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CABINET SECRETARY

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON STREET, EAST
CHARLESTON, WEST VIRGINIA 25305-0130

W. MICHAEL SHEETS
DIRECTOR

August 29, 2019

James Rossi, District Engineer
Division of Highways, District 8
US 219 North
Elkins, West Virginia 26241

Dear Mr. Rossi:

This is to transmit the final copy of the Purchasing Review of the West Virginia Division of Highways, District 8.

A preliminary copy of this report was submitted to your agency for comment. Since a Corrective Action Plan was returned by your agency in place of comments, we have included that Corrective Action Plan as part of this final review report.

Thank you for your cooperation and that of your staff during this review.

Respectfully,

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

W. Michael Sheets, CPPO
Director
West Virginia Purchasing Division

Enclosure

cc: Debbie Barnett, District 8 Comptroller, Division of Highways
Dwain Shingleton, Director, DOT Finance Division
Byrd E. White, Cabinet Secretary, Department of Transportation

WV PURCHASING DIVISION INSPECTION REPORT

DEPARTMENT OF TRANSPORTATION

West Virginia Department of Highways District 8

**FISCAL YEAR
2018**

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INTRODUCTION

The Purchasing Division is broadly charged with the development and oversight of the procurement functions of state spending units under its authority. That authority is found in Chapter 5A, Article 3 of the West Virginia Code, and Title 148, Series 1, of the West Virginia Code of State Rules. That mandate requires that the Purchasing Division “appoint inspectors to review and audit spending unit requests and purchases and other transactions and performance.” W. Va. CSR § 148-1-4.14. The Purchasing Division’s Inspection Services Unit performs this function by regularly conducting inspections of all spending units subject to Purchasing Division oversight.

The Purchasing Division Inspection Services Unit conducted an onsite inspection of the Division of Highways District 8 for the period of July 1, 2017 through June 30, 2018. Notice of the inspection was provided on March 15, 2019 and the inspection commenced on April 8, 2019. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the Division of Highways Equipment Divisions procurement transactions for the period of July 1, 2017 through June 30, 2018 were, in all material respects, in compliance with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook in effect during that time period.

Inspectors utilized spending unit payment transactions to identify potential violations with a primary focus on those transactions processed at the spending unit level without Purchasing Division involvement. Those transactions included, but were not limited to, agency delegated procurements, Section 9 procurements, agency delivery orders, General Accounting Expenditure (“GAX”) payments, and P-Card payments. Notwithstanding this general focus, however, Inspectors can review any transaction or internal procurement operating procedures that they deem relevant.

As noted above, the transaction review was conducted to ensure compliance with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook. More specifically, the scope of the inspection included, but was not limited to, an examination to determine if any of the following infractions had been committed:

- (1) Failure to bid at central level (Stringing)[Required to be reported to the Legislature twice annually]
- (2) Internal resources not utilized,
- (3) Statewide contract not utilized,
- (4) Failure to bid at delegated level,
- (5) Vendor registration unverified and wrong vendor fee exemption code utilized
- (6) Failure to verify compliance checks
 - a. Unemployment
 - b. Workers’ compensation
 - c. Vendor status with Secretary of State’s office
 - d. Debarred vendor list
- (7) Failure to include notarized Purchasing Affidavit,
- (8) Failure to issue wvOASIS procurement award document,
- (9) Lack of compliance with fixed asset requirements (asset tags),
- (10) Failure to include Certification of Non-Conflict of Interest form,
- (11) Miscellaneous Issues
 - a. Improper award (Unjustified award to other than lowest responsible bidder meeting specifications),
 - b. Leases exceeding six months not processed centrally
 - c. Other as needed

SUMMARY

During the period under review, the spending unit processed 10,636 procurement transactions with a value of 76,138,060.77. (These amounts are approximate, subject to reporting limitations from wvOASIS (including possible data entry error) and errors caused by elimination of duplicate results). Of those transactions, the Inspector selected 468 for review which represents approximately 4% of the total. This inspection of 468 selected transactions yielded 62 findings associated with 68 of the selected transactions. This means that approximately 15% of the transactions reviewed had one or more instances of noncompliance with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook. The findings are further illustrated in the attached Findings Grid and Grading Sheet.

The inspection also revealed that on 23 occasions, the spending unit failed to obtain competitive bids as required by the applicable dollar level of spend. That number is comprised of 3 instances of failing to bid at the central level (also known as stringing), and 20 instances of failing to bid at the delegated level. Any instances of failure to bid at the central level will be reported to the Legislature as required by the West Virginia Code.

Based on the findings contained in this report, the Purchasing Division recommends the spending unit work to improve any areas of noncompliance. Given that the agency received a score of 78.8 C on the inspection and there was a pattern of findings or one or more case of stringing, the first step must be the completion of a Corrective Action Plan. Due to the agency submitting the Corrective Action Plan as comments to the draft report mailed on August 5, 2019, your agency's Corrective Action Plan has been included as part of your final inspection report and no further action is required at this time.

Grading Sheet

West Virginia Division of Highways District 8 FY2018 Statistics

Transactions Reviewed	468
Non-Conformance Rate (See Summary Page)	15.0%
Conformance Rate	85.0%

Findings Summary

<i>Finding Category</i>	Number of Findings	Finding Percentage	Points possible	Points Received
Stringing	3	0.64%	30	12
Statewide Contract	5	1.07%	15	12
Internal Resources	0	0.00%	15	15
Failure to Bid	20	4.27%	15	12
Vendor Registration	0	0.00%	5	5
Verification Searches	12	2.56%	5	4
Affidavit	11	2.35%	5	4
wvOasis Award Document	5	1.07%	3	2.4
Asset Tag/Number	0	0.00%	3	3
Certification of Non-Conflict of Interest	5	1.07%	3	2.4
Miscellaneous Issue	1	0.21%	1	0.8
Total	62		100	72.6

Overall Agency Score

Non-Conformance & Findings Average	Overall Letter Grade
78.8%	C

Scale (See Weight Application*)

91.66 -- 100 = A
 83.33 -- 91.65 = B
 75 -- 83.32 = C
 66.66 -- 74.99 = D
 <66.65 = F

The Finding Summary and Number of Findings does not directly correlate with the Transactions Reviewed and Non-Conformance Rate because each transaction can yield multiple findings, and findings like stringing can include multiple transactions in a single finding.

EXHIBIT A: DETAILED INSPECTION FINDINGS

Issue 1: Failure to bid at central level (Stringing)

Authority: W. Va. Code § 5A-3-10; Procedures Handbook Section 6

Explanation: State law mandates that the Purchasing Division competitively bid for the purchase of commodities and services estimated to exceed twenty-five thousand dollars. The law also prohibits a spending unit from issuing a series of requisitions or divide or plan procurements to circumvent this twenty-five thousand dollar threshold. The transactions listed below violated this legal mandate and will be reported to the West Virginia Legislature as required by law.

Transactions in Violation: (3 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/21/18	Equipment Parts	Newlons International	\$333.42	PRCC15*5919

Additional Detail: The agency spent \$39,795.50 with the listed vendor during the fiscal year under review.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/21/18	Steel	Valley Steel	\$603.86	PRCC15*0522

Additional Detail: The agency spent \$26,176.37 with the listed vendor during the fiscal year under review.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
04/06/18	Plow blades	Winter Equipment	\$3,408.35	PRCC15*5030

Additional Detail: The agency spent \$27,709.71 with the listed vendor during the fiscal year under review.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit establish central contracts through the Purchasing Division for each of the items included above and any other commodities or services that will exceed \$25,000 in a rolling 12 month period.
2. The Purchasing Division recommends that the spending unit utilize wvOASIS to create reports that will allow the spending unit to track spend and determine when spending is closing to exceeding the \$25,000 limit.
3. The Purchasing Division recommends that the spending unit forecast future needs for its commodities and services to determine in advance what should be procured at the central level.
4. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward

Issue 2: Internal Resource Not Utilized

Authority: W. Va. Code §§ 25-7-5 and 5A-3-10; Procedures Handbook Section 3.6.1

Explanation: State law mandates that certain social welfare programs be utilized prior to a spending unit obtaining commodities and services in the open market. Those programs include the Sheltered Workshops established to assist disabled individuals in finding employment, and the Correctional Industries program that provides prison inmates with meaningful work. The transactions listed below should have been obtained from one of these programs, or a waiver should have been obtained. The inspection revealed that the transactions were outside of the internal programs and no waiver was granted.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit personnel become familiar with what is available from internal sources and either procure those commodities and services from internal sources or obtain a waiver from the Purchasing Division.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 3: Statewide Contract Not Utilized

Authority: W. Va. CSR § 148-1-7.4.c.; Procedures Handbook Section 3.6.2

Explanation: The Purchasing Division has authority to establish contracts at a statewide level to secure economies of scale that would not be possible on an agency by agency basis. Once established, the Purchasing Division can mandate that spending units utilize those statewide contracts. For the transactions listed below, the spending unit has obtained the commodity or service in question outside of an available statewide contract without a valid waiver.

Transactions in Violation: (5 Instances) The 5 instances of not utilizing Statewide Contracts will be reflected in the **Finding** Summary of the Grading Sheet. Due to the grouping of same or similar commodities or services, the transactions reviewed not utilizing Statewide Contracts totals 12 and will reflect this in the **Non-Conformance Rate** of the Grading Sheet.

1 Instance

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
09/29/17	Paint	C J Richardson	\$638.19	PRCC15*8523	<u>PAINT</u>

1 Instance

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
06/14/18	Hex nut	Fastenal	\$112.53	PRCC15*3608	<u>FASTEN</u>

1 Instance

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
12/26/17	Package	UPS	\$42.29	PRCC15*4809	<u>PKGSVS</u>

1 Instance (grouped)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
03/27/18	Work light	AW Direct	\$163.89	PRCC15*9111	<u>INDEQP</u>
06/25/18	Safety equip.	Discount Industrial	\$1,178.95	PRCC15*2069	<u>INDEQP</u>
04/19/18	Pressure washer	Power Equipment	\$3,899.99	PRCC15*5725	<u>INDEQP</u>
03/29/18	Thread chaser	SOL Snap On	\$27.94	PRCC15*9119	<u>INDEQP</u>
06/29/18	Moly bits	SOS Metal	\$282.52	PRCC15*2067	<u>INDEQP</u>
06/26/18	Locking pins	McMaster Carr	\$124.62	PRCC15*0495	<u>INDEQP</u>
09/05/17	Safety vest	Landr USA	\$2,515.00	PRCC15*9647	<u>INDEQP</u>

1 Instance (grouped)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
03/26/18	Auto parts	Autozone	\$38.96	PRCC15*9549	<u>MVAPRTS</u>
06/12/18	Auto parts	Elkins Chrysler	\$104.00	PRCC15*9309	<u>MVAPRTS</u>

Additional Detail: The transactions listed above must be purchased from the Statewide Contacts indicated.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit personnel become familiar with what is available from statewide contracts and either procure those commodities and services from statewide contracts or obtain a waiver from the Purchasing Division.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 4: Failure to bid at delegated level

Authority: W.Va. Code § 5A-3-11(a); W. Va. CSR § 148-1-7.2; Procedures Handbook Section 5

Explanation: The Purchasing Division has established competitive bidding requirements that spending units must follow when procuring commodities and services below \$25,000, and above \$2,500.01. For those transactions listed below, the spending unit has failed to obtain and document competitive bids as required.

Transactions in Violation: (20 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
03/30/18	Repair	Automotive Machine	\$413.90	PRCC15*9091
11/14/17	Mat rental	Cintas	\$250.80	PRCC15*3601
06/05/18	Waste fuel disposal	Eco First	\$1,590.00	PRCC15*6886
01/05/18	Equipment rental	ICR Equipment Rental	\$1,932.00	PRCC15*6740
12/01/17	Plow blades	IN Snowplow Tech.	\$4,491.16	PRCC15*1208
06/08/18	Portable toilets	IN The Outhouse	\$62.42	PRCC15*3509
05/01/18	Radiator repair	Johnny's Radiator	\$1,485.00	PRCC15*2487
06/12/18	Repair	KSD Enterprises	\$704.98	PRCC15*9311
10/20/17	Hydraulic parts	Mine Belt Services	\$875.94	PRCC15*6317
06/08/18	Propane	SSC	\$38.91	PRCC15*9769

Additional Detail: Although the individual transactions listed above may fall below the verbal bid limit, the agency aggregate spend for the vendor exceeded the bid threshold.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/25/18	Shop supplies	Applied MSS	\$306.96	PRCC15*0061
01/11/18	Shop Supplies	Bykota	\$307.50	PRCC15*0462
09/06/17	Parts	GVM/Independent	\$2,429.50	PRCC15*4436
09/14/17	Repair	Hotsy	\$410.91	PRCC15*2027
03/01/18	Truck parts	Real Truck Inc	\$532.99	PRCC15*6958
06/17/18	Hydraulic parts	Ruddle Equipment	\$439.09	PRCC15*5723
05/29/18	Tube grease	Schaeffer Manufact.	\$688.50	PRCC15*4340
06/26/18	Oxygen	Star Weld	\$63.96	PRCC15*2076
06/08/18	Mat rental	Superior Industrial	\$265.00	PRCC15*5930
06/18/18	Poly Wafer	United Rotary Brush	\$905.01	PRCC15*3583

Additional Detail: Although the individual transactions listed above may fall below the written bid limit, the agency aggregate spend for the vendor exceeded the bid threshold.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit follow the requirements associated with each delegated spending limit.
2. The Purchasing Division recommends that the spending unit utilize wvOASIS to create reports that will allow the spending unit to track spend and determine when spending is closing to exceeding spending limits.
3. The Purchasing Division recommends that the spending unit forecast future needs for its commodities and services to determine in advance what should be competitively bid at delegated verbal and written bid levels.
4. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 5: Vendor Registration Unverified/Wrong Vendor Fee Exemption Code Utilized

Authority: W. Va. CSR § 148-1-6.1; Procedures Handbook Section 4

Explanation: The agency must verify that the vendor is registered, and the registration fee paid, if applicable. The registration process includes having the proper disclosure of information in the wvOASIS vendor/customer account. Certain vendors are exempted from paying the vendor registration fee mandated by the authority referenced above. wvOASIS has created fee exemption codes that allow the spending unit to designate the appropriate exemption code on a transactional basis.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.
2. The Purchasing Division recommends that the spending unit contact the Vendor Registration section within the Purchasing Division if there is uncertainty about when and how to apply a vendor fee exemption code.

Issue 6: Failure to Verify Compliance Checks

(Workers Comp, Unemployment, Sec. of State, Debarment)

Authority: W. Va. CSR § 148-1-6.1.e.; Procedures Handbook Section 5.2.3.

Explanation: The authority cited above requires that a vendor be licensed and in good standing in accordance with all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or other state agencies or political subdivisions prior to being awarded a contract. The mandated compliance checks were not included in the transactions listed below.

Transactions in Violation: (12 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/25/18	Shop supplies	Applied MSS	\$306.96	PRCC15*0061
01/11/18	Shop Supplies	Bykota	\$307.50	PRCC15*0462
09/06/17	Parts	GVM/Independent	\$2,429.50	PRCC15*4436
09/14/17	Repair	Hotsy	\$410.91	PRCC15*2027
04/30/18	Trimble	Precision Laser Service	\$21,405.45	PRCC15*8806
03/01/18	Truck parts	Real Truck Inc	\$532.99	PRCC15*6958
06/17/18	Hydraulic parts	Ruddle Equipment	\$439.09	PRCC15*5723
05/29/18	Tube grease	Schaeffer Manufact.	\$688.50	PRCC15*4340
06/26/18	Oxygen	Star Weld	\$63.96	PRCC15*2076
11/01/17	Control box	Stephenson Equipment	\$6,745.25	PRCC15*1826
06/08/18	Mat rental	Superior Industrial	\$265.00	PRCC15*5930
06/18/18	Poly Wafer	United Rotary Brush	\$905.01	PRCC15*3583

Additional Detail: Although the above transactions may fall below the limit requiring it to be present, the aggregate amount exceeds \$2,500.00

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit perform all compliance checks mandated by the Handbook and properly document those compliance checks in the contract file.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 7: Purchasing Affidavit Not Included

Authority: W. Va. Code §§ 5A-3-10a and 5-22-1; Procedures Handbook Section 5.2.3.

Explanation: West Virginia law has several restrictions against awarding a contract to a vendor that owes a debt to the State or its political subdivisions. The Purchasing Affidavit must be signed by the vendor prior to contract award to obtain assurance that the vendor is in compliance with the statutory mandates.

Transactions in Violation: (11 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/25/18	Shop supplies	Applied MSS	\$306.96	PRCC15*0061
01/11/18	Shop Supplies	Bykota	\$307.50	PRCC15*0462
09/06/17	Parts	GVM/Independent	\$2,429.50	PRCC15*4436
09/14/17	Repair	Hotsy	\$410.91	PRCC15*2027
03/01/18	Truck parts	Real Truck Inc	\$532.99	PRCC15*6958
06/17/18	Hydraulic parts	Ruddle Equipment	\$439.09	PRCC15*5723
05/29/18	Tube grease	Schaeffer Manufact.	\$688.50	PRCC15*4340
06/26/18	Oxygen	Star Weld	\$63.96	PRCC15*2076
11/01/17	Control box	Stephenson Equipment	\$6,745.25	PRCC15*1826
06/08/18	Mat rental	Superior Industrial	\$265.00	PRCC15*5930
06/18/18	Poly Wafer	United Rotary Brush	\$905.01	PRCC15*3583

Additional Detail: Although the above transactions may fall below the limit requiring it to be present, the aggregate amount exceeds \$5,000.00

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit obtain a properly completed Purchasing Affidavit and maintain a copy in the contract file for all transactions exceeding \$5,000.01 (the threshold for obtaining written bids).
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 8: wvOASIS Award Document Not Issued

Authority: Procedures Handbook Section 5.1.2

Explanation: The Purchasing Division Procedures Handbook requires that a procurement award document be issued for all purchases exceeding \$2,500 in value. This requirement ensures that the transaction is recorded in wvOASIS in a way that allows it to be easily identified and tracked and helps to prevent spending in violation of procurement laws, rules, and procedures.

Transactions in Violation: (5 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
12/11/17	Used engine	Adelmans Truck Parts	\$3,085.50	PRCC15*1437
08/02/17	Trailer transport	Ashworths Mobil	\$3,000.00	PRCC15*7849
12/31/17	Engine	Country Club Chrysler	\$3,908.00	PRCC15*5695
08/18/17	Snow plow bulbs	RGA	\$4,180.00	PRCC15*0867
11/01/17	Control box	Stephenson Equip.	\$6,745.25	PRCC15*1826

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit issue a purchase order through wvOASIS and maintain a copy in the contract file for all transactions exceeding \$2,500.01 (the threshold for obtaining verbal bids).
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 9: Asset Tag Not Affixed

Authority: W. Va. Code § 5A-3-34; Surplus Property Operations Manual, Part II, Section 1.4

Explanation: The Surplus Property Operations Manual requires that all reportable assets must have a numbered identification tag affixed to the asset. Agencies are responsible for obtaining and placing the proper tags on the assets. This method of tagging assets helps to easily identify state assets during physical inspection and to guard against asset theft.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit obtain a properly affix asset tags to all reportable assets. In conjunction with this, the spending unit must maintain accurate inventory records in wvOASIS.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 10: Cert. of Non-Conflict Not Included

Authority: W. Va. Code §§ 5A-3-31 and 6B-2-5; Procedures Handbook Section 3.7.1.5.2

Explanation: The Purchasing Division requires all evaluators, advisors, and the agency procurement officer, despite the type of transaction, to sign a Certification of Non-Conflict of Interest form prior to contract award to ensure compliance with W. Va. Code § 5A-3-31 and § 6B-2-5 by affirming that they do not have a conflict of interest and did not communicate with the vendor during the solicitation, evaluation, and award period.

Transactions in Violation: (5 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
12/11/17	Used engine	Adelmans Truck Parts	\$3,085.50	PRCC15*1437
08/02/17	Trailer transport	Ashworths Mobil	\$3,000.00	PRCC15*7849
12/31/17	Engine	Country Club Chrysler	\$3,908.00	PRCC15*5695
08/18/17	Snow plow bulbs	RGA	\$4,180.00	PRCC15*0867
11/01/17	Control box	Stephenson Equip.	\$6,745.25	PRCC15*1826

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit include a properly completed Certification of Non-Conflict of Interest form prior to contract award for all transactions exceeding \$2,500.01 and maintain a copy in the contract file.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 11: Miscellaneous

Authority: Various

Explanation: Over the course of the inspection, various miscellaneous issues are often identified. Those items are included in this section.

Transactions in Violation: (1 Instance)

06/11/18	Unknown	Specialty Groups	\$5,216.10	PRCC15*3503
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Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit's procurement officer participate in training on the topics listed herein that are offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

EXHIBIT B: COMPARISON WITH PRIOR INSPECTIONS

A previous inspection of the West Virginia Division of Highway District 8 was conducted in March of 2016. The review consisted of 501 selected transactions from an approximate 9,439 total transactions from July 1, 2013 through June 30, 2014. This review resulted in 91 findings associated with 47 of the selected transactions. This indicated that 9% of the transactions reviewed during the inspection had one or more problems of potential nonconformity with Purchasing Division laws, rules, and/or regulations.

When comparing the statistics from 2016 to the current 2019 inspection, below is a summary of the issues identified during the 2016 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	2016	2019
Stringing	4	3
Statewide Contract	6	5
Internal Resources	0	0
Failure to Bid at Delegated Level	29	20
Vendor Registration	1	0
Verification Searches	25	12
Affidavit	25	11
wvOasis Award Document/Purchase Order	0	5
Asset Tag/Number	0	0
Certification of Non-Conflict of Interest	0	5
Miscellaneous Issue	1	1
<i>Total</i>	91	62

There are multiple training resources available from the Purchasing Division in-house training program, as well as, through on-line training modules. These training resources would assist in educating procurement staff in purchasing procedures/requirements. Additional information can be obtained by contacting Samantha Knapp, Staff Development Specialist, at (304) 558-7022 or by visiting the Purchasing Division's website <http://www.state.wv.us/admin/purchase/training/default.html>

EXHIBIT C: AGENCY TRAINING REPORT

Importance of Training: The Purchasing Division has found that training in procurement significantly improves the ability of the spending unit to comply with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook.

Statutory Requirements:

- W. Va. Code § 5A-3-60 requires that All executive department secretaries, commissioners, deputy commissioners, assistant commissioners, directors, deputy directors, assistant directors, department heads, deputy department heads and assistant department heads are hereby required to take two hours of training on purchasing procedures and purchasing cards annually.
- W. Va. CSR § 148-1-3.2 mandates that all designated procurement officers receive 10 hours of procurement training annually.

Available Training: The Purchasing Division has implemented a very robust training program that is available to all procurement officers subject to Purchasing Division oversight. That training includes:

- Online Modules
- Webinars
- Live Training Sessions
- Annual conferences
- Basic and Advanced Procurement Certification Programs
- Agency Specific Targeted Training

Training: The Purchasing Division records indicate that during the inspection period the following individuals within the spending unit have obtained training as shown below:

Individual Name:

Debbie Barnett

Attended 11 workshops (11 available)

Angie Moorman

Attended 4 workshops (11 available)

Dusty Smith

Attended 11 workshops (11 available)

Purchasing Division Recommendations:

The Purchasing Division recommends that all procurement officers, regardless of their status as designated or undesignated, participate in at least 10 hours of training annually and that all officials subject to the training requirements in W. Va. Code § 5A-3-60 take the required 2 hours of Purchasing and P-Card Training.

EXHIBIT D: AGENCY RESPONSE TO INSPECTION FINDINGS

Corrective Action Plan

In response to the final report issued [Date]

Agency Name: D8 DOH **Inspection Date(s):** 04/08/2019
Agency Address: 1101 North Randolph Avenue **Phone:** 304-637-0220
Agency Contact: James Rossi, District Engineer **Email:** James.A.Rossi@wv.gov

Issue(s) #1

Finding:

- A. Stringing – The pattern of transactions and amount spent with this vendor during fiscal year could be construed as stringing. During the period under review, the agency spent a total of \$39,795.50 with this vendor which exceeds the formal bid of \$25,000.00.

Corrective Action: (Must include: Steps to correct the specific concerns identified by reviewers; steps to identify and correct similar issues which may be present within the agency but not specifically identified by the inspectors.)

We will again notify purchasing personnel of the Agency contract for International truck parts (DOT16*50/7016C009) and require them to use this contract.

Quality Assurance and Monitoring: (Must include steps to monitor status and prevent recurrence of similar problems in the future. Each corrective action step must have corresponding quality assurance/monitoring activity.)

We will monitor spending levels with vendors to identify commodities which need to have contracts.

Name and Title of Responsible Person:

James A. Rossi, District Engineer

Target Date for Completion: (Must be completed within 60 days of the final report date)

12/31/19

Corrective Action Plan

In response to the final report issued [Date]

Agency Name: D8 DOH **Inspection Date(s):** 04/08/2019
Agency Address: 1101 North Randolph Avenue **Phone:** 304-637-0220
Agency Contact: James Rossi, District Engineer **Email:** James.A.Rossi@wv.gov

Issue(s) #1

Finding:

- A. Stringing – The pattern of transactions and amount spent with this vendor during fiscal year could be construed as stringing. During the period under review, the agency spent a total of \$26,176.37 with this vendor which exceeds the formal bid of \$25,000.00.

Corrective Action: (Must include: Steps to correct the specific concerns identified by reviewers; steps to identify and correct similar issues which may be present within the agency but not specifically identified by the inspectors.)

Will process a RFQ for steel – angle iron, straight rods, strap & etc

Quality Assurance and Monitoring: (Must include steps to monitor status and prevent recurrence of similar problems in the future. Each corrective action step must have corresponding quality assurance/monitoring activity.)

We will monitor spending levels with vendors to identify commodities which need to have contracts

Name and Title of Responsible Person:

James A. Rossi, District Engineer

Target Date for Completion: (Must be completed within 60 days of the final report date)

12/31/19

Corrective Action Plan

In response to the final report issued [Date]

Agency Name: D8 DOH **Inspection Date(s):** 04/08/2019
Agency Address: 1101 North Randolph Avenue **Phone:** 304-637-0220
Agency Contact: James Rossi, District Engineer **Email:** James.A.Rossi@wv.gov

Issue(s) #1

Finding:

- A. Stringing – The pattern of transactions and amount spent with this vendor during fiscal year could be construed as stringing. During the period under review, the agency spent a total of \$27,709.71 with this vendor which exceeds the formal bid of \$25,000.00.

Corrective Action: (Must include: Steps to correct the specific concerns identified by reviewers; steps to identify and correct similar issues which may be present within the agency but not specifically identified by the inspectors.)

There is now an agency contract for these blade systems

(7018C011/DOT18*39)

Quality Assurance and Monitoring: (Must include steps to monitor status and prevent recurrence of similar problems in the future. Each corrective action step must have corresponding quality assurance/monitoring activity.)

We will monitor spending levels with vendors to identify commodities which need to have contracts

Name and Title of Responsible Person:

James A. Rossi, District Engineer

Target Date for Completion: (Must be completed within 60 days of the final report date)

12/31/19