



ALLAN L. MCVEY
CABINET SECRETARY

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

W. MICHAEL SHEETS
DIRECTOR

April 26, 2021

Marijane Waldron, Director
West Virginia Division of Rehabilitation Services
107 Capitol Street
Charleston, WV 25301-2609

Dear Director Waldron,

This is to transmit the final copy of the Purchasing Review of the West Virginia Division of Rehabilitation Services.

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 the compliance issues identified in this 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: Charlyn Miller, Administrative Service Manager II, Division of Rehabilitation Services
Aaron Johnson, Assistant Director, Division of Rehabilitation Services
Ed Gaunch, Cabinet Secretary, Department of Commerce

WV PURCHASING DIVISION INSPECTION REPORT

DEPARTMENT OF COMMERCE

West Virginia Division of Rehabilitation Services

FISCAL YEAR
2020

TABLE OF CONTENTS

1. <i>Introduction</i>	2
2. <i>Scope of Inspection</i>	3
3. <i>Inspection Summary</i>	4
4. <i>Findings Grid and Grading Sheet</i>	5
5. <i>Detailed Inspection Findings</i>	<i>Exhibit A</i>
6. <i>Comparison with Prior Inspections</i>	<i>Exhibit B</i>
7. <i>Agency Training Report</i>	<i>Exhibit C</i>
8. <i>Agency Comments to the Inspection Findings</i>	<i>Exhibit D</i>

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 a remote inspection of the West Virginia Division of Rehabilitation Services for the period of July 1, 2019 through June 30, 2020. Notice of the inspection was provided on October 13, 2020, and the inspection commenced on November 16, 2020. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the West Virginia Division of Rehabilitation Services procurement transactions for the period of July 1, 2019 through June 30, 2020 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) Failure to bid at delegated level,
- (3) Statewide contract not utilized,
- (4) Vendor registration unverified and wrong vendor fee exemption code utilized
- (5) Failure to verify compliance checks
 - a. Unemployment
 - b. Workers’ compensation
 - c. Vendor status with Secretary of State’s office
 - d. Debarred vendor list
- (6) Failure to include notarized Purchasing Affidavit,
- (7) Failure to issue wvOASIS procurement award document,
- (8) Lack of compliance with fixed asset requirements (asset tags),
- (9) Failure to include Certification of Non-Conflict of Interest form,
- (10) 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 6,503 procurement transactions with a value of \$4,255,231.81. (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 289 for review which represents approximately 4% of the total. This inspection of 289 selected transactions yielded 35 findings associated with 25 of the selected transactions. This means that approximately 9% 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 3 occasions, the spending unit failed to obtain competitive bids as required by the applicable dollar level of spend. That number is comprised of 1 instance of failing to bid at the central level (also known as stringing), and 2 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. Even though the agency received a score of 84.3% B on the inspection, there was a pattern of findings and one or more cases of stringing, so 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 Division of Rehabilitation Services FY2020 Statistics				
Transactions Reviewed	289			
Non-Conformance Rate (See Summary Page)	9.0%			
Conformance Rate	91.0%			
Findings Summary				
<i>Finding Category</i>	Number of Findings	Finding Percentage	Points possible	Points Received
Failure to Bid at Central Level (Stringing)	1	0.35%	30	18
Failure to Bid at Delegated Level	2	0.69%	20	15
Statewide Contract not utilized	8	2.77%	15	12
Vendor Registration unverified/wrong fee code	0	0.00%	10	10
Failure to verify Compliance Checks	2	0.69%	5	4
Purchasing Affidavit Not Included	0	0.00%	5	5
Wvoasis Award Document Not Issued	8	2.77%	4	3.4
Asset Tag/Number not affixed	0	0.00%	4	4
Certification of Non-Conflict of Interest not included	9	3.11%	4	3.4
Miscellaneous Issue	5	1.73%	3	2.8
Total	35		100	77.6
Overall Agency Score				
Non-Conformance & Findings Average			Overall Letter Grade	
84.3%			B	
Scale (See Weight Application*)				
91.66 --100 = A				
83.33 --91.66 = B				
75 -- 83.33 = C				
66.66 -- 75 = D				
<66.66 = F				
<p>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.</p>				

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: (1 Instance)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
03/26/2020	Vending	Automated Merch.	\$5,868.05	PRCC,PC20132100

Additional Detail: During the period under review, the agency spent a total of \$26,087.66 in 3 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: 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 \$25,000.01, and above \$2,500.00. For those transactions listed below, the spending unit has failed to obtain and document competitive bids as required.

Transactions in Violation: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
08/30/2019	Credit Card Equipment	Compton Office Machine	\$2,900.00	PRCC,PC20030943

Additional Detail: Documentation for the transaction listed above showed no evidence of verbal bids.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
02/03/2020	Office Equipment	Remco	\$1,026.00	PRCC,PC20106820

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

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 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: (8 Instances)

Date	Description	Vendor	Amount	Invoice	SW Contract
11/07/2019	Dell Laptop	Amzn Mktp	\$1,299.00	PRCC,PC20076337	IP
08/10/2019	Tires	C Adam Toney	\$403.80	GAX,2000043249	NTIRE
08/19/2019	Cart	Handtrucksr	\$399.90	PRCC,PC20030358	INDEQP
09/17/2019	Scanner	Hmb	\$2,486.50	PRCC,PC20042746	OFFICE
08/15/2019	Laminating Sheets	Staples	\$29.99	PRCC,PC20030357	OFFICE
06/16/2020	Water Supplies	Tyler Mountain	\$74.85	PRCC,PC21001925	WVARF
09/14/2019	Trash Can	Uline Ship Supplies	\$174.21	PRCC,PC20030358	OFFICE
02/28/2020	Oven	Wayfair	\$119.99	PRCC,PC20121891	OFFICE

Additional Detail: Applicable items were not purchased from the Statewide Contracts and no waivers from the Purchasing Division were present.

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.

3. Agencies should issue a delivery order to obtain goods or services from central open-end contracts unless the West Virginia State Auditor's Office has approved an alternate ordering and payment method.
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 4: 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 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 5: Failure to Verify Compliance Checks

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

Authority: W. Va. CSR § 148-1-6.1.e.; Procedures Handbook Section 5.3.1.6.

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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
10/19/2019	Braille Notetaker	School Health Corp	\$4,539.95	PRCC,PC20076337
3/12/2020	Jaws Pro Version	Vispero	\$3,000.00	PRCC,PC20122543

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 6: Purchasing Affidavit Not Included

Authority: W. Va. Code §§ 5A-3-10a and 5-22-1; Procedures Handbook Section 5.3.1.6.

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: (0 Instances)

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 \$10,000.00 (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 7: wvOASIS Award Document Not Issued

Authority: Procedures Handbook Section 5.2.2

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: (8 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
08/30/2019	Credit Card Equipment	Compton Office Machine	\$2,900.00	PRCC,PC20030943
08/01/2019	Presenter	Karen B. Haines	\$3,500.00	GAX,2000025947
07/18/2019	Vending	Samsclub.com	\$3,600.00	PRCC,PC20024878
12/04/2019	Vending	Samsclub.com	\$3,105.73	PRCC,PC20086796
10/19/2019	Braille Notetaker	School Health Corp	\$4,539.95	PRCC,PC20076337
11/26/2019	Facilities	The Hotel Roanoke & Conference Center	\$5,399.84	PRCC,PC20084457
02/04/2020	Postage	US Postmaster	\$10,000.00	GAX,2000070079
01/16/2020	Postage	USPS PO	\$3,275.00	PRCC,PC20106818

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 \$2,500.00.
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: 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 9: Cert. of Non-Conflict Not Included

Authority: W. Va. Code §§ 5A-3-31 and 6B-2-5; Procedures Handbook Section 3.7.7.

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: (9 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
08/30/2019	Credit Card Equipment	Compton Office Machine	\$2,900.00	PRCC,PC20030943
08/02/2019	Facilities	Courtyard by Marriott	\$25,038.00	PRCC,PC20012117
08/01/2019	Presenter	Karen B. Haines	\$3,500.00	GAX,2000025947
07/18/2019	Vending	Samsclub.com	\$3,600.00	PRCC,PC20024878
12/04/2019	Vending	Samsclub.com	\$3,105.73	PRCC,PC20086796
08/15/2019	Facilities	Stonewall Resort	\$32,194.39	PRCC,PC20030943
11/26/2019	Facilities	The Hotel Roanoke & Conference Center	\$5,399.84	PRCC,PC20084457
02/04/2020	Postage	US Postmaster	\$10,000.00	GAX,2000070079
01/16/2020	Postage	USPS PO	\$3,275.00	PRCC,PC20106818

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 \$2,500.00 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 10: Miscellaneous (OT Approval)

Authority: Procedures Handbook Section 7.2

Explanation: (Office of Technology Approval) The Purchasing Division's Procedures Handbook states All telecommunications systems, upgrades, and expansions, regardless of cost, must be approved prior to bidding by the Information Services and Communications Division. All telecommunications purchases must be approved by the Chief Technology Officer. This policy is vitally important to maintain the integrity and compatibility of the state's massive voice and data telecommunications system.

Transactions in Violation: (5 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
04/27/2020	Hosting Renewal	Bulldogcreative.com	\$550.47	PRCC,PC20138367
01/22/2020	Translator	Duxbury Systems Inc.	\$695.00	PRCC,PC20107375
01/13/2020	Membership	Vimeo.com	\$240.00	PRCC,PC20091658
03/12/2020	Software	Vispero/Freedom/Optelec	\$3,000.00	PRCC,PC20122543
03/28/2020	Subscription	Zenfolio, Inc.	\$64.20	PRCC,PC20131303

Additional Detail: Office of Technology approval was not found in the file.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the agency apply for and receive Office of Technology approval prior to the purchase of any telecommunication products. Failure to do so could cause issues with the state's voice and data telecommunications system. Approval memo must be maintained and kept in the procurement file.
2. The Purchasing Division recommends that the agency reference West Virginia Office of Technology CTO Policy # CTO-19-001 for guidance, which can be found at <https://technology.wv.gov/security/Pages/policies-issued-by-thecto.aspx>.
3. 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 Rehabilitation Services was conducted in February of 2019. The review consisted of 311 selected transactions from an approximate 7,764 total transactions from July 1, 2017 through June 30, 2018. This review resulted in 19 findings associated with 14 of the selected transactions. This indicated that 5% 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 2018 to the current 2020 inspection, below is a summary of the issues identified during the 2018 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	<i>2018</i>	<i>2020</i>
Failure to Bid at Central Level (Stringing)	0	1
Failure to Bid at Delegated Level	3	2
Statewide Contract not utilized	1	8
Vendor Registration unverified/wrong Fee Code	0	0
Failure to verify Compliance Checks	3	2
Purchasing Affidavit not included	3	0
wvOasis Award Document not issued	1	8
Asset Tag/Number not affixed	4	0
Cert. of Non-Conflict of Interest not included	4	9
Miscellaneous Issue	0	5
<i>Total</i>	<i>19</i>	<i>35</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 at our annual Purchasing Conference as shown below:

There were no attendees from the Division of Rehabilitation Services.

Purchasing Division Recommendations:

The Purchasing Division recommends that all procurement officers, regardless of their status as designated or undelegated, 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 C: AGENCY COMMENTS TO THE INSPECTION FINDINGS



West Virginia Division of Rehabilitation Services
Administrative Offices
State Capitol • P.O. Box 50890
Charleston, West Virginia 25305-0890
P: 304.356.2060 • F: 304.558.1421
Toll-free: 1.800.642.8207
wvdrs.org
Marijane K. Waldron, Director

March 29, 2021

Greg Clay, Contracts Manager
WV Purchasing Division
2019 Washington Street, East
Charleston, WV 25305-0130

Dear Mr. Clay,

This is in response to the Purchasing Review of our Agency's procurement documents, processes and training.

Please see the attached response to the stringing issue and other comments in response to the various transactions reviewed. We will endeavor to continue to improve the Procurement processes used and to prevent any further errors of the sort described in the report.

Thank you for your review and guidance.

Sincerely,

A handwritten signature in black ink that reads "Marijane Waldron".

Marijane Waldron
Director

Enclosure

cc: Charlyn Miller, Administrative Service Manager II, Division of Rehabilitation Services
Michelle James, Chief Financial Officer, Division of Rehabilitation Services

Together, we enable and empower individuals with disabilities to work and to live independently by providing individualized services to consumers and employers.

Vendor: Hand Trucks R Us

Response: This hand truck in the size, weight class, and foldability was not available on the Office Depot or Industrial Equipment SWC's. The Procurement Manager was not aware of the need for a waiver when the item needed simply did not exist on any of the SWC's. The Procurement Manager will seek such waivers in the future for similar products.

Vendor: Hmb

Response: Scanners were not available on any SWC.

Vendor: Staples

Response: This purchase was an immediate need to prepare materials for a presentation. The unit did not have 24 hours to wait for a delivery, so it was picked up from a local store.

Vendor: Uline

Response: The size of the trashcan desired was not available on the SWC. The Procurement Manager will seek waivers in the future.

Vendor: Wayfair

Response: The type of oven desired was not available on any SWC. The Procurement Manager will seek waivers in the future.

Issue 5: Failure to Verify Compliance Checks

Response: Agreed – failed to obtain SOS prints.

Issue 7: wvOasis Award Document Not Issued

Response: Agreed – these were somehow overlooked for PO processing.

Issue 8: Cert. of Non-Conflict Not Included

Response: The Procurement Manager was not aware that Non-Conflict form were required with exempt purchases. Will acquire in the future.

Issue 10: Misc. (OT Approval)

Response: Agreed. When OT got behind on issuing approval memo's, these were approved without them due to the prolonged wait time and necessity of the software needed.

Exhibit C: Agency Training Report

Response: Report states no WVDRS employee attended the Purchasing Conference. The Procurement Manager was unable to attend due to an unavoidable circumstance, however, The Procurement Manager's assistant, Evelyn Smith, attended the September 2019 Purchasing Conference on the Agency's behalf.

Response to Purchasing Division's Inspection findings:

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

Vendor: Automated Merchandising Systems

Response: The Procurement Manager became aware of the stringing issue with this vendor and informed the spending unit that a sole source posting was required for additional business with them. During the time of gathering the needed documentation for the posting, additional, critical parts were needed to repair in-use vending machines which were part of the Randolph Sheppard Blind Vendor Program. Failing to repair the machine(s) would have resulted in loss of revenue for the blind vendor. The Program is mandated by the Federal government to keep the machines operational so there is no impact on the vendor's stream of revenue. The Procurement Manager allowed these additional small purchases for this reason while we were working with the vendor for acceptable paperwork. Automated Merchandising Systems is a West Virginia vendor that manufactures the vending machines installed at the Blind Vendor locations throughout the State. As the manufacturer of the machines and their replacement parts, there was no question in the Procurement Managers mind that no other vendor could provide the same parts. When we finally received usable documentation from the vendor, it was sent to Purchasing for sole source posting, resulting in the award of CMA DRS21*1, effective 10/27/2020.

Issue 2: Failure to bid at delegated level.

Vendor: Compton Office Machine

Response: The unit believed the initial purchase of \$2,200 was all that was needed for an upgrade to the credit card/cash register system used at the Capitol Food Court location. Upon installation, the vendor informed them of additional components needed that were sent as individual small purchases. The unit has been reminded to research the need more thoroughly in the future prior to submitting for approval. This would have been a sole source posting if all had been sent at one time. Compton was the original provider of the system and provides on-going maintenance for it.

Vendor: Remco

Response: The Disability Determination Section has several FAX machines that have varied effective dates for maintenance due to purchasing them over a span of time. The Procurement Manager will have them change the effective dates to coincide and post it for sole source determination.

Issue 3: Statewide Contract Not Utilized

Vendor: Amazon (Dell Laptop)

Response: The laptop purchased from Amazon was a larger, more robust machine than what is on the SWC for use by the CFO. The Procurement Manager was not aware a waiver was needed when the item desired simply is not available on the contract.

Vendor: C Adam Toney (tires)

Response: This was not a Procurement office transaction. This was payment for tires through client services. The original check from the client services authorization was not cashed and had to be replaced. The Procurement Manager did not see or review this transaction as it is considered exempt under client purchases.