

**STATE OF WEST VIRGINIA**

**FULL PERFORMANCE EVALUATION OF THE**

**PURCHASING DIVISION  
Within The  
DEPARTMENT OF ADMINISTRATION**

---

**Two out of 25 Contracts were  
Awarded to the Wrong Vendors  
Causing the State to Pay Over  
\$360,000 More For Services**

**OFFICE OF LEGISLATIVE AUDITOR  
Performance Evaluation and Research Division  
Building 1, Room W-314  
State Capitol Complex**

**CHARLESTON, WEST VIRGINIA 25305  
(304) 347-4890**

**August 2000**

**PE-00-18-176**

## **JOINT COMMITTEE ON GOVERNMENT OPERATIONS**

### **House of Delegates**

Vicki V. Douglas, Chair  
Earnest (Earnie) H. Kuhn, Vice Chair  
Scott G. Varner  
Douglas Stalnaker  
James E. Willison

### **Senate**

Edwin J. Bowman, Chair  
Billy Wayne Bailey Jr., Vice Chair  
Oshel B. Craigo  
Martha Y. Walker  
Sarah M. Minear

### **Citizen Members**

Dwight Calhoun  
John A. Canfield  
Mayor Jean Dean  
W. Joseph McCoy  
Willard (Bill) Phillips, Jr.

Aaron Allred, Legislative Auditor  
Office of the Legislative Auditor

Antonio E. Jones, Ph.D., Director  
Performance Evaluation and Research Division

John Sylvia, Research Manager  
Gail V. Higgins, Research Analyst

**August 2000**

**WEST VIRGINIA LEGISLATURE**  
*Performance Evaluation and Research Division*

Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610  
(304) 347-4890  
(304) 347-4939 FAX



Antonio E. Jones, Ph.D.  
Director

August 20, 2000

The Honorable Edwin J. Bowman  
State Senate  
129 West Circle Drive  
Weirton, West Virginia 26062

The Honorable Vicki V. Douglas  
House of Delegates  
Building 1, Room E-213  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0470

Dear Chairs:

Pursuant to the West Virginia Sunset Law, we are transmitting a Full Performance Evaluation of the **Purchasing Division within the Department of Administration**, which will be presented to the Joint Committee on Government Operations on Sunday, August 20, 2000. The issue covered herein is *"Two out of 25 Contracts were Awarded to the Wrong Vendors Causing the State to Pay Over \$360,000 More for Services."*

We conducted an exit conference with the *Purchasing Division* on August 11, 2000. We received the agency response on August 17, 2000.

Let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "John Sylvia".

John Sylvia  
Acting Director

JS/wsc

---

*Joint Committee on Government and Finance*

---



## TABLE OF CONTENTS

Executive Summary .....	3
Review Objective, Scope and Methodology .....	5
<b>Issue Area 1:</b> Two of 25 Contracts were Awarded to the Wrong Vendors Causing the State to Pay Over \$360,000 More for Services .....	7
<b>Appendix A:</b> Agency Response .....	15

### List of Tables

<b>Table 1:</b> Higher Price to the State From Awarding Contracts to the Wrong Vendors .....	7
---	---



## Executive Summary

### Issue Area 1: Two of 25 Contracts were Awarded to the Wrong Vendors Causing the State to Pay Over \$360,000 More For Services.

The Legislative Auditor reviewed the Purchasing Division's *Request For Proposals* (RFP) process, in which State agencies evaluate and determine winning vendors who offer proposals for services. State agencies are required to follow guidelines and criteria established by the Purchasing Division, and the Division is required to review agencies' evaluation of vendor proposals to determine if agencies followed proper procedure and awarded the contract to the correct vendor.

This current review is prompted by a previous review in January 1999 which identified an unnecessarily high risk of State contracts being awarded to wrong vendors. In this report, 25 RFPs were reviewed, and six RFP's were found not to be evaluated by the agencies according to Purchasing Guidelines. Of these six, two were actually awarded to the wrong vendors. Besides the fact that two vendors lost out on two valuable contracts that they should have been awarded if Purchasing procedure had been followed, the State also paid higher prices for the contracts totaling over \$360,000 for the first two years of the contracts. (See Table 1) In addition, there are potential costs from lawsuits in the event that the Purchasing Division does not eliminate the risk in the future of awarding contracts to the wrong vendors. These costs would include punitive damages, costs for legal representation, and delays or disruptions in awarding important contracts for the State.

**TABLE 1**

**Higher Price to the State From Awarding Contracts to the Wrong Vendors**

	Higher Price to the State for the Contract's <b>First</b> Year	Higher Price to the State for the Contract's <b>Second</b> Year	Total Cost to the State
Contract #1	\$58,741	\$58,741	\$117,482
Contract #2	\$123,260	\$123,260	\$246,520
Total Cost			\$364,002

The Purchasing Division is responsible for clearly defining the RFP process, training state agencies' evaluation committees, and providing oversight to the entire RFP award process, including reviewing the agencies' evaluation to ensure accuracy. The problems identified in this report occurred because of the following reasons:

1. The staff of State agencies have an inadequate understanding of how to evaluate competing vendor proposals according to the Purchasing Division's RFP Guidelines. This is the result of the Purchasing Division's inadequate performance in educating state agencies through clearly defined guidelines, training, and oversight of the process.

2. The Purchasing Division inadequately reviews the State agency's evaluation criteria before requests for proposals are made, and it inadequately reviews for accuracy the Award Justification documents before the apparent winning vendor is actually awarded the contract.
  
3. The Purchasing Division did not take seriously the 1999 report which indicated that there was a high risk of awarding a contract to the wrong vendor. The performance of the Purchasing Division has deteriorated in a year and a half. The oversight of the RFP process is poor, and state agencies still misunderstand essential technical calculations within the RFP procedure.



## **Review Objective, Scope and Methodology**

This full performance evaluation of the Purchasing Division is required and authorized by the West Virginia Sunset Law, Chapter 4, Article 10, Section 4 of the West Virginia Code, as amended. A full performance evaluation is used to determine whether or not an agency is operating in an efficient and effective manner, and the need for continuation of the agency. The Purchasing Division has been given the authority to provide purchasing, travel and leasing services to various state agencies.

### **Objective**

The objective of this evaluation is to examine the effectiveness of changes made by the Purchasing Division in response to recommendations made in a previous full performance evaluation issued in January 1999. The previous report identified a high risk of the agency awarding contracts to the wrong vendors. The analysis of this review was intended to determine if the risk is reduced.

### **Scope**

The scope included a review of recommendations made in the 1999 evaluation, and what steps the Purchasing Division has taken to implement them. The scope also included a review of fiscal year 1999 Requests for Proposals (RFP) to determine the agency's effectiveness in reducing the risk of awarding contracts to the wrong vendors.

### **Methodology**

The methodology included personal interviews with Purchasing representatives, including the Director of Purchasing. The evaluation also involved a review of 25 RFP's for FY 1999, and the Award Justification documents to assess the accuracy of awards made to vendors. Every aspect of this evaluation complied with **Generally Accepted Government Auditing Standards**.



**Issue Area 1: Two of 25 Contracts were Awarded to the Wrong Vendors Causing the State to Pay Over \$360,000 More For Services.**

In January 1999, the Legislative Auditor issued a full performance evaluation of the Division of Purchasing, the central purchasing agent for state agencies. Requests for Proposals (RFP) were evaluated to determine if state agencies were following proper purchasing procedures in awarding contracts to competing vendors. The Legislative Auditor concluded that “...*the RFP process has an unnecessarily high risk of awarding a contract to the wrong vendor...*” Despite the finding of the 1999 report, this current review reveals that ***the high risk of awarding a contract to the wrong vendor has now become a reality.*** A review of 25 RFP’s from fiscal year 1999 shows that six RFP’s evaluated by state agencies were inconsistent with Purchasing Division guidelines. Of these six RFP’s, **two resulted in contracts being awarded to the wrong vendors.** The remaining 19 RFP’s were consistent with the Purchasing Division’s RFP evaluation guidelines.

One contract was incorrectly awarded because the agency applied the West Virginia Resident Vendor Preference inconsistent with the statute. A second contract was awarded incorrectly because bids were included from vendors who should have been disqualified. Consequently, the State paid \$58,741 more for one contract for the first year, and the same higher amount for the renewal (second) year. The second contract has cost the state a higher amount of \$246,520 in the first and second years. This is a total overpayment of \$364,002 to date.<sup>1</sup> (See TABLE 1) In addition, two vendors did not receive valuable contracts that should have been awarded to them. Furthermore, there are potential costs from lawsuits in the event that the Purchasing Division does not eliminate the risk in the future of awarding contracts to the wrong vendors. These costs would include punitive damages, costs for legal representation, and delays or disruptions in awarding important contracts for the State.

**TABLE 1  
Higher Price to the State From Awarding Contracts to the Wrong Vendors**

	Higher Price to the State for the Contract’s <b>First</b> Year	Higher Price to the State for the Contract’s <b>Second</b> Year	Total Cost to the State
Contract #1	\$58,741	\$58,741	\$117,482
Contract #2	\$123,260	\$123,260	\$246,520
Total Cost			\$364,002

**The RFP Process**

The Division of Purchasing uses the Request for Proposal procedure when agencies need to make certain complex, high dollar purchases which require a high level of technical expertise on the

---

<sup>1</sup>Both of these contracts have one more renewal year left. One renewal period is scheduled for the end of August 2000, and the other contract has a renewal period scheduled for the end of March 2001.

part of the vendor. While the RFP process is used infrequently, it amounts to the award of millions of dollars to vendors each year. The 25 RFP's reviewed for this evaluation will comprise over \$30 million in expenditures by the state of West Virginia in a three year period (1999-2002). Ten different agencies were represented in this review sample. Tangible goods should not be bid using an RFP. The Request for Quotation (RFQ) process is used to acquire tangible property. Generally a vendor that meets the agency's specifications and has the lowest quoted price will be awarded an RFQ contract.

However, when the RFP process is used, it must follow standard guidelines which were revised in 1998. The process is clearly spelled out for the bidding vendors, including the form in which the bid is to be submitted, and stringent time deadlines. The agency establishes a committee to evaluate the RFP, and the committee works with the appropriate buyer from the Division of Purchasing.

The RFP process is broken into two parts: 1) technical, and 2) cost. The evaluation of each part is done separately, and both parts combine to total 100 points. The technical part must be evaluated first, **before** cost bids are opened by the committee. The evaluation criteria in an RFP must consider cost in the criteria at a **minimum** of 30% ( or 30 points) of the decision. The remaining points are assigned to the technical proposal, and weighted according to the characteristics the agency determines are most important. An example of an RFP evaluation criteria is as follows:

#### **Example of a RFP Evaluation Criteria**

<u>Technical Evaluation</u>	<u>Maximum Score</u>
• Method of Performance =	25 points
• Experience =	25 points
• Oral Presentation =	10 points
• References =	<u>10 points</u>
 Total Technical Points Possible	 70 points
 <u>Cost Evaluation</u>	 <u>Maximum Score</u>
• Vendor's Cost Bid=	<u>30 points</u>
 Total Points	 100 points

The Purchasing Division uses a process called "Minimum Acceptable Score" (MAS) in the evaluation process. According to Purchasing's Standard Format for RFP's, dated 10-1-98,

*The MAS process requires that a vendor score a minimum of 70 % of the total points possible on the written technical portion of the proposal in order to qualify to continue to the next level of the evaluation process ... Any vendor failing to attain the "MAS" would be disqualified and removed from any further consideration in the award process. (The cost proposal would be destroyed*

unopened).<sup>2</sup>

The objective in using the MAS system is stated by Purchasing as follows:

*Use of the "mas" technique insures that **quality is maintained** in that any vendor who cannot attain a minimum of at least 70% of the total points possible **is not qualified to obtain the award at any cost regardless how low.***<sup>3</sup>

In the example given above, a vendor would have to receive at least the MAS of 49 (or 70%) of the 70 total possible technical points in order to continue to the next level, which is opening of its sealed cost proposal for consideration. Anything less than **49** points in the technical evaluation would result in the vendor being disqualified for further consideration (its cost proposal would be destroyed unopened). If the total technical points were 60 and the cost proposal equaled 40 points, the vendor would have to score at least **42** (or 70%) of the total possible technical points in order to have its cost proposal considered.

Each vendor's technical proposal is evaluated independently by the agency committee. The committee is comprised of a minimum of three and a maximum of seven qualified and knowledgeable members who are willing to participate. Any state government employee who meets the qualifications is eligible to represent an evaluation committee. Purchasing approves the one individual who is selected as chairperson. This individual will have extensive experience or will have received training in the evaluation process of RFP's from the Purchasing Division. The chairperson is also a voting committee member who is responsible for all communication between the committee and the Buyer in the Purchasing Division.

The chairperson will calculate the cost score of all vendors who obtained the MAS by giving the maximum points possible (usually either 30, or 40 points) to the lowest bidder, and will provide a ratio score to any other qualifying bidder based on the following formula:

**(Low Bid/ Bid Being Evaluated)\* Weighted Cost Score = Raw Cost Score**

Finally, the chairperson adds the raw cost score to the technical score. The vendor with the highest total points is the apparent successful vendor. The chairperson prepares the final consensus evaluation document along with a written justification for reduction of technical points from each vendor under consideration. All committee members of record must sign the final evaluation.

West Virginia state agencies are required to use the Purchasing Division guidelines when evaluating which vendor to select using the RFP process. This safeguards the state from accepting a low bid from a vendor lacking the technical skill to perform the job. The Purchasing Division is required by policy to review the agency's selection and evaluation prior to awarding the bid.

---

<sup>2</sup>Best Value Purchasing (Request For Proposal), Standard Format, page 6.

<sup>3</sup>Best Value Purchasing (Request For Proposal), Standard Evaluation Process, page3, point 11.

Included in the RFP process is the submission of a form for West Virginia Resident Vendor Preference. West Virginia is required under WVC §5A-3-37 to give preference to resident vendors when the vendor qualifies for the preference and the resident's cost bid does not exceed the lowest nonresident's bid by more than 5%.

## **Two Contracts Awarded to Wrong Vendors**

Two of six RFP's that the Legislative Auditor found to be inconsistent with RFP guidelines were actually awarded to the wrong vendor. Separate mistakes were made which resulted in the incorrect awards:

### **1. Incorrect application of Resident Vendor Preference**

One contract was awarded to the wrong vendor for one of two reasons. The first reason is based on a legal opinion from Legislative Services of the Legislative Auditor's Office that the resident vendor preference should not have been applied to this RFP. According to the legal opinion, the West Virginia Resident Preference law applies to competitive bids for commodities, and printing. However, W. Va. Code §5A-1-1 defines "Commodities" to mean supplies, material, equipment, contractual services, and any other articles or things used by or furnished to a department, agency or institution of state government. "Contractual services" is defined to include telephone, telegraph, electric light and power, water and similar services. The RFP in question was for the purchase of "Child Care Resources and Referral Services". The type of services of the incorrectly awarded contract are not similar to the ones identified in the definition of "contractual services."<sup>4</sup>

Reason number two is that even if this contract were eligible for the resident vendor preference, the evaluation committee applied the resident vendor preference inconsistent with state law. A nonresident vendor had the highest number of evaluation points and the lowest cost bid. However, the resident vendor preference law (WVC §5A-3-37) requires that a resident vendor be given preference if its bid does not exceed the lowest qualifying bid from a nonresident vendor **by more than 5%**. The method used by the agency in granting the preference was to increase a resident vendor's (Vendor A) total evaluation points by 5%, which gave it more points than the nonresident vendor, thereby awarding the contract to Vendor A. However, Vendor A's cost bid was **14.8%** above the nonresident vendor's cost bid. The procedure used by the evaluation committee to determine the resident vendor preference was mistakenly based on the total evaluation points instead of looking for the resident vendor with a cost bid within 5% of the nonresident vendor. Another resident vendor (Vendor B) requesting a resident vendor preference had a cost bid of only **0.4%** higher than the nonresident vendor. Therefore, Vendor B should have been awarded this contract. **The RFP**

---

<sup>4</sup> In addition, the legal opinion found that a Supreme Court ruling indicated that "janitorial services" did not fit the definition of "contractual services" as defined in W. Va. Code §5A-1-1. Furthermore, the Legislature's uses of language in several sections of Chapter 5A distinguishes contracts for commodities and services also suggests that "contractual services" within the definition of commodities is limited to the services defined for contractual services in §5A-1-1.

**Guidelines provide no instructions to the agencies on when and how to correctly award a contract to a resident vendor over a nonresident vendor.**

In either case, the vendor who was awarded the contract should not have received it. If the legal opinion is correct, then the nonresident vendor should have received the contract at a cost savings to the State of \$58,741 in the first year, and an additional \$58,741 in the second year.

**2. Vendors considered who did not achieve the necessary technical points**

In the second contract awarded to the wrong vendor, the agency evaluation committee's calculation of cost points included the cost bids of **five vendors who did not achieve the necessary 49 technical points**. According to RFP guidelines, vendors who do not achieve the necessary technical points are disqualified for further consideration, and their cost bids are destroyed. Only two vendors qualified for their cost bids to be considered, however, the lowest bid used in the cost calculation formula was from a disqualified vendor. This resulted in a miscalculation of cost points for the two qualifying vendors in which more points were given to one qualifying vendor and fewer points were given to the second qualifying vendor. Had the lowest bid from the two qualifying vendors been used in the cost calculation formula, it would have reversed the award decision to the other qualifying vendor. As a result, a vendor was denied a contract it should have been awarded, and the State paid \$123,260 more than it should have in the first year of the contract, and an additional \$123,260 for the first renewal.

**Four Other RFP's were Inconsistent with Purchasing Guidelines**

The additional contracts which were inconsistent with RFP guidelines included three deviations from the RFP guidelines:

- Two separate contracts were awarded after evaluation committees from different agencies incorrectly considered cost proposals when vendors **should have been disqualified** for failing to achieve the required number of technical points. In one contract, the evaluation committee considered the cost proposals of two vendors who should have been disqualified. In the other contract, one vendor was considered who did not pass the technical evaluation. In both cases there was a risk of awarding the contracts to the wrong vendors, however the correct vendors were selected.
- A contract was awarded after the agency **chose not to establish an evaluation committee**, and selected the winning vendor based on an offer to supply an item of equipment listed as optional in the RFP. While two vendors offered an option, there was no committee to evaluate the merits of the options.
- Another contract was "suspended" when a vendor inquired into the award process. The Purchasing Division discovered that the RFP guidelines had not been followed by the agency. However, **this discovery occurred three months after the contract had been awarded and**

**work had already been started by the contractors.** The Purchasing Division required the agency to stop work, and do a re-evaluation of all vendors. The agency eventually decided not to complete the work. This again illustrates Purchasing's poor oversight of the RFP process. The agency was also frustrated by Purchasing's performance in this case, and submitted a letter to Purchasing which is shown in the following section of this report.

### **Reasons Why Serious Problems Exist in the RFP Process**

It is clear that the RFP procedures are not being followed on a consistent basis. There are three major reasons for the identified problems:

1. The staff of State agencies have an inadequate understanding of how to evaluate competing vendor proposals according to the Purchasing Division's RFP Guidelines. This is the result of the Purchasing Division's inadequate performance in educating state agencies through clearly defined guidelines, training, and oversight of the process.
2. The Purchasing Division inadequately reviews the State agency's evaluation criteria before requests for proposals are made, and it inadequately reviews the Award Justification documents before the apparent winning vendor is actually awarded the contract.
3. The Purchasing Division also did not take seriously the 1999 report which indicated that there was a high risk of awarding a contract to the wrong vendor. The performance of the Purchasing Division has deteriorated in a year and a half. The oversight of the RFP process is poor, and state agencies still misunderstand essential technical calculations within the RFP procedure.

The following excerpt from a June 1999 memorandum from an official of the Office of Abandoned Mine Lands and Reclamation to the Purchasing Division illustrates the lack of oversight by Purchasing, and how inadequately informed agencies are about the RFP process. This memo was written after the agency was notified by Purchasing that a contract that had been awarded three months earlier had to be suspended, including work already started by the vendors. This occurred because another vendor inquired into why it was not awarded the contract. After reviewing the agency's evaluation, Purchasing determined that the agency did not follow procedure.

### **June 1999 Memorandum to the Purchasing Division Concerning a Suspended Contract**

*The first issue is your adopted "Best Value Purchasing Evaluation Process" which we had to obtain after the fact because it has never been brought to our attention. You told us these were adopted three years ago and **yet we are just now being made aware of these procedures.** We have solicited engineering services within the last three years ...and used the same evaluation process we have used for the last fifteen*



*years with no objection. Your office has reviewed and distributed the Request for Quotations for all of our contracts and you have received the documentation supporting our recommendations for each without ever having an objection or mentioning any new evaluation procedures you have adopted....*

*The second issue is your timing for this decision. We completed our evaluation...in February and sent documentation on how the process was completed on February 25, 1999. Your office...prepared the Purchase Orders with an effective date of April 1, 1999....Our office never heard any more about this issue until a copy of your June 10, 1999 memo...was received...on June 23, 1999. **Why did it take so long for your office to question our evaluation procedures and react?***

*The two firms, which were awarded these contracts received work directives and have started work for our office. They have scheduled time and equipment to be available at our request, and we don't feel that your decision to "cease and desist issuing any additional work directives until this matter is resolved" is in any way fair to them. [Emphasis Added]*

It is obvious that the Purchasing Division did not know that this award did not follow the current guidelines, **and would not have discovered this**, had not an inquiry from another vendor been received. Purchasing must ensure that the agencies have current guidelines, and have applied them to the RFP process in a proper manner. A contract should never be awarded as it was in this case, and a contractor allowed to begin work and then, after three months, ordered to cease work. Both the vendor and the agency deserve a higher standard of professionalism and competence. If the Purchasing Division provided closer scrutiny to the RFP review process before and after the evaluation process, and prior to the actual award, the Legislative Auditor believes that these inconsistencies would have been avoided. Since confusion still exists in the application of the RFP process, the Purchasing Division needs to review the written guidelines for clarity, and assess the areas which have contributed to the incorrect awards.

## **Conclusion**

The risk of awarding a contract to the wrong vendor has now become a reality. Two of 25 RFP's awarded in FY 1999 were awarded to the wrong vendor. Four other RFP's reviewed had serious irregularities which created a high risk of award to the wrong vendor. An earlier review revealed irregularities in the agency evaluation committees' application of the RFP guidelines. The Purchasing Division's response to these earlier findings has failed to provide adequate oversight and monitoring of the RFP process. The result has cost the State \$364,002 in higher prices for services. This oversight is the result of inadequate controls in the Purchasing Division, and a lack of understanding on the part of the agency evaluation committees.

There is no excuse for any contract to be awarded to the wrong vendor. The process is not complicated and the calculations are basic arithmetic. Furthermore, safeguards are in place where Purchasing is required to review agency evaluations and award decisions for accuracy. In addition, the Purchasing Division does not receive a large number (less than 50 per year) of RFP's to review.

The cost to the State is payment of a higher price for goods and services, vendors who are denied valuable contracts, and potential legal ramifications that can involve costs to the State in punitive damages, costs for legal representation, and delays in important contracts being awarded while legal recourse is pursued.

**Recommendation 1:**

*The Purchasing Division needs to implement a formal review process for every RFP to ensure accuracy before and after the agency evaluation committee award. Awards should not be finalized until after Purchasing has carefully reviewed the agency's selection method.*

**Recommendation 2:**

*The Purchasing Division RFP guidelines must be clear, and the Purchasing Division must ensure that agencies have the current guidelines. Training for agency committees must provide emphasis on common areas where mistakes occur. Application of the West Virginia Resident Vendor Preference procedure needs to be included clearly in the guidelines.*

**Recommendation 3:**

*Contracts awarded in error should be re-awarded to the correct vendors for the remaining renewal periods.*

**APPENDIX A**  
**Agency Response**





STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
PURCHASING DIVISION  
2019 WASHINGTON STREET, EAST  
P.O. BOX 50130  
CHARLESTON, WEST VIRGINIA 25305-0130

CECIL H. UNDERWOOD  
GOVERNOR

JACK R. BUCKALEW  
CABINET SECRETARY  
DAVID TINCHER  
DIRECTOR

August 17, 2000

Mr. John Sylvia  
Research Manager  
WV Legislature  
Performance Evaluation and Research Division  
Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, WV 25305-0610

RECEIVED

AUG 17 2000

RESEARCH AND PERFORMANCE  
EVALUATION DIVISION

Dear Mr. Sylvia:

This letter is in response to the August 2000 Full Performance Evaluation of the Purchasing Division. In response to the three recommendations, we offer the following:

**Recommendation 1:**

*The Purchasing Division needs to implement a formal review process for every RFP to ensure accuracy before and after the agency evaluation committee award. Awards should not be finalized until after Purchasing has carefully reviewed the agency's selection method.*

**Response:**

*The Purchasing Division concurs and will make the following changes:*

- 1. The Purchasing Division Buyer will meet with the agency committee at the first evaluation meeting after the bid opening and provide committee training and general review of the proposals.*
- 2. The Purchasing Division Buyer will, on a pilot basis, observe the committee evaluation and answer procedural issues and provide general process oversight.*
- 3. The Agency Procurement Officer, who is skilled in Purchasing techniques and procedures, will be required to participate on all RFP evaluations as a full voting member.*

4. *The Purchasing Division will create an internal RFP evaluation committee to review all agency evaluation committee recommendations prior to making the award.*

**Recommendation 2:**

*The Purchasing Division guidelines must be clear, and the Purchasing Division must ensure that agencies have the current guidelines. Training for agency committees must provide emphasis on common areas where mistakes occur. Application of the West Virginia Resident Vendor Preference procedure needs to be included in the guidelines.*

**Response:**

*The Purchasing Division concurs and will take the following action:*

1. *A new Purchasing Division Manual is being prepared by a committee of Purchasing Division Buyers and Agency Procurement Officers. The new manual will discuss the Resident Vendor Preference and include examples of proper application. The manual will be published by October 15, 2000.*
2. *The Purchasing Division will offer in-depth RFP training at the annual Purchasing Conference scheduled October 16-19 at Canaan Valley State Park. This training will include a workshop on RFP evaluations in which participants evaluate simulated RFP responses and formulate an award justification. Two types of RFP's will be simulated: one with a resident vendor preference and one without. The participants and instructor will review and critique the award justifications.*

**Recommendation 3:**

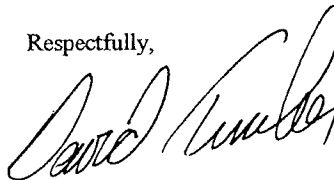
*Contracts awarded in error should be re-awarded to the correct vendor for the remaining renewal periods.*

**Response:**

*The Department of Administration will research the appropriate legal remedies in such situations.*

If you have questions, or need additional information, please let me know.

Respectfully,



David Tincher, CPPO, Director  
Purchasing Division

dt

