



MARK D. SCOTT
CABINET SECRETARY

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

W. MICHAEL SHEETS
DIRECTOR

April 12, 2022

Justin Smith, District Engineer
Division of Highways, District 3
624 Depot Street
Parkersburg, West Virginia 26102

Dear Mr. Smith:

This is to transmit the final copy of the Purchasing Review of the West Virginia Division of Highways, District 3.

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: Kristy James, Information Systems Manager, Division of Highways
Scott Armentrout, District 3 Comptroller, Division of Highways
Evan Dewey, Administrative Service Manager, Division of Highways
Jimmy D. Wriston, Cabinet Secretary, Department of Transportation

WV PURCHASING DIVISION INSPECTION REPORT

Department of Transportation

Division of Highways District 3

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>
8. <i>Agency Comments and Purchasing Division Response</i>	<i>Exhibit D</i>

INTRODUCTION

The Purchasing Division is broadly charged with the development and oversight of the procurement functions of state spending units under its authority. That authority is found in Chapter 5A, Article 3 of the West Virginia Code, and Title 148, Series 1, of the West Virginia Code of State Rules. That mandate requires that the Purchasing Division “appoint inspectors to review and audit spending unit requests and purchases and other transactions and performance.” W. Va. CSR § 148-1-4.14. The Purchasing Division’s Inspection Services Unit performs this function by regularly conducting inspections of all spending units subject to Purchasing Division oversight.

The Purchasing Division Inspection Services Unit conducted an onsite inspection of the West Virginia Division of Highways District 3 for the period of July 1, 2020 through June 30, 2021. Notice of the inspection was provided on September 2, 2021, and the inspection commenced on October 18th, 2021. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the West Virginia Division of Highways District 3 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 11,407 procurement transactions with a value of \$63,493,502.12. (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 464 for review which represents approximately 4% of the total. This inspection of 464 selected transactions yielded 94 findings associated with 33 of the selected transactions. This means that approximately 7.1% 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 24 occasions, the spending unit failed to obtain competitive bids as required by the applicable dollar level of spend. That number is comprised of 2 instances of failing to bid at the central level (also known as stringing), and 22 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 84.2 B 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 Division Of Highways District 3 FY2021 Statistics

Conformance Rate & Score (100 Points Possible)			
Transactions Reviewed	464	Points Possible	100
Non-Conformance Rate (See Summary Page)	7.1%	Points Deducted	7.1
Conformance Rate	92.9%	Points Received (Conformance Score)	92.9

Findings Summary & Score (100 Points Possible)				
Finding Category	Number of Findings	Finding Percentage	Points possible	Points Received
Failure to Bid at Central Level (Stringing)	2	0.43%	30	18
Failure to Bid at Delegated Level	22	4.74%	20	15
Statewide Contract not utilized	2	0.43%	15	12
Vendor Registration unverified/wrong fee code	1	0.22%	5	4
Failure to verify Compliance Checks	29	6.25%	5	4
Purchasing Affidavit Not Included	12	2.59%	5	4
Wvoasis Award Document Not Issued	13	2.80%	5	4
Asset Tag/Number not affixed	0	0.00%	5	5
Certification of Non-Conflict of Interest not included	13	2.80%	5	4.4
Miscellaneous Issue	0	0.00%	5	5
Total	94		100	75.4

Overall Agency Score	
Conformance & Findings Average	Overall Letter Grade
84.2%	B

Scale (See Weight Application*)
90 --100 = A
80 --89.9 = B
70 -- 79.9 = C
60-- 69.9 = D
<60 = F

The Finding Summary and Number of Findings does not directly correlate with the Transactions Reviewed and Non-Conformance Rate because each transaction can yield multiple findings, and findings like stringing can include multiple transactions in a single finding.

EXHIBIT A: DETAILED INSPECTION FINDINGS

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

Authority: W. Va. Code § 5A-3-10; Procedures Handbook Section 6

Explanation: State law mandates that the Purchasing Division competitively bid for the purchase of commodities and services estimated to exceed twenty-five thousand dollars. The law also prohibits a spending unit from issuing a series of requisitions or divide or plan procurements to circumvent this twenty-five thousand dollar threshold. The transactions listed below violated this legal mandate and will be reported to the West Virginia Legislature as required by law.

Transactions in Violation: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
04/20/21	Parts	Blacks Spring Alignment	\$1,656.37	PRCC,15*3129

Additional Detail: The agency spent \$37,958.55 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>
06/13/21	Differential repair	Schotts Repair Service	\$276.00	PRCC,15*1968

Additional Detail: The agency spent \$32,111.57 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.

Total Transactions in Violation: 22 Instances

Transactions in Violation: (10 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
01/04/21	Porta johns	Rons Porta Johns	\$2,818.50	GAX,51*8680
02/10/21	Repair	Advanced Communication	\$3,338.00	PRCC,15*2175
05/23/21	Repair	Altec Industries	\$3,432.36	PRCC,15*7370
05/17/21	Parts	Groff Tractor	\$6,200.72	PRCC,15*6562
05/27/21	Transmission parts	Lee Myles Transmissions	\$2,800.00	PRCC,15*6194
06/21/21	Flooring	Lumber Liquidators	\$729.86	PRCC,15*6133
06/10/21	Parts	Pro Line Distribution	\$265.00	PRCC,15*7047
06/30/21	Auto glass	Ripley Auto Glass	\$230.00	PRCC,15*5781
05/04/21	Rotary brushes	United Rotary Brush	\$1,624.46	PRCC,15*7351
06/08/21	Steel	West Virginia Steel	\$8,004.31	PRCC,15*0396

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

Transactions in Violation: (12 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
04/12/21	Alarm monitoring	Alarm Systems Pro	\$125.00	PRCC,15*5169
11/15/20	Steel	Atlas Steel	\$1,766.25	PRCC,15*8007
05/17/21	Motor/parts	Fleetpride	\$229.99	PRCC,15*9141
06/24/21	Ice	Home City Ice	\$229.23	PRCC,15*6103
06/21/21	Towing	IN TC Repair	\$648.90	PRCC,15*0148
06/21/21	Auto glass	Oesterle Auto Glass	\$300.00	PRCC,15*7994
04/30/21	Towing	Pifers Service Center	\$1,581.25	PRCC,15*4533
06/14/21	Parts Washer	Safety Kleen	\$276.00	PRCC,15*1968
06/06/21	Bottle gas	Star Weld	\$464.00	PRCC,15*8004
06/21/20	Parts	Stephenson Equipment	\$2,620.62	PRCC,15*7986
01/25/21	Parts	Western Branch Diesel	\$1,012.90	PRCC,15*7986
06/15/21	Hydraulic hoses	Wolf Hose	\$122.16	PRCC,15*4781

Additional Detail: Although several of the individual transactions listed above may fall below the written bid limit, the agency aggregate spent for each vendor exceeded \$10,000.01 for the fiscal year under review. Documentation for the transactions listed above showed no evidence of written bids. A procurement of \$10,000.01 to \$25,000 must be publicly advertised for no less than 10 business days in the West Virginia Purchasing Bulletin within wvOASIS.

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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>	<u>SW Contract</u>
05/26/21	Lighting	State Electric Supply	\$252.88	PRCC,15*1582	LIGHT
01/07/21	Small package	UPS	\$47.62	PRCC,15*2080	PKGSVS

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. An improper exemption code was utilized in the processing of the transactions listed below.

Transactions in Violation: (1 Instance)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
01/04/21	Porta Johns	Ron's Porta Johns	\$2,818.50	GAX,51*8680

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>
01/04/21	Porta johns	Rons Porta Johns	\$2,818.50	GAX,51*8680
02/10/21	Repair	Advanced Communication	\$3,338.00	PRCC,15*2175
04/12/21	Alarm monitoring	Alarm Systems Pro	\$125.00	PRCC,15*5169
05/23/21	Repair	Altec Industries	\$3,432.36	PRCC,15*7370
11/15/20	Steel	Atlas Steel	\$1,766.25	PRCC,15*8007
01/18/21	Tractor tire	C Adam Toney	\$3,158.80	PRCC,15*7253
10/15/20	Roofing	Carter Lumber	\$6,294.86	PRCC,15*8258
06/13/21	Flooring	Family Carpet	\$9,152.00	PRCC,15*4797
05/17/21	Motor/parts	Fleetpride	\$229.99	PRCC,15*9141
06/13/21	Parts	Goff Brothers	\$2,500.00	PRCC,15*7005
06/24/21	Ice	Home City Ice	\$229.23	PRCC,15*6103
01/18/21	Crane mats	IN Spartan Mat	\$9,850.00	PRCC,15*5445
06/21/21	Towing	IN TC Repair	\$648.90	PRCC,15*0148
05/27/21	Transmission parts	Lee Myles Transmissions	\$2,800.00	PRCC,15*6194
06/21/21	Flooring	Lumber Liquidators	\$729.86	PRCC,15*6133
06/21/21	Auto glass	Oesterle Auto Glass	\$300.00	PRCC,15*7994
12/29/20	Door	Overhead Door	\$8,890.00	PRCC,15*6752
04/30/21	Towing	Pifers Service Center	\$1,581.25	PRCC,15*4533
06/10/21	Parts	Pro Line Distribution	\$265.00	PRCC,15*7047
06/30/21	Auto glass	Ripley Auto Glass	\$230.00	PRCC,15*5781
06/14/21	Parts Washer	Safety Kleen	\$276.00	PRCC,15*1968
06/06/21	Bottle gas	Star Weld	\$464.00	PRCC,15*8004
06/21/20	Parts	Stephenson Equipment	\$2,620.62	PRCC,15*7986
01/27/21	Topper	Steve S Vans	\$2,782.97	PRCC,15*4736
05/04/21	Rotary brushes	United Rotary Brush	\$1,624.46	PRCC,15*7351
06/08/21	Steel	West Virginia Steel	\$8,004.31	PRCC,15*0396
01/25/21	Parts	Western Branch Diesel	\$1,012.90	PRCC,15*7986
06/15/21	Hydraulic hoses	Wolf Hose	\$122.16	PRCC,15*4781

12/29/20 Door

Overhead Door

\$8,890.00 PRCC,15*6752

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: (12 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
04/12/21	Alarm monitoring	Alarm Systems Pro	\$125.00	PRCC,15*5169
11/15/20	Steel	Atlas Steel	\$1,766.25	PRCC,15*8007
06/13/21	Flooring	Family Carpet	\$9,152.00	PRCC,15*4797
05/17/21	Motor/parts	Fleetpride	\$229.99	PRCC,15*9141
06/24/21	Ice	Home City Ice	\$229.23	PRCC,15*6103
06/21/21	Towing	IN TC Repair	\$648.90	PRCC,15*0148
06/21/21	Auto glass	Oesterle Auto Glass	\$300.00	PRCC,15*7994
06/14/21	Parts Washer	Safety Kleen	\$276.00	PRCC,15*1968
06/06/21	Bottle gas	Star Weld	\$464.00	PRCC,15*8004
06/21/20	Parts	Stephenson Equipment	\$2,620.62	PRCC,15*7986
01/25/21	Parts	Western Branch Diesel	\$1,012.90	PRCC,15*7986
06/15/21	Hydraulic hoses	Wolf Hose	\$122.16	PRCC,15*4781

Additional Detail: Although the above transactions may fall below the limit requiring an affidavit to be present, the aggregate amount for that vendor exceeds \$10,000.00.

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: (13 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
01/04/21	Porta johns	Rons Porta Johns	\$2,818.50	GAX,51*8680
02/10/21	Repair	Advanced Communication	\$3,338.00	PRCC,15*2175
05/23/21	Repair	Altec Industries	\$3,432.36	PRCC,15*7370
10/15/20	Roofing	Carter Lumber	\$6,294.86	PRCC,15*8258
06/13/21	Flooring	Family Carpet	\$9,152.00	PRCC,15*4797
01/18/21	Crane mats	IN Spartan Mat	\$9,850.00	PRCC,15*5445
05/27/21	Transmission parts	Lee Myles Transmissions	\$2,800.00	PRCC,15*6194
06/21/20	Parts	Stephenson Equipment	\$2,620.62	PRCC,15*7986
01/27/21	Topper	Steve S Vans	\$2,782.97	PRCC,15*4736
06/08/21	Steel	West Virginia Steel	\$8,004.31	PRCC,15*0396
01/18/21	Tractor tire	C Adam Toney	\$3,158.80	PRCC,15*7253
06/13/21	Parts	Goff Brothers	\$2,500.00	PRCC,15*7005
12/29/20	Door	Overhead Door	\$8,890.00	PRCC,15*6752

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: (13 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
02/10/21	Repair	Advanced Communication	\$3,338.00	PRCC,15*2175
05/23/21	Repair	Altec Industries	\$3,432.36	PRCC,15*7370
01/18/21	Tractor tire	C Adam Toney	\$3,158.80	PRCC,15*7253
10/15/20	Roofing	Carter Lumber	\$6,294.86	PRCC,15*8258
06/13/21	Flooring	Family Carpet	\$9,152.00	PRCC,15*4797
01/18/21	Crane mats	IN Spartan Mat	\$9,850.00	PRCC,15*5445
05/27/21	Transmission parts	Lee Myles Transmissions	\$2,800.00	PRCC,15*6194
12/29/20	Door	Overhead Door	\$8,890.00	PRCC,15*6752
06/21/20	Parts	Stephenson Equipment	\$2,620.62	PRCC,15*7986
01/27/21	Topper	Steve S Vans	\$2,782.97	PRCC,15*4736
06/08/21	Steel	West Virginia Steel	\$8,004.31	PRCC,15*0396
06/13/21	Parts	Goff Brothers	\$2,500.00	PRCC,15*7005
12/29/20	Door	Overhead Door	\$8,890.00	PRCC,15*6752

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

Authority: Various

Explanation: Over the course of the inspection, various miscellaneous issues are often identified. Those items are included in this section.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit's procurement officer participate in training on the topics listed herein that are offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

EXHIBIT B: COMPARISON WITH PRIOR INSPECTIONS

A previous inspection of the West Virginia Division Of Highways District 3 was conducted in September of 2018. The review consisted of 530 selected transactions from an approximate 12,777 total transactions from July 1, 2017 through June 30, 2018. This review resulted in 127 findings associated with 58 of the selected transactions. This indicated that 11% of the transactions reviewed during the inspection had one or more problems of potential nonconformity with Purchasing Division laws, rules, and/or regulations. When comparing the statistics from FY 2018 to the current FY 2021 inspection, below is a summary of the issues identified during the FY 2018 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	<i>FY 2018</i>	<i>FY 2021</i>
Failure to Bid at Central Level (Stringing)	0	2
Failure to Bid at Delegated Level	33	22
Statewide Contract not utilized	11	2
Vendor Registration unverified/wrong Fee Code	2	1
Failure to verify Compliance Checks	25	29
Purchasing Affidavit not included	25	12
wvOasis Award Document not issued	15	13
Asset Tag/Number not affixed	0	0
Cert. of Non-Conflict of Interest not included	15	13
Miscellaneous Issue	1	0
<i>Total</i>	<i>127</i>	<i>94</i>

There are multiple training resources available from the Purchasing Division in-house training program, as well as, through on-line training modules. These training resources would assist in educating procurement staff in purchasing procedures/requirements. Additional information can be obtained by contacting Samantha Knapp, Staff Development Specialist, at (304) 558-7022 or by visiting the Purchasing Division's website <http://www.state.wv.us/admin/purchase/training/default.html>.

EXHIBIT C: AGENCY TRAINING REPORT

Importance of Training: The Purchasing Division has found that training in procurement significantly improves the ability of the spending unit to comply with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook.

Statutory Requirements:

- W. Va. Code § 5A-3-60 requires that All executive department secretaries, commissioners, deputy commissioners, assistant commissioners, directors, deputy directors, assistant directors, department heads, deputy department heads and assistant department heads are hereby required to take two hours of training on purchasing procedures and purchasing cards annually.
- W. Va. CSR § 148-1-3.2 mandates that all designated procurement officers receive 10 hours of procurement training annually.

Available Training: The Purchasing Division has implemented a very robust training program that is available to all procurement officers subject to Purchasing Division oversight. That training includes:

- Online Modules
- Webinars
- Live Training Sessions
- Annual conferences
- Basic and Advanced Procurement Certification Programs
- Agency Specific Targeted Training

Training: The Purchasing Division records indicate that during the inspection period the following individuals within the spending unit have obtained training at our annual Purchasing Conference as shown below:

There were no attendees listed from the virtual conference attendees list provided by the Purchasing Divisions Communication and Training Section for the West Virginia Division of Highways District 3.

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

SUMMARY OF AGENCY COMMENTS & PURCHASING DIVISION RESPONSE

On March 24, 2022, the West Virginia Purchasing Division provided the West Virginia Division of Highways, District Three, with a draft copy of the Purchasing Division Inspection Report for Fiscal Year 2021. Comments from the agency were received on March 29, 2022. There were 94 findings from 464 selected transactions reviewed by the Inspector. This indicates that approximately 7.1% of the transactions reviewed had one or more problems of potential nonconformity with Purchasing Division laws, rules and/or regulations.

Issues Agency Comments - Purchasing Division Responses

<p>Issue 1 Stringing</p> <p>Blacks Springs Alignment</p> <p>Issue 1 Stringing</p> <p>Schott's Repair Service</p>	<p>Blacks Springs- We have obtained quotes from Blacks Springs, Wv Spring and Radiator, and Wheeling spring for chair, spring and bushing replacement and repair and Blacks Spring is always thousands less due to they have a furnace and manufacture their own springs as to where the others buy their parts from blacks and other manufacturers.</p> <p>Schott's repair- we have sent trucks for differential repair as well as end-loaders that Walker could not fix to them. They are the only local business that can fix these issues in a timely cost-effective manner. We have also been in the process of trying to spec out the service for a contract to prevent this from happening again.</p>	<p>Reference Section 5.2.2. Purchasing Division Procedures Handbook: Calculation of Thresholds: State agencies should continuously monitor their expenditures to ensure that the total amount spent for the same or similar commodity or service, within any 12-month period, does not exceed an applicable spending threshold without the proper level of documentation and bidding. No agency is permitted to issue a series of requisitions to circumvent the Delegated wvOASIS Solicitation threshold (normally \$25,000 but up to \$100,000 if delegated limits are increased) or the Verbal Bid or No Bid thresholds. Violation of the Delegated wvOASIS Solicitation threshold is commonly referred to as “stringing” and must be reported to the Legislature.</p>
---	--	---