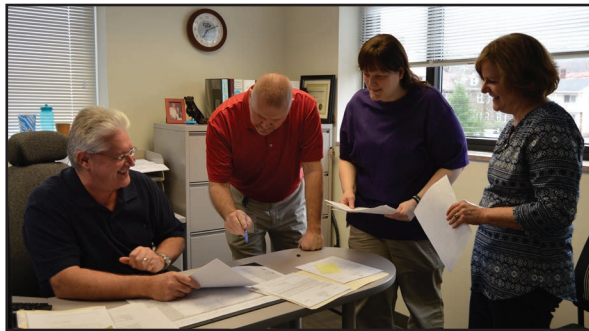


Inspectors Recommend Ways to Avoid Stringing

The role of the Contract Management Unit within the Purchasing Division is to ensure that state agencies follow all state laws, rules and procedures for purchases made on behalf of their organizations.

One of the areas that inspectors pay special attention is the possibility of stringing activity. Stringing is issuing a series of requisitions or dividing or planning procurements to circumvent the \$25,000 threshold or otherwise avoid the use of competitive bidding.

Inspectors focus on the lowest level of spend authority. This practice was instituted to ensure that during the inspection, the Purchasing Division did not aggregate spend and issue an unfair finding at a higher level. For example, if a department has ten divisions and each spent \$5,000 on a commodity – within their independent spend authority – the Purchasing Division would not issue a stringing finding to the agency's central office which may not have either directed the



The Inspectors of the Contract Management Unit review state agencies' procurements for problems, such as improper spend authority and stringing.

individual spend or been aware of it. This practice, though, does not change the authority of W. Va. Code § 5A-3-10 (b). If a higher-level authority authorizes or is aware of multiple small dollar transactions at lower levels, inspectors are obligated to issue a finding.

“While several spending units are inspected under their department code, most of the larger spending units are inspected more narrowly by their units or divisions,” said Contract Manager Greg Clay, who oversees the Contract Management Unit under the Acquisitions and Contract Administration Sec-

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INSIDE...

- **Director's Comments:** Numerous Activities and Events Close Out the Summer Season at the Purchasing Division
- **New Maintenance, Repair and Operations (MRO) Statewide Contract Now in Effect**
- **Purchasing Division Selected for NPI's Procurement Award for the Sixth Consecutive Year**

Purchasing Division Publishes Fiscal Year 2018 Annual Report

The Purchasing Division is pleased to share our Fiscal Year 2018 Annual Report (i.e. July 1, 2017 – June 30, 2018), which has been posted online for viewing and may be accessed by visiting www.state.wv.us/admin/purchase/Annualreport/Annual18.pdf.

Although not statutorily required to prepare an annual report, the Purchasing Division has provided this document since 1999 to showcase the accomplishments of the programs and services offered to its customers. This report also provides valuable statistical data on various functions administered by the division, which provides a comprehensive historical record for reference.

“As with most agencies, our staff comes into work each day, performing their jobs and providing the best customer service possible. We encouraged our staff to share creative new ideas that we hope will make our processes

Please see ANNUAL REPORT, page 3

DIRECTOR'S COMMENTS

Numerous Activities and Events Close Out the Summer Season for the Purchasing Division

By Purchasing Director Mike Sheets

The summer season seems to have come and gone quickly, as the Purchasing Division staff has been transitioning in making many changes that resulted from the passage of Senate Bill 283 that became effective June 8, 2018. Additionally, our staff has focused on completing the strategic sourcing meetings with many of our agencies in preparation for the new fiscal year, kicking off the registration for the 2018 Agency Purchasing Conference, continuing the local government and vendor seminars statewide, performing our fiscal year end tasks...obviously, there are just too many things to list!

The Purchasing Division is proud of the many successes we've had and continue to work toward. Since 1999, the Purchasing Division has presented its accomplishments for the fiscal year in our published Annual Report. While preparing this year's report, I realized that it is truly amazing the number of projects and activities that our staff has completed. From organizing our first legal seminar

on procurement practices to streamlining various purchasing processes and everything in between, we made great strides in enhancing the programs and services we provide to our agency purchasers, vendors, and local government entities, while maintaining the accountability and transparency of the state's competitive bid process.

Our agency designated procurement officers are encouraged to view our Annual Report for Fiscal Year 2018, which is posted at www.state.wv.us/admin/purchase/Annualreport. See page 1 for more information about this year's accomplishments.

The effort that we expend to continually improve the programs, services, processes and procedures of the Purchasing Division has also caught national attention. This past month, the Purchasing Division was notified that for the sixth consecutive year, the National Procurement Institute has recognized our agency with the prestigious 23rd Annual Achievement of Excellence in Procurement® (AEP) for 2018. This national award applauds the professional benchmarks that our agency has met or surpassed. Only 200 public and nonprofit organizations in the country received the award this year, so the Purchasing Division is one of very few that met the high criteria for selection. See page 5 for more information on this award.

All of these accomplishments would not have been possible without the partnership with our agency procurement officers. Working together and keeping an open dialogue has made the pendulum of success continue to swing forward.

Our staff anticipates great discussion on procurement during next month's 2018 Agency Purchasing Conference, beginning on Tuesday, October 2, 2018, at Camp Dawson. If you haven't registered yet, you are encouraged to do so quickly as we expect one of our largest crowds ever. When you pack for the conference, be sure to also bring any questions, suggestions and ideas you may have that we may consider for the future.



New Maintenance, Repair and Operations (MRO) Statewide Contract Now in Effect

The Purchasing Division has issued a new statewide maintenance, repair and operations contract (MRO18) with Fastenal Co., that went into effect on August 1, 2018. This contract provides identified categories of maintenance, repair and operations equipment and supplies to all state agencies and political subdivisions. The previous contract for similar commodities (industrial supplies and equipment) was with Grainger.

This contract, including ordering instructions, may be found at www.state.wv.us/admin/purchase/swc/INDEQP.htm. The ordering instructions require:

1. If the product is available on another statewide contract, it must be ordered from that contract, not Fastenal.
2. The intended use of this contract is for MRO products and industrial supplies that Fastenal can provide. www.state.wv.us/admin/purchase/swc/INDEQP.htm
3. An Agency Delivery Order (ADO) must be issued for orders under \$25,000, except when a single item exceeds \$10,000.00 and that must be processed as a Central Delivery Order (CDO).
4. Agencies must obtain confirmation of every order and retain in the file for orders less than \$25,000.00.
5. A Central Delivery Order (CDO) must be issued for orders over \$25,000.00 or when any single item exceeds



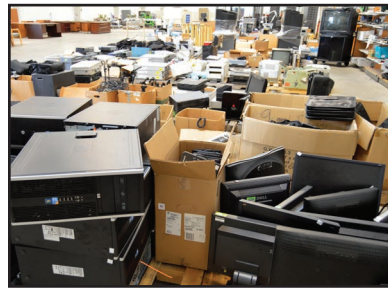
Please see FASTENAL, page 5

WV State Agency for Surplus Property Performs its Annual Review of Reimbursement Policy

The West Virginia State Agency for Surplus Property (WVSASP) has recently developed a policy relating to reimbursement to state agencies for property that is retired and ultimately repurposed to an eligible organization.

When an agency retires property, pursuant to W. Va. Code §§ 5A-3-34 through 46, WVSASP is responsible for working with eligible organizations, including municipalities, counties, boards of education, fire departments, 501(c)(3) non-profit organizations, and state agencies to find a new use for the property that is no longer needed by the retiring agency.

These eligible organizations have the first opportunity to inquire about the property to determine if it may suit any of their needs, prior to the property going to public sale. WVSASP receives no appropriation from the State Legislature to operate and therefore relies on the sale of the property to maintain its programs and services with a staff of approximately ten employees.



Items retired from state agencies to the West Virginia State Agency for Surplus Property are first made available to eligible organizations at its Dunbar warehouse.

Effective September 1, 2018, the new policy offers a sliding scale for the amount retained to operate the WVSASP based on the selling price. To view the policy, visit the revised version of the Surplus Property Operations Manual at www.state.wv.us/admin/purchase/surplus/surplus_operations_manual.pdf.

Please see REIMBURSEMENT, page 6

ANNUAL REPORT

Continued from Page 1

more efficient,” said Purchasing Director Mike Sheets. “At the end of each fiscal year, when we are compiling the annual report, we realize how productive the year has been. With the quality programs and services we have offered, the positive changes made, and the events we have coordinated, it has truly been a successful year and our annual report showcases just some of our achievements.”

In addition to featuring the Pur-

chasing Division’s accomplishments, the annual report also highlights Althea Greenhowe of the Department of Health and Human Resources, who was the *Agency Procurement Officer of the Year* as well as provides information about various training activities and procedural changes which directly affected the state purchasing process.

Some of the accomplishments noted in this year’s annual report include:

- The Purchasing Division traveled throughout West Virginia offering seminars for local government entities on programs available to their organizations, as well as seminars for vendors interested in doing business with the state;
- The Purchasing Division received the National Procurement Institute’s Achievement of Excellence in Procurement award for the fifth consecutive year during fiscal year 2018;
- The first ever *Legal Seminar on State Procurement Practices* was organized by the Purchasing Division, with nearly 70 state government attorneys in attendance;
- Nearly 900 state employees trained through the Purchasing Division’s training program;
- Introduced several changes to

improve processing times and efficiency, including but not limited to shortening the advertising cycle for most solicitations to 10 days; implementing a one-page solicitation notification to reduce postage costs; creating a *Section 9 Exemption Opinion Request for Consideration* form; and incorporating weekly status calls with agencies;

- Continued the strategic sourcing meetings with agencies to prepare for the upcoming fiscal year;
- Issued 22,065 new awards and delivery orders processed totaling \$489,589,734.14;
- Received nearly 14,000 hits on the Purchasing Division’s website;
- Maintained a 1.41% rate of protests, which reflects the percentage of purchase orders and contracts for which a protest of any type is filed for the fiscal year; and
- Exceeded 3,800 “likes” on Surplus Property’s Facebook page.

Agency procurement officers are encouraged to read the Fiscal Year 2018 Annual Report. Please note that all annual reports are archived and available on the Purchasing Division’s website at www.state.wv.us/admin/purchase/Annualreport.

West Virginia Purchasing Division

Established by law in 1935 | Department of Administration

W. Va. Code 5A-3 | 148 C.S.R. 1 | Purchasing Handbook

Fifth consecutive recipient of the AEP award from NPI | West Virginia State Agency for Surplus Property WVSurplus.gov

2018 Annual Report

877 state employees trained in FY 2018 | WVPurchasing.gov

4,472 registered vendors | 57 statewide contracts | 294,970 pages scanned

1,658 electronic and paper bids received

Why is Pre-Encumbrance Important?

When issuing a contract or purchase order to a vendor, the act of setting the funds aside is not only a good practice, but a best practice. That is why purchase order encumbrance is required by the W. Va. § 148 C.S.R. 1-13. Setting the funds aside ensures the money will be available when the vendor presents an invoice.

Pre-encumbrance is equally important, but the reasons might not be as obvious. Usually, the first question is, what is the difference? In the *wvOASIS* system, an encumbrance references a vendor. A pre-encumbrance, on the other hand, may or may not reference a vendor. When this concept is applied to procurement, the documents—the funds associated with them—are seen in a new light. Requisitions are casually tossed into the pre-encumbrance bucket, while purchase orders and contracts are more ceremoniously placed in the encum-

brance bucket.

The next question is, why are pre-encumbrances less formal? There are two main reasons. During the requisition state, the exact cost of the transaction may not be known. It is only the requestor's best estimate. The other reason is the vendor(s) on a requisition may or may not be the vendor who is awarded the purchase order.

So, the last question is, if the requisition state is a state of uncertainty, then why bother with pre-encumbrance? Here are the reasons:

- In *wvOASIS*, pre-encumbrance is a formal way for the requestor to communicate the magnitude of the purchase to the buyer.
- For departments that use dollar thresholds to determine workflow approval paths, pre-encumbrance is vital. In other words, without a pre-encumbrance, the requisition may not be authorized by the correct approver.
- Finally, no matter how hard we try to avoid them, there are times when budgets are tight, many requisitions are in play at the same time, and delays occur. When this happens, a pre-encumbrance increases the likelihood that funds will be available when it is time to award the purchase order or contract.

INSPECTIONS

Continued from Page 1

tion. "It is important to remember that even though the commodity has been bid out, you must still monitor your total spend to avoid stringing."

Agencies must keep track of how much they spend with a particular vendor to avoid stringing. One way to check vendor spend is to enter "VCUST" in the jump to box in *wvOASIS* using the vendor/customer number to search the Vendor Transaction History to view the amount of spend during the 12-month time period. Another is to use the reporting in *WVOASIS Business Intelligence WV-FIN-AP-026* to monitor vendor spend and make sure the \$25,000 threshold has not been exceeded.

"Once an agency awards an open-end contract not to exceed \$25,000, the agency can create delivery orders from that contract," Clay said. "The payment should reference the delivery order, and the total spend can be tracked in *wvOASIS* by the Agency Master Agreement (AMA) Document ID."

Although the Contract Management Unit inspects contracts and not payments, using the GAX payment can make it difficult for agencies to track since it does not reference the contract.

If an agency is getting close to reaching the \$25,000 threshold before the contract ends, the agency needs to decide if it plans to rebid for the commodity. If so, a requisition should be submitted in advance to the Purchasing Division so it may be processed in timely manner.

For additional information on the Purchasing Division inspection process, please visit the Inspection Services website at www.state.wv.us/admin/purchase/inspection.



WV Surplus Offers Great Deals on Items

With classrooms full again, the back-to-school sales may be over but the West Virginia State Agency for Surplus Property (WVSASP) has great deals all year round! As a sample, check out these great deals below:

Notebooks:	\$0.10
Desk Chairs:	\$10-75
Desks:	\$25-300
Printer:	\$10
Printer Ink:	\$5
Laptop Bag:	\$10

Whether you are looking for office furniture for your eligible organization or interested in items as a member of the public for your children, college students or even yourself, consider checking out the great deals at WVSASP. Remember that state em-

ployees, except for Purchasing Division employees, may acquire property at WVSASP for personal use as long as they purchase as a member of the public.

Exclusive deals and inventory can be found on the WVSASP Facebook page at www.facebook.com/wvsurplus or online at WVSurplus.gov.



Buyers Network

Purchasing Division Selected for NPI's Achievement for 6th Consecutive Year

The West Virginia Purchasing Division has been awarded the prestigious 23rd Annual Achievement of Excellence in Procurement® (AEP) for 2018 from the National Procurement Institute, Inc. (NPI). This is the sixth consecutive year the Purchasing Division has received the AEP award from NPI.

“For the past six years, the Purchasing Division of the Department of Administration has been recognized by the National Procurement Institute for demonstrating excellence and high standards in ensuring that our tax dollars are being spent ethically and efficiently,” said Cabinet Secretary of Administration John Myers. “This achievement is not easy to attain, with only 200 successful applicants this year nationally. It requires a dedicated and knowledgeable leadership and staff to strictly adhere to statutory requirements, while seeking innovative ways to continually improve the procurement processes.”

The AEP award, which is the national program used to benchmark organizational excellence in procurement, is earned by public and nonprofit organizations that obtain a high application score based on standardized criteria designed to measure best procurement practices. The AEP is awarded annually to recognize innovation, professionalism, e-Procurement, productivity and leadership in the procurement function and encourages the development of excellence as well as continued organizational improvement. The West Virginia Purchasing Division is the only government agency in West Virginia and one



of only eight state agencies in the United States and Canada to receive this award.

“The Purchasing Division works diligently to create procurement processes, based on our laws, rules and procedures, that provide the results of competency, productivity, transparency and good customer service,” said Purchasing Director Mike Sheets. “During the 2018 Regular Session of the State Legislature, the Purchasing Division was pleased to have the Governor introduce and see passage of Senate Bill 283 which continued to make improvements to the state procurement process. By receiving this national award for six consecutive years, we are definitely moving in the right direction as we continue to work closely with our agency and vendor partners in developing the best procurement practices to ensure state dollars are being spent effectively.”

Founded in 1968, NPI establishes cooperative relationships among its members and develops efficient purchasing methods and practices in the areas of governmental, educational, and institutional procurement. The mission of NPI is to facilitate the educational and professional development of its members. In 1995, NPI established a program designed to recognize organizational excellence in public procurement. The Achievement of Excellence in Procurement® is awarded annually.

FASTENAL Continued from Page 2

\$10,000.00. A CDO must be processed by the Purchasing Division.

6. Agencies should indicate the SWC MRO18 on all orders and quotes.

Below is the contact information for the Fastenal primary contact:

Scott Fields
Fastenal West Virginia
Government Sales Office
905 Morris Street
Charleston, WV 25301
Phone: 304.345.5108
wvgov@fastenal.com

Should you have any contract-related questions, please contact the Purchasing Division's state-wide senior buyer, Mark Atkins, at Mark.A.Atkins@wv.gov.

THE BUYERS NETWORK

Purchasing Division
State Capitol Complex
2019 Washington Street, East
Charleston, WV 25305-0130
Telephone: 304.558.2306
8:15 a.m. to 4:30 p.m. (M-F)

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Governor

John Myers
Cabinet Secretary
Department of Administration

Mike Sheets
Director
Purchasing Division

Editors
Diane Holley-Brown
Samantha Knapp

Contributing Reporters
Jessica Chambers
Courtney Sisk Johnson

Legislative Reports Available on Purchasing Division Website

In order to facilitate greater transparency to both state agencies and West Virginia citizens, the Purchasing Division has created a page for the Division's reports that are required by West Virginia Code to be submitted to the State Legislature.

The reports include the Sole Source Report, submitted annually; the Stringing Report, submitted semi-annually; the

Comprehensive Recycled Products Plan and Annual Report, submitted annually; and the Surplus Property Semi-Annual Eligible Organization Purchases, submitted semi-annually.

Any report the Division submits to the Legislature will be posted as it becomes available online at www.state.wv.us/admin/purchase/transparency.html.

Current Statewide Contract Update

(As of August 14, 2018)

This page includes a listing of current changes made to statewide contracts issued by the Purchasing Division. Information and dates listed in this **Current Statewide Contract Update** are subject to change. All statewide contracts are available online at www.state.wv.us/admin/purchase/swc. For more information, please contact the buyer assigned to the specific statewide contract.

New Contracts

Contract	Vendor	Commodity	Effective Date
MRO18	Fastenal Co	Industrial Process Machines/Equip.	07/07/18 -06/30/19
ESRI19	Environmental Systems Research Institute Inc.	ESRI Products	08/15/18 -08/14/19

REIMBURSEMENT

Continued from Page 3

WVSASP staff is responsible for the accountability and transparency of state property that is no longer needed by the originating agency. The staff administers an eligibility application process which provides a list of approved eligible organizations to which it markets items when retired by state agencies. Eligible organizations may request a particular item to be placed on a "want list" that WVSASP maintains and when that item becomes available, the agency is contacted to determine if the need still exists.

When property is retired, WVSASP is responsible for preparing the item for sale, determining fair market price, marketing the item to its customers, and ensuring that proper screenings occur, when necessary, prior to sale.

"This new reimbursement schedule with a varying scale provides a fair reimbursement structure for both WVSASP and the retiring agencies. It will ensure that agencies are reimbursed an appropriate portion of the proceeds for the retired property, while maintaining the operational expenses of our program," said WVSASP Director and Assistant Purchasing Director Elizabeth Perdue. "Our program offers assistance to so many organizations throughout the state. For most of our customers, if it weren't for our program, they have indicated to us that they don't know how they could operate and provide for the needs of their communities."

The proceeds of sales must be deposited to the fund(s) from which the purchase of the item was originally made. However, during the 2018 Regular Session of the State Legislature, legislation was passed that allows the agency to designate an alternate fund should the original fund no longer exist. Requests for reimbursement must be made within one year of the date of WVSASP's notification to the retiring agency of the sale.

Perdue noted that the reimbursement rates will be reviewed on an annual basis to properly account for the operating expenses of the program and to determine the amount that may be reimbursed to the retiring agencies.

Renewal Contracts

Contract	Vendor	Commodity	Effective Date
PC16	Stephens Auto Center	Police Vehicles	07/13/18 -09/21/18

Miscellaneous Actions

Contract	Vendor	Commodity	Description of Change
SWC*25	Verizon	Telecom Svcs.	To Correct Billing Terminology and Rate Elements

FOR MORE INFORMATION

Below is a list of Purchasing Division buyers assigned to specific state agencies.

BUYER	E-MAIL	PHONE
<u>Supervisors</u>		
Tara Lyle	Tara.L.Lyle@wv.gov	558-2544
Guy Nisbet	Guy.L.Nisbet@wv.gov	558-2596
Linda Harper	Linda.B.Harper@wv.gov	558-0468
<u>Senior Buyers</u>		
Mark Atkins	Mark.A.Atkins@wv.gov	558-2307
April Battle	April.E.Battle@wv.gov	558-0067
Jessica Chambers	Jessica.S.Chambers@wv.gov	558-0246
Michelle Childers	Michelle.L.Childers@wv.gov	558-2063
Stephanie Gale	Stephanie.L.Gale@wv.gov	558-8801
Brittany Ingraham	Brittany.E.Ingraham@wv.gov	558-2157
Melissa Pettrey	Melissa.K.Pettrey@wv.gov	558-0094
Crystal Rink	Crystal.G.Rink@wv.gov	558-2402
<u>Buyer</u>		
Heather Bundrage	Heather.D.Bundrage@wv.gov	558-2566

Buyers Network