

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

Stacy L. Sneed, CPA, CICA, Director
Legislative Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd., East
Charleston, WV 25305-0610



Area Code (304)
Phone: 347-4880
Fax: 347-4889

Memorandum

To: Joint Committee on Government and Finance

From: Aaron Allred, Legislative Auditor
Stacy L. Sneed, Director, Legislative Post Audit Division
Trenton W. Morton, Manager, Legislative Post Audit Division

Date: September 14, 2010

Subject: Special Report on Division of Highways Purchasing

Our objective in this special report was to determine whether an Executive Assistant for the Division of Highways (DOH), was making excessive and unnecessary expenditures on clothing. We obtained an overall understanding of the guidelines related to Purchasing Card (P-Card) usage for the DOH. We also reviewed other applicable laws, rules, and regulations, including the Division of Purchasing and State Auditor's Office purchasing policies and procedures.

We obtained—from the State Auditor's Office—detailed transaction information for all DOH P-Card transactions for the period of July 1, 2006 through June 30, 2009. We performed a review of these expenditures and determined the following:

- There were 305,410 P-Card transactions totaling \$255,746,026.77.
- We manually scanned all P-Card transactions and isolated those with potential clothing vendors: there were 4,659 transactions totaling \$435,746.21.

We interviewed multiple DOH employees that allegedly made purchases on behalf of the Executive Assistant, who did not have a P-Card. Multiple employees indicated that the Executive Assistant would make the purchase first and then request that they pay the invoice via P-Card. According to DOH's P-Card policies and the P-Card Coordinator, written pre-approval was not required prior to the purchases. Consequently, because the Executive Assistant did not possess a P-Card and because pre-approval documentation was not required, we were unable to accurately quantify the Executive Assistant's purchases. We compiled a population of P-Card transactions made by those DOH employees we were aware of, who made purchases for the Executive Assistant, and separated out all transactions with possible clothing vendors. We requested the supporting documentation for these 206 transactions,

which totaled \$70,881.03 (see Schedules 1 and 2). During our review of these transactions, we noted the following:

- Two monogrammed shirts were purchased on June 27, 2008 for \$100.98. The invoice indicated that the shirts were shipped to the Executive Assistant’s home address. We contacted the vendor who informed us they made no other shipments to this address.

In a written response, the Executive Assistant stated “The shirts were ordered for my personal use and I gave my personal credit card for payment and for some unknown reason they called the DOH and spoke with [the Director of the Office Services Division] and she purchased both shirts. [The Director of the Office Services Division] paid for both shirts and told me to keep the shirts since I would be wearing them for work purposes. I tried to pay for the shirts and she declined. These shirts are still in my possession and I wear them regularly. There have not been other items shipped to my house that I recall.”

In a written response, the P-Card holder whose card was used to purchase the shirts stated that he was approached by his former supervisor (the Director of the Office Services Division) and directed to pay for the purchase with his P-card. He said he never saw any paperwork related to the purchase of the shirts, except for the invoice.

- The DOH could not provide supporting documentation for two of these transactions, which totaled \$545.81; Wal-Mart and T-Graphics were the vendors for these transactions.

Of the other 204 transactions for which the DOH provided documentation, the Executive Assistant’s name was visibly located on 12 of these, which totaled \$10,759.21 (see Schedule 1). Six transactions totaling \$5,250.95 were for clothing purchases and six transactions totaling \$5,508.26 were for various other purchases.

Schedule 1 – Purchases Initiated by the Executive Assistant

<u>Purchase Description</u>	<u>Number of Transactions</u>	<u>Dollar Amount</u>
First Aid Supplies ¹	2	\$ 217.27
Luggage ²	1	254.98
Electronics ³	1	647.00
Investigative Supplies ⁴	2	4,389.01
Clothing ⁵	6	5,250.95
Totals	12	<u>\$10,759.21</u>

¹These expenditures were for a stethoscope and a first aid kit; the items were purchased from Galls.

²This expenditure was for 2 rolling mission bags and monogramming; the items were purchased from Ronk’s Uniform Center.

³This expenditure was for a 37” LCD monitor that was placed in the Charleston control room; the item was purchased at Wal-Mart.

⁴These expenditures were for 118 items: 18 shirt badges, 9 badge holders with chains, 17 badge ID cases, 8 style a holders, 1 citation holder, 6 dual wheel rotatapes, 9 rolling mission bags with custom monogramming, 9 safety wands, 9 lights, 9 light bulbs, 10 quiqlites and 13 miscellaneous accessories; the items were purchased from Ronk’s Uniform Center.

⁵These expenditures were for 68 items: 2 monogrammed polo shirts, 18 tactical ANSI class hi-visibility parkas, 32 ANSI traffic vests, and 16 emergency operations uniforms; these items were purchased from Galls and Ronk’s Uniform Center.

Schedule 2 – Other Purchases*

<u>Purchase Description</u>	<u>Number of Transactions</u>	<u>Dollar Amount</u>
Badge Holders/Wallets	1	\$ 33.90
Umbrellas	1	79.95
Curtain Cleaning	1	106.40
Traffic Templates ¹	1	117.54
First Aid/Safety Supplies	5	118.95
Music Library ²	1	470.00
Unknown (No Supporting Documentation)	2	545.81
Food Products ³	21	691.79
Mat Rental ⁴	35	1,136.95
Parking Permits ⁵	2	1,137.47
Rangefinders ⁶	3	1,422.90
Electronics Supplies and Equipment	6	1,658.76
Gifts for Conferences	5	4,569.07
Luggage ⁷	6	4,777.88
Maintenance/Cleaning Supplies	18	5,022.14
Clothing ⁸	15	8,830.87
Office Supplies	<u>71</u>	<u>29,401.44</u>
Totals	<u>194</u>	<u>\$60,121.82</u>

**We were unable to determine if these transactions were initiated by the Executive Assistant.*

¹This expenditure was for 10 traffic templates, which are used to make drawings of automobile accidents; the items were purchased from Galls.

²This expenditure was for the licensing of music to be used in training videos.

³These expenditures were for miscellaneous food items purchased for seminars, training courses, and meetings; all items were purchased at Wal-Mart.

⁴These expenditures were for the rental of nylon/rubber mats; the vendor was Aramark Uniform Services.

⁵These expenditures were for 2,000 plastic parking permits; all items were purchased from T-Graphics.

⁶These expenditures were for 3 rangefinders which are used to measure distance by the outdoor advertising section and accident reconstruction; the items were purchased from Galls and Gander Mountain.

⁷These expenditures were for 457 portfolio bags and briefcases purchased for conferences; all items were purchased from T-Graphics.

⁸These expenditures were for 705 items: 162 polo shirts, 17 Ping golf shirts, 24 hats, 5 jackets, and 497 transfers for Safe Routes to Schools vests; the items were purchased from T-Graphics.

On April 13, 2010, we submitted a letter to the Commissioner of Highways requesting that 44 of the transactions detailed in Schedules 1 and 2 above be further explained. In our letter, we requested that the following be provided:

1. A description of the intended use/purpose of the items.
2. For clothing and luggage purchases, the location of the items as of today and the names and job titles of the individuals to whom the items were distributed.

In a written response from the Commissioner of Highways dated April 23, 2010, of the 44 transactions, explanations were given for all transactions except 12. These 12 transactions, which were indicated as “unknown” in the Commissioner’s response, are detailed in the following schedule:

Schedule 3 – Unknown

<u>Purchase Description</u>	<u>Transaction Post Date</u>	<u>Dollar Amount</u>
Gift bags	06/26/07	\$ 7.98
Combination lock	04/27/07	29.88
CF media card	02/04/08	33.67
Monogrammed shirts (2)	06/27/08	100.98
Golf shirts (2)	07/03/08	112.10
Polo shirts (4)	03/15/07	138.00
Pelican top loading case	04/27/07	172.54
Golf shirts (10)	07/31/06	340.00
Golf shirts (18)	11/17/08	372.85
Polo shirts (13)	02/21/07	405.50
Golf shirts (18) and hats (12)	07/09/07	949.80
Golf shirts (17) and hats (12)	06/25/08	<u>1,085.35</u>
	Total	<u>\$3,748.65</u>

In summary, allegations were made that the Executive Assistant was making unnecessary and/or extravagant purchases. Since the DOH purchasing policies do not require that the request for a purchase be documented and signed by the requester, we could not identify all purchases initiated by the Executive Assistant. However, due to the DOH not being able to provide a business purpose or the names of individuals who received the benefit of several items purchased, we believe extravagant expenditures were made at the DOH.

We recommend the DOH strengthen their controls over their purchasing and ensure they have a valid business purpose for each purchase. Additionally, if the DOH is to continue to allow the Executive Assistant to initiate purchases, we recommend they develop a policy to ensure only one p-card holder is used or to allow the Executive Assistant to obtain their own p-card.

Agency Response: The agency did not provide a response.