



MARK D. SCOTT
CABINET SECRETARY

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

W. MICHAEL SHEETS
DIRECTOR

April 12, 2022

Chuck Bowman, Procurement Manager
West Virginia Adjutant General/Armory Board
1703 Coonskin Drive
Charleston, West Virginia 25311-1085

Dear Chuck Bowman:

This is to transmit the final copy of the Purchasing Review of the West Virginia Adjutant General/Armory Board.

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: Dean Wingerd, Procurement Analyst, West Virginia Adjutant General/Armory Board
Nancy Baire, Procurement Analyst, West Virginia Adjutant General/Armory Board
William E. Crane, Major General WVNG, The Adjutant General

WV PURCHASING DIVISION INSPECTION REPORT

West Virginia Military Authority

Adjutant General and Armory Board

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 Adjutant General and Armory Board for the period of July 01, 2019 to June 30, 2020. Notice of the inspection was provided on April 15, 2021. Due to the inspection conflicting with the federal fiscal year and the disbursements of federal money, the agency’s documentation was delayed until after September 30. The inspection was completed on November 20, 2021. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the Adjutant General and Armory Board's procurement transactions for the period of July 01, 2019 to 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 10,567 procurement transactions with a value of \$21,582,369.97. (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 443 for review which represents approximately 4% of the total. This inspection of 443 selected transactions yielded 175 findings associated with 110 of the selected transactions. This means that approximately 25% 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 35 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 33 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 68.7% 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 Adjutant General and Armory Board FY20 Statistics

Conformance Rate & Score (100 Points Possible)			
Transactions Reviewed	443	Points Possible	100
Non-Conformance Rate (See Summary Page)	25.0%	Points Deducted	25
Conformance Rate	75.0%	Points Received (Conformance Score)	75

Findings Summary & Score (100 Points Possible)				
Finding Category	Number of Findings	Finding Percentage	Points possible	Points Received
Failure to Bid at Central Level (Stringing)	3	0.68%	30	12
Failure to Bid at Delegated Level	33	7.45%	20	10
Statewide Contract not utilized	21	4.74%	15	12
Vendor Registration unverified/wrong fee code	3	0.68%	5	4
Failure to verify Compliance Checks	29	6.55%	5	4
Purchasing Affidavit Not Included	11	2.48%	5	4
Wvoasis Award Document Not Issued	43	9.71%	5	4
Asset Tag/Number not affixed	6	1.35%	5	4
Certification of Non-Conflict of Interest not included	23	5.19%	5	4.4
Miscellaneous Issue	3	0.68%	5	4
Total	175		100	62.4

Overall Agency Score	
Conformance & Findings Average	Overall Letter Grade
68.7%	D

Scale (See Weight Application*)
91.66 --100 = A
83.33 --91.66 = B
75 -- 83.33 = C
66.66 -- 75 = 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.

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)

1 Instance (grouped)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/25/2020	Fire alarm system inspection and maintenance	Appalachian Signals	\$50.69	PRCC,21*02310
06/04/2020	Fire suppression inspection and maintenance	IN J.T. Martin Fire	\$83.98	PRCC,20*44239

Additional Detail: : Although the individual transactions listed above falls below \$25,000.01, the agency aggregate spend for each vendor exceeded the threshold.

1 Instance (grouped)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
02/27/2020	Fresh food	Sysco Food Services	\$714.56	PRCC,20*13626
06/18/2020	Fresh food	US Foods 2L	\$440.14	PRCC,21*02961
06/25/2020	Fresh food	Wendling's Food Service	\$2,138.73	PRCC,21*05137

Additional Detail: : Although the individual transactions listed above falls below the \$25,000.01 threshold, the agency aggregate spend for the 3 vendors combined to \$230,193.25 for fresh food.

1 Instance (grouped)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
03/12/2020	HVAC parts	Casto Technical Service	\$116.55	PRCC,20*19728
04/08/2020	HVAC parts	CE South Charleston	\$928.07	PRCC,20*26704
05/19/2020	HVAC parts	Combustion Equipment	\$1,210.77	PRCC,20*40263
05/20/2020	HVAC parts	HVAC & Industrial	\$711.59	PRCC,20*40380
08/16/2019	HVAC parts	Johnstone Supply	\$1,564.90	PRCC,20*26163

Additional Detail: : Although the individual transactions listed above falls below the \$25,000.01 threshold, the agency aggregate spend for the 5 vendors combined was \$26,270.47 for fresh food.

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: (33 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
10/24/2019	Locks and hardware	Appalachian Signals	\$7,178.72	PRCC,20*58254
12/11/2019	Transmitter controls	Conspec Controls Inc.	\$2,832.17	PRCC,20*83152
09/30/2019	Rental equipment and inspection	Crane 1 Services Inc.	\$3,141.00	PRCC,20*88145
05/21/2020	Vault Kit	Elk Products	\$3,357.06	PRCC,20*39718
02/10/2020	HVAC service	H E Neumann Co.	\$2,501.00	PRCC,20*05145
06/03/2020	AED's	Heartsmart.com	\$16,404.00	PRCC,21*17976
08/26/2019	HVAC service	Nitro Electric	\$2,052.50	PRCC,20*27368
01/08/2020	HVAC service	Nitro Electric	(\$4,105.00) \$1,728.77	PRCC,20*91433
11/05/2019	Printers	Paypal Almsalesllc	(\$3,457.55) \$2,621.45	PRCC,20*77585
03/30/2020	Firefighting equipment	Ebay Paypal Emergcoero	\$4,156.10	PRCC,20*25509
10/21/2019	Sprinkler repair & inspection	PP Mt. Sprinkler, LLC	\$2,678.68	PRCC,20*56537
02/20/2020	Shoes	Sportsmart	\$13,377.00	PRCC,20*19738
10/24/2019	Boom Rental	United Rentals #018462	\$2,012.94	PRCC,20*56716
09/25/2019	Barcode system	Wasp Barcode Technology	(\$4,025.88) \$2,657.49	PRCC,20*51279
10/08/2019	Pump and motor	Water Heater Distributors	\$2,948.93	PRCC,20*44315

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/27/2020	Dish TV	Autopay/dish Ntwk	\$260.80	PRCC,21*03345
07/02/2019	Elevator maintenance	Thyssenkrupp Elevator	\$2,404.56	PRCC,20*08864
06/24/2020	Internet	Comcast	\$259.51	PRCC,21*03354
01/14/2020	Online subscription	DLT Solutions	\$1,176.00	PRCC,20*99959
04/15/2020	Service calls for cameras	Electronic Speciality Co	\$2,227.50	PRCC,20*36059
04/23/2020	Electrical parts	Graybar Electric Co.	\$638.32	PRCC,20*39721
06/15/2020	Internet	Lumos Networks Inc.	\$300.24	PRCC,21*02163
02/05/2020	Fresh fruits & vegetables	Montcroft Farms LLC	\$399.00	PRCC,20*04892
04/22/2020	Containers	NPC New Pig Corp.	\$1,007.60	PRCC,20*39722
06/24/2020	Sampling service	Pace Analytical Services	\$120.21	PRCC,21*01768
06/29/2020	Fire Safety Apparel	WPSG,Inc 800-852-6088	\$995.00	PRCC,21*02317

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

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
10/15/2019	Fire suppression system repair	Brewer & Company	\$755.00	PRCC,20*58519
06/24/2020	Lights and electrical	Cardello Electric Supply	\$1,248.86	PRCC,21*02315
08/29/2019	Concrete	Smith Concrete	\$664.50	PRCC,20*39859
03/23/2020	Food	SQ Preston Growers Co-Op	\$830.02	PRCC,20*27831
06/29/2020	HVAC parts	Standard Air & Lite	\$617.36	PRCC,21*01771

Additional Detail: Although the individual transactions listed above falls below the bid limit, the agency aggregate spent for each vendor exceeded \$10,000.00 for the fiscal year under review.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
10/23/2019	Fire sprinklers	Pass Fire Protection	\$750.00	PRCC,20*51278
09/25/2019	Boiler parts	Valley Boiler & Mechani	\$10,453.17	PRCC,20*53651

Additional Detail: Although the agency received written bids for the transactions above, the agency failed to award to the lowest responsible bidder.

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: (21 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
10/22/2019	Flat paint	Ace Hdwe	\$184.65	PRCC,20*63063	PAINT
09/06/2019	Oil & filters	Advance Auto Parts #7500	\$247.33	PRCC,20*30618	MVPARTS
03/10/2020	Oil & filters	Advance Auto Parts #7500	\$508.32	PRCC,20*19727	MVPARTS
03/31/2020	Pest control	Appalachian Pest Control	\$2,160.00	PRCC,20*25911	PESTCTR
05/28/2020	Batteries	Batteries Plus #0454	\$731.76	PRCC,20*42686	AEBATTERY
07/12/2019	Tablet	Best Buy 00012666	\$2,239.96	PRCC,20*07006	IP
06/17/2020	Electrical parts	Capital Elec Martinsburg	\$256.64	PRCC,21*01765	INDEQP
07/11/2019	Electrical parts	Cobun Enterprises, Inc	\$460.81	PRCC,20*02734	INDEQP
08/16/2019	Pole saw & Edge trimmer	Crede Tractor Sales	\$1,030.75	PRCC,20*28421	INDEQP
04/24/2020	Pest control	Dodson Pest Parkersburg	\$200.00	PRCC,20*36577	PESTCTR
07/26/2019	Fluorescent light	Gexpro 7258	\$314.32	PRCC,20*25194	LIGHT
10/01/2019	Extension cord & hand truck	GIH Globalindustriale q	\$461.37	PRCC,20*51279	INDEQP
08/20/2019	Electrical	Grainger	\$1,158.19	PRCC,20*26244	INDEQP
06/17/2020	5 rolls trimmer string	Handman S 4367	\$259.95	PRCC,21*05137	INDEQP
03/16/2020	Stampers	J.P. Cooke	\$721.20	PRCC,20*25392	OFFICE

12/19/2019	Concrete	Lowes #01040	\$1,297.88	PRCC,20*97284	INDEQP
09/13/2019	Office supplies	Officesupply.com	\$1,692.01	PRCC,20*32607	OFFICE
05/07/2020	Pest control	Orkin LLC 002	\$273.72	PRCC,20*38248	PESTCTR
05/10/2020	Certificate paper	Paper Direct	\$511.86	PRCC,20*36056	OFFICE
09/16/2019	Zoom lock tool & Jaw kit	Remichel 018	\$3,654.84	PRCC,20*53065	INDEQP
04/10/2020	Work gloves	Superior Parts and Service	\$779.35	PRCC,20*30722	INDEQP

Additional Detail: Applicable items were not purchased from the Statewide Contract and no waiver from the Purchasing Division was present.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit personnel become familiar with what is available from statewide contracts and either procure those commodities and services from statewide contracts or obtain a waiver from the Purchasing Division.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.
3. Agencies should issue a delivery order to obtain goods or services from central open-end contracts unless the West Virginia State Auditor's Office has approved an alternate ordering and payment method.
4. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 4: Vendor Registration Unverified/Wrong Vendor Fee Exemption Code Utilized

Authority: W. Va. CSR § 148-1-6.1; Procedures Handbook Section 4

Explanation: The agency must verify that the vendor is registered, and the registration fee paid, if applicable. The registration process includes having the proper disclosure of information in the wvOASIS vendor/customer account. Certain vendors are exempted from paying the vendor registration fee mandated by the authority referenced above. wvOASIS has created fee exemption codes that allow the spending unit to designate the appropriate exemption code on a transactional basis.

Transactions in Violation: (3 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/03/2020	AED's	Heartsmart.com	\$16,404.00	PRCC,21*17976
06/30/2020	Technical support	HRT Solutions	\$3,561.36	PRCC,21*01628
06/03/2020	Cadet boots	Tacticalgear.com	\$38,545.00	PRCC,20*43679

Additional Detail: An improper exemption code was utilized in the processing of the transactions listed above.

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: (29 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2020	Warfare exercises	A C Burgin	\$4,979.20	PRC,21*01479
09/27/2019	3D printer materials	Amtek Company Inc	\$7,527.14	PRCC,20*51279
10/24/2019	Locks and hardware	Appalachian Signals	\$7,178.72	PRCC,20*58254
08/14/2019	20 digital phones	Atlas Phones	\$4,597.60	PRCC,20*07000
12/11/2019	Transmitter controls	Conspec Controls Inc.	\$2,832.17	PRCC,20*83152
09/30/2019	Rental equipment and inspection	Crane 1 Services Inc.	\$3,141.00	PRCC,20*88145
05/13/2020	Cadet coats	Critical Tool	\$15,243.76	PRCC,20*37460
05/21/2020	Vault Kit	Elk Products	\$3,357.06	PRCC,20*39718
06/30/2020	Strategic training	KLH Professional Services	\$10,577.60	PRC,21*00426
08/13/2019	Educational	Littlebits Electronics Inc.	\$7,368.38	PRCC,20*20633
06/30/2020	Training	Loring Management Consulting	\$5,726.00	PRC,21*00424
06/30/2020	Training	Milgrim's Consulting	\$7,191.36	PRC,21*01528
10/30/2019	Truck parts	Mr Eds Auto Sales	\$2,788.00	PRCC,20*63392
08/26/2019	HVAC service	Nitro Electric	\$2,052.50	PRCC,20*27368
01/08/2020	HVAC service	Nitro Electric	\$1,728.77	PRCC,20*91433
11/05/2019	Printers	Paypal Almsalesllc Ebay	\$2,621.45	PRCC,20*77585
03/30/2020	Firefighting equipment	Paypal Emergcoaero	\$4,156.10	PRCC,20*25509
05/04/2020	EZ heat seal press	Penn Emblem Co.	\$11,938.50	PRCC,20*36056
02/20/2020	Side by side	RG Motorsports	\$8,093.70	PRCC,20*18107
06/30/2020	Training	Smith Tactical LLC	\$5,393.60	PRC,21*01481
07/12/2019	Running gear & wagon	SQ Harper Farm Equipment	\$4,300.00	PRCC,20*06360
01/30/2020	Hitch sprayer & hose	TFC Corporate	\$2,625.00	PRCC,20*08282

04/29/2020	Med cart	Tiger Medical	\$3,747.52	PRCC,20*38427
05/01/2020	Scale & exam table	Tiger Medical	\$2,978.64	PRCC,21*17976
06/30/2020	Training	Ulfbehr LLC	\$5,865.54	PRM,21*02810
10/24/2019	Boom Rental	United Rentals #018462	\$2,012.94	PRCC,20*56716
			(\$4,025.88)	
09/25/2019	Boiler parts	Valley Boiler & Mechani	\$10,453.17	PRCC,20*53651
09/25/2019	Barcode system	Wasp Barcode Technology	\$2,657.49	PRCC,20*51279

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/24/2020	Physical Training Equipment	Flaghouse Inc	\$1,002.24	PRCC,21*02963

Additional Detail: Although the above transaction falls below the limit requiring Verification Searches to be present, there was an Agency Purchase Order for \$6,905.71. All documents for that amount must be present in the file

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: (11 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
07/15/2019	Ag chemicals	Nutrien Ag Solution 2513	\$10,927.97	PRCC,20*20971
09/17/2019	Cadet boots	Tacticalgear.com	\$15,491.25	PRCC,20*49177
09/25/2019	Boiler parts	Valley Boiler & Mechani	\$10,453.17	PRCC,20*53651

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2020	Warfare exercises	A C Burgin	\$4,979.20	PRC,21*01479
10/15/2019	Fire suppression system repair	Brewer & Company	\$755.00	PRCC,20*58519
06/24/2020	Lights and electrical	Cardello Electric Supply	\$1,248.86	PRCC,21*02315
08/29/2019	Concrete	Smith Concrete	\$664.50	PRCC,20*39859
06/30/2020	Training	Smith Tactical LLC	\$5,393.60	PRC,21*01481
03/23/2020	Food	SQ Preston Growers Co-Op	\$830.02	PRCC,20*27831
06/29/2020	HVAC parts	Standard Air & Lite	\$617.36	PRCC,21*01771
06/30/2020	Training	Ulfbehr LLC	\$5,865.54	PRM,21*02810

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

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: (43 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
08/30/2019	Replacement gate	All Quality LLC	\$19,985.00	GAX,20*09836
09/27/2019	3D printer materials	Amttek Company Inc	\$7,527.14	PRCC,20*51279
10/24/2019	Locks and hardware	Appalachian Signals	\$7,178.72	PRCC,20*58254
07/20/2019	Coats & clothing	Aramark Uniform	\$15,724.39	PRCC,20*25186
08/14/2019	20 digital phones	Atlas Phones	\$4,597.60	PRCC,20*07000
01/31/2020	TV	Bestbuycom805688397437	\$2,799.99	PRCC20*03678
07/01/2019	Radio advertising	Bristol Broadcasting Coin	\$3,072.00	PRCC,20*06357
07/18/2019	TV's	CDW Govt #SHL0261	\$5,942.46	PRCC,20*20863
07/15/2019	Smart TV's	Chips Network Inc.	\$20,600.00	GAX,20*05720
12/11/2019	Transmitter controls	Conspec Controls Inc.	\$2,832.17	PRCC,20*83152
09/30/2019	Rental equipment and inspection	Crane 1 Services Inc.	\$3,141.00	PRCC,20*88145
05/21/2020	Vault Kit	Elk Products	\$3,357.06	PRCC,20*39718
02/10/2020	HVAC service	H E Neumann Co.	\$2,501.00	PRCC,20*05145
08/13/2019	Educational	Littlebits Electronics Inc.	\$7,368.38	PRCC,20*20633
07/04/2019	Storage rental	Mobile Mini	\$2,647.50	PRCC,20*07000
10/30/2019	Truck parts	Mr Eds Auto Sales	\$2,788.00	PRCC,20*63392
07/24/2019	Auto glass	Mtn Top Auto Glass Inc.	\$3,954.76	PRCC,20*17523
07/29/2019	Student archery supplies	NASP Inc.	\$3,570.50	PRCC,20*25519
08/26/2019	HVAC service	Nitro Electric	\$2,052.50 (\$4,105.00)	PRCC,20*27368
01/08/2020	HVAC service	Nitro Electric	\$1,728.77 (\$3,457.55)	PRCC,20*91433
07/15/2019	Ag chemicals	Nutrien Ag Solution 2513	\$10,927.97	PRCC,20*20971
11/15/2019	Hanger door repair	Overhead Door Co of Grea	\$6,891.68	PRCC,20*80580
11/05/2019	Printers	Paypal Almsalesllc Ebay	\$2,621.45	PRCC,20*77585
03/30/2020	Firefighting equipment	Paypal Emergcoero	\$4,156.10	PRCC,20*25509
10/21/2019	Sprinkler repair & inspection	PP Mt. Sprinkler, LLC	\$2,678.68	PRCC,20*56537
07/09/2019	Side by side	Preston Powersport	\$10,414.99	PRCC,20*06357
09/26/2019	Drive camera kits	Pro-Vision, Inc.	\$3,082.16	PRCC,20*49423
02/20/2020	Side by side	RG Motorsports	\$8,093.70	PRCC,20*18107
02/18/2020	Educational books	RS Means	\$5,759.95	PRCC,20*13107

12/13/2019	Bearings & pinion	Rudd Equipment Company	\$2,517.08	PRCC,20*87019
07/12/2019	Running gear & wagon	SQ Harper Farm Equipment	\$4,300.00	PRCC,20*06360
06/18/2020	Skid steer rental	SQ Harper Farm Equipment	\$2,580.00	PRCC,21*05137
10/17/2019	Fencing	SSC – Buckhannon – Braxt	\$12,036.00	PRCC,20*76778
10/18/2019	HVAC parts	Standard Air & Lite	\$4,398.00	PRCC,20*56537
02/13/2020	Acoustic ceiling tiles	Streets Ace Hardware – Ma	\$2,656.82	PRCC,20*04891
01/30/2020	Hitch sprayer & hose	TFC Corporate	\$2,625.00	PRCC,20*08282
07/31/2019	Security monitoring	Tyointegratedsecurity	\$7,811.20	PRCC,20*19141
10/24/2019	Boom Rental	United Rentals #018462	\$2,012.94	PRCC,20*56716
			(\$4,025.88)	
09/25/2019	Boiler parts	Valley Boiler & Mechani	\$10,453.17	PRCC,20*53651
07/24/2019	Generator service	Walker Machinery - Belle	\$4,750.28	PRCC,20*16308
09/25/2019	Barcode system	Wasp Barcode Technology	\$2,657.49	PRCC,20*51279
10/08/2019	Pump and motor	Water Heater Distributors	\$2,948.93	PRCC,20*44315
05/18/2020	Grinder pump part	Water Heater Distributors	\$4,650.00	PRCC,20*42177

Additional Detail: There were no wvOASIS award documents created for these transactions.

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: (6 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
07/12/2019	Tablet	Best Buy 00012666	\$2,239.96	PRCC,20*07006
07/18/2019	TV's	CDW Govt #SHL0261	\$5,942.46	PRCC,20*20863
07/23/2019	Laptop	Dell Marketing LP	\$7,650.00	PRC,20*15001
06/03/2020	AED's	Heartsmart.com	\$16,404.00	PRCC,21*17976
09/06/2019	Truck topper	Leonard Aluminum Utility Bu	\$4,800.00	PRC,20*13922
06/22/2020	Display cases	Modern Office	\$8,997.00	PRCC21*02965

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: (23 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
09/27/2019	3D printer materials	Amtek Company Inc	\$7,527.14	PRCC,20*51279
10/24/2019	Locks and hardware	Appalachian Signals	\$7,178.72	PRCC,20*58254
12/11/2019	Transmitter controls	Conspec Controls Inc.	\$2,832.17	PRCC,20*83152
09/30/2019	Rental equipment and inspection	Crane 1 Services Inc.	\$3,141.00	PRCC,20*88145
02/10/2020	Training Manuals	Crisis Prevention	\$4,200.00	PRCC,20*09621
05/21/2020	Vault Kit	Elk Products	\$3,357.06	PRCC,20*39718
02/10/2020	HVAC service	H E Neumann Co.	\$2,501.00	PRCC,20*05145
10/30/2019	Truck parts	Mr Eds Auto Sales	\$2,788.00	PRCC,20*63392
08/26/2019	HVAC service	Nitro Electric	\$2,052.50	PRCC,20*27368
			(\$4,105.00)	
01/08/2020	HVAC service	Nitro Electric	\$1,728.77	PRCC,20*91433
			(\$3,457.55)	
11/05/2019	Printers	Paypal Almsalesllc	\$2,621.45	PRCC,20*77585
		Ebay		
10/21/2019	Sprinkler repair & inspection	PP Mt. Sprinkler, LLC	\$2,678.68	PRCC,20*56537
02/20/2020	Side by side	RG Motorsports	\$8,093.70	PRCC,20*18107
02/18/2020	Educational books	RS Means	\$5,759.95	PRCC,20*13107
07/30/2019	Shoes	Sportsmart	\$8,924.00	PRCC,20*20630
07/12/2019	Running gear & wagon	SQ Harper Farm	\$4,300.00	PRCC,20*06360
		Equipment		
10/18/2019	HVAC parts	Standard Air & Lite	\$4,398.00	PRCC,20*56537
02/13/2020	Acoustic ceiling tiles	Streets Ace Hardware	\$2,656.82	PRCC,20*04891
		- Ma		
02/13/2020	Boots	Tacticalgear.com	\$3,827.25	PRCC,20*09623
10/24/2019	Boom Rental	United Rentals	\$2,012.94	PRCC,20*56716
		#018462	(\$4,025.88)	
09/25/2019	Boiler parts	Valley Boiler & Mechani	\$10,453.17	PRCC,20*53651
09/25/2019	Barcode system	Wasp Barcode Technology	\$2,657.49	PRCC,20*51279
10/08/2019	Pump and motor	Water Heater Distributors	\$2,948.93	PRCC,20*44315

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 (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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/15/2020	New Tires	Appalachian Tire Products	\$400.62	PRCC,21*00218
09/13/2019	New Tires	Glotfelty Enterprises Inc	\$671.20	PRCC,20*32615

Additional Detail: According to the Statewide Contract ordering requirements, 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.

Issue 10b: Miscellaneous (no WV-96)

Authority: Procedures Handbook Section 3.10.2.3

Explanation: The *Agreement Addendum* WV-96 is a document that can be utilized to counter a vendor's submission of alternate terms and conditions. It is only utilized after it is clear from the vendor's bid that alternate terms and conditions have been proposed.

Transactions in Violation: (1 Instance)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
12/11/19	Software support	The Veracity Group	\$1,860.00	PRCC,20*83178

Additional Detail: Due to having vendor terms and conditions located in the file, the WV-96 Agreement Addendum form is needed. The form was not located in the file.

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit utilize the WV-96 to counter alternate terms and conditions when submitted with the vendor's bid.
2. 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 Adjutant General and Armory Board was conducted in October of 2016. The review consisted of 300 selected transactions from an approximate 6,692 total transactions from July 1, 2015 through June 30, 2016. This review resulted in 42 findings associated with 46 of the selected transactions. This indicated that 15% 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 2016 to the current FY 2020 inspection, below is a summary of the issues identified during the FY 2016 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	<i>FY</i> 2016	<i>FY</i> 2020
Failure to Bid at Central Level (Stringing)	1	3
Failure to Bid at Delegated Level	17	33
Statewide Contract not utilized	5	21
Vendor Registration unverified/wrong Fee Code	0	3
Failure to verify Compliance Checks	0	29
Purchasing Affidavit not included	16	11
wvOasis Award Document not issued	1	43
Asset Tag/Number not affixed	1	6
Cert. of Non-Conflict of Interest not included	1	23
Miscellaneous Issue	0	3
<i>Total</i>	42	175

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:

Charles Bowman

Attended 9 virtual workshops (20 available)

Dean Wingerd

Attended 10 virtual workshops (20 available)

Nancy Baire

Attended 10 virtual workshops (20 available)

Purchasing Division Recommendations:

The Purchasing Division recommends that all procurement officers, regardless of their status as designated or undesignated, participate in at least 10 hours of training annually and that all officials subject to the training requirements in W. Va. Code § 5A-3-60 take the required 2 hours of Purchasing and P-Card Training.

EXHIBIT D: AGENCY RESPONSE TO INSPECTION FINDINGS



STATE OF WEST VIRGINIA
OFFICE OF THE ADJUTANT GENERAL
1703 COONSKIN DRIVE
CHARLESTON, WEST VIRGINIA 25311-1085

William E. Crane
Major General, WVNG
The Adjutant General

(304) 561-6317
DSN: 623-6317
FAX (304) 561-6327

January 10, 2022

Mr. Gregory Clay
Contracts Manager
Department of Administration
State Purchasing Division
2019 Washington Street, East
PO Box 50130
Charleston, WV25305-0130

Dear Mr. Clay:

We are in receipt of the purchasing review conducted by your office of the Adjutant General and Armory Board transactions for the period 1 July 2019 through 30 June 2020, and we will comply with your recommendations.

Fiscal year 2020 was an unprecedented year at the West Virginia National Guard. A year full of challenges and missions in our continuation of support for the citizens of West Virginia. In that year, the WVNG established the Future Leaders Program in high schools across the state, created the Mountaineer Job Challenge Program at our Mountaineer ChalleNGe Academy (MCA) in Kingwood, and launched the MCA-South campus in Montgomery. In our effort to assist the state in economic development, we expanded the Patriot Guardens programs and facilitated the Jobs & Hope Workforce Training Program established by Governor Jim Justice. At the start of FY2020, the WVNG continued to assist state agencies in flood mitigation and relief efforts from the devastating results of the 2016 floods. At the year's end, we emerged as the primary leader of the state's COVID-19 global pandemic response team; procuring and distributing personal protective equipment (PPE), providing testing, decontamination services, contact tracing, and equipping our armories and readiness centers for food distribution and Wi-Fi hot spots to help our schools and communities feed and educate remote-learning students during the statewide lockdown. FY2020 was an unparalleled year for the WVNG to say the least.

Because of this exceptional fiscal year, the WVNG saw an increase in the number of procurement transactions and spending when compared to those reported in our last review. In FY2016, the WVNG processed 6,692 procurement transactions totaling \$10,486,026.00. In FY2020, those numbers surged to 10,567 procurement transactions totaling \$21,582,370.00, an increase of 3,875 transactions (58%) and an increase in spend of \$11,100,219.00 (110%).

Increased procurement transactions and spend of the magnitude incurred by the WVNG in FY2020 are not expected to be without some administrative irregularities. New and expanded programs and services require new hires and current personnel to transition into positions

necessitating broad to detailed knowledge of state procurement procedures. Our procurement group has worked closely with WVNG program personnel to educate, instruct, and assist these individuals in their specific functions within the procurement process. As these internal training efforts continue, our new programs become established and their personnel grow in knowledge and confidence, we are certain these anomalies will decline in both quantity and significance.

Lastly, concerning Issue 1: Failure to bid at central level "Stringing" findings, our response follows:

The WVNG owns and operates dozens of facilities statewide. In addition, the WVNG has a presence in several federally owned buildings for which we are responsible for certain maintenance and repair services. Some of these facilities are over sixty-years old. Some have complex mechanical and alarm systems mandated by the Department of Defense in accordance with the function and purpose of that facility. Department of Defense approved service companies utilizing manufacturer specific components must service some systems. In addition, manufacturer's territorial restrictions frequently prevent a company's ability to service all of our locations in WV. For these instances, forecasting future needs for commodities and services with regard to malfunctions and repairs is impractical in application for our organization. The number of facilities we occupy, their widespread locations, their varying ages and installed systems, and the \$25,000.00 cap on agency delegated spending continue to create procurement challenges for the WVNG. We, along with the United States Property and Fiscal Office (USPFO), continue to explore innovative purchasing options to rectify these situations.

In the instance of exceeding the spending threshold for fresh food purchases at our Mountaineer ChalleNGe Academies, we will utilize the re-established Purchasing Division's mandatory statewide contracts for food (FOOD21A & FOOD21B), when needed.

If you have any questions, please contact me at 304-561-6317.

Sincerely,



WILLIAM E. CRANE
Major General, WVNG
The Adjutant General