



**JOHN A. MYERS**  
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 30, 2018

Jordan Kirk, Purchasing Director  
BPH – Trauma and Emergency Medical Systems  
350 Capitol Street, Room 206  
Charleston, West Virginia 25301

Dear Purchasing Director Kirk:

This is to transmit the final copy of the Purchasing Review of the West Virginia Department of Health and Human Resources BPH – Trauma and Emergency Medical Systems. Should you feel a response is warranted; your comments will become part of the Inspection Report file.

A Corrective Action Plan will follow requesting your response to all of 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: Danny Thompson, CFO, Public Health – Community Health and Health Promotion  
Bryan Rosen, Director of Purchasing, Department of Health and Human Resources  
Bill J. Crouch, Cabinet Secretary, Department of Health and Human Resources

# WV PURCHASING DIVISION INSPECTION REPORT

*Department of Health and Human Resources*

*BPH - Trauma and Emergency Medical Systems*

FISCAL YEAR  
2017

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## **INTRODUCTION**

We conducted a review of the internal procurement policies and procedures of BPH – Trauma and Emergency Medical Systems. Our review was conducted on April 20, 2018 and was made under the authority provided by West Virginia Code §5A-3-4(a) (5) and the Code of State Rules §148-1-4.14.

The review was directed principally to determine whether agency purchasing transactions for the period under review were, in all material respects, in compliance with statute, rules and procedures

Our review indicated that, for the period of July 1, 2016 through June 30, 2017, the agency processed 1,054 procurement transactions with a value of \$2,584,739.64 (These amounts are approximate, subject to reporting limitations from WVOASIS (including possible data entry error) and errors caused by elimination of duplicate results).

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## SCOPE

We conducted our review in accordance with applicable provisions of Code and Rule; the Purchasing Division's Procedures Handbook; and guidelines, procedures and processes that govern the purchasing process. Our review encompassed an analysis of the internal procurement operating procedures of the spending unit and its related policies to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly manage procurement transactions.

For the stated period, we selected a judgmental sample of procurement transactions for compliance testing and performed other procedures that we considered necessary to formulate this opinion. Specifically, the scope of our review included, but was not limited to, an examination of the following:

- (1) Proper award (lowest responsible bidder meeting specifications),
- (2) Use of Statewide Contracts,
- (3) Use of internal resources,
- (4) Failure to Bid at Delegated Level,
- (5) Verification of vendor registration,
- (6) Verification Searches,
- (7) Presence of signed notarized Affidavit,
- (8) Issuance of purchase order,
- (9) Fixed Asset transactions,
- (10) Certification of Non-Conflict,
- (11) Evidence of stringing, and
- (12) Attendance of Purchasing Division training conferences.

## RESULTS OF REVIEW

### Issue 1      (Two Findings)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/26/17	Conferencing calls	WVSU Research & Development	\$57.00	GAX,18*10391

#### **Summary:**

Although the amount of the transaction is \$57.00, the aggregate amount spent is \$3,341.40. Due to this being a GAX payment, the vendor registration was not completed.

- **Finding – A**  
Documentation showed no evidence of competitive bidding and no justification for a sole-source purchase.
  
- **Requirement**  
See Attachment A, point #3 – Failure to Bid at Delegated Level.
  
- **Recommendation**  
*We recommend maintaining purchasing files with all documentation, including, but not limited to: specifications used when making the purchase, listing of bids, all correspondence and any justification/explanation required for the transaction.*

- **Finding – B**

The listed purchase did not include documentation showing that vendor registration had been verified.

- **Requirement**

See Attachment A, point #4 – Vendor Registration.

- **Recommendation**

*We recommend verifying, prior to award, that successful bidders are registered with the Purchasing Division and retaining that documentation with the purchasing file.*

**Issue 2 (One Finding)**

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
09/23/16	Jump starter	Amazon.com	\$199.95	PRCC,17*18725
08/25/16	Round-up	B&H Ace Hdwe	\$45.99	PRCC,17*11661
05/25/17	Cables	State Elec Supply 101	\$103.41	PRCC,17*73591
05/30/17	Hand truck	Thomas Hardware Do	\$56.88	PRCC,17*73591

- **Finding – A**

The listed items were not purchased from the Statewide Contract (PBKINDEQ11) and no waiver from the Purchasing Division was present.

- **Requirement**

See Attachment A, point #1 – Statewide Contract Availability.

- **Recommendation**

*We recommend investigating the statewide contracts before proceeding with future procurements. The statewide contracts are available for viewing at [www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)*



**Issue 3 (Two Findings)**

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
03/08/17	Propane	Ferrellgas L P	\$1,141.76	PRCC,17*55990

**Summary:**

Although the amount of the transaction is \$1,141.76, the aggregate amount spent is \$5,483.55.

- **Finding – A**

Documentation showed no evidence of competitive bidding and no justification for a sole-source purchase.

- **Requirement**

See Attachment A, point #3 – Failure to Bid at Delegated Level.

- **Recommendation**

*We recommend maintaining purchasing files with all documentation, including, but not limited to: specifications used when making the purchase, listing of bids, all correspondence and any justification/explanation required for the transaction.*

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- **Finding – B**

The listed file did not include the required purchasing "Affidavit."

- **Requirement**

See Attachment A, point #6 – Affidavit.

- **Recommendation**

*We recommend maintaining purchasing files with all documentation including the Affidavit.*

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**Issue 4 (One Finding)**

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/16/17	Radio parts	Tessco Technologies	\$859.11	PRCC,17*75599

**Summary:**

Although the amount of the transaction is \$859.11, the aggregate amount spent is \$4,944.88.

- **Finding – A**

Documentation showed no evidence of competitive bidding and no justification for a sole-source purchase.

- **Requirement**

See Attachment A, point #3 – Failure to Bid at Delegated Level.

- **Recommendation**

*We recommend maintaining purchasing files with all documentation, including, but not limited to: specifications used when making the purchase, listing of bids, all correspondence and any justification/explanation required for the transaction.*

**Issue 5 (One Finding)**

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
07/16/16	Cell phone	USCC Call Center	\$754.44	PRCC,17*05195

- **Finding – A**

The listed item was not purchased from the Statewide Contract (CPHONE13) and no waiver from the Purchasing Division was present.

- **Requirement**

See Attachment A, point #1 – Statewide Contract Availability.

- **Recommendation**

*We recommend investigating the statewide contracts before proceeding with future procurements. The statewide contracts are available for viewing at [www.state.wv.us/admin/purchase](http://www.state.wv.us/admin/purchase)*

## SUMMARY

This review of 43 selected transactions from an approximate 1,054 total transactions yielded 7 findings associated with 8 of the selected transactions. This indicates that approximately 19% of the transactions reviewed had one or more problems of potential nonconformity with Purchasing Division laws, rules and/or regulations.

In October of 2017, the Purchasing Division conducted our annual purchasing conference for agency procurement officers at Canaan Valley State Park Resort. At this conference, attendees were offered the opportunity to attend 11 workshops focusing on more than 30 different topics.

Listed below, you will find the names of your Agency employees who participated in our conference and the number of classes they attended:

*Jordan Kirk : attended 11 workshops (11 available)*

*Jason Mcclure : attended 11 workshops (11 available)*

*Janese Saexon-Haynes : attended 11 workshops (11 available)*

*Alicia Sodder : attended 11 workshops (11 available)*

A Corrective Action Plan will follow requesting your response to all the compliance issues identified in this report.

## COMPARISON WITH PRIOR INSPECTION

A previous inspection of the West Virginia BPH – Trauma and Emergency Medical Systems was conducted in April of 2009. The review consisted of 132 selected transactions from an approximate 3,047 total transactions from July 1, 2007 through June 30, 2008. This review resulted in 25 findings associated with 18 of the selected transactions. This indicated that 14% 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 2008 to the current 2017 inspection, below is a summary of the issues identified during the 2008 inspection, as compared to the findings from the current inspection.

<b>Summary of Problem Transactions</b>		
<b><i>Findings</i></b>	<b>2008</b>	<b>2017</b>
Stringing	0	0
Statewide Contract	4	2
Internal Resources	1	0
Failure to Bid	5	3
Vendor Registration	3	1
Unemployment/Workers' Compensation	4	0
Affidavit	3	1
Purchase Order Issued	0	0
Asset Tag/Number	4	0
Certification of Non-Conflict of Interest	0	0
Miscellaneous Issue	1	0
<b><i>Total</i></b>	<b>25</b>	<b>7</b>

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>.

## Inspection Report – Attachment A

Requirements from the West Virginia Purchasing Division Procedures Handbook (Issuance Date: July 1, 2015), the West Virginia Code, the West Virginia Code of State Rules (148 CSR 1) and the West Virginia State Travel Policy (July 1, 2015).

### **1. Statewide Contract Availability:**

Section 3.6.2.1 of the Handbook states:

*"No agency may be exempt from using statewide contracts without prior written approval from the Purchasing Director."*

Section 5.1 of the Handbook states:

*"Prior to seeking competitive bids, agencies must first check the following mandatory contracts or internal resources: statewide contract or agency open-end contract existing for the commodity or service. . . ."*

### **2. Internal Resources:**

Section 5.1 of the Handbook states:

*"Prior to seeking competitive bids, agencies must first check the following mandatory contracts or internal resources. . . Surplus Property, Correctional Industries and the West Virginia Association of Rehabilitation Facilities."*

Section 3.6.1.2 of the Handbook states:

*"In accordance with West Virginia Code, §25-7-5, all offices, departments, institutions and agencies of the state which are supported in whole or in part by this state shall purchase, and all political subdivisions of this state may purchase, all articles or products which they require from the commissioner, if those articles or products are produced or manufactured by correctional industries, as provided by article 7 of Chapter 25 of the West Virginia Code. No state office, department, institution or agency may purchase an article or product which correctional industries produces from any other source, unless specifically excepted from the provisions of §25-7-5 pursuant to §25-7-6."*

Section 3.6.1.3 of the Handbook states:

*"All state agencies are required by West Virginia Code, §5A-3-10, to purchase commodities and services from sheltered workshops whenever such commodities and services are available and meet certain quality and price standards which are comparable to open-market sources."*

### **3. Failure to Bid at Delegated Level:**

Section 5.1.2 of the Handbook states:

*"Purchases \$2,500.01 to \$5,000.00: A minimum of three (3) verbal bids are required, when possible, and the lowest bid meeting specification must be awarded the purchase order/contract. All bids must be present in the file. Bids shall be documented and recorded for public record."*

Section 5.1.3 of the Handbook states:

*"Purchases \$5,000.01 to \$25,000.00: A minimum of three (3) written bids are required, when possible, and the lowest bid meeting specification must be awarded the purchase order/contract. All bids must be present in the file. "*

*"An Agency Request for Quotation or a Centralized Request for Quotation should be used for documenting and making these requests. In all cases, state agencies must attempt to obtain at least three (3) written bids for a product or service. A "no bid" is not considered a bid."*

### **4. Vendor Registration:**

Section 5.2.3 of the Handbook states:

*"Prior to an award, a vendor must be in compliance with the following and the agency shall retain documentation in the file:*

*Vendor registration process (must be registered and the fee paid if applicable)."*

### **5. Verification Searches:**

Section 5.2.3 of the Handbook states:

- **Workers' Compensation/Unemployment Compensation:**

*"In accordance with the West Virginia Code §21A-2-6, verification of current unemployment fee status and Workers' Compensation coverage is required to ensure the vendor is not in default with Workers' Compensation and Employment Compensation." **wvOASIS automatically verifies compliance prior to award***

- **State/Federal Debarment:**

*"Verification that the vendor is not debarred by the federal government. wvOASIS automatically verifies this federal compliance prior to award."*

- **Vendors licensed and in good standing – Secretary of State's Office**

*"In accordance with the **Code of State Rules** 148 CSR 6.1.7, the vendor must be licensed and in good standing with any and all state and local law and requirements, including proper registration and good standing with the Secretary of State's office and the State Tax Department, regardless of payment method, To search for a business or corporation with the Secretary of*

State's office, visit <http://apps.sos.wv.gov/business/corporations>. **Agencies must verify this compliance prior to award.**"

## **6. Affidavit:**

Section 5.2.3 of the Handbook states:

*"Purchasing Affidavit (required on all contracts exceeding \$5,000);"*

## **7. Agreement Addendum: (WV-96)**

Section 5.2.3 of the Handbook states:

*"Required when vendors submit alternate terms and condition with their bid"*

## **8. PO Issued:**

Section 5.1.2 of the Handbook states (for purchases \$2,500.01 to \$5,000.00)

*"A wvOASIS procurement award document is required for purchases exceeding \$2500. Awards are to be made only to vendors who are properly registered with the Purchasing Division."*

Section 5.1.3 of the Handbook states (for purchases of \$5,000.01 to \$25,000.00):

*"An Agency Request for Quotation or a Centralized Request for Quotation should be used for documenting and making these requests."*

## **9. Asset Number Required:**

Section 5.5 of the Handbook states:

*"Fixed Assets: After payment has been made to the vendor, reportable property must be added to the Fixed Assets module of wvOASIS."*

## **10. Certificate of Non-Conflict of Interest:**

Section 5.2.3 of the handbook states:

*"A public record of all purchasing transactions must be kept on file at the agency location. . . This file must also include a Certificate of Non-Conflict of Interest."*



## **11. Receiving:**

Section 5.3 of the handbook states:

*"In accordance with the West Virginia State Auditor's receiving report requirements (Code of State Rules, §155-1-4), materials must be opened and inspected within 24 hours of receipt. . . . Agencies must verify the shipment against the specifications in the purchase order and retain a copy of the receiving report prepared for the Auditor's office with the purchasing file. For receipt of services, a receiving report similar in form to that required by the Auditor's office shall be completed, signed and retained with the purchasing file."*

"

*"spending units may include a memorandum to file in the purchasing file indicating the storage location of the receiving reports. The actual reports shall be produced on demand, in accordance with the Code of State Rules, §148-1-4-14"*

## **12. Stringing:**

According to the Purchasing Division's Procedures Handbook, the definition for "stringing" is "issuing a series of requisitions or purchase orders to circumvent competitive bidding or to defeat the State purchasing card transaction or delegated purchasing limit."

The West Virginia Code, §5A-3-10 states:

*(a) A purchase of and contract for commodities, printing and services shall be based, whenever possible, on competitive bids.*

*(b) The director shall solicit sealed bids for the purchase of commodities and printing which is estimated to exceed twenty-five thousand dollars. No spending unit shall issue a series of requisitions or divide or plan procurements to circumvent this twenty-five thousand dollar threshold or otherwise avoid the use of sealed bids. Any spending unit which awards multiple contracts for the same or similar commodity or service to an individual vendor over any twelve-month period, the total value of which exceeds twenty-five thousand dollars, shall file copies of all contracts awarded to the vendor within the twelve preceding months with the director immediately upon exceeding the twenty-five thousand dollar limit, along with a statement explaining how the multiple contract awards do not circumvent the twenty-five thousand dollar threshold. If the spending unit does not immediately report to the director, the director may suspend the purchasing authority of the spending unit until the spending unit complies with the reporting requirement of this subsection. The director may conduct a review of any spending unit to ensure compliance with this subsection. Following a review, the director shall complete a report summarizing his or her findings and forward the report to the spending unit. In addition, the director shall report to the Joint Committee on Government and Finance on the first day of January and July of each year the spending units which have reported under this subsection and the findings of the director. . . .*

Additionally, the Legislative Rule §148-1 states that the Director shall:

*7.2.b If an agency fails to comply with the procedures and requirements established for purchases of \$25,000 or less, the Director has the ability to:*

*7.2.b.1 Suspend or reduce purchasing authority for that spending unit,*

*7.2.b.2 Require the spending to provided additional reports and documentation relating to purchases of \$25,000 or less for Purchasing Division review,*

*7.2.b.3 Require the agency to submit to additional oversight tht the Director deems appropriate, or*

*7.2.b.4 Require that the agency personnel responsible for purchases of \$25,000 or less participate in remedial training provided by the Purchasing Division*

### **13. Travel:**

Section 5.2.2.1, 5.2.2.2 of the State Travel Policy states:

*"Privately-owned vehicles may be used for state travel with agency approval when agency owned or leased vehicles are unavailable. A privately-owned vehicle should not be used when reimbursement costs are expected to exceed \$50.00 per day or mileage reimbursement is expected to cost more than the cost of commercial travel (air, rental car, etc.). Milage allowance for privately owned vehicles engaged in State business will be based on the GSA rate in effect at the trime of the travel. The rate covers all operating costs such as fuel, maintenance, insurance, etc., and no additional reimbursement will be made for such expenses."*

Section 5.2.4.1 of the State Travel Policy states:

*A commercial rental vehicle should only be used when a temporary need arises, a state vehicle is unavailable and the cost will be less than the reimbursement associated with a privately-owned vehicle. Only the Traveler renting the commercial rental vehicle is permitted to operate the vehicle. If state employees are traveling together it must be noted on the rental agreement if they will operate the vehicle.*



**JOHN A. MYERS**  
CABINET SECRETARY

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**W. MICHAEL SHEETS**  
DIRECTOR

April 30, 2018

Jordan Kirk, Purchasing Director  
BPH – Trauma and Emergency Medical Systems  
350 Capitol Street, Room 206  
Charleston, West Virginia 25301

Dear Purchasing Director Kirk:

The attached documentation following this letter is a grading system which the West Virginia Purchasing Division has developed as a mechanism for evaluating agency conformance to purchasing policies and procedures. This tool has been created with the intent of assessing the progress of those directly responsible for agency procurement related transactions to identify areas which are deficient. Several agencies were selected as a test case for review of this system.

The following is an explanation of the grading system:

“Transactions Reviewed” is the number of transactions under examination for the given fiscal year.

“Non-Conformance Rate” as found in the draft and final report summary pages, is the overall agency error-rate, as a percentage, in which the agency is not in compliance with purchasing policies and procedures. This figure is determined by summing the number of problem transactions then dividing that total by the number of transactions under review.

“Conformance Rate” is the percentage of overall agency compliance with purchasing policies and procedures.

“Finding Summary” is the collection of issues (i.e. “findings”) discovered during the inspection of agency transactions. The finding categories are a weighted points system. Findings deemed to be more serious are allotted a larger possible point deduction than those of a more administrative nature. Deductions are based on the percentage of findings in relation to the number of transactions reviewed. See attached weight application chart.

As an example: If under the “Finding Category” of “Stringing” the “Number of Findings” were 6, and the number of “Transactions Reviewed” were 635, the “Finding Percentage” would be .94%. This percentage would yield a point deduction of -6 (as explained in the weight application chart). This number is then reduced from the “Points Possible” column.

“Overall Agency Score” is the total number of the “Findings Summary” “Points Received” column averaged with “Non-Conformance Rate” as determined by the following equation: (“Findings Summary - Points Received” column + “Non-conformance Rate”) / 200))

“Overall Letter Grade” is the global result of inspection report.

Should you have any questions or require further clarification, please contact Greg Clay, at (304) 558-5780. Your assistance is greatly appreciated.

Respectfully,

A handwritten signature in blue ink that reads "Greg Clay". The signature is written in a cursive style with a large initial "G" and "C".

Greg Clay, Contracts Manager  
Purchasing Division

Enclosure

cc: Danny Thompson, CFO, Public Health – Community Health and Health Promotion  
Bryan Rosen, Director of Purchasing, Department of Health and Human Resources

## BPH - Trauma and Emergency Medical Systems FY 2017

Transactions Reviewed 43

Non-Conformance Rate (See Summary Page) 19.0%

Conformance Rate 81.0%

### Findings Summary

<i>Finding Category</i>	<b>Number of Findings</b>	<b>Finding Percentage</b>	<b>Points possible</b>	<b>Points Received</b>
Stringing	0	0.00%	30	30
Statewide Contract	2	4.65%	15	12
Internal Resources	0	0.00%	15	15
Failure to Bid	3	6.98%	15	12
Vendor Registration	1	2.33%	5	4
Unemployment/Workers' Compensation	0	0.00%	5	5
Affidavit	1	2.33%	5	4
Purchase Order Issued	0	0.00%	3	3
Asset Tag/Number	0	0.00%	3	3
Certification of Non-Conflict of Interest	0	0.00%	3	3
Miscellaneous Issue	0	0.00%	1	1
<b>Total</b>	<b>7</b>		<b>100</b>	<b>92</b>

### Overall Agency Score

Non-Conformance & Findings Average	Overall Letter Grade
86.5%	B

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