



ALLAN MCVEY
CABINET SECRETARY

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON STREET, EAST
CHARLESTON, WEST VIRGINIA 25305-0130

W. MICHAEL SHEETS
DIRECTOR

July 1, 2019

The Honorable Mitch Carmichael
President of the State Senate
Room 229M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Roger Hanshaw
Speaker of the House
Room 228M, Building 1
State Capitol Complex
Charleston, WV 25305

SUBJECT: Legislative Reporting Requirement §5A-3-10(b)

Dear Sirs:

In accordance with *West Virginia Code* §5A-3-10(b), as acting director of the West Virginia Purchasing Division, I am required to submit in January and July of each year to the Joint Committee on Government and Finance a report summarizing our division's findings of any spending unit which awarded multiple contracts for the same or similar commodity or service to an individual vendor over any 12-month period with a value exceeding \$25,000.

This section of the Code reads:

§5A-3-10. Competitive bids; publication of solicitations for sealed bids; purchase of products of nonprofit workshops; employee to assist in dealings with nonprofit workshops.

(b) The director shall solicit sealed bids for the purchase of commodities and printing which is estimated to exceed twenty-five thousand dollars. No spending unit shall issue a series of requisitions or divide or plan procurements to circumvent this twenty-five thousand dollar threshold or otherwise avoid the use of sealed bids. Any spending unit which awards multiple contracts for the same or similar commodity or service to an individual vendor over any twelve-month period, the total value of which exceeds twenty-five thousand dollars, shall file copies of all contracts awarded to the vendor within the twelve preceding months with the director immediately upon exceeding the twenty-five thousand dollar limit, along with a statement explaining how the multiple contract awards do not circumvent the twenty-five thousand dollar threshold. If the spending unit does not immediately report to the director, the director may suspend the purchasing authority of the spending unit until the spending unit complies with the reporting requirement of this subsection. The director may conduct a review of any spending unit to ensure compliance with this subsection. Following a review, the director shall complete a report summarizing his or her findings and

President Carmichael and Speaker Hanshaw

July 1, 2019

Page Two

forward the report to the spending unit. In addition, the director shall report to the Joint Committee on Government and Finance on the first day of January and July of each year the spending units which have reported under this subsection and the findings of the director.

For the period of January 1, 2019, through June 30, 2019, there were no spending units that reported to our division the award of multiple contracts for the same or similar commodity or service to an individual vendor over any 12-month period," where the total value exceeds \$25,000. However, Purchasing Division inspectors discovered findings of stringing related to four different spending units during their inspections, as stipulated in this section of the Code, for a total of 11 cases of stringing.

The spending units with findings of stringing include the West Virginia Educational Broadcasting Authority, the West Virginia Bureau for Public Health's Chief Medical Examiner's Office, and Districts 2 and 6 of the Division of Highways. A summary of these findings is attached.

Pursuant to this requirement, my next report will be submitted to you in January of 2020. Should you have any questions regarding this correspondence, please feel free to contact me at your convenience at (304) 558-0492 or via email at **William.M.Sheets@wv.gov**.

Sincerely,



W. Michael Sheets, CPPO, Director
West Virginia Purchasing Division

WMS:ssk

West Virginia Purchasing Division
SUMMARY OF STRINGING ACTIVITIES
(January 1, 2019 - June 30, 2019)

West Virginia Educational Broadcasting Authority:

- 1) During the fiscal year under review, West Virginia Educational Broadcasting Authority spent a total of \$104,242.81 in 51 transactions for Studio Supplies from Adorama and Barbizon Capitol, Inc.
- 2) During the fiscal year under review, West Virginia Educational Broadcasting Authority spent a total of \$104,807.20 in 19 transactions for Broadcasting Equipment from SCMS, Inc.
- 3) During the fiscal year under review, West Virginia Educational Broadcasting Authority spent a total of \$39,111.11 in 10 transactions for Computer Supplies from Softchoice Corporation.

In the agency's response to the inspection report for finding 1 through 3, the agency stated that:

As a first step to rectifying this situation, we are re-establishing a Purchasing Director whose primary responsibility is ensuring our agency fulfills the purchasing obligations and requirements as defined by the West Virginia Purchasing Division and the State Legislature. The Purchasing Director will work with the Purchasing Division to develop an action plan to bring our agency into full compliance as quickly as possible.

West Virginia Bureau for Public Health, Chief Medical Examiner:

- 1) During the fiscal year under review, the Chief Medical Examiner spent a total of \$28,123.92 in 20 transactions for Drug Screening Kits from In 1 Step Detect Association, TFS Microgenics Corporations, and www.drugtestsite.com.

In the agency's response to the inspection report, the agency stated that:

We are changing our Bureau structure to have trained personnel on site at OCME facilities and will continue to provide appropriate training. With the addition of a purchasing employee on site, it will assist in minimizing this burden, and will hopefully lead to easier functionality, and better purchasing inspection reports in the future.

Department of Transportation, Division of Highways, District 2:

- 1) During the fiscal year under review, Division of Highways, District 2 spent a total of \$34,176.86 in 36 transactions for Steel from Huntington Steel.

In the agency's response to the inspection report, the District stated that:

Highway Storekeeper is currently working to obtain a contract for steel.

- 2) During the fiscal year under review, Division of Highways, District 2 spent a total of \$30,469.04 in 49 transactions for Truck Parts and Shop Supplies from Kimball Midwest.

In the agency's response to the inspection report, the District stated that:

We are now requiring card holders to include a copy of the email for order page that shows the product is not available on contract. An email has been sent to Kimball Midwest asking them not to supply bins and /or service. We recommended they contact Charleston Purchasing to participate in the contract process. We are utilizing new purchase tracking methods that will hopefully limit purchases from non-contract vendors.

- 3) During the fiscal year under review, Division of Highways, District 2 spent a total of \$26,483.95 in 25 transactions for Fuel Tanks and Pump Filters from McClanahan Services.

In the agency's response to the inspection report, the District stated that:

Highway Storekeeper is going to attempt to put these items out for a contract.

- 4) During the fiscal year under review, Division of Highways, District 2 spent a total of \$39,133.34 in 34 transactions for Tar Remover from Momar, Inc.

In the agency's response to the inspection report, the District stated that:

We are now requiring card holders to include a copy of the email for order page that shows the product is not available on contract. We have requested that card holders utilize contract vendors. We are utilizing new purchase tracking methods that will hopefully limit purchases from non-contract vendors.

Department of Transportation, Division of Highways, District 6:

- 1) During the fiscal year under review, Division of Highways, District 6 spent a total of \$74,132.21 in 128 transactions for Chemicals and Shop Supplies from Lawson Products.

In the agency's response to the inspection report, the District stated that:

When they started dealing with Lawson Products, I advised them not to do this. Somewhere in my files and emails is my documentation for me telling them not to do this. It was done anyway.

- 2) During the fiscal year under review, Division of Highways, District 6 spent a total of \$33,256.66 in 220 transactions for Hydraulics Fittings and Supply from Wheeling Rubber Products.

- 3) During the fiscal year under review, Division of Highways, District 6 spent a total of \$28,554.13 in 43 transactions for Snowplow Parts from Wheeling Spring.

In the agency's response to the inspection report, the District stated that:

These purchases from Wheeling Rubber Products and Wheeling Spring are for repairs and are many smaller individual purchases. We'll try to identify some standard items and get bids.