



MARK D. SCOTT
CABINET SECRETARY

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

W. MICHAEL SHEETS
DIRECTOR

May 19, 2022

Sam Calvert, Director
Department of Arts, Culture & History
1900 Kanawha Boulevard East
Charleston, West Virginia 25305

Dear Director Calvert:

This is to transmit the final copy of the Purchasing Review of the West Virginia Department of Arts, Culture & History.

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: Mark Lynch, Manager, Department of Arts, Culture & History
Cara Suppa, Procurement Officer, Department of Arts, Culture & History
Randall Reid-Smith, Curator, Department of Arts, Culture & History

WV PURCHASING DIVISION INSPECTION REPORT

West Virginia Department of Arts, Culture & History

FISCAL YEAR
2021

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>

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 Department of Arts, Culture & History for the period of July 1, 2020, through June 30, 2021. Notice of the inspection was provided on December 15, 2021, and the inspection commenced on March 1, 2022. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the West Virginia Department of Arts, Culture & History's procurement transactions for the period of July 1, 2020, through June 30, 2021, 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 2,456 procurement transactions with a value of \$1,604,084.95. 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 107 for review which represents approximately 4% of the total. This inspection of 107 selected transactions yielded 53 findings associated with 28 of the selected transactions. This means that approximately 26% 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 10 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 7 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 67.4% D 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 Department of Arts, Culture & History FY2021 Statistics

Conformance Rate & Score (100 Points Possible)

Transactions Reviewed	107	Points Possible	100
Non-Conformance Rate (See Summary Page)	26.2%	Points Deducted	26.2
Conformance Rate	73.8%	Points Received (Conformance Score)	73.8

Findings Summary & Score (100 Points Possible)

Finding Category	Number of Findings	Finding Percentage	Points possible	Points Received (Finding Score)
Failure to Bid at Central Level (Stringing)	3	2.80%	30	0
Failure to Bid at Delegated Level	7	6.54%	20	17
Statewide Contract not utilized	0	0.00%	15	15
Vendor Registration unverified/wrong fee code	0	0.00%	5	5
Failure to verify Compliance Checks	15	14.02%	5	3
Purchasing Affidavit Not Included	7	6.54%	5	4
Wvoasis Award Document Not Issued	6	5.61%	5	4
Asset Tag/Number not affixed	0	0.00%	5	5
Certification of Non-Conflict of Interest not included	12	11.21%	5	4
Miscellaneous Issue	3	2.80%	5	4
Total	53		100	61

Overall Agency Score

Conformance & Findings Average	Overall Letter Grade
67.4%	D

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: (3 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
5/7/2021	Software Licenses	Emergent LLC	\$15,216.72	PRCC,PC21275334

Additional Detail: The agency spent \$27,832.22 with the listed vendor during the fiscal year under review.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
6/25/2021	Promotional Items	Epromos Promotional	\$9,999.16	PRCC,PC22006340

Additional Detail: The agency spent \$44,289.60 with the listed vendor during the fiscal year under review.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
6/10/2021	HVAC Maintenance	HE Neumann Company	\$1,710.00	PRCC,PC21289110

Additional Detail: The agency spent \$25,882.17 with the listed vendor during the fiscal year under review.

Purchasing Division Recommendation:

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

Issue 2: 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: (7 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
4/22/2021	Percussion Instruments	Connselmer Inc.	\$9,064.89	PRCC,PC21277145
5/28/2021	Electronic Signature Licenses	Securedocs Inc.	\$3,000.00	PRCC,PC21285530

Additional Detail: Documentation for the transactions listed above 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>
6/23/2021	Scissor Lift	Leppo Inc.	\$22,917.50	PRCC,PC22024539
10/5/2020	LED Lighting System	Solid Apollo	\$11,754.29	PRCC,PC21080934
6/24/2021	Jackets/Awards	Tgraphics	\$9,045.25	PRCC,PC22004039

Additional Detail: All awarded procurements of \$10,000.01 to \$25,000, whether an aggregated amount or single purchase, must be publicly advertised for no less than 10 business days in the West Virginia Purchasing Bulletin within wvOASIS.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
11/30/2020	Contract Work	Amy Salinas	\$3,150.00	PRC,2100032058

Additional Detail: Although the individual transaction listed above may fall below the written bid limits, the agency entered into an agreement with the vendor for \$14,400.00.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
5/18/2021	Storage Containers	Hollinger Metal Edge Inc.	\$1,392.80	PRCC,PC21303548

Additional Detail: Although the individual transaction listed above falls below \$2,500.01, the agency aggregate spend for the vendor exceeded the threshold.

Purchasing Division Recommendation:

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

Issue 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.
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 permit 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: (15 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
9/2/2020	Software Maintenance	Accruent LLC	\$3,292.25	PRCC,PC21053666
4/22/2021	Percussion Instruments	Connselmer Inc.	\$9,064.89	PRCC,PC21277145
12/15/2020	HVAC Repairs	DSO Mechanical LLC	\$15,992.06	PRM,2100029587
6/15/2021	Radio Advertising	Forever West	\$849.80	PRCC,PC22021799
2/17/2021	Software Subscription Renewals	Galaxy Digital LLC	\$6,600.00	PRCC,PC21197982
7/20/2020	Storage Shed	Huffner Contracting	\$5,992.50	PRCC,PC21020903
5/14/2021	Materials Delivery	Kaiser Logistics	\$3,265.00	PRCC,PC21275882
5/25/2021	Workshop Series	GA Georgia	\$4,900.00	PRCC,PC21285530
7/15/2020	Advertising	Powerplay Marketing	\$3,600.00	PRM,2100013196
8/17/2020	Software Service	Re Discovery Software Inc.	\$3,258.00	PRCC,PC21053507
5/28/2021	Electronic Signature Licenses	Securedocs Inc.	\$3,000.00	PRCC,PC21285530

10/5/2020	LED Lighting System	Solid Apollo	\$11,754.29	PRCC,PC21080934
4/14/2021	Logs	Spirit of the Woods	\$5,480.00	PRCC,PC21243889
6/24/2021	Webinars	On3learn	\$7,150.00	PRCC,PC22004039
6/24/2021	Jackets/Awards	Tgraphics	\$9,045.25	PRCC,PC22004039

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: (7 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
11/30/2020	Contract Work	Amy Salinas	\$3,150.00	PRC,2100032058
5/13/2021	Printing	Champion Industries	\$1,690.90	PRCC,PC21276344
6/15/2021	Resale Items	Driftstone Pueblo Warehouse	\$2,028.32	PRCC,PC22000321
6/15/2021	Radio Advertising	Forever West	\$849.80	PRCC,PC22021799
10/5/2020	LED Lighting System	Solid Apollo	\$11,754.29	PRCC,PC21080934
6/24/2021	Jackets/Awards	Tgraphics	\$9,045.25	PRCC,PC22004039

Additional Detail: Although most of 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>
11/17/2020	Christmas Ornaments	Cassie A. Mace.	\$4,400.00	PRM,2100022230

Additional Detail: Although the individual transaction listed above falls below \$10,000.01, the agency entered into an agreement with the vendor for \$11,652.00

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit obtain a properly completed Purchasing Affidavit and maintain a copy in the contract file for all transactions exceeding \$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: (6 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
6/4/2021	Training/Development	Americas Service Commissions	\$7,850.00	PRCC,PC21286320
2/11/2021	Grant Training	NGMA	\$3,224.00	PRCC,PC21176806
5/25/2021	Workshop Series	GA Georgia	\$4,900.00	PRCC,PC21285530
6/24/2021	Webinars	On3learn	\$7,150.00	PRCC,PC22004039
5/28/2021	Electronic Signature Licenses	Securedocs Inc.	\$3,000.00	PRCC,PC21285530
6/24/2021	Jackets/Awards	Tgraphics	\$9,045.25	PRCC,PC22004039

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: (12 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
6/4/2021	Training/Development	Americas Service Commissions	\$7,850.00	PRCC,PC21286320
11/30/2020	Contract Work	Amy Salinas	\$3,150.00	PRC,2100032058
11/17/2020	Christmas Ornaments	Cassie A. Mace.	\$4,400.00	PRM,2100022230
2/17/2021	Software Subscription Renewals	Galaxy Digital LLC	\$6,600.00	PRCC,PC21197982
6/30/2021	Membership Dues	NCSHPO	\$5,724.00	PRM,2100005996
2/11/2021	Grant Training	NGMA	\$3,224.00	PRCC,PC21176806
5/25/2021	Workshop Series	GA Georgia	\$4,900.00	PRCC,PC21285530
7/15/2020	Advertising	Powerplay Marketing	\$3,600.00	PRM,2100013196
8/17/2020	Software Service	Re Discovery Software Inc.	\$3,258.00	PRCC,PC21053507
5/28/2021	Electronic Signature Licenses	Securedocs Inc.	\$3,000.00	PRCC,PC21285530
6/24/2021	Webinars	On3learn	\$7,150.00	PRCC,PC22004039
6/24/2021	Jackets/Awards	Tgraphics	\$9,045.25	PRCC,PC22004039

Additional Detail: The Certification of Non-Conflict must be completed for all contract awards exceeding \$2,500.00.

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 7.3

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: (3 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
9/2/2020	Software Maintenance	Accruent LLC	\$3,292.25	PRCC,PC21053666
9/30/2020	Visualization Software	Horizon Business Services	\$712.80	PRCC,PC21082524
5/28/2021	Electronic Signature Licenses	Securedocs Inc.	\$3,000.00	PRCC,PC21285530

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-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.

EXHIBIT B: COMPARISON WITH PRIOR INSPECTIONS

A previous inspection of the West Virginia Department of Arts, Culture & History was conducted in December of 2019. The review consisted of 170 selected transactions from an approximate 4,161 total transactions from July 1, 2018, through June 30, 2019. This review resulted in 78 findings associated with 41 of the selected transactions. This indicated that 24% 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 2019 to the current FY 2021 inspection, below is a summary of the issues identified during the FY 2019 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
Findings	FY 2019	FY 2021
Failure to Bid at Central Level (Stringing)	0	3
Failure to Bid at Delegated Level	3	7
Statewide Contract not utilized	0	0
Vendor Registration unverified/wrong Fee Code	5	0
Failure to verify Compliance Checks	30	15
Purchasing Affidavit not included	3	7
wvOasis Award Document not issued	5	6
Asset Tag/Number not affixed	0	0
Cert. of Non-Conflict of Interest not included	29	12
Miscellaneous Issue	1	3
Total	76*	53

**The Summary of Problem Transactions does not include finding category of Internal Sources for inspection FY 2019*

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:

Individual Name: Mark Lynch

Training Attended:

- 8 of 20 courses attended

Individual Name: Cara Suppa

Training Attended:

- 9 of 20 courses attended

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

Thank you for the opportunity to respond to the Draft Purchasing Review of the Department of Arts, Culture and History. We took the opportunity you afforded us with extra time to respond to sit down with both my procurement staff and those at Volunteer West Virginia. Outlined in this letter are specific instances in which we feel additional information or context contradict certain findings of non-compliance. Also below is our mandatory response to the failure to bid at the central level findings.

For the purpose of our response to the draft report, I will be referring to the purchases in question by the "item number" which was assigned to the purchase in our initial analysis.

Failure to Bid at Central Level

Item 43 - Emergent: The intent of setting up this contract with Emergent was to better keep track of our Adobe Photoshop licenses and create a situation with only one renewal date for all licenses. This, in part, was in response to our previous purchasing inspection with the goal of process improvement. Certainly not to circumvent regulations. This was our first year in this relationship and we are now rebidding this contract as a Central Procurement.

Item 57 - HE Neuman: This expenditure represented a quarterly fee for our HVAC Maintenance contract at Grave Creek Mound Archeological Complex in Moundsville, WV (*AMA DCH21*008*). Included in this contract are as needed maintenance fees. On page 2 of the draft report, the scope is defined as fiscal year 2021. This expenditure, dated 6/10/2021, fell at the end of the fiscal year examined by your office, but in the middle of our contract which runs on a calendar year. The time period examined covers the last six months of a previous contract year and the first six months of the next. The amount spent on the 2021 calendar year of this contract was \$17 779.42 and we are now in the 2022 calendar year.

Item 44 - EPromos: These purchases with EPromos were promotional items purchased throughout the year for conferences, meetings, etc. We have discussed this with the purchasing entity and even though bids were obtained each time, from this point forward we will purchase all promotional items at the beginning of the appropriate fiscal year as a one time Central procurement.