of a Notice to Proceed, the renewal of an existing contract and other administrative changes.

Procurement Type Breakdown

| Procurement Type Name | Total Count Per Type | Count Percentage | Procurement Type Amount | Amount Percentage |
|---------------------------------------|----------------------|------------------|-------------------------|-------------------|
| Central Purchase Order | 348 | 2.13% | \$37,931,838.54 | 11.25% |
| Central Contract | 266 | 1.72% | \$20,268,246.67 | 6.01% |
| Central Master Agreement* | 882 | 3.80% | \$0.00* | 0.00% |
| Central Emergency Purchase | 48 | 0.23% | \$5,748,760.18 | 1.70% |
| Statewide Contract (Open-End)* | 44 | 0.25% | \$0.00 | 0.00% |
| Agency Delivery Order** | 17,592 | 88.66% | \$124,034,631.48 | 36.77% |
| Central Delivery Order | 433 | 2.46% | \$141,359,868.06 | 41.91% |
| Other*** | 141 | 0.76% | \$7,937,987.37 | 2.35% |
| TOTAL | 19,754 | 100.00% | \$337,281,332.40 | 100.00% |

*Central Master Agreements, including Statewide Contracts, are open-end contracts issued by the Purchasing Division from which delivery orders may be made. A delivery order issued from a Central Master Agreement at the agency level are agency delivery orders. Delivery orders that must be processed through the Purchasing Division are central delivery orders.

** For the purpose of this Annual Report, only agency delivery orders made against a Central Master Agreement issued by the Purchasing Division are included.

***The “other” category includes central sole source procurements, piggyback deliver orders, agency cancel and re-award procurements, and central cancel and re-award procurements.

Top Agencies by Volume

(including Award Transactions and Delivery Orders)

| Agency | Total Volume | Amount Percentage | Total Count | Total Percentage |
|--|-------------------------|--------------------------|--------------------|-------------------------|
| Health and Human Resources | \$148,525,310.09 | 44.05% | 3,784 | 24.13% |
| Division of Corrections | \$27,681,069.09 | 8.21% | 584 | 2.53% |
| Transportation | \$26,380,631.52 | 7.82% | 861 | 3.53% |
| Commerce | \$23,107,672.73 | 6.85% | 672 | 3.24% |
| Information Services and Communications | \$21,385,394.29 | 6.34% | 134 | 0.90% |
| General Services Division | \$13,634,385.34 | 4.04% | 1,929 | 9.56% |
| Department of Environmental Protection | \$8,410,498.23 | 2.49% | 999 | 4.57% |
| West Virginia State Police | \$6,184,916.10 | 1.83% | 200 | 1.02% |
| Division of Juvenile Services | \$4,211,780.39 | 1.25% | 3,429 | 17.98% |
| Education and the Arts | \$1,865,717.90 | 0.55% | 2,357 | 9.60% |
| Department of Education | \$1,015,294.06 | 0.30% | 917 | 4.62% |
| Veterans Home | \$549,024.93 | 0.16% | 538 | 2.17% |
| Revenue | \$486,639.76 | 0.14% | 477 | 2.30% |
| Others* | \$53,842,997.97 | 15.68% | 2,873 | 9.79% |
| TOTAL | \$337,281,332.40 | 100% | 19,754 | 100% |

* Note that state agencies that are fully or partially exempt from the Purchasing Division's authority may issue delivery orders against the Purchasing Division's Statewide Contracts. The statistics above include delivery orders that are processed at the agency level against Statewide Contracts issued by the Purchasing Division.

**Top 20 Frequently-Purchased Commodities* by Count
(Including Delivery Orders)**

| Commodity Type and Name | Total Count | Count Percentage | Total Value | Value Percentage |
|--|-------------|------------------|-----------------|------------------|
| 93131607 – Food Distribution Services | 19,419 | 14.59% | \$480,138.33 | 0.14% |
| 44120000 – Office Supplies | 17,667 | 13.28% | \$1,157,660.47 | 0.34% |
| 50000000 – Food Beverage and Tobacco Products | 14,388 | 10.81% | \$205,988.55 | 0.06% |
| 27110000 – Hand Tools | 11,980 | 9.00% | \$1,715,821.50 | 0.51% |
| 80111606 – Temporary Medical Staffing Needs | 7,313 | 5.50% | \$16,626,689.58 | 4.93% |
| 83111603 – Cellular Telephone Services | 6,897 | 5.18% | \$941,828.09 | 0.28% |
| 50300000 – Fresh Fruits | 5,929 | 4.48% | \$84,430.94 | 0.03% |
| 44101501 – Photocopiers | 4,002 | 3.01% | \$1,167,817.63 | 0.35% |
| 43210000 – Computer Equipment and Accessories | 2,348 | 1.76% | \$3,332,664.39 | 0.99% |
| 50202301 – Water | 2,031 | 1.53% | \$671,503.25 | 0.20% |
| 72101506 – Elevator Maintenance Services | 1,927 | 1.45% | \$275,373.69 | 0.08% |
| 47131801 – Floor Cleaners | 1,606 | 1.21% | \$213,590.31 | 0.06% |

| Commodity Type and Name | Total Count | Count Percentage | Total Value | Value Percentage |
|--|--------------------|-------------------------|-------------------------|-------------------------|
| 53102700 – Uniforms | 1,285 | 0.97% | \$213,837.14 | 0.06% |
| 50180000 – Bread and Bakery Products | 1,230 | 0.92% | \$11,321.25 | 0.00% |
| 25172500 – Tires and Tire Tubes | 1,035 | 0.78% | \$185,547.54 | 0.06% |
| 14111703 – Paper Towels | 978 | 0.74% | \$377,516.10 | 0.11% |
| 50131701 – Fresh Milk or Butter Products | 854 | 0.64% | \$50,933.27 | 0.02% |
| 56111500 – Workstations and Office Packages | 846 | 0.64% | \$6,685,821.52 | 1.98% |
| 50130000 – Dairy Products and Eggs | 820 | 0.62% | \$168,879.22 | 0.05% |
| 82101800 – Advertising Agency Services | 802 | 0.60% | \$8,403,177.54 | 2.49% |
| Others | 29,677 | 22.30% | \$294,310,792.09 | 87.26% |
| TOTAL | 133,061 | 100.00% | \$337,281,332.40 | 100.00% |

*The commodity data is based on UNSPSC Codes, which are used in the wvOASIS Enterprise Resource Planning System, and is extracted at the commodity-level, not by transaction. Therefore, the total count is higher since each transaction may have more than one commodity line.

Notable Contracts Issued During Fiscal Year 2017

Department of Health and Human Resources (DHHR) - Electronic Benefits Transfer (EBT) Cards

Projected Contract Life Value of \$19 million

This open-end contract established a system to issue cards to eligible citizens to be used to transmit government entitlement payments.

Lottery Commission – Gaming System

Projected Contract Life Value of \$100 million

This open-end contract was processed for the administration of the traditional gaming system, the Instant Lottery Ticket Printing and Services.

Division of Natural Resources (DNR) – Various Construction Projects

Total Contract Value of \$8,012,588

Various construction projects were executed during the fiscal year that made improvements to state facilities, including but not limited to, the following projects:

| | |
|--|-------------|
| Apple Grove Fish Hatchery Liner Replacement | \$2,888,546 |
| Chief Logan Lodge Cabin Construction | \$2,013,500 |
| Chief Logan Roadway Project | \$500,479 |
| Palatine Park Three-lane Boat Ramp | \$1,195,792 |
| North Bend Trail-Culvert Repairs | \$290,097 |
| Blackwater Falls Sled Run Improvements | \$271,584 |
| North Bend State Park Campground Improvement Project | \$667,000 |

Building 3 Related Contracts (Excluding the Construction of the Building)

Total Contract Value of \$2,152,738

Office of Technology – Networking Equipment

Value: \$81,222

In preparation for the re-opening of Building 3, the Office of Technology required networking equipment to ready the new tenants to the building.

General Services Division – Access Control and Security Project

Value: \$649,000

The General Services Division oversaw the construction of the Building 3 renovations, including its new security system.

General Services Division – Demountable Partitions

Value: \$1,359,000

Processed the contract for the demountable partitions for the open-area layout of the new building.

General Services Division – Audio-Visual System Project

Value: \$63,516

Processed the contract for the audio-visual system project for Building 3.

Department of Health and Human Resources (DHHR) – Psychological Consulting

Projected Contract Life Value of \$3.6 million

This open-end contract was processed for psychological consulting services for patients at DHHR facilities.

Division of Highways (DOH) – Various Annual Road-Related Contracts

Total Contract Value of \$86 million

The Purchasing Division works with the Division of Highways on an annual basis to process such contracts as stone and aggregate, road salt, ready mix and hot mix to assist in maintaining the state roads.

| | |
|---------------------|-------------------------|
| Stone and Aggregate | \$50 million |
| Road Salt | \$35 million |
| Ready Mix | \$1 million |
| Hot Mix | Estimates not available |

Fleet Management Office – Vehicle Maintenance, Repair and Fuel

Projected Contract Life Value of \$37,084,000

In collaboration with the Fleet Management Office, the Purchasing Division awarded this open-end contract for all state vehicle maintenance and repair management services as well as fuel costs. In the past, there were two contracts for maintenance/repair and fuel; however, during Fiscal Year 2017, these services were combined into one contract.

Significant Limitations on Reporting

Comparability with Legacy Systems

Most of the data presented in this Annual Report is based upon established reports made available to the Purchasing Division through the Business Intelligence feature of the *wvOASIS* Enterprise Resource Planning system.

Many legacy systems, including the TEAM Automated Purchasing System that was used for processing and reporting from 1991 to 2014, were used to calculate statistical data for this Annual Report in the past.

Any comparison between the Fiscal year 2017 Annual Report and prior annual reports using these legacy systems for reporting is subject to significant variation and should be considered with proper caution.

General Accounting Expenditures (GAX) Payments

Approximately \$3.5 Billion

The *wvOASIS* Enterprise Resource Planning system allows agencies to create payment transactions called General Accounting Expenditures (GAX). These transactions do not require any reference to a contract and cannot accurately account for spend on that contract; therefore, these payments cannot be included in the reported statistics in this Annual Report.

During Fiscal Year 2017, according to *wvOASIS* reporting, the state of West Virginia processed **455,482** GAX payment transactions for a total payment of **\$3,566,633,095.99**.

West Virginia Purchasing Card Procurements

Approximately \$400 Million

The West Virginia Purchasing Division is responsible for issuing the contract to administer the West Virginia Purchasing Card Program. In coordination with the State Auditor's office, this program processes payments made by state employees authorized to use their Purchasing Card. If the Purchasing Card transaction is not referenced to an existing contract, the Purchasing Division is unable to connect the payment to a specific contract.

For Fiscal Year 2017, according to *wvOASIS* reporting, the state of West Virginia processed **443,229** Purchasing Card transactions for a total payment of **\$373,491,621.63**.

Legislative Action

The following information reflects the legislative changes that occurred during Fiscal Year 2017, which affected the state procurement process:

House Bill 2001 now requires vendors to complete and submit a *Disclosure of Interested Parties* form prior to the award for contracts exceeding \$100,000. Interested parties include but are not limited to subcontractors as well as any owner of a business that owns 25% or more of the business expected to receive a contract. Subsequently, the form, developed by the West Virginia Ethics Commission, is also required to be submitted to the Ethics Commission within 30 days following the completion of the contract.

House Bill 2897 changed the requirements for the submission of several documents related to construction contracts, including that of the contractor's license number and drug-free workplace affidavit. Previously, any vendor who did not submit these documents with the bid was disqualified. This new law now gives vendors one business day to submit these documents upon request of the Purchasing Division.

In addition, previous statutory stipulations required vendors on construction contracts to submit to the Purchasing Division the subcontractor's list within one business day of the bid opening. House Bill 2897 now authorizes the Purchasing Division to request this list from the apparent low bidder within one additional business day if the list was not previously submitted. House Bill 2897 also states that no contract for a construction project shall be awarded to any bidder that is in default on any debt owed to the state.

Finally, some construction contracts allow for alternative options. Depending upon funding, these options may be included in the evaluation of the bids. Although the Purchasing Division procedures previously required that these alternates be noted in order of preference and accepted in this manner, this law mandates this requirement for all agencies under our authority and allows for no more than seven alternates in any given solicitation.

In addition to these two bills, other procurement-related bills were passed as noted below:

Senate Bill 461 passed, which fully exempts the West Virginia State Police from state purchasing requirements. This law was effective on July 7, 2017.

Senate Bill 686 passed, which fully exempts facilities governed by DHHR that provide direct patient care, namely state hospitals, from state purchasing requirements. This law was effective on July 7, 2017.

House Bill 2949 passed, which exempts specified Division of Natural Resources' contracts for some replacement, repair or design for repairs to facilities from review and approval requirements. This law was effective on July 7, 2017.

Goals and Objectives

Goal

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

Objective:

Provide training on purchasing rules, regulations, and procedures to representatives of at least 75% of all state agencies under the Purchasing Division's authority (excluding boards and commissions) at the agency's annual Purchasing Conference.

Fiscal Year 2017 Performance Measure: 77%

Objective:

Conduct a minimum of 30 hours of in-person training workshops for agency purchasers on purchasing laws, rules and procedures.

Fiscal Year 2017 Performance Measure: 100 hours

Objective:

Make available on the Purchasing Division's website a minimum of 10 online resource modules for agency purchasers on purchasing laws, rules and procedures.

Fiscal Year 2017 Performance Measure: 11

Objective:

Monitor purchasing training activity on 100% of all agency designated procurement officers and other state employees who conduct purchasing as a primary job function who have been reported to the Purchasing Division.

Fiscal Year 2017 Performance Measure: 100%

Goal

Ensure accountability through proactive auditing and documentation review.

Objective:

Maintain a rate for formal protests of four percent or less through dispute resolution and process education.

Fiscal Year 2017 Performance Measure: 0.98%