



MARK D. SCOTT
CABINET SECRETARY

**STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION**

W. MICHAEL SHEETS
DIRECTOR

February 16, 2022

Robert Kilpatrick, Deputy Director
General Services Division
112 California Avenue
Charleston West Virginia 25305

Dear Robert Kilpatrick:

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

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: James Jones, Procurement Administrator, General Services Division
Robert Hovatter, Procurement Specialist, General Services Division
Mark D. Scott, Cabinet Secretary, Department of Administration

WV PURCHASING DIVISION INSPECTION REPORT

Department of Administration

West Virginia General Services Division

FISCAL YEAR
2020

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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 a remote inspection of the West Virginia General Services Division for the period of July 1, 2019 through June 30, 2020. Notice of the inspection was provided on April 28, 2021, and the inspection commenced on June 28, 2021. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the West Virginia General Services Division's 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 4,174 procurement transactions with a value of \$16,250,093.56. (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 178 for review which represents approximately 4% of the total. This inspection of 178 selected transactions yielded 31 findings associated with 35 of the selected transactions. This means that approximately 20% 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 7 occasions, the spending unit failed to obtain competitive bids as required by the applicable dollar level of spend. That number is comprised of 2 instances of failing to bid at the central level (also known as stringing), and 5 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 74.2% C on the inspection and there was a pattern of findings or one or more cases 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 General Services Division FY2020 Statistics

Conformance Rate & Score (100 Points Possible)

Transactions Reviewed	178	Points Possible	100
Non-Conformance Rate (See Summary Page)	20.0%	Points Deducted	20
Conformance Rate	80.0%	Points Received (Conformance Score)	80

Findings Summary & Score (100 Points Possible)

Finding Category	Number of Findings	Finding Percentage	Points possible	Points Received
Failure to Bid at Central Level (Stringing)	2	1.12%	30	10
Failure to Bid at Delegated Level	5	2.81%	20	15
Statewide Contract not utilized	13	7.30%	15	12
Vendor Registration unverified/wrong fee code	1	0.56%	5	4
Failure to verify Compliance Checks	0	0.00%	5	5
Purchasing Affidavit Not Included	4	2.25%	5	4
Wvoasis Award Document Not Issued	0	0.00%	5	5
Asset Tag/Number not affixed	0	0.00%	5	5
Certification of Non-Conflict of Interest not included	3	1.69%	5	4.4
Miscellaneous Issue	3	1.69%	5	4
Total	31		100	68.4

Overall Agency Score

Conformance & Findings Average	Overall Letter Grade
74.2%	C

Scale (See Weight Application*)

90 --100 = A
 80 --89.9 = B
 70 -- 79.9 = C
 60-- 69.9 = D
 <60 = 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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/12/2020	Boiler Maintenance/Inspection	Casto Technical Service	\$1,920.00	PRCC,PC20149968

Additional Detail: During the period under review, the agency spent a total of \$37,341.93 in 15 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>
06/30/2020	Lawn Care	AJSP LLC	\$300.00	PRC,2100000095
05/25/2020	Lawn Care	Procutters Lawn and Landscaping LLC	\$3,500.00	PRC,2100001887
05/21/2020	Lawn Care	RSG Landscaping and Lawn Care Inc	\$4,422.62	PRM,2000062457
10/18/2019	Lawn Care	Scots Landscaping Nurser	\$145.95	PRCC,PC20061892

Additional Detail: During the period under review, the agency spent a total of \$66,301.61 in 87 transactions with the selected vendors 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: (5 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/23/2020	Trouble Shooting	Mason and Barry Inc	\$3,460.00	PRCC,PC20151834

Additional Detail: Documentation for the transactions listed above showed no evidence of verbal bids and no justification for direct award purchases.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
11/20/2019	Coil Cleaning	SQ Rigney Digital	\$494.00	PRCC,PC20085305

Additional Detail: Although the individual transaction listed above falls below the verbal bid limit, the agency aggregate spend for the 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>
05/01/2020	Tree Removal	Davey Tree Expert Company	\$3,400.00	PRCC,PC20137830
04/16/2020	Service Agreement	Johnson Controls	\$3,446.75	PRCC,PC20132003
02/20/2020	Glass Replacement	Service Glass Comp of Huntington Inc	\$3,388.00	PRC,2100000073

Additional Detail: Documentation for the transactions listed above showed no evidence of competitive bidding and no justifications for direct award purchases and while the individual transactions listed above fall below the competitive bid limit, the agency aggregate spend for each of the vendors exceeded \$10,000.00 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: (13 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
08/23/2019	Projector	Amazon.com	\$299.99	PRCC,PC20026920	OFFICE
01/26/2020	Wireless Mouse	Amzn Mktp US	\$117.44	PRCC,PC20105403	OFFICE
09/20/2019	Pumps	Amzn Mktp US	\$371.99	PRCC,PC20043450	INDEQP
06/23/2020	Push Mower	Century Equipment	\$1,953.23	PRCC,PC21000368	INDEQP
10/04/2019	Safety Shoes	Chas. Dept. St.	\$101.97	PRCC,PC20048990	INDEQP
03/02/2020	Steam Trap	Ferguson Ent	\$3,586.40	PRCC,PC20118917	INDEQP
09/30/2019	Sensors	Goldfarb	\$792.00	PRCC,PC20026920	INDEQP
07/26/2019	Air Filters	Grainger	\$9,202.20	PRCC,PC20010432	INDEQP
06/24/2020	Leaf Blower/Vacuum	Kenny Queen Hrdwr	\$671.88	PRCC,PC20152023	INDEQP
02/28/2020	Maintenance Supplies	Meade Tractor	\$475.37	PRCC,PC20113392	OIL
11/20/2019	Temp Staffing	United Talent Staffing	\$2,947.20	PRCC,PC20085304	TEMP
03/19/2020	Mower	Varner Const.	\$7,325.00	PRC,2000031898	INDEQP

06/23/2020 Pest Control WWP Alford \$350.00 PRCC,PC21000609 PESTCTR
Home
Solutions

Additional Detail: Applicable items were not purchased from the Statewide Contract 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. 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>
03/14/2020	Software Support	Infor US Inc	\$24,910.03	PRC,2100011359

Additional Detail: Misuse of the Vendor Fee Exemption Code. The agency used the vendor registration exemption code Sole Source and no Direct Award Procurement procedures were processed. Then the agency declared that it was an Emergency Purchase.

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: (0 Instances)

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: (4 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
10/22/2019	Air Handler	Johnstone Supply Cincin	\$2,669.67	PRCC,PC20059550
02/28/2020	Card Reader	SQ All Quality	\$3,892.00	PRCC,PC20114368

Additional Detail: Although the individual transactions listed above fall below \$10,000.01, the agency aggregate spend for each vendor exceeded the threshold.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
10/30/2019	Bulbs	ADR Bulbs Inc	\$12,548.90	PRCC,PC20058351
11/26/2019	Ice Melt	Warner Graham	\$12,489.60	PRCC,PC20086592

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: (0 Instances)

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: (3 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
09/09/2019	Handbook/Certification	ISSA	\$2,555.17	PRCC,PC20030384
10/22/2019	Air Handler	Johnstone Supply Cincin	\$2,669.67	PRCC,PC20059550
12/31/2019	Elevator Inspection	Sword Elevator Inspection Company LLC	\$2,850.00	PRM,2000038137

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 10a: 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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
11/14/2019	Licenses	DLT Solutions	\$4,559.03	PRCC,PC20084501
03/14/2020	Software Support	Infor US Inc	\$24,910.03	PRC,2100011359

Additional Detail: Office of Technology approval were not found in the files.

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-the-cto.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.

Issue 10b: Miscellaneous (Not following Statewide Contract Ordering Requirements)

Authority: Procedures Handbook Section 3.7.1.2.1

Explanation: Agencies should always refer to the ordering instructions, if present, on all open-end or statewide contracts for proper instructions prior to attempting to issue a delivery order.

Transactions in Violation: (1 Instance)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
11/20/2019	Tires	BestOne Tire	\$645.00	PRCC,PC20084500

Additional Detail: The awarded Statewide Contract Vendor is Goodyear Tire and Rubber Company. The agency must not pay the authorized dealer at any time. The Authorized Dealer will submit the ADO directly to Goodyear Tire & Rubber Company and Goodyear will reimburse the authorized dealer for all contract items.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the agency should always refer to the ordering instructions, if present, on all open-end or statewide contracts for proper instructions prior to attempting to issue a delivery order.
2. The Purchasing Division recommends the agency process an Agency Delivery Order (ADO) directly to the vendor to obtain goods or services in the amount of \$250,000 or less from these contracts, unless ordering instructions contained in the contract require Purchasing Division approval.
3. The Purchasing Division recommends the agency process a delivery order on an existing Central Master Agreement (i.e. open-end contract) that exceeds \$250,000 as a *Central Delivery Order (CDO)*.
4. 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 General Services Division was conducted in June of 2019. The review consisted of 151 selected transactions from an approximate 3,406 total transactions from July 1, 2017 through June 30, 2018. This review resulted in 27 findings associated with 14 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 FY 2018 to the current FY 2020 inspection, below is a summary of the issues identified during the FY 2018 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	<i>FY</i> <i>2018</i>	<i>FY</i> <i>2020</i>
Failure to Bid at Central Level (Stringing)	0	2
Failure to Bid at Delegated Level	6	5
Statewide Contract not utilized	0	13
Vendor Registration unverified/wrong Fee Code	2	1
Failure to verify Compliance Checks	3	0
Purchasing Affidavit not included	3	4
wvOasis Award Document not issued	2	0
Asset Tag/Number not affixed	0	0
Cert. of Non-Conflict of Interest not included	11	3
Miscellaneous Issue	0	3
<i>Total</i>	<i>27</i>	<i>31</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:

Jamie Jones : attended 11 workshops (11 available)

Cara Suppa : attended 10 workshops (11 available)

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 D: AGENCY RESPONSE TO INSPECTION FINDINGS

Purchasing Inspection Response
Fiscal Year 2020
WV General Services Division

Issue #1 - Failure to bid at central level (Stringing)

- The Agency had viewed the procurement of Boiler Maintenance as a building specific issue, as each building contains its own boiler system, with little consistency on the make/model installed. The Agency solicited competitive bids, based upon this belief, for each respective building. While the existing contracts still have an additional renewal year available, the Agency will be soliciting Centralized bids during the upcoming “off-season” for all non-centralized contracts.

We did not see this as issuing a series of requisitions or dividing or planning procurements to circumvent the \$25,000.00 threshold for these services, under §5A-3-10(b). As we had solicited bids independently, we would have had to not award contracts to the low-bidder for contracts, or had a delay in awarding as a result of needing to re-issue centralized contracts.

- The Agency viewed the requirements of Lawncare Services to be unique to each building/site. The Agency had sought competitive bids for these services at the Agency-delegated level, for buildings in which we were certain of the ability to maintain contracts under the delegated spend threshold. Due to the diverse geography of our buildings, and the availability of potential vendors, the Agency-delegated approach had been our normal approach. We are currently working on soliciting centralized bids for contracts that will be expiring in the coming months, and will be seeking centralized bids for other contracts later this year for other contracts.

We did not see this as issuing a series of requisitions or dividing or planning procurements to circumvent the \$25,000.00 threshold for these services, under §5A-3-10(b). As we had solicited bids independently, we would have had to not award contracts to the low-bidder for contracts, or had a delay in awarding as a result of needing to re-issue centralized contracts.

Issue #2 - Failure to bid at delegated level

- Mason & Barry, and Rigney Digital, have been historically determined to be the “sole source” vendors to provide services at the respective buildings at which they perform work. We are, however, in the process of working with each vendor to acquire proposals that would allow us to solicit via the CSSD process to confirm an eventual Master Agreement award to each vendor that would entail a time and materials contract.

Issue #3 - Statewide Contract Not Utilized

- The Agency better understands the need to obtain waivers from Statewide Contracts. It was the thought process that if the item, or service that was being purchased was not identifiable as a contract item, that we were able to solicit bids in the open market for their purchase. It is our understanding that the majority of the findings related to contracts that were “piggybacks” will no longer be a finding seeing that they are no longer mandatory.

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Issue #4 - Vendor Registration Unverified/Wrong Vendor Fee Exemption Code Utilized

- The Agency has been endeavoring for sometime to work with the vendor on a software maintenance contract, but issues with terms and conditions had continually elongated the process. This resulted in the need to issue a short-term contract while items were resolved. Since there is no vendor other than Infor that can work on their proprietary software, we utilized the 0211SOLESOURCE exemption code, without utilizing the SSD procurement method.

Issue #6 - Purchasing Affidavit Not Included

- The Agency is implementing new procedures that will require the acquisition of Purchasing Affidavit for all purchases. This has been an issue where there had been conflicting information on the dollar threshold required for the need of the Purchasing Affidavit, and when a single purchase did not exceed that value the overall spend had not been considered.

Issue #9 - Certificate of Non-Conflict Not Included

- The Agency has implemented a stronger policy on completing a Certificate of Non-Conflict with all purchases.

Issue #10a -Miscellaneous-OT approval

- The Agency understands that renewals of OT-related contracts also need to have approval from the Office of Technology. There was a misunderstanding that the initial approval would suffice for the life of the contract.

Issue #10b -Miscellaneous (Not following Statewide Contract Ordering Requirements)

- The Agency understands the ordering procedures required with this contract. Adherence to the guidelines will be followed more stringently moving forward.