



MARK D. SCOTT
CABINET SECRETARY

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

W. MICHAEL SHEETS
DIRECTOR

September 25, 2023

John Myers, Director
West Virginia Lottery Commission
900 Pennsylvania Ave.
Charleston, West Virginia 25302

Dear Director Myers:

This is to transmit the final copy of the Purchasing Review of the West Virginia Lottery Commission.

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.

Since there was not a pattern of findings or one or more case of stringing, a formal Corrective Action plan is not required.

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: Crystal Crouch, Administrative Services Manager II, West Virginia Lottery Commission
Dave Hardy, Cabinet Secretary, West Virginia Department of Revenue

WV PURCHASING DIVISION INSPECTION REPORT

DEPARTMENT OF REVENUE

West Virginia Lottery Commission

FISCAL YEAR
2022

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INTRODUCTION

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

The Purchasing Division Inspection Services Unit conducted a remote inspection of the West Virginia Lottery Commission for the period of July 1, 2021 to June 30, 2022. Notice of the inspection was provided on May 22, 2023, and the inspection commenced on July 21, 2023. The results of the inspection are contained within this report.

SCOPE

The scope of the inspection was focused on determining whether the West Virginia Lottery Commission's procurement transactions for the period of July 1, 2021 to June 30, 2022 were, in all material respects, in compliance with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook in effect during that time period.

Inspectors utilized spending unit payment transactions to identify potential violations with a primary focus on those transactions processed at the spending unit level without Purchasing Division involvement. Those transactions included, but were not limited to, agency delegated procurements, Section 9 procurements, agency delivery orders, General Accounting Expenditure ("GAX") payments, and P-Card payments. Notwithstanding this general focus, however, Inspectors can review any transaction or internal procurement operating procedures that they deem relevant.

As noted above, the transaction review was conducted to ensure compliance with applicable provisions of the West Virginia Code, the Code of State Rules and the Purchasing Division Procedures Handbook. More specifically, the scope of the inspection included, but was not limited to, an examination to determine if any of the following infractions had been committed:

- (1) Failure to bid at central level (Stringing)[Required to be reported to the Legislature twice annually]
- (2) Failure to bid at delegated level,
- (3) Statewide contract not utilized,
- (4) Vendor registration unverified and wrong vendor fee exemption code utilized
- (5) Failure to verify compliance checks
 - a. Unemployment
 - b. Workers' compensation
 - c. Vendor status with Secretary of State's office
 - d. Debarred vendor list
- (6) Failure to include notarized Purchasing Affidavit,
- (7) Failure to issue wvOASIS procurement award document,
- (8) Lack of compliance with fixed asset requirements (asset tags),
- (9) Failure to include Certification of Non-Conflict of Interest form,
- (10) Miscellaneous Issues
 - a. Improper award (Unjustified award to other than lowest responsible bidder meeting specifications),
 - b. Leases exceeding six months not processed centrally
 - c. Other as needed

SUMMARY

During the period under review, the spending unit processed 2,300 procurement transactions with a value of \$22,818,244.86. 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 102 for review which represents approximately 4% of the total. This inspection of 102 selected transactions yielded 12 findings associated with 15 of the selected transactions. This means that approximately 15% 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 inspection also revealed that on 1 occasion, the spending unit failed to obtain competitive bids as required by the applicable dollar level of spend. That number is comprised of 0 instance of failing to bid at the central level (also known as stringing), and 1 instance 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 there was not a pattern of findings or one or more cases of stringing, a formal Correction Action Plan is not required. No further action is required at this time.

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: (0 Instances)

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: (1 Instance)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/13/2022	Door and lock parts	Charleston Acoustics Inc.	\$162.00	PRCC,22*76846

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

Purchasing Division Recommendation:

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

Issue 3: Statewide Contract Not Utilized

Authority: W. Va. CSR § 148-1-7.4.c.; Procedures Handbook Section 3.6.2

Explanation: The Purchasing Division has authority to establish contracts at a statewide level to secure economies of scale that would not be possible on an agency by agency basis. Once established, the Purchasing Division can mandate that spending units utilize those statewide contracts. For the transactions listed below, the spending unit has obtained the commodity or service in question outside of an available statewide contract without a valid waiver.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

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

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

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

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

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchase Division recommends that the spending unit only utilize vendor fee exemption codes for transactions that would permit a vendor to avoid paying the vendor registration fee.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.
3. The Purchasing Division recommends that the spending unit contact the Vendor Registration section within the Purchasing Division if there is uncertainty about when and how to apply a vendor fee exemption code.

Issue 5: Failure to Verify Compliance Checks

(Workers Comp, Unemployment, Sec. of State, Debarment)

Authority: W. Va. CSR § 148-1-6.1.e.; Procedures Handbook Section 5.3.1.6.

Explanation: The authority cited above requires that a vendor be licensed and in good standing in accordance with all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or other state agencies or political subdivisions prior to being awarded a contract. The mandated compliance checks were not included in the transactions listed below.

Transactions in Violation: (4 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
05/12/2022	Moving services	Central Van and Storage	\$10,745.00	PRCC,22*41828
02/28/2022	Live streaming event	Scientific Games LLC	\$14,400.00	PRM,22*44967
12/17/2021	Drawing machine maintenance	Smartplay Intl Inc	\$4,160.21	PRM,22*23795

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/13/2022	Door and lock parts	Charleston Acoustics Inc.	\$162.00	PRCC,22*76846

Additional Detail: Although the above transaction falls below the limit requiring Verification Searches to be present, agency aggregate spent exceeded \$2,500.00 for the fiscal year under review.

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: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit obtain a properly completed Purchasing Affidavit and maintain a copy in the contract file for all transactions exceeding \$10,000.00 (the threshold for obtaining written bids).
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 7: wvOASIS Award Document Not Issued

Authority: Procedures Handbook Section 5.2.2

Explanation: The Purchasing Division Procedures Handbook requires that a procurement award document be issued for all purchases exceeding \$2,500 in value. This requirement ensures that the transaction is recorded in wvOASIS in a way that allows it to be easily identified and tracked and helps to prevent spending in violation of procurement laws, rules, and procedures.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit issue a purchase order through wvOASIS and maintain a copy in the contract file for all transactions exceeding \$2,500.00.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 8: Asset Tag Not Affixed

Authority: W. Va. Code § 5A-3-34; Surplus Property Operations Manual, Part II, Section 1.4

Explanation: The Surplus Property Operations Manual requires that all reportable assets must have a numbered identification tag affixed to the asset. Agencies are responsible for obtaining and placing the proper tags on the assets. This method of tagging assets helps to easily identify state assets during physical inspection and to guard against asset theft.

Transactions in Violation: (0 Instances)

Purchasing Division Recommendation:

1. The Purchasing Division recommends that the spending unit obtain a properly affix asset tags to all reportable assets. In conjunction with this, the spending unit must maintain accurate inventory records in wvOASIS.
2. The Purchasing Division recommends that the spending unit's procurement officer participate in training on this topic offered by the Purchasing Division and ensure that all procurement staff understand how to comply with this requirement moving forward.

Issue 9: Cert. of Non-Conflict Not Included

Authority: W. Va. Code §§ 5A-3-31 and 6B-2-5; Procedures Handbook Section 3.7.7.

Explanation: The Purchasing Division requires all evaluators, advisors, and the agency procurement officer, despite the type of transaction, to sign a Certification of Non-Conflict of Interest form prior to contract award to ensure compliance with W. Va. Code § 5A-3-31 and § 6B-2-5 by affirming that they do not have a conflict of interest and did not communicate with the vendor during the solicitation, evaluation, and award period.

Transactions in Violation: (3 Instances) Grouped This finding states 3 instances. Due to grouping same or similar commodities or services, the transactions reviewed without this document totals 9 and will reflect this in the Non-Conformance Rate.

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2022	Maintenance & support	Intellipoint Technologies LLC	\$8,452.40	PRM,22*05204
02/28/2022	Live streaming event	Scientific Games LLC	\$14,400.00	PRM,22*44967

1 Instance (Grouped)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
06/30/2022	Talent	Angelica Armstrong	\$500.00	PRM,23*00969
06/30/2022	Talent	Edward Barnett	\$1,200.00	PRM,23*00325
06/30/2022	Talent	Jaclyn S PolICASTRO	\$960.00	PRM,23*00326
06/30/2022	Talent	James Cochran	\$1,056.00	PRM,23*00968
01/31/2022	Talent	Laura Marie Garten	\$450.00	PRM,22*27858
06/30/2022	Talent	Philip K Washington	\$800.00	PRM,23*00327
06/30/2022	Talent	Sharon L Lee-Tignor	\$1,144.00	PRM,23*00328

Additional Detail: Although each transaction listed above is below bid limits, the agreement for each is for \$24,999.00 and should have contained documentation for that dollar amount.

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 (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: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
08/25/2021	Software	Hippo CMMS	\$7,938.00	PRCC,22*60463
12/17/2021	Drawing machine maintenance	Smartplay Intl Inc	\$4,160.21	PRM,22*23795

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.

Issue 10b: Miscellaneous (No Documents Provided During Inspection)

Authority: Procedures handbook Section 1.8

Explanation: Agency delegated contracts and supporting documentation should be maintained until the agency obtains permission to destroy the documents from the Legislative Auditor's office pursuant to W. Va. Code §5A-3-11(h).

Transactions in Violation: (2 Instances)

<u>Date</u>	<u>Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice</u>
03/26/2022	No information	CCI Hotel Res	\$642.88	PRCC,22*16034
09/01/2021	No information	Hotel Morgan	\$178.00	PRCC,22*83840

Additional Detail: Documents not provided for review at time of inspection and were not subsequently provided.

1. The Purchasing Division recommends that the agency should maintain delegated contracts and supporting documentation until the agency obtains permission to destroy the documents.
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 Lottery Commission was conducted in October of 2020. The review consisted of 100 selected transactions from an approximate 1,839 total transactions from July 1, 2018 through June 30, 2019. This review resulted in 11 findings associated with 10 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 2019 to the current FY 2022 inspection, below is a summary of the issues identified during the FY 2019 inspection, as compared to the findings from the current inspection.

Summary of Problem Transactions		
<i>Findings</i>	<i>FY</i> 2019	<i>FY</i> 2022
Failure to Bid at Central Level (Stringing)	0	0
Failure to Bid at Delegated Level	1	1
Statewide Contract not utilized	6	0
Vendor Registration unverified/wrong Fee Code	0	0
Failure to verify Compliance Checks	0	4
Purchasing Affidavit not included	0	0
wvOasis Award Document not issued	1	0
Asset Tag/Number not affixed	0	0
Cert. of Non-Conflict of Interest not included	1	3
Miscellaneous Issue	1	4
<i>Total</i>	11	12

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

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

EXHIBIT C: AGENCY TRAINING REPORT

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

Statutory Requirements:

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

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

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

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

Crystal Crouch

Attended 9 workshops (11 available)

Jodi Hash

Attended 9 workshops (11 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



Howard, Mitzie D <mitzie.d.howard@wv.gov>

Draft Report of Lottery Commission's Purchasing Inspection FY2022

Crystal Crouch <ccrouch@wvlottery.com>
To: "Howard, Mitzie D" <mitzie.d.howard@wv.gov>

Thu, Aug 31, 2023 at 11:43 AM

Mitzie I have the following questions/comments for your reference:

1. On issue #5 you have grouped the "entertainment" staff as a findings. Can you explain why this would be a finding? These are individuals who provide entertainment for the Lottery which is listed in Section 9, therefore, I don't believe that compliance checks would be required.
2. On issue #3 I did talk with our telecommunications staff and they confirmed that this bill covers four separate addresses for four different staff members that work in the field. Cell service in those areas were only good through US Cellular at the time. Our staff has been actively working on getting those four employees transferred to other services. Based on their job requirements they utilize their cell phones for retailer inspections every day and must maintain good service to be able to do their jobs successfully.

Thanks!

Crystal

[Quoted text hidden]



Howard, Mitzie D <mitzie.d.howard@wv.gov>

Response to your agency comments/questions

Crystal Crouch <ccrouch@wvlottery.com>
To: "Howard, Mitzie D" <mitzie.d.howard@wv.gov>

Tue, Sep 5, 2023 at 4:04 PM

Sorry I'm still trying to understand this one. Do individuals have to register with SOS, Workers Comp, and Unemployment? Not sure how we would do compliance checks on individuals acting as "entertainment".

Thanks!

Crystal

From: Howard, Mitzie D <mitzie.d.howard@wv.gov>
Sent: Thursday, August 31, 2023 2:05 PM
To: Crystal Crouch <ccrouch@wvlottery.com>
Subject: Response to your agency comments/questions

Crystal,

[Quoted text hidden]

[Quoted text hidden]



Howard, Mitzie D <mitzie.d.howard@wv.gov>

Response to your agency comments/questions

Howard, Mitzie D <mitzie.d.howard@wv.gov>
To: Crystal Crouch <ccrouch@wvlottery.com>

Wed, Sep 6, 2023 at 2:16 PM

I was able to look up one of the "talent" vendors (edward barnett) and he is registered as an individual. Individuals and sole proprietors do not have to be registered with the SOS.

If you can provide copies of how they are registered with the Purchasing Division (individual), I can remove these as SOS findings.

Agencies should have a copy of the vendor registration in their procurement folder to show they do not need SOS registration when they have a vendor who is an individual or sole proprietor.

As for the unemployment and workmans comp registration, I believe that Oasis will not let you process an AMA if they are not registered with these. Oasis does not work correctly with checking the SOS verification. This is why we are looking to see if there is a copy in your records.

I appreciate you asking questions. It is why we do inspections. We want to help you understand what needs to be worked on and to help you with any questions.

Mitzie Howard
Inspector 3
2019 Washington St, East
Charleston, WV 25305
(304) 558-2037
mitzie.d.howard@wv.gov



[Quoted text hidden]



Howard, Mitzie D <mitzie.d.howard@wv.gov>

Response to your agency comments/questions

Crystal Crouch <ccrouch@wvlottery.com>

Thu, Sep 7, 2023 at 2:23 PM

To: "Howard, Mitzie D" <mitzie.d.howard@wv.gov>

I have attached the vendor information as requested. We did have two ladies that have been married recently and I noted that on their information. When processing an AMA for an individual you do not have to have unemployment or workmans comp verification. I'm hoping this finding can be removed also.

Thank you for answering my questions.

[Quoted text hidden]

[Quoted text hidden]



Nightly Drawing Vendor Info.pdf

486K



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

September 2, 2021

Joshua D. Spence, CTO
Department of Administration
Office of Technology
State Capitol
Charleston, WV 25305

Dear Mr. Spence:

Attached is a copy of the Memorandum of Understanding relating to the Lottery's procurement of goods and services under \$10,000. The MOU indicated the agreement had to be renewed each year.

We are confirming all procedures discussed in the agreement continue to be in force as outlined last year. We are requesting your approval of the agreement for the current year.

Agreed to by:


John A. Myers
Lottery Director


Joshua D. Spence
Chief Technology Officer

9/2/2021
Date

9/2/2021
Date



PO BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE 304.556.0500
wvlottery.com

March 8, 2019

Joshua D. Spruce, CTO
Department of Administration
Office of Technology
State Capital
Charleston WV, 25305

Dear Mr. Spruce:

This letter will serve as our memorandum of understanding related to Lottery requirements for processing technology hardware, software and services as discussed in our meeting on February 19, 2019. That meeting was scheduled to provide you with an introduction to the technology environment at the Lottery and to discuss your recent policy changes/clarifications including the accelerated review policy dated December 10, 2018 (attached).

The Lottery manages and/or operates a suite of gaming systems, KFT is the vendor for traditional lottery including powerball, mega millions, daily games and instant games as well as Kanawha Scientific Games is the vendor for video lottery. KFT's primary data center is in Kanawha City with their Backup Systems at the Lottery's backup data center in Bridgeport both of which are operated by KFT employees. Scientific Games houses their primary data center at Lottery headquarters and it is operated by Lottery employees with technical support from Scientific Games. Their Backup System is at the Lottery's backup data center in Bridgeport. In addition there are internal lottery (HDC) systems running in a VMWare environment using EMC VNX storage with a corresponding system in the Bridgeport HDC. Data for these Lottery systems are synchronized using EMC's Recovery Point.

Both the KFT and Scientific Games are built with connectivity to both data centers and failover can be done in several minutes for KFT while Scientific Games requires about 30 minutes. The KFT system has over 1,400 remote sites connected to the data centers in Kanawha City and Bridgeport. The Scientific Games system has over 1,200 remote sites connected to the data centers in Charleston and Bridgeport. The delay for Scientific Games is not significant because the video lottery machines are connected to a terminal controller at the retailer location and it can store and then forward all delayed wagers when connectivity resumes.

The West Virginia Lottery has a number of internal systems that interface with these vendor systems providing functionality such as logging and security. Information from these vendors is utilized in Lottery systems for invoicing and financial reporting.

High availability and redundancy of systems and networks is a priority for the Lottery. Without this connectivity the Lottery would not be able to process financial transactions, process returns, validate winning tickets or complete daily drawings. With these functions impaired there would be significant financial loss to the State.

During the last 10 years, the Lottery has generated \$12.7 billion (\$1.3 billion annually), in gross revenue and provided a net \$5.1 billion in revenue for State programs. Since its inception, the Lottery has generated nearly \$25.1 billion and provided a net of over \$9.3 billion in revenue for State programs.

The Lottery provides funding for tourism, senior's and education (including Promise Scholars), to ensure the development and maintenance of the capital facilities.

The loss of a day's revenue equates to \$5 million in gross revenue, or approximately \$300,000 in lost State funding for each day of downtime.

We discussed the historical relationship between the Lottery and the State Network. The Lottery operates as a series of closed networks (IGT/Scientific Games/Redman Systems). The Lottery has operated under a policy that Technology purchases in excess of \$10,000 must be approved by the Office of Technology prior to submission of a RFQ/RFP to purchasing.

We have multiple levels of technical review within the IT department of each procurement with the Lottery Director providing final approval for any expenditures that exceed \$500.

The consensus agreement of the Lottery and the Office of Technology is that purchases below \$10,000 will continue to be processed by internal procedures at the Lottery while continuing the practice of providing all procurements in excess of \$10,000 to your office for review and comment.

This agreement must be supported by both parties annually. The State CTO reserves right to cancel the agreement should justifiable circumstances change, but must provide, at minimum, a 30-day notice of the cancellation.

Agreed to by:

X

John H. ...
Lottery Director

X

...
Chief Technology Officer