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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

May 13, 2019

Dale Malcomb, Purchasing Director
West Virginia Public Broadcasting Authority
600 Capitol Street
Charleston, WV 25301

Dear Purchasing Director Malcomb:

This is to transmit the final copy of the Purchasing Review of the West Virginia Public Broadcasting Authority.

A preliminary copy of this report was submitted to your agency for comment. Where significant comments were returned by your agency, we have included those as part of this final review report. A Corrective Action Plan Request will follow requesting your response to all of the compliance issues identified in this report.

The Inspection Service Unit will monitor future purchases through WVoasis and will complete a spot inspection in the near future to assure that the West Virginia Public Broadcasting Authority adheres to their submitted Corrective Action Plan.

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: Chuck Roberts, Executive Director, Educational Broadcasting Authority
Tammy Treadway, CFO, Educational Broadcasting Authority
Steven Grindstaff, Procurement Officer, Educational Broadcasting Authority

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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 Educational Broadcasting Authority for the period of July 1, 2017 through June 30, 2018. Notice of the inspection was provided on January 24, 2019, and the inspection commenced on February 26, 2019. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the Educational Broadcasting Authority's 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 2,271 procurement transactions with a value of \$3,107,134.15 . (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 92 for review which represents approximately 4% of the total. This inspection of 92 selected transactions yielded 97 findings associated with 45 of the selected transactions. This means that approximately 48% 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 18 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 15 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 46.9% 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, a request for which will be provided to you after this inspection is finalized.

Grading Sheet

West Virginia Educational Broadcasting Authority FY2018 Statistics

Transactions Reviewed	92
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Non-Conformance Rate (See Summary Page)	48.0%
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Conformance Rate	52.0%
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Findings Summary

Finding Category	Number of Findings	Finding Percentage	Points possible	Points Received
Failure to Bid at Central Level (Stringing)	3	3.26%	30	0
Internal resources not utilized	2	2.17%	15	12
Statewide contract not utilized	0	0.00%	15	15
Failure to Bid at Delegated Level	15	16.30%	15	3
Vendor registration unverified/Wrong fee c	1	1.09%	5	4
Failure to verify compliance checks	16	17.39%	5	2
Purchasing Affidavit not included	26	28.26%	5	0
wvOASIS award document not issued	3	3.26%	3	2.4
Asset Tag/Number not affixed	2	2.17%	3	2.4
Cert. of Non-Conflict not included	29	31.52%	3	0
Miscellaneous Issue	0	0.00%	1	1
Total	97		100	41.8

Overall Agency Score

Non-Conformance & Findings Average	Overall Letter Grade
46.9%	F

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>
05/02/2018	Studio Supplies	Adorama	\$5,821.68	PRM,0439,1800043508
01/18/2018	Studio Supplies	Barbizon Capitol Inc	\$9,920.15	PRM,0439,1800026165

Additional Detail: During the period under review, the agency spent a total of \$104,242.81 in 51 transactions with the selected vendors which exceeds the formal bid limit of \$25,000.00.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/06/2018	Receivers	Scms Inc	\$18,438.22	PRM,0439,1800047597

Additional Detail: During the period under review, the agency spent a total of \$104,807.20 in 19 transactions with the selected vendor which exceeds the formal bid limit of \$25,000.00.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
04/20/2018	Computer Supplies	Softchoice Corp	\$7,738.00	PRM,0439,1900000592

Additional Detail: During the period under review, the agency spent a total of \$39,111.11 in 10 transactions with the selected vendor which exceeds the formal bid limit of \$25,000.00.

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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2018	Building Cleaning Services	Patton Bldg Svcs Inc	\$616.00	PRM,0439,1800047596

Additional Detail: The transaction listed above must be provided from WVARFJAN.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
03/16/2018	Stand Up Desk	Stand Up Desk Store	\$732.32	PRCC,0439,PC18073413

Additional Detail: West Virginia Correctional Industries provides Standing Work Stations and should have been utilized.

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: (0 Instances)

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: (15 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
05/21/2018	Generator Repairs	Adams Heating and Cooling	\$300.00	PRM,0439,1800048433
06/30/2018	Nitrogen Cylinder Rental	Airgas Inc	\$144.80	PRM,0439,1900000912
06/30/2018	Lawn Care	Beardies Lawn Care	\$760.00	PRM,0439,1900000433
09/27/2017	Disk Drives	CDW Government Llc	\$2,233.00	PRM,0439,1800011215
12/22/2017	Connectors	Clark Wire and Cable Inc	\$1,278.80	PRM,0439,1800022941
06/20/2018	Propane	FerrellGas LP	\$666.21	GAX,0439,1900001399
06/13/2018	HVAC Services	Southern Air Inc	\$2,499.99	PRM,0439,1900000429

Additional Detail: Although the individual transactions listed above falls below the verbal bid limit, the agency aggregate spend for each vendor exceeded \$2,500.00 for the fiscal year under review.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
02/05/2018	Online Service	Billtech Meltwater	\$4,200.00	PRCC,0439,PC18064963
11/30/2017	Limestone	Debarr Trucking Co Inc	\$2,704.14	PRM,0439,1800038270
02/13/2018	Television	Sodaros Electronic Sales Inc	\$3,872.00	PRM,0439,1800029646
04/30/2018	Elevator Maintenance	Thyssenkrupp Elevator Co	\$2,630.97	PRM,0439,1800040906

Additional Detail: Documentation showed no evidence of verbal bids and no justification for a direct-award purchase.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
11/17/2017	Audit Services	Balestra Harr & Scherer CPAS	\$15,500.00	PRM,0439,1800023320
08/04/2017	Digitizing Service	Bogonots Llc	\$8,228.00	GAX,0439,1800016829
07/37/2017	HVAC Unit	Childers Enterprises Inc	\$5,995.00	PRM,0439,1800004080
04/20/2018	Drone	Lee Hartman & Sons Inc	\$5,026.25	PRM,0439,1800039616

Additional Detail: Documentation showed no evidence of competitive bidding and no justification for a direct award purchase.

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. An improper exemption code was utilized in the processing of the transactions listed below.

Transactions in Violation: (1 Instance)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
6/20/2018	Propane	FerrellGas LP	\$666.21	GAX,0439,1900001399

Additional Detail: During the period under review, the agency spent a total of \$11,199.03 in 25 transactions with the listed vendor during the fiscal year under review.

Purchasing Division Recommendation:

1. The Purchase Division recommends that the spending unit only utilize vendor fee exemption codes for transactions that would allow a vendor to avoid paying the vendor registration fee.
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.
3. 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: (16 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2018	Television Services	Assoc. of Public Television Stations	\$2,900.00	PRM,0439,1800001502
03/1/2018	Program Fees	Motion Masters Inc	\$5,000.00	PRM,0439,1800038477
06/30/2018	Television Services	Am Public Television	\$24,217.00	PRM,0439,1800002814
06/30/2018	Satellite Services	American Public Media	\$18,123.10	PRM,0439,1800042234
11/17/2017	Auditing Services	Balestra Harr & Scherer CPAS Inc	\$15,500.00	PRM,0439,1800023320
08/4/2017	Tape Conversion	Bogonots LLC	\$8,228.00	GAX,0439,1800016829
03/5/2018	Adobe L	CDW LLC	\$12,887.53	PRM,0439,1800032527
07/31/2017	HVAC Unit	Childers Enterprises Inc	\$5,995.00	PRM,0439,1800004080
10/13/2017	HVAC Service	DSO Mechanical	\$11,975.00	PRM,0439,1800015727
02/27/2018	Power Supply Repair	Gatesair Inc	\$10,423.21	PRM,0439,1800032353
03/30/2018	Power Routers	Insight Public Sector Inc	\$9,073.92	PRM,0439,1800037438

04/20/2018	Drone	Lee Hartman & Sons Inc	\$5,026.25	PRM,0439,1800039616
05/2/2018	Annual Fees	Myers Information Systems Inc	\$13,051.00	PRM,0439,1800042231
06/30/2018	Program Fees	Public Radio Intl Inc	\$7,737.00	PRM,0439,1800036810
12/13/2017	Production Supplies	VSA Inc	\$5,690.00	PRM,0439,1800021534
09/20/2017	Multimedia Receivers	Washington Professional Systems	\$10,318.00	PRM,0439,1800012389

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: (26 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2018	Radio Services	Associated Press	\$1,094.91	PRM,0439,1800046609
06/30/2018	Television Services	Assoc. of Public Television Stations	\$2,900.00	PRM,0439,1800001502
06/30/2018	Lawn Care	Beardies Lawn Care	\$760.00	PRM,0439,1900000433
09/27/2017	Hard Disk Drives	CDW Gov't Llc	\$2,233.00	PRM,0439,1800011215
06/20/2018	Propane	Ferrellgas LP	\$666.21	GAX,0439,1900001399
06/30/2018	Media License and Support	Marketron Broadcast Solutions Llc	\$3,119.89	PRM,0439,1800023579
06/30/2018	Uplink Services	Natl Public Radio	\$3,680.00	PRM,0439,1900000431
06/30/2018	Program Fees	Public Radio Exchange	\$2,150.25	PRM,0439,1800039605
03/1/2018	Neilsen Audio Services	Radio Research Consortium Inc	\$3,175.00	PRM,0439,1800032349
06/13/2018	HVAC Services	Southern Air Inc	\$2,499.99	PRM,0439,1900000429
04/30/2018	Elevator Maintenance	Thyssenkrupp Elevator Co	\$2,630.97	PRM,0439,1800040906

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

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2018	Television Services	Am Public Television	\$24,217.00	PRM,0439,1800002814
06/30/2018	Satellite Services	American Public Media	\$18,123.10	PRM,0439,1800042234
08/04/2017	Tape Conversion	Bogonots Llc	\$8,228.00	GAX,0439,1800016829
03/5/2018	Adobe	CDW LLC	\$12,887.53	PRM,0439,1800032527

07/31/2017	HVAC Unit	Childers Enterprises Inc	\$5,995.00	PRM,0439,1800004080
10/13/2017	HVAC Service	DSO Mechanical		PRM,0439,1800015727
			\$11,975.00	
02/27/2018	Power Supply Repair	Gatesair Inc	\$10,423.21	PRM,0439,1800032353
03/30/2018	Power Routers	Insight Public Sector Inc	\$9,073.92	PRM,0439,1800037438
04/20/2018	Drone	Lee Hartman & Sons Inc	\$5,026.25	PRM,0439,1800039616
05/2/2018	Annual Fees	Myers Information Systems Inc	\$13,051.00	PRM,0439,1800042231
06/30/2018	Member Dues	Natl Educational Telecommunications Association	\$10,338.00	PRM,0439,1800001500
06/30/2018	Digital Service Fees	Natl Public Radio	\$6,585.49	PRM,0439,1800037183
06/30/2018	Program Fees	Public Radio Intl Inc	\$7,737.00	PRM,0439,1800036810
12/13/2017	Production Supplies	VSA Inc	\$5,690.00	PRM,0439,1800021534
09/20/2017	Multimedia Receivers	Washington Professional Systems	\$10,318.00	PRM,0439,1800012389

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: (3 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
02/05/2018	Online Service	Billtech Meltwater	\$4,200.00	PRCC,0439,PC18064963
08/4/2017	Tape Conversion	Bogonots Llc	\$8,228.00	GAX,0439,1800016829

Additional Detail: There was no indication that an agency wvOASIS award document was issued.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/20/2018	Propane	Ferrellgas LP	\$666.21	GAX,0439,1900001399

Additional Detail: During the period under review, the agency spent a total of \$11,199.03 in 25 transactions with the listed vendor during the fiscal year under review.

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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
02/13/2018	Television	Sodaros Electronic Sales Inc	\$3,872.00	PRM,0439,1800029646
06/21/2018	Mower	West Virginia Outdoor Power Inc	\$3,484.00	PRM,0439,1900001063

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: (29 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2018	Television Services	Am Public Television	\$24,217.00	PRM,0439,1800002814
06/30/2018	Satellite Services	Amer Pub Media	\$18,123.10	PRM,0439,1800042234
06/30/2018	Television Services	Assoc. of Public Television Stations	\$2,900.00	PRM,0439,1800001502
02/05/2018	Online Service	Billtech Meltwater	\$4,200.00	PRCC,0439,PC18064963
08/4/2017	Tape Conversion	Bogonots Llc	\$8,228.00	GAX,0439,1800016829
03/5/2018	Adobe	CDW Llc	\$12,887.53	PRM,0439,1800032527
07/31/2017	HVAC Unit	Childers Enterprises Inc	\$5,995.00	PRM,0439,1800004080
11/30/2017	Limestone	Debarr Trucking Co Inc	\$2,704.14	PRM,0439,1800038270
10/13/2017	HVAC Service	DSO Mechanical	\$11,975.00	PRM,0439,1800015727
02/27/2018	Power Supply Repair	Gatesair Inc	\$10,423.21	PRM,0439,1800032353
03/30/2018	Power Routers	Insight Public Sector Inc	\$9,073.92	PRM,0439,1800037438
07/6/2017	Building Maintenance	Jerry Hilbert Llc	\$2,900.00	PRM,0439,1800001504
6/30/2018	Talent	Larry T. Groce	\$6,250.00	PRM,0439,1800045885
04/20/2018	Drone	Lee Hartman & Sons Inc	\$5,026.25	PRM,0439,1800039616
06/30/2018	Media License and Support	Markatron Broadcast Solutions Llc	\$3,119.89	PRM,0439,1800023579
03/1/2018	Program Fees	Motion Masters Inc	\$5,000.00	PRM,0439,1800038477
05/2/2018	Annual Fees	Myers Information Systems Inc	\$13,051.00	PRM,0439,1800042231

06/30/2018	Member Dues	Natl Educational Telecommunications Association	\$10,338.00	PRM,0439,1800001500
06/30/2018	Digital Service Fees	Natl Public Radio	\$6,585.49	PRM,0439,1800037183
6/30/2018	Uplink Services	Natl Public Radio	\$3,680.00	PRM,0439,1900000431
10/13/2017	Domain	Priory of the Pacific Order of St John	\$5,000.00	PRM,0439,1800013397
06/30/2018	Program Fees	Public Radio Intl Inc	\$7,737.00	PRM,0439,1800036810
06/30/2018	Station Membership	Public Radio Program Directors Association Inc	\$2,656.00	PRM,0439,1800001503
03/1/2018	Neilsen Audio Services	Radio Research Consortium Inc	\$3,175.00	PRM,0439,1800032349
02/13/2018	Television	Sodaros Electronic Sales Inc	\$3,872.00	PRM,0439,1800029646
04/30/2018	Elevator Maintenance	Thyssenkrupp Elevator Co	\$2,630.97	PRM,0439,1800040906
12/13/2017	Production Supplies	VSA Inc	\$5,690.00	PRM,0439,1800021534
09/20/2017	Multimedia Receivers	Washington Professional Systems	\$10,318.00	PRM,0439,1800012389
06/21/2018	Mower	West Virginia Outdoor Power Inc	\$3,484.00	PRM,0439,1900001063

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: (0 Instances)

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

COMPARISON WITH PRIOR INSPECTION

A previous inspection of the West Virginia Educational Broadcasting Authority was conducted in February of 2016. The review consisted of 63 selected transactions from an approximate 1,522 total transactions from July 1, 2014 through June 30, 2015. This review resulted in 9 findings associated with 8 of the selected transactions. This indicated that 13% 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 2015 to the current 2018 inspection, below is a summary of the issues identified during the 2015 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	<i>2015</i>	<i>2018</i>
Failure to Bid at Central Level (Stringing)	0	3
Internal Resources not utilized	0	2
Statewide Contract not utilized	2	0
Failure to Bid at Delegated Level	4	15
Vendor Registration unverified/wrong Fee Code	0	1
Failure to verify Compliance Checks	0	16
Purchasing Affidavit not included	2	26
wvOasis Award Document not issued	0	3
Asset Tag/Number not affixed	0	2
Cert. of Non-Conflict of Interest not included	1	29
Miscellaneous Issue	0	0
<i>Total</i>	<i>9</i>	<i>97</i>

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:

Dale Malcomb : attended 11 workshops (11 available)

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



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WV State Purchasing Division
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May 6th, 2019

Dale Malcomb
Purchasing Director
Phone: (304) 254-7858
Cell: (304) 222-9252
Email: DMalcomb@WVPublic.Org

Re: Response to 2019 Audit of the West Virginia Educational Broadcasting Authority.

Mr. Clay:

We have read the material presented by your office with our 2019 Purchasing Audit and can find no significant discrepancies. It is obvious we have much work to do moving forward and we appreciate your help in resolving our issues.

Our review of the three instances of stringing you discovered indicate that we need to improve our awareness of our purchasing history at both the vendor and commodity level to eliminate this type of spending in the future. While we're sure no one was intentionally breaking the rules, we understand that we must have no stringing, even accidentally.

If you review the audit your agency performed in 2015, you will see that we had a very good score at that time. The major difference between then and now is that we lost 60% of our Business Office due to budget cuts in 2017. One of the positions we lost was our Purchasing Director. This resulted in insufficient oversight and training on agency purchasing and the dismal score we received on our audit.

As a first step to rectifying this situation, we are re-establishing a Purchasing Director whose primary responsibility is ensuring our agency fulfills the purchasing obligations and requirements as defined by the West Virginia Purchasing Division and the State Legislature. This Purchasing Director will work with the Purchasing Division to develop an action plan to bring our agency into full compliance as quickly as possible.

We look forward to working with you to become completely compliant with State Purchasing requirements. We appreciate your help and efforts.

Sincerely,

A handwritten signature in black ink that reads 'C. Dale Malcomb'.

C. Dale Malcomb, Purchasing Director
West Virginia Educational Broadcasting Authority